

**THE INDEPENDENT EDUCATIONAL
ASSOCIATION LIMITED**

**Company Number 01222329
Charity Number 270156**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

THE INDEPENDENT EDUCATIONAL ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2021

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The Independent Educational Association Limited

Company Information For the year ended 31 August 2021

REFERENCE AND ADMINISTRATIVE INFORMATION

The Independent Educational Association Limited ("the Association") was incorporated on the 8 August 1975 as a company limited by guarantee and not having a share capital, with registration number 1222329. On 8 December 1975 it was also registered as a charity under the Charities Act 1960 with the charity number 270156. The Charity's principal address and registered office is at Earsby Street, London, W14 8SH. The Association has prepared consolidated financial statements to include the activities of St James Enterprises Limited, incorporated on 16 January 2018, as a subsidiary of the Association and The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St. David's School (St. David's), and its trading subsidiary St David's Enterprises Limited on the basis that the Association and St. David's are being managed on a unified basis with common trustees.

Trustees and Directors

The trustees of the Association, known as Governors, are also the directors of the company for the purposes of company law, the Board being a self-appointing body. During the year and up to the date of approval of the financial statements they were:

Aatif Hassan
Annabel Lubikowski
Jeremy Sinclair (Chairman)
John Story
Hugh Venables
Jerome Webb

Key Executives and Professional Advisers

The Head teachers and the Schools' Addresses

Mr D Brazier	St James Senior Boys' School, Church Road, Ashford, TW15 3DZ
Mrs S Labram	St James Senior Girls' School, Earsby Street, London, W14 8SH
Mr K Spencer	St James Preparatory School, Earsby Street, London W14 8SH

Director of St James Education: Mrs L Hyde

Chief Operating Officer & Company Secretary: Mr W Wyatt

Auditor

Haysmacintyre LLP
10 Queen St. Place
LONDON
EC4R 1AG

Solicitors

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Principal Bankers

Lloyds Bank plc
67 Old Brompton Road
London SW7 3JX

Investment Advisers

J. M. Finn & Co.
4 Coleman Street
London EC2R 5TA

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021

The Board of Trustees present their annual report for the year ended 31 August 2021.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The objects for which the Association is established (as set out in its Articles of Association) are to promote the advancement of education of children and young persons and in connection therewith to establish and conduct in any part of the world a school or schools to give instruction in all branches of education including the preparation of pupils to sit for public examinations whether academic, professional or otherwise.

Aims and Intended Impact

Within these Objects, the Association started the St James Independent Schools in January 1975 with the aim of providing a first-class independent education, through strong academic tuition, awareness of spiritual values and developing wider sporting, artistic and social skills in all pupils. This is intended to provide an environment where each pupil can begin to realise his or her own potential, thus helping to build self-confidence and self-esteem in preparation for a happy and fulfilling life contributing to the good of the wider community.

Objectives for the Year

The focus has been on the continued achievement and enhancement of academic standards throughout the schools while endeavouring to meet the individual requirements of the minority with special educational needs. Striking the right balance between these two objectives should ensure that all pupils have the opportunity of working to achieve their full potential. We continue to improve the facilities available whilst keeping clear budgetary controls.

Strategies to Achieve the Year's Objectives

These include an on-going review and where necessary updating of the schools' academic syllabuses, an exercise in which the staff are fully involved. Increased attention is also being given to staff training and development. We remain open to opportunities to extend the schools' already great range of non-academic activities by promoting excellence in sports and open-air pursuits as well as developing social skills.

Principal Activities of the Year

The Association provides education through the St James Schools: from the ages of 4 to 18 at Earsby Street for junior boys and girls and senior girls, and at Ashford for senior boys. The Association acts in an advisory capacity for a number of schools with common ethics and practices worldwide. The Association finished the year with 840 (2020: 849) pupils. From 1 September 2019 the Association expanded the provision of education through the new Nursery facilities at Earsby Street. At the year end there were 22 pupils in the nursery department (2020:17),

Grant-making Policy

This year, the value of scholarships, grants and prizes made to pupils out of restricted funds was £119,231 (2020: £153,965). In addition, a further £1,138,143 (2020:£940,044) of bursaries and scholarships were funded from unrestricted reserves. All bursary awards are made on the basis of financial need, and all are means tested. Further fee remissions may be made where the policy is to relieve hardship and the pupil's education and future prospects would be at risk without such support.

BUSINESS REVIEW

The Trustees present the consolidated financial results of IEAL incorporating the results of St David's School and its trading subsidiary St David's Enterprises Limited and those of St James Enterprises Limited, incorporated on 16 January 2018, as a trading subsidiary of the Association which began trading in September 2019.

This has been another rewarding year for the charities and the group. The Trustees, the majority of whom are common to both charities, are pleased with the group's development and progress. Financial performance remains strong. The reputation of each of the St James schools continues to thrive due to the excellent all-round education and pastoral care offered and because of the hard work and dedication of all staff.

During the year we have still maintained good academic achievements. Despite the decrease in average pupil numbers reported above, the nursery expanded and St James is seeking to consolidate and grow its overall pupil numbers in future years. The building of a new sports hall at the Senior Boys School which opened in July 2021 should assist future recruitment of pupils and, as noted above, we launched a new nursery at the Olympia site in September 2019 to act as a feeder for the prep school as well as providing an additional income stream to improve the school's financial position.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021

BUSINESS REVIEW (Continued)

Together with competitive fee rates and sound financial management, we aim to produce an operating surplus year on year.

This was another year affected by COVID. School was closed again for most of the spring term. However, the standard of online learning was excellent and all three schools received very positive feedback from parents. The school has frozen fees for this year and we gave parents a rebate of 5% of the spring term fees which was based on the savings we were able to make.

An ongoing review of debt management procedures continues to produce a significantly improved collection rate of current debt and a reduction in overdue balances. Subsidiary company results contributed a surplus of £16,583 to the overall results compared with £2,318 in the previous year.

In October 2020 the IEAL Pension Scheme transferred to Citrus Pension Plan, a non-for-profit master trust. The aim was to improve the professional management of the scheme and reduce management and administration costs. Contributions necessary to make up for the deficit in the Scheme were £400,000 for the year to 31 August 2021 and are expected to remain at that level to August 2028. The last published full triennial actuarial valuation for the IEAL Pension Scheme was on 1 September 2017. However, a valuation has been carried out as at March 2021 and the report will be available in June 2022. It is anticipated that the deficit contributions will remain at the agreed rates.

The group will continue to seek to meet the AGBIS best practice target by generating a 10% cash surplus. This is essential for long term cash flow stability and building reserves to a level that ensures sustainable development of the schools.

Developments

Construction of the new sports hall at Ashford commenced and was completed in July 2021.

The trustees are conscious of their responsibility to ensure that the Charity considers its duty to operate for the public benefit. The Association has provided Bursary and Scholarship funding equivalent to 7.5% of fee income (2020: 6.7%). Except for bursary specific funds received during the year from benefactors, bursaries have been funded from the General Fund. The Development Office is actively seeking additional sources of Bursary funding in order to minimise the on-going impact on the General Fund.

Supporting Activities

The Association provides bursaries and scholarships to pupils of families in need of financial assistance. In 2021 support of £1,257,374 was given (2020: £1,094,009) to pupils, these include externally funded bursaries and grants.

The fund-raising and development office works for all three schools. It co-ordinates the activities of:

- 1) Long-term fund-raising;
- 2) Short-term fund-raising for small projects;
- 3) Fund-raising by parents often for a particular school.

Whilst future major developments will require substantial fund-raising initiatives, the latest forecasts indicate that the Association will generate operating surpluses sufficient to fund such developments partly from reserves.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational Performance of the Schools

The Senior Girls attained excellent exam results. 100% (2020: 100%) A level passes with 98% (2020: 100%) at A* to C the GCSE pass rate was 100% (2020: 100%) with 100% at A* to C and 99.7% (2020: 100%) 9 to 4 grades.

The Senior Boys achieved 100% (2020: 100%) A level passes with 95% (2020: 98%) at A* to C; the GCSE pass rate was 100% (2020: 100%) with 99% (2020: 98%) at 9 to 4 grades.

Fundraising Performance

The fund-raising department raised £41,553 (2020: £16,951) from regular activities during the year. The Development office is coordinating the activities of The Friends of St James and the Alumni in addition to fund-raising for Buildings and Bursary Funds. With continued building and facility improvements planned for both the Earsby Street and Ashford sites, fund-raising efforts will be focused on raising substantial sums

The Association received no complaints about its fundraising activities in the year.

FINANCIAL REVIEW AND RESULTS FOR YEAR

The Association's net income for the year was £2,883,502 (2020:restated £1,538,950). Net income before gains were £1,380,189 (2020: restated £1,861,153). Net income includes the FRS102 actuarial gain in respect of the IEAL Pension Scheme of £1,077,000 (2020:£402,600 deficit) and investment gains of £404,647 (2020: £64,063). The Pension Scheme liability is a long-term liability and as such the management are satisfied that they can meet current funding requirements arising in the Scheme.

There was a 1% year on year reduction in total gross fee income before bursaries and charging for activities and coaches £16,796,100 (2020: £16,928, 208 which was the result of a reduced pupil roll and fee remissions of 5% in the Summer Term.

The Association had net current assets at 31 August 2021 of £201,295 (2020: £(841,708)). This includes fee deposit liabilities of £2,807,881 (2020: £2,773,370). These liabilities are disclosed as due within one year as pupils may leave at any time, but with a reasonable stable pupil roll currently, the probability of the liability becoming repayable in the short term is highly unlikely. .

At the year end fee debtors were £62,478 (2020: £535,370) This reflects the proactive approach to fee collection taken by management during the financial year and into 2022. The majority of parents paid on time and for those parents who are struggling, the schools have engaged fully and assisted them by agreeing payment plans, payment holidays or by providing mean-tested hardship funding.

Key Performance Indicators

We have to be aware of staff-pupil ratios and the proportion of fee income spent on salaries and salary-related expenses such as national insurance, pensions funding and training costs.

	2021	2020 restated
Employment costs compared to fee income	62%	55%
Pupils (Average number throughout the year)	862	883
Teaching staff (FTE)	107	101
Staff-Pupil ratio	1:8.1	1:8.7

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021

PUPIL RETENTION

Recognising the continuing pressures on parents, the Governors announced that there was to be no fee increase in the financial year 20-21. This, combined with a generous bursary assistance, has stabilised pupil numbers which are forecast to be at around 860 in financial year 22-23.

GOING CONCERN

The Trustees have sought to minimise the ongoing financial impact of Covid-19 on the charity by prioritising key areas of risk, bad debt, cash flow and pupil retention. This, combined with the continued focus on reducing the cost base of each school, and the expected continued positive cash generation from operating activities in 2021-22 support the Board's view that the Association has adequate resources to continue its activities for the foreseeable future and therefore continue as a going concern. In summary, the revised financial budget and forecast for 2021/22 and 2022/23, is cautious and prudent. We openly visited challenging scenarios and have action plans in place should the need arise. We are pleased that it shows that we will continue to return a cash surplus each year over the next two years. We will be able to operate without selling any part of our extensive property portfolio and will be able to meet all our financial liabilities showing that we remain a strong going concern.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021

FUTURE PLANS

We are pleased with the quality of the young men and women coming out of our schools to play their part in society. We are delighted that so many later wish to educate their own children at a St James school and quite a number have come back to teach in the schools. We wish to grow so that more can share in what we have to offer.

The Board's current plans include the following:

- To achieve an overall pupil/teacher ratio of around 10:1. This should allow pupils to receive the necessary time and attention to make the most of their educational opportunity. At the same time the ratio should give teachers the time and scope for preparation, marking and ancillary duties.
- To increase the school roll especially by optimising the intake at Reception at the Prep School, retaining pupils in the Sixth Form and utilising the increased space capacity at the Senior Boys to continue offering three-form entry at Year 7 and four-form entry at Year 9.
- The steady expansion of the prep and senior schools to their optimum sizes will require careful planning and ingenuity to make the maximum use of our existing available space. The first phase of development of the Senior Boys School, as outlined in this report, is now complete. The Trustee Directors are conscious of the need to consider the requirements of the Prep School and the Senior Girls' School based at the Earsby Street site, and the acquisition of the adjoining youth centre site and other nearby properties will allow space to be re-assigned to accommodate growth.

RISK MANAGEMENT

The Board of Governors is responsible for identifying the key risks faced by the School and for ensuring these risks are managed. Each term the Board of Governors identify and assess risks and implement controls to mitigate against these. The major risks include; impact of political regime change on independent schools. This is largely out of the school's control. However, associations such as AGBIS, ISIS, ASA, ISBA, will seek to support the sector. There are constant changes in legislation which affect schools. These are managed through routine monitoring of the legislative environment by SMT. Increased competition from other schools remains a risk. The schools' academic and pastoral reputation is high and fees remain competitive. SMT continue to review the situation.

Risks are managed and monitored by the risk register which are grouped into the following categories:

- Mission and objectives
- Law and regulation
- Governance and management
- External factors
- Operational
- Human resources
- Environmental
- Technological
- Academic
- Financial

The key controls implemented by the School are as follows:

- Formal agendas for all Committee and Board activity;
- Annual budgeting and termly management accounting;
- Formal written Financial Regulations and Financial Procedures;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear financial authorisation and approval levels; and
- Vetting procedures required by law for the protection of the vulnerable.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Governing Document

The Association, as well as being a registered charity, is a company limited by guarantee. In the event of liquidation, the guarantors who are the members and governors of the company will be liable to contribute £1 each as set out in the governing document of the Association which is its Articles of Association adopted by the members of the Association on 27 November 2014. This guarantee totals £10.

Governing Bodies

The structure of the Charity consists of a governing body for the St James Schools. The Trustees are assisted by various committees and the Heads and the Chief Operations Officer.

Trustees

Details of Trustees are given on page 1. The Trustees are also the Company Directors.

The founder of the Association directed the Trustees to raise funds for launching schools, endowing them and otherwise providing for them. Individual schools should have their own managers appointed by the Trustees who are free to manage the schools subject only to their conforming to the aims of the Association and to any financial control necessary to preserve its funds. The Trustees delegate the administration and co-ordination of financial and operational matters of the Schools to the Chief Operating Officer.

Recruitment and Training of Governors

New Governors are invited to serve by the existing Board of Governors. New Governors are inducted into the workings of the Charity and its schools, including any Board Policy and Procedures. All Governors receive New Governors Training provided by AGBIS and regular Safeguarding training.

Organisational Management

The Governors, as the trustees of the Charity, are legally responsible for the overall management and control of the St James Schools and associated activities and meet at least once a term including an annual "Away Day". Overall financial and operational control of the schools is delegated to a number of committees which, under the general supervision of the Governors, exercise such powers and perform such duties in relation to the affairs of the Association as are vested in or given to them by the Governors. The principal committees are the Finance and Estates Committee, the individual school committees, the Governance Committee, the Safeguarding Committee and the Health & Safety Committee which all meet each term.

Mrs Hyde became the first Director of Education across all the St James Schools in September 2014.

The day-to-day running of the schools is delegated to the Chief Operating Officer and the respective Head Teachers (supported by their Senior Management Teams).

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools to ensure that the Association remains sensitive to the broader issues of pay and employment conditions elsewhere.

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

Relationships

The Association actively supports the attainment of the highest standards in the Independent Schools sector, partly through senior staff participating in the inspection of schools, and through promoting links and networking with other schools by attendance at Seminars and events. We also endeavour to widen public access to the schooling we can provide, the facilities and to awaken in our pupils an awareness of the social context of the all-round education they receive.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021 (continued)

Reserves Policy

Our policy is to accumulate sufficient reserves to acquire and maintain high quality premises for all our schools with scope for further development. Major property moves and developments have necessarily depleted our reserves. Our policy is to rebuild them by further improving our cost controls and generating the operating surpluses outlined above. At 31 August 2021 the Association had consolidated reserves of £25,629,497 (2020: £22,745,995, as restated) of which £2,310,798 represents restricted funds (2020: £1,894,733) and £23,318,699, represents unrestricted funds (2020: £20,851,262, as restated). There are no Free Reserves which are comprised of undesignated and unrestricted funds net of fixed Assets (2020 £Nil). As shown in Note 11 the ISPS Pension deficit reserve and the IEAL Pension reserve have been shown separately within unrestricted funds. There are no other designated funds as at 31 August 2021. Accounting for the Defined Benefit Pension liability in accordance with FRS102 has resulted in a negative Pension Reserve of £2,372,000 (2020: £3,772,500).

As a result of the Trustees having taken advice from the scheme actuary in respect of the funding of the negative Pension Reserve shown in the Balance Sheet the annual deficit contribution payment for the year ended 31 August 2021 was £400,000 (2020: £400,000). The ISPS pension reserve accounted for under FRS102 has resulted in a negative reserve of £208,000 (2020: £229,666). Under the current funding schedule, the annual deficit contribution payment for 2021 was agreed at approximately £22k, thereafter rising at 3% per annum until 2030. The amounts of restrictive and unrestrictive funds that can only be realised by the disposing of tangible fixed assets or programme related investments are shown in Note 12 Analysis of Net Assets between Funds.

Investment Powers & Policy

As its objective the Board aims to maximise the total investment return. The Association is not restricted as to its investment policy. The Trustees have instructed the Association's Investment Advisors to invest in medium risk securities having regard to the differing requirements of the respective restricted or designated fund involved. The Board considers the performance of the investments in the year to be satisfactory.

PUBLIC BENEFIT

In setting the School's objectives and planning its activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The Governors believe that the principal public benefit provided is in setting up and operating schools with the object of producing well rounded pupils with a comprehensive education aimed at developing the young men and women in our care physically, mentally, and spiritually, leaving them capable of entering fully and usefully into wider society. As a relatively recent foundation, the Association has not yet accumulated reserves sufficient to make significant numbers of free places available, as much of the funds given to it have been required to obtain and equip suitable buildings. During 2021 we continued to utilise the General Fund to support bursaries.

Bursary and other funding, including this year a special hardship fund (for people directly impacted due to Covid-19) assists pupils of parents who find themselves in difficulty meeting fee payments during their children's time at school. Numbers assisted are 82 (2020: 81) at a total cost of £1,257,374 (2020: £1,094,009). Reasons for awards have included insufficient funds due to divorce, sudden loss of income, ill health, parent fatalities, redundancies, Covid-19. All bursaries are means tested.

The Association has assisted in the foundation and development of a number of overseas schools, forming a world-wide family of schools, based on the same essential educational approach, offering guidance and teaching placements.

The senior schools have an active community service programme in which the pupils engage with the local community including state schools. At the very heart of the St James approach is the spirit of unity which naturally encourages the pupils to have regard to the needs of others, which necessarily includes those in less fortunate circumstances.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2021 (continued)

In 2011 the Association launched Sanskrit @ St James, an initiative supported by the Indian High Commissioner to promote, sustain and develop the teaching of Sanskrit in schools throughout the world. A separate restricted fund was set up with the benefit of a legacy received during 2011 and we have continued to receive support from subscribers throughout the year to fund specific Sanskrit activities.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Independent Educational Association Limited for the purposes of company law) are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

Crowe UK LLP was re-appointed as auditor at the meeting to approve the prior year accounts. Although Crowe UK LLP expressed its willingness to continue as auditor for the next financial year, the Governors have appointed Haysmacintyre LLP to audit the financial statements for the year ended 31 August 2021.

This report, including the Strategic report, was approved by the Board of Governors of the Independent Educational Association Limited on 30 June 2022 and signed on its behalf by,

Jeremy Sinclair

Jeremy Sinclair
Chairman

The Independent Educational Association Limited

Independent auditor's report to the members of Independent Educational Association Limited

Opinion

We have audited the financial statements of Independent Educational Association Limited for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated 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 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 affairs as at 31 August 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

The Independent Educational Association Limited

Independent auditor's report to the members of Independent Educational Association Limited (continued)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees (which incorporates 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 requires us to report to you if, in our opinion:

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 the 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

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

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements related to independent school regulations, safeguarding regulations, health and safety requirements, GDPR, employment law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Statement of Recommended Practice (SORP 2019) and payroll taxes.

The Independent Educational Association Limited

Independent auditor's report to the members of Independent Educational Association Limited (continued)

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

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of Trustee and Governor meetings during the year;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



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

10 Queen Street Place
London
EC4R 1AG

Date: 30 June 2022

The Independent Educational Association Limited
Consolidated Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 August 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Income from:					
Charitable activities					Restated
School fees	2	15,483,182	-	15,483,182	15,882,939
Other income	3	403,854	-	403,854	627,512
Other trading activities					
Trading income	3	45,522	-	45,522	12,335
Other activities	3	17,799	-	17,799	14,161
Investments					
Investment income	3	416	29,607	30,023	43,699
Voluntary sources					
Donations and legacies	3	23,754	76,200	99,954	42,923
Other income					
Sundry income	3	36,092	24,842	60,934	3,710
Total income		<u>16,010,619</u>	<u>130,649</u>	<u>16,141,268</u>	<u>16,627,279</u>
Expenditure on:					
Raising funds					
Fundraising costs	4	89,979	-	89,979	73,806
Investment management	4	20,188	-	20,188	18,401
Trading & lettings costs	4	11,045	-	11,045	95,934
		<u>121,212</u>	<u>-</u>	<u>121,212</u>	<u>188,141</u>
Charitable activities					
Schools and Grant making	4	14,520,636	119,231	14,639,867	14,577,985
Total expenditure		<u>14,641,848</u>	<u>119,231</u>	<u>14,761,079</u>	<u>14,766,126</u>
Net income before transfers and gains		1,368,771	11,418	1,380,189	1,861,153
Gains on investments		-	404,647	404,647	64,063
Transfers between funds	11	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income before other recognised gains and losses		1,368,771	416,065	1,784,836	1,925,216
Actuarial gain/(loss) – IEAL	13	1,077,000	-	1,077,000	(402,600)
Actuarial gain – ISPS	13	21,666	-	21,666	16,334
Net movement in funds		<u>2,467,437</u>	<u>416,065</u>	<u>2,883,502</u>	<u>1,538,590</u>
Fund balances brought forward					
As previously stated		20,548,262	1,894,733	22,442,995	21,207,045
Prior year adjustment	18	303,000	-	303,000	-
As restated		<u>20,851,262</u>	<u>1,894,733</u>	<u>22,745,995</u>	<u>21,207,045</u>
Fund balances carried forward	12	<u>23,318,699</u>	<u>2,310,798</u>	<u>25,629,497</u>	<u>22,745,995</u>

All amounts derive from continuing activities

All gains or losses recognised in the year are included in the Statement of Financial Activities

The notes on pages 18 to 41 form part of these financial statements

The Independent Educational Association Limited

Consolidated Balance Sheet as at 31 August 2021

	Note	2021	2021	2020	2020
		£	£	£	£
Fixed Assets				Restated	Restated
<i>Tangible Assets</i>					
Freehold property	6	27,121,701		25,030,175	
Motor vehicles	6	17,580		23,440	
Laboratories and equipment	6	1,178,146		1,325,884	
		<u>28,317,427</u>		<u>26,379,499</u>	
Investments	7	<u>2,184,928</u>		<u>1,768,863</u>	
			30,502,355		28,148,362
Current Assets					
Stocks	8	1,247		1,247	
Debtors	9	469,097		1,043,499	
Cash at bank and in hand		<u>4,745,357</u>		<u>2,906,652</u>	
		5,215,701		3,951,398	
Creditors: Amounts falling due within one year	10(a)	<u>(5,014,406)</u>		<u>(4,793,106)</u>	
Net Current Assets/(Liabilities)			<u>201,295</u>		<u>(841,708)</u>
Total Assets less Current Liabilities			30,703,650		27,306,654
Long-term liabilities					
Creditors payable after one year	10(b)		(2,494,153)		(558,493)
ISPS Pension deficit liability	13		(208,000)		(229,666)
IEAL Defined Benefit Pension Liability	13		(2,372,000)		(3,772,500)
			<u></u>		<u></u>
Net Assets			<u>25,629,497</u>		<u>22,748,995</u>
The Funds of the Group:					
Permanent Endowment	11		400		400
Restricted funds	11		2,310,398		1,894,333
Unrestricted funds					
General reserve	11	25,898,699		24,853,428	
ISPS Pension deficit reserve	11	(208,000)		(229,666)	
IEAL Pension reserve	11	<u>(2,372,000)</u>		<u>(3,772,500)</u>	
Total unrestricted funds			<u>23,318,699</u>		<u>20,851,262</u>
Total group funds	12		<u>25,629,497</u>		<u>22,745,995</u>

Approved by the Board and signed on its behalf on 30 June 2022

Jeremy Sinclair

Jeremy Sinclair
Chairman

Registered Company Number: 01222329

The notes on pages 18 to 41 form part of these financial statements

The Independent Educational Association Limited

Company Balance Sheet as at 31 August 2021

	Note	2021	2021	2020	2020
		£	£	£	£
Fixed Assets				Restated	Restated
<i>Tangible Assets</i>					
Freehold property	6	28,161,579		26,070,053	
Motor vehicles	6	17,580		23,440	
Laboratories and equipment	6	1,173,570		1,321,308	
		<u>29,352,729</u>		<u>27,414,801</u>	
Investments	7	<u>2,184,928</u>		<u>1,768,863</u>	
			31,537,657		29,183,664
Current Assets					
Stocks	8	-		-	
Debtors	9	514,603		1,111,524	
Cash at bank and in hand		<u>4,530,110</u>		<u>2,704,119</u>	
		5,044,713		3,815,643	
Creditors: Amounts falling due within one year	10(a)	<u>(5,026,515)</u>		<u>(4,823,864)</u>	
Net Current Assets /(Liabilities)			<u>18,198</u>		<u>(1,008,221)</u>
Total Assets less Current Liabilities			31,555,855		28,175,443
Long-term liabilities					
Creditors payable after one year	10(b)		(2,494,153)		(558,493)
ISPS Pension deficit liability	13		(208,000)		(229,666)
IEAL Defined Benefit Pension liability	13		(2,372,000)		(3,772,500)
Net Assets			<u>26,481,702</u>		<u>23,614,784</u>
The Funds of the Charity:					
Restricted funds	11		2,310,398		1,894,333
Unrestricted funds					
General reserve	11	26,751,304		25,722,617	
ISPS Pension deficit reserve	11	(208,000)		(229,666)	
IEAL Pension reserve	11	<u>(2,372,000)</u>		<u>(3,772,500)</u>	
Total unrestricted funds			<u>24,171,304</u>		<u>21,720,451</u>
Total charity funds	12		<u>26,481,702</u>		<u>23,614,784</u>

The surplus for the financial year dealt with in the financial statements of the parent company was £2,866,918 (2020: surplus £1,228,084).

Approved by the Board and signed on its behalf on 30 June 2022

Jeremy Sinclair

Jeremy Sinclair
Chairman

Registered Company Number: 01222329

The notes on pages 18 to 41 form part of these financial statements

The Independent Educational Association Limited

**Consolidated Statement of Cash Flow
For the year ended 31 August 2021**

	2021 £	2021 £	2020 £	2020 £
				Restated
Cash flows from Operating Activities (Note 1)				
Net cash provided by operating activities		2,282,746		2,189,055
Cash flows from investing activities:				
Interest received	416		9,304	
Dividends received	29,607		34,395	
Payments to acquire fixed assets	(2,563,654)		(1,195,123)	
Payments to acquire investments	(54,449)		(166,550)	
Receipts from sales of investments	43,031		153,965	
	<hr/>		<hr/>	
Net cash used in investing activities		(2,545,049)		(1,164,009)
Cash flows from financing activities:				
Loan received	2,376,000		-	
Loan interest paid	(30,542)		(22,944)	
Loans repaid	(244,450)		(255,568)	
	<hr/>		<hr/>	
Net cash provided by / (used in) financing activities		2,101,008		(278,512)
		<hr/>		<hr/>
Change in cash and cash equivalents in the reporting period		1,838,705		746,534
Cash and cash equivalents at the beginning of the period		2,906,652		2,160,118
		<hr/>		<hr/>
Cash and cash equivalents at the end of the reporting period (Note 2)		<u>4,745,357</u>		<u>2,906,652</u>

The Independent Educational Association Limited

Notes to the Consolidated Statement of Cash Flow For the year ended 31 August 2021

1 Reconciliation of net income to net cash flow from operating activities		2021 £	2020 £ Restated
Net income for the reporting period		1,380,189	1,861,153
Adjustments for:			
Depreciation charges		625,727	816,884
Pension contributions less current service and interest costs and other charges/(credits)		(323,500)	(303,000)
Decrease in stocks		-	164
Decrease/(increase) in debtors		574,402	(384,200)
Increase in creditors		25,409	218,809
Interest received		(416)	(9,304)
Dividends received		(29,607)	(34,395)
Loan interest paid		30,542	22,944
Net cash provided by operating activities		2,282,746	2,189,055
2 Analysis of Cash and Cash Equivalents		2021 £	2020 £
Cash at bank and in hand		4,745,357	2,603,652
		At 1 September 2020 £	Cashflows £
3 Analysis of changes in net debt			At 31 August 2021 £
Cash and cash equivalents		2,603,652	2,141,705
Borrowings:			4,745,357
Debts due within one year		(238,920)	(195,898)
Debts due after one year		(558,493)	(1,935,660)
		1,806,239	10,147
			1,816,386

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021

1. Accounting Policies

Company information

The Independent Educational Association Limited ("the Association") was incorporated on the 8 August 1975 as a company limited by guarantee and not having a share capital, with registration number 1222329 and is considered a public benefit entity. On 8 December 1975 it was also registered as a charity under the Charities Act 1960 with the charity number 270156. The Charity's principal address and registered office is at Earsby Street, London, W14 8SH. The Association has prepared consolidated financial statements to include the activities of The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St. David's School (St. David's) and its trading subsidiary St David's Enterprises Limited on the basis that the Association and St. David's are being managed on a unified basis with common trustees. The consolidated financial statements also include the Association's subsidiary, St James Enterprises Limited.

Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2019 – (Charities SORP (FRS102)) Second Edition.

The functional currency of the Association is considered to be GBP because that is the currency of the primary economic environment in which the Association operates.

The financial statements are drawn up on the historical cost basis of accounting, as modified by the inclusion of fixed asset investments at market value.

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

Having reviewed the funding facilities available to the Association together with the expected ongoing demand for places and the Association's future projected cash flows, the Trustees have a reasonable expectation that the Association has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Association's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 9.

Basis of Consolidation

The financial statements present the consolidated statement of financial activities (SOFA), the consolidated statement of cash flow and the consolidated and Charity balance sheets comprising the consolidation of the Independent Educational Association Limited ("the school"), and its subsidiaries St David's School ("St David's"), St David's School Enterprises Limited and St James Enterprises Limited. No separate SOFA has been presented for the School alone, as permitted by s408 of the Companies Act 2006. The results of the Charity are disclosed on the Company Balance sheet.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects current and future periods.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021

1. Accounting Policies (continued)

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year other than those noted below:

The pension scheme liabilities shown on the balance sheet are based on the annual FRS102 actuarial update at 31 August 2021 in which the actuary used a variety of assumptions concerning the future pension scheme assets and liabilities. The assumptions used in determining the net cost /(income) for pensions include the discount rate.

Any changes in these assumptions, which are disclosed in Note 13, will impact the carrying amount of the pension liability. An actuarial valuation has been carried out as at 31 March 2021 and a roll forward approach has been used by the actuary to value the pensions liability at 31 August 2021.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

Fee income

Fees receivable less any allowances, scholarships, bursaries and other grants made by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

Other income

Income is accounted for in the year to which it relates. Rental income for operating leases on non-investment property is recognised as income on a straight-line basis over the lease term.

Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accrual's basis.

Donations, grants and other income

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention is to be permanent or not.

Grant income in respect of the Coronavirus Job Retention Scheme is recognised in the same period as the related employment costs are incurred

Legacy income

Pecuniary legacies are recognised when there is entitlement, which is deemed to be when probate has been granted, the legacy can be measured reliably, and there is probability of receipt. For residual legacies, entitlement is deemed to be the earlier of settled estate accounts and notification of a pending payment or actual payment being received.

Expenditure

Expenditure is accrued as soon as a liability is considered probable. Overhead and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year by reference to site or the ratio of pupils in the individual schools. The irrecoverable element of VAT is included with the item of expense to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of running the Charity, including strategic planning for its future development, also external audit, legal advice for the Association's Trustees, and all costs of complying with constitutional and statutory requirements.

Intra-group sales and charges between the School and its subsidiaries are excluded from trading income and expenditure.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021

1. Accounting Policies (continued)

Tangible Fixed Assets

Items of equipment and furniture and fittings are capitalised if over £2,500 in cost and carried in the balance sheet at historic cost. Other expenditure on equipment incurred in the normal day-to-day running of the School is charged to the Statement of Financial Activities as incurred.

Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets, other than freehold land, less estimated residual value based on current market prices, in equal annual instalments over their expected useful lives as follows:

Freehold buildings and major improvements	1% - 2% on cost
Computers	33 1/3% on cost
Plant	10% on cost
IT infrastructure	20% on cost
Motor vehicles	25% on written down value
Schools – other equipment and furniture and fittings	20% on written down value
Laboratories	10% on written down value

Investments

The Association's listed investments are valued at market value at the balance sheet date. Gains and losses arising on the sale or revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

Stock

Stock represents goods for resale and is valued at the lower of the cost and net realisable value.

Fund Accounting

The charitable trust funds of the Association and its subsidiaries are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded. Endowment funds are further sub-divided into permanent and expendable.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

1. Accounting Policies (continued)

Restricted Funds

Restricted funds are funds which have been raised for, and their use restricted to, a specific purpose, or donations or legacies subject to donor-imposed conditions against which relevant expenditure is charged. There is no capital retention obligation or power but only a trust law restriction.

Unrestricted Funds

Unrestricted funds consist of those funds which the Association may use in furtherance of its charitable objectives at the discretion of the Trustees. Where the Trustees decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by the transfer to the appropriate designated fund.

Permanent endowment

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the Association.

Taxation

The Association is a registered charity and, therefore, is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Pension Costs

Retirement benefits to employees of the Association are provided through a number of different schemes, two defined benefit schemes and a number of defined contribution schemes.

IEAL Pension Scheme

This is an occupational defined benefit scheme where the pension liabilities and assets are recorded in line with FRS 102 with a valuation undertaken by an independent actuary. The defined benefit pension scheme current service costs are charged to the Statement of Financial Activities within staff costs. The net interest on the defined net liability and the administration costs of the scheme are charged within support costs. Remeasurement effects, comprising actuarial gains and losses and the return on plan assets greater than the discount rate are recognised within other gains and losses.

The Independent Schools Pension Scheme ("ISPS" Scheme)

This scheme is a multi-employer pension scheme. It is not possible to identify the Association's share of the underlying assets and liabilities of the ISPS scheme on a consistent and reasonable basis and therefore, as required by FRS102, the Association accounts for the scheme as if it were a defined contribution scheme. The Association's contributions, which are in accordance with the recommendations of the actuary, are charged in the period in which the salaries to which they relate are payable. Where a deficit funding arrangement has been agreed by the Trustees of the Scheme, FRS102 requires a liability to be established based on the net present value of those funding obligations at the balance sheet date.

Defined contribution schemes

Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

Further details of the pension schemes can be found in note 13.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value, where fair value is measured by the quoted market price in an active market. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which 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 all creditors except social security and other taxes, provisions and accruals and deferred income. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

2. Charitable Activities - School Fees

	2021 £	2020 £
School fees receivable consist of:		
Gross fees	16,796,100	16,928,208
Less: Total bursaries, scholarships and allowances	(1,396,825)	(1,131,354)
Add back: Bursaries and other awards paid for by restricted funds	83,907	86,085
	<u>15,483,182</u>	<u>15,882,939</u>

All amounts received were in respect of general funds

3. Other Income

	2021 £	2020 £
School fees receivable consist of:		
Charitable activities – other income		
Entrance and registration fees	69,620	72,054
Activities and coach income	212,760	187,091
Letting income of non-investment properties	72,755	73,672
Income from Government Grants	48,719	294,695
	<u>403,854</u>	<u>627,512</u>

All amounts received were in respect of general funds

Other trading activities

Trading income

St James Enterprises Limited	45,522	12,335
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Other activities

Fundraising income	17,799	14,161
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	<u>63,321</u>	<u>26,496</u>
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All amounts received were in respect of general funds

Investment income

Dividend income	29,607	34,395
Bank deposit and short term deposit interest	416	9,304

Amounts received in respect of restricted funds were £29,607 (2020: £34,395) and general funds £416 (2020: £9,304).

	<u>30,023</u>	<u>43,699</u>
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Donations & legacies

General donations	19,930	-
Bursary donations	78,224	-
Grants towards school fees	-	40,133
Sanskrit donations	1,800	2,790

Amounts received in respect of restricted funds were £76,200 (2020: £2,790) and general funds £23,754 (2020: £40,133).

	<u>99,954</u>	<u>42,923</u>
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Other income

Sundry income	60,934	3,710
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All amounts received in respect of restricted funds were £24,842 (2020: £nil) and general funds £36,092 (2020: £3,710).

	<u>60,934</u>	<u>3,710</u>
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The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

4. Analysis of expenditure

(a) Total expenditure

	Staff costs	Other costs	Depreciation	Total 2021
	£	£	£	£
Expenditure on raising funds:				
Fundraising	60,345	29,634	-	89,979
Investment management	-	20,188	-	20,188
Trading and lettings costs	-	11,045	-	11,045
	<u>60,345</u>	<u>60,867</u>	<u>-</u>	<u>121,212</u>
Charitable activities				
Teaching	7,099,025	881,972	-	7,980,997
Welfare	472,944	397,385	-	870,329
Premises	580,705	1,088,498	-	1,669,203
Support and governance	1,335,868	2,038,512	625,727	4,000,107
	<u>9,488,542</u>	<u>4,406,367</u>	<u>625,727</u>	<u>14,520,636</u>
School's operating costs	-	119,231	-	119,231
	<u>9,488,542</u>	<u>4,525,598</u>	<u>625,727</u>	<u>14,639,867</u>
Total expenditure	<u>9,548,887</u>	<u>4,586,465</u>	<u>625,727</u>	<u>14,761,079</u>
RESTATED				
	Staff costs	Other costs	Depreciation	Total 2020
	£	£	£	£
Expenditure on raising funds:				
Fundraising	-	73,806	-	73,806
Investment management	-	18,401	-	18,401
Trading and lettings costs	81,281	14,653	-	95,934
	<u>81,281</u>	<u>106,860</u>	<u>-</u>	<u>188,141</u>
Charitable activities				
Teaching	6,481,694	936,731	-	7,418,425
Welfare	113,895	67,504	-	181,399
Premises	394,881	1,492,461	-	1,887,342
Support and governance	1,659,636	2,460,334	816,884	4,936,854
	<u>8,650,106</u>	<u>4,957,030</u>	<u>816,884</u>	<u>14,424,020</u>
School's operating costs	-	153,965	-	153,965
	<u>8,650,106</u>	<u>5,110,995</u>	<u>816,884</u>	<u>14,577,985</u>
Total expenditure	<u>8,731,387</u>	<u>5,217,855</u>	<u>816,884</u>	<u>14,766,126</u>

The Independent Educational Association Limited

**Notes to the Consolidated Financial Statements
For the year ended 31 August 2021 (continued)**

4. Analysis of expenditure (continued)

(b) Grants, awards and prizes

	2021	2020
	£	£
From Restricted Funds:		
Bursaries and other grants and awards	119,231	153,965
	<u>119,231</u>	<u>153,965</u>

(c) Governance expenditure included in support costs:

	2021	2020
	£	£
Auditor's remuneration:		
Audit services (including VAT) – current year	41,100	51,164
	<u>41,100</u>	<u>51,164</u>

(d) Analysis of support and governance costs:

	2021	2020
	£	£
		Restated
Staff costs	1,335,868	1,659,636
Depreciation	625,727	816,884
Information technology	356,566	527,980
FRS102 Pension finance and administration costs	123,495	537,786
Legal and professional	551,267	630,923
Advertising, marketing and publications	454,706	361,429
Finance and other	511,378	351,052
Governance	41,100	51,164
	<u>4,000,107</u>	<u>4,936,854</u>

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

5. Staff costs

	2021 £	2020 £ Restated
Total staff costs comprised:		
Salaries	7,283,871	6,866,578
Social security costs	736,283	647,485
Pension fund costs –normal employer’s contributions	1,528,733	1,217,324
	<u>9,548,887</u>	<u>8,731,387</u>

None of the Trustees received any remuneration or other benefits from the Association or a related entity.
The key management of the Association are the trustees, the three head teachers and the chief operating officer as listed on page 1.

	2021 £	2020 £
The aggregate employee-benefits, including employers NI, of key management personnel	<u>540,988</u>	<u>524,475</u>

The average number of employees during the year was	182	185
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Number of employees receiving gross salaries in the range:	£60,001 to £70,000	5	5
	£80,001 to £90,000	1	1
	£90,001 to £100,000	2	2
	£100,001 to £110,000	-	1
	£110,001 to £120,00	1	-

The number accruing retirement benefits in: Defined Benefit Schemes was 8 (2020: 5)

Redundancy or termination payments in the year amounted to £65,246 (2020: £33,270).

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

6. Fixed Assets

Group	Freehold Property	Freehold Improve- ments	Motor Vehicles	Other Equipment	Total
Cost	£	£	£	£	£
At 1 September 2020	24,203,289	4,641,952	153,087	4,145,511	33,143,839
Additions in year	2,368,153	-	-	195,502	2,563,655
Disposals	-	-	-	-	-
At 31 August 2021	<u>26,571,442</u>	<u>4,641,952</u>	<u>153,087</u>	<u>4,341,013</u>	<u>35,707,494</u>
Depreciation					
At 1 st September 2020	2,807,117	1,007,949	129,647	2,819,627	6,764,340
Charge for the year	276,627	-	5,860	343,240	625,727
Disposals	-	-	-	-	-
At 31 st August 2021	<u>3,083,744</u>	<u>1,007,949</u>	<u>135,507</u>	<u>3,162,867</u>	<u>7,390,067</u>
Net Book Value					
At 31 st August 2021	<u>23,487,698</u>	<u>3,634,003</u>	<u>17,580</u>	<u>1,178,146</u>	<u>28,317,427</u>
At 31 st August 2020	<u>21,396,172</u>	<u>3,634,003</u>	<u>23,440</u>	<u>1,325,884</u>	<u>26,379,499</u>
Company	Freehold Property	Freehold Improve- ments	Motor Vehicles	Other Equipment	Total
Cost	£	£	£	£	£
At 1 st September 2020	24,208,212	4,641,952	153,087	4,032,349	33,035,600
Additions in year	2,368,153	-	-	195,502	2,563,655
Disposals	-	-	-	-	-
At 31 August 2021	<u>26,576,365</u>	<u>4,641,952</u>	<u>153,087</u>	<u>4,227,851</u>	<u>35,599,255</u>
Depreciation					
At 1 st September 2020	1,772,162	1,007,949	129,647	2,711,041	5,620,799
Charge for the year	276,627	-	5,860	343,240	625,727
Disposals	-	-	-	-	-
At 31 st August 2021	<u>2,048,789</u>	<u>1,007,949</u>	<u>135,507</u>	<u>3,054,281</u>	<u>6,246,526</u>
Net Book Value					
At 31 st August 2021	<u>24,527,576</u>	<u>3,634,003</u>	<u>17,580</u>	<u>1,173,570</u>	<u>29,352,729</u>
At 31 st August 2020	<u>22,436,050</u>	<u>3,634,003</u>	<u>23,440</u>	<u>1,321,308</u>	<u>27,414,801</u>

All tangible fixed assets are held for use on charitable activities.

IEAL holds a number of heritage assets relating to the history of the school, which includes pictures, sculptures and other artefacts. All these items have been donated to IEAL some time ago and so information on their cost or valuation is not available and cannot be obtained at a cost commensurate with the benefit to the users of the accounts and the charity.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

7. Investments

Group

		Listed UK £	Listed Other £	Total £
Market value	At 1 September 2021	1,372,902	395,961	1,768,863
	Additions at cost	33,060	21,389	54,449
	Proceeds	(43,031)	-	(43,031)
	Net gains	294,412	110,235	404,647
Market value	At 31 August 2021	1,657,343	527,585	2,184,928
Historical cost at 31 August 2021		1,040,264	138,892	1,179,156
Historical cost at 31 August 2020		1,019,436	108,306	1,127,742

Company

	2021 £	2020 £
Investments (listed) held at market value (as for Group above)	2,184,928	1,768,863
Investment in group undertaking	1	1
	2,184,929	1,768,864

The investment in group undertaking relates to St James Enterprises Limited which was incorporated on 16 January 2018. The company is owned 100% by the Association.

8. Stocks

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Sundry stocks	1,247	1,247	-	-
	1,247	1,247	-	-

9. Debtors

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Fees outstanding less bad debt provision	62,874	535,370	62,874	530,830
Tax recoverable on covenants etc.	3,948	3,948	3,948	3,948
Other debtors	210,612	176,299	182,190	175,875
Amounts due from subsidiary entities	-	-	73,930	73,514
Prepayments and accrued income	191,663	327,882	191,661	327,357
	469,097	1,043,499	514,603	1,111,524

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

10(a). Creditors: Amounts falling due within one year

	Group		Company	
	2021 £	2020 £ Restated	2021 £	2020 £ Restated
Trade creditors	381,031	587,790	381,031	587,771
Fees in advance	216,683	257,450	216,683	257,450
Bank loan (See Note 10(b))	434,818	238,920	434,818	238,920
Fee deposits	2,807,881	2,773,370	2,807,881	2,770,837
Other creditors	660,006	32,446	634,804	32,445
Amounts due to subsidiary entities	-	-	37,311	37,311
Employee taxes and social security costs	168,084	181,475	168,084	181,475
Accruals and deferred income	345,903	721,655	345,903	717,655
	<u>5,014,406</u>	<u>4,793,106</u>	<u>5,026,515</u>	<u>4,823,864</u>
	Group 2021	Group 2021	Company 2021	Company 2021
Deferred income	Fees in advance	Other deferred income	Fees in advance	Other deferred income
Brought forward	257,450	43,616	257,450	43,616
Released	(257,450)	(43,616)	(257,450)	(43,616)
Deferred in the year	<u>216,683</u>	<u>42,137</u>	<u>216,683</u>	<u>42,137</u>
Carried forward	<u>216,683</u>	<u>42,137</u>	<u>216,683</u>	<u>42,137</u>

Fees in advance in 2021 and 2020 represent payments against invoices raised in respect of subsequent terms where revenue will be recognised in the following financial year. Other deferred income relates to income received in respect of trips or events in the following financial year. Fee deposits are received in advance of a pupil commencing education at St James and are repayable upon completion of the pupil's education which may be up to 14 years later. The liability is disclosed as due within one year as pupils may leave at any time, but with relatively stable pupil numbers, the probability of the liability becoming repayable in the short term is highly unlikely.

10(b). Creditors: amounts falling due after more than one year

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Bank loans	<u>2,494,153</u>	<u>558,493</u>	<u>2,494,153</u>	<u>558,493</u>
	<u>2,494,153</u>	<u>558,493</u>	<u>2,494,153</u>	<u>558,493</u>
Bank loans - maturity:				
Payable within 1 year (See Note 10(a))	434,818	238,920	434,818	238,920
Payable between 1 – 2 years	502,187	253,200	502,187	253,200
Payable between 2 – 5 years	569,185	305,293	569,185	305,293
Payable after more than 5 years	<u>1,422,781</u>	<u>-</u>	<u>1,422,781</u>	<u>-</u>
	<u>2,928,971</u>	<u>797,413</u>	<u>2,928,971</u>	<u>797,413</u>

At 31 August 2021 the Association had a secured liability of £2,928,971 (2020: £797,413). The liability is secured by a first legal charge over 41A North End Road, W14 8SZ and St James School, Church Road, Ashford, TW15 3DZ. This amount comprises two loans: £1.2m repayable in equal instalments over 60 months commencing 31 October 2018; and £2.4m repayable in instalments over 60 months commencing 30 September 2022.

The Independent Educational Association Limited
Notes to the Consolidated Financial Statements
For the year ended 31 August 2021 (continued)

11 Analysis of Funds

The Association's funds and the movements in the year are as follows:

Group	Balance 1 September 2020	Income	Expenditure	Transfers	Gains / Losses	Balance 31 August 2021
	Restated £	£	£	£	£	£
Restricted Funds						
Permanent Endowment	400	-	-	-	-	400
Bursary	827,307	7,020	(6,361)	-	173,517	1,001,483
Founders scholarship	67,976	11,020	(10,893)	-	18,571	86,674
Valerie Cullen	238,165	7,735	(5,814)	-	45,894	285,980
John Lyons	-	76,200	(76,200)	-	-	-
D A Nott	760,885	28,674	(19,963)	-	166,665	936,261
	1,894,733	130,649	(119,231)	-	404,647	2,310,798
Unrestricted Funds						
General Fund	24,853,428	16,010,619	(14,965,348)	-	-	25,898,699
ISPS Pension deficit provision	(229,666)	-	-	-	21,666	(208,000)
IEAL Pension reserve	(3,772,500)	-	323,500	-	1,077,000	(2,372,000)
	22,745,995	16,141,268	(14,761,079)	-	1,503,313	25,629,497
Company	Balance 1 September 2020	Income	Expenditure	Transfers	Gains / Losses	Balance 31 August 2021
	Restated £	£	£	£	£	£
Restricted Funds						
Bursary	827,307	7,020	(6,361)	-	173,517	1,001,483
Founders scholarship	67,976	11,020	(10,893)	-	18,571	86,674
Valerie Cullen	238,165	7,735	(5,814)	-	45,894	285,980
John Lyons	-	76,200	(76,200)	-	-	-
D A Nott	760,885	28,674	(19,963)	-	166,665	936,261
	1,894,333	130,649	(119,231)	-	404,647	2,310,398
Unrestricted Funds						
General Fund	25,722,617	15,965,097	(14,936,410)	-	-	26,751,304
ISPS Pension deficit provision	(229,666)	-	-	-	21,666	(208,000)
IEAL Pension reserve	(3,772,500)	-	323,500	-	1,077,000	(2,372,000)
	23,614,784	16,095,746	(14,732,141)	-	1,503,313	26,481,702

The Bursary fund is for disbursement of bursaries.

The Founders scholarship fund is for a pupil who would not otherwise be able to attend.

The Valerie Cullen Music Prize is for a musically talented pupil in the Senior Boys School.

The D A Nott fund is for a bursary for specified subjects up to a maximum of £10,000 per annum.

The John Lyons grant is for the funding of bursaries.

The Independent Educational Association Limited
Notes to the Consolidated Financial Statements
For the year ended 31 August 2021 (continued)

11 Analysis of Funds (continued)

The Association's funds and the movements in the year are as follows:

Group Restated	Balance 1 September 2019	Income	Expenditure	Transfers	Gains / Losses	Balance 31 August 2020
	£	£	£	£	£	£
Restricted Funds						
Permanent Endowment	400	-	-	-	-	400
Bursary	821,944	44,636	(48,159)	-	8,886	827,307
Founders scholarship	66,823	22,217	(20,737)	-	(327)	67,976
Valerie Cullen	219,577	20,535	(17,305)	-	15,358	238,165
D A Nott	709,340	79,163	(67,764)	-	40,146	760,885
	1,818,084	166,551	(153,965)	-	64,063	1,894,733
Unrestricted Funds						
General Fund	23,307,861	16,460,728	(14,915,161)	-	-	24,853,428
ISPS Pension deficit provision	(246,000)	-	-	-	16,334	(229,666)
IEAL Pension reserve	(3,672,900)	-	303,000	-	(402,600)	(3,772,500)
	21,207,045	16,627,279	(14,766,126)	-	(322,203)	22,745,995
Company Restated	Balance 1 September 2019	Income	Expenditure	Transfers	Gains / Losses	Balance 31 August 2020
	£	£	£	£	£	£
Restricted Funds						
Bursary	821,944	44,636	(48,159)	-	8,886	827,307
Founders scholarship	66,823	22,217	(20,737)	-	(327)	67,976
Valerie Cullen	219,577	20,535	(17,305)	-	15,358	238,165
D A Nott	709,340	79,163	(67,764)	-	40,146	760,885
	1,817,684	166,551	(153,965)	-	64,063	1,894,333
Unrestricted Funds						
General Fund	24,184,916	16,448,393	(14,910,692)	-	-	25,722,617
ISPS Pension deficit provision	(246,000)	-	-	-	16,334	(229,666)
IEAL Pension reserve	(3,672,900)	-	303,000	-	(402,600)	(3,772,500)
	22,083,700	16,614,944	(14,761,657)	-	(322,203)	23,614,784

The Bursary fund is for disbursement of bursaries.

The Founders scholarship fund is for a pupil who would not otherwise be able to attend.

The Valerie Cullen Music Prize is for a musically talented pupil in the Senior Boys School.

The D A Nott fund is for a bursary for specified subjects up to a maximum of £10,000 per annum.

The John Lyons grant is for the funding of bursaries.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

12 Analysis of Net Assets between Funds

Group	Tangible Fixed Assets	Investments	Other assets and liabilities	Total 2021
Restricted Funds	£	£	£	£
Permanent Endowment			400	400
Bursary	-	868,411	133,072	1,001,483
Founders scholarship	-	103,497	(16,823)	86,674
Valerie Cullen Music Prize	-	265,154	20,826	285,980
D A Nott	-	947,866	(11,605)	936,261
	-	2,184,928	125,870	2,310,798
General Fund	28,317,427	-	(2,418,728)	25,898,699
ISPS Pension deficit provision	-	-	(208,000)	(208,000)
IEAL Pension reserve	-	-	(2,372,000)	(2,372,000)
	<u>28,317,427</u>	<u>2,184,928</u>	<u>(4,872,858)</u>	<u>25,629,497</u>

The group has no free reserves as at 31 August 2021

Company	Tangible Fixed Assets	Investments	Other assets and liabilities	Total 2021
Restricted Funds	£	£	£	£
Bursary		868,411	133,072	1,001,483
Founders scholarship		103,497	(16,823)	86,674
Valerie Cullen Music Prize		265,154	20,826	285,980
D A Nott	-	947,866	(11,605)	936,261
	-	2,184,928	125,470	2,310,398
General Fund	29,352,729	-	(2,601,425)	26,751,304
ISPS Pension deficit provision	-	-	(208,000)	(208,000)
IEAL Pension reserve	-	-	(2,372,000)	(2,372,000)
	<u>29,352,729</u>	<u>2,184,928</u>	<u>(5,055,955)</u>	<u>26,481,702</u>

The company has no free reserves as at 31 August 2021

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

12 Analysis of Net Assets between Funds

Group Restated	Tangible Fixed Assets	Investments	Other assets and liabilities	Total 2020
	£	£	£	£
Restricted Funds				
Permanent Endowment	-	-	400	400
Bursary	-	694,235	133,072	827,307
Founders scholarship	-	84,799	(16,823)	67,976
Valerie Cullen Music Prize	-	217,339	20,826	238,165
D A Nott	-	772,490	(11,605)	760,885
	-	1,768,863	125,870	1,894,733
General Fund	26,379,499	-	(1,526,071)	24,853,428
ISPS Pension deficit provision	-	-	(229,666)	(229,666)
IEAL Pension reserve	-	-	(3,772,500)	(3,772,500)
	26,379,499	1,768,863	(5,402,367)	22,745,995

The group has no free reserves as at 31 August 2020

Company Restated	Tangible Fixed Assets	Investments	Other assets and liabilities	Total 2020
	£	£	£	£
Restricted Funds				
Bursary	-	694,235	133,072	827,307
Founders scholarship	-	84,799	(16,823)	67,976
Valerie Cullen Music Prize	-	217,339	20,826	238,165
D A Nott	-	772,490	(11,605)	760,885
	-	1,768,863	125,470	1,894,333
General Fund	27,414,801	-	(1,692,184)	25,722,617
ISPS Pension deficit provision	-	-	(229,666)	(229,666)
IEAL Pension reserve	-	-	(3,772,500)	(3,772,500)
	27,414,801	1,768,863	(5,568,880)	25,614,784

The company has no free reserves as at 31 August 2020

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

13. Pension Schemes

IEAL Defined Benefit Scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. With effect from 31 August 2017 the scheme was closed to all new members and to future accrual for teaching staff. The scheme continues to operate for a number of non-teaching staff.

The assets of the scheme are held separately from those of the Association, being invested with insurance companies. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Association. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2021. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rates of increase in salaries and pensions and the discount rate.

The preliminary results of the most recent triennial valuation as at 31 March 2021 showed that the market value of the scheme's assets was approximately £16,614,000 with the Scheme Specific Funding Requirement standing at 86% whereas at the previous valuation it was 87%.

As set out in the interim Schedule of Contributions dated 5 October 2020, regular employer contributions of 25.1% of pensionable salaries are to be paid from 5 October 2020. Deficit payments of £33,333.33 are due monthly over the period from 5 October 2020 to 31 December 2024. Contribution payments of £3,880 are payable monthly from 5 October 2020 to cover general core expenses. As a result of the 2021 valuation from 1 April 2022 deficit payments of £33,333 are due monthly until 31 August 2028 and contribution payments of £3,895 are payable monthly to cover expenses. Employer contributions have increase to 27.2% of pensionable salaries.

The financial assumptions underlying the valuation as at 31 March 2021 were as follows:

Pre-retirement discount rate	Market implied gilt yield curve plus 2.75% pa
Post-retirement discount rate	Market implied gilt yield curve plus 0.25% pa
RPI inflation	Market implied inflation gilt yield curve
CPI inflation	Pre 2030: RPI curve less 0.8% p.a. Post 2030: RPI curve less 0% p.a.
Rate of salary increase	CPI curve with floor
Pension increases	LPI Pension Increases curves derived from RPI, adjusted for the impact of the cap and floor

The 2021 valuation was carried out using the mortality base tables Club VITA tables and for future improvements in longevity the CMI 2020 model with a long-term rate of improvement of 1.5% (tapering for ages above 85 to 0% to 110) and a smoothing parameter of $S_k = 7.0$ and A parameter of 0.2% for men and 0.6% for women.

Basis of calculation

The last full actuarial valuation upon which the FRS102 figures have been based was as at 31 March 2021 (preliminary results).

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

13. Pension Schemes (continued)

Disclosed Expense

A – Disclosed Expense	2021 £000's	2020 £000's
Current service cost	44	87
Net interest on net defined liability	61	63
Defined benefit cost recognised in Statement of Financial		
Activities	105	150
Administration costs incurred in the period	107	3
Disclosed expense	212	153
B – Amounts recognised in Other Comprehensive Income (OCI)		
Actuarial loss arising during period	116	180
Return on plan assets	(1,193)	223
Remeasurement effects recognised in OCI	(1,077)	403
C – Total Defined Benefit Cost		
Cost recognised in the Statement of Financial Activities	212	153
Remeasurement effects recognised in the OCI	(1,077)	403
Defined benefit cost	(865)	556
D – Assumptions Used to Determine Expense		
Discount rate	1.60%	1.70%
Price inflation (RPI)	3.35%	3.10%
Price inflation (CPI)	2.85%	2.40%
Rate of salary increase	2.85%	2.40%
Pension increases for in-payment benefits (Pre 2012 accrual)	3.25%	3.00%
Pension increases for in-payment benefits (Post 2012 accrual)	2.85%	2.40%
Pension increases in deferment for deferred benefits pre 2009	2.85%	2.40%
Pension increases in deferment for deferred benefits post 2009	2.50%	2.40%
Life expectancies:	Male	Female
Average future expectancy for a pensioner aged 65 at 31/8/21	23 years	25.5 years
Average future life expectancy at age 65 for a non-pensioner aged 50 at 31/8/21	22.7 years	26.4 years

Net Balance Sheet Position

	2021 £000's	2020 £000's
A – Development of Net Balance Sheet Position		
Defined benefit obligation (DBO)	(20,750)	(20,865)
Fair value of assets (FVA)	18,378	17,092
Deficit in the plan	(2,372)	(3,773)
B – Reconciliation to Balance Sheet		
Net defined benefit liability at end of prior period	(3,773)	(3,673)
Current service cost	(44)	(87)
Net interest on net defined benefit liability	(61)	(63)
Remeasurement effects recognised in OCI	1,077	(402)
Employer contributions	536	455
Administration costs incurred in the period	(107)	(3)
Net defined benefit liability at end of current period	(2,372)	(3,773)

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

Additional Disclosure Information

	£000's	
A – Expected Future Administration Expenses for the period ending 31 August 2022		43
B – Expected Contributions for period ending 31 August 2022		
Employer		447
Scheme participants		0.0
C – Actual return on Scheme Assets during period ending 31 August 2021		
Interest on assets		288
Asset gain during period		1,193
Actual return on assets		<u>1,481</u>
D – Scheme Asset Information		
	Allocation Percentage 31 August 2021	Allocation Percentage 31 August 2020
Equities	12%	0.0%
Absolute bond return	8%	0%
Asset backed securities	25%	0%
Insurance linked securities	7%	0%
Synthetic credit	7%	0%
LDI	24%	0%
Cash and cash equivalents	17%	0%
Gilts	0%	23.3%
Corporate bonds	0%	25.1%
Real estate / property	0%	0.0%
Other	0%	56.1%
Total	100%	100.0%
Fair value of plan assets	18,378	17,092

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

13. Pension Schemes (continued)

Changes in disclosed liabilities and assets

	2021 £000's	2020 £000's
A - Change in Actuarial Value of Liabilities		
DBO at end of prior period	20,865	20,768
Current Service Cost	44	87
Interest cost on the DBO	349	370
Administrative Costs	107	-
Scheme participants' contributions	-	-
Actuarial Loss	116	180
Benefits paid	(731)	(540)
DBO at current period end	20,750	20,865
B - Change in Scheme Assets		
Fair value of assets at end of prior period	17,092	17,095
Interest income on plan assets	288	307
Return on plan assets greater than discount rate	1,193	(223)
Employer contributions	536	456
Scheme participants' contributions	-	-
Administrative costs paid	-	(3)
Benefits paid	(731)	(540)
Fair value of assets at current period end	18,378	17,092

IEAL Scottish Widows Stakeholder Scheme

With effect from 1 September 2010 the Association introduced a stakeholder pension scheme for non-teaching staff not eligible for participation in the IEAL Defined Benefit Scheme. The stakeholder scheme is a defined contribution scheme with funds managed by Scottish Widows. Employee contributions are a minimum of 5% and the employer's contribution rate is 10%. At the balance sheet date there were 44 members of this scheme (2020: 44). During the year £130,001 (2020: £109,584) of contributions were payable by the employer. Contributions of £18,367 (2020: £13,650) were owing to the scheme at the balance sheet date.

NEST stakeholder scheme

This scheme is for employees who are neither in the IEAL Pension Scheme or the IEAL Scottish Widows Stakeholder Scheme and who qualify for auto-enrolment into a Pension Scheme. The stakeholder scheme is a defined contribution scheme. The employee contribution rate during the year was 4% and the employer's contribution rate was 3% throughout the period. At the balance sheet date there were 14 members of this scheme (2020: 9). During the year £10,365 (2020: £8,148) of contributions were payable by the employer. Contributions of £1,750 (2020: £1,459) were owed to the scheme at the balance sheet date.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

13. Pension Schemes (continued)

Independent Schools' Pension Scheme

For the period to the end of December 2014 St. David's School participated in The Independent Schools' Pension Scheme ('the Scheme'). Under a flexible apportionment arrangement, executed as a deed on 19 December 2014 and signed by the Trustee of The Pension Trust, St David's School and IEAL, the liabilities of St David's School to the Scheme with the exception of £1 were transferred to IEAL and St David's School ceased to be an employer under the Scheme. From this date IEAL is the employer within the Scheme.

The association participates in the scheme, a multi-employer scheme which provides benefits to some 66 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

As at the balance sheet date there was one active member of the Scheme employed by IEAL. During the accounting period IEAL paid a joint contribution rate of 30.5% (2020: 27.3%) comprising employer contributions of 21.0% (2020: 18.8%) and member contributions of 9.5% (2020:8.5%).

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 27 December 2018 and showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m equivalent to a past service funding level of 80%. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 September 2019 to 30 April 2030	£2,387,357 per annum (payable monthly and increasing by 3% on each 1 September)
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Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £110.0m, liabilities of £147.4m and a deficit of £37.4m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 September 2016 to 30 August 2029	£2,341,000 per annum (payable monthly and increasing by 3% on each 1 September)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

The annual amount due by IEAL from 1 September 2021 to 31 August 2030 is £22,443 (increasing by 3% each on 1 September).

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

13. Pension Schemes (continued)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the school recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision – Group and company

	Year Ended 31 August 2021 (£000s)	Year Ended 31 August 2020 (£000s)
Provision at start of period	230	246
Unwinding of the discount factor (interest expense)	2	3
Deficit contribution paid	(22)	(22)
Remeasurements - impact of any change in assumptions	(2)	2
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	208	230

Statement of Financial Activities impact: - Group and company

	Year Ended 31 August 2021 (£000s)	Year Ended 31 August 2020 (£000s)
Interest expense	2	3
Remeasurements – impact of any change in assumptions	(2)	2
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service	-	(22)
Costs recognised in income and expenditure account	-	16

Assumptions

	31 August 2021 % per annum	31 August 2020 % per annum
Rate of discount	1.09	1.7

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

13. Pension Schemes (continued)

Following a change in legislation in April 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

IEAL has been notified by The Pensions Trust of the estimated employer debt that would have been payable if IEAL had withdrawn from The Independent School's Pension Scheme as at 30 September 2019. As of this date the estimated employer debt for IEAL was £905,879. As IEAL currently has no plans to leave the scheme, this contingent liability has not been provided for in the accounts, and as the Actuary is unable to identify its share of the underlying assets and liabilities at 31 August 2021, the scheme has been accounted for as a defined contribution scheme as permitted by FRS102 and contributions are accounted for when due. Any agreed pension deficit funding payments are provided for on a discounted basis.

Amounts paid in respect of employer pension contributions during the year including the annual deficit contributions were £59,275 (2020: £43,333). As at 31 August 2021 £6,051 (2020: £4,334) was owing to the scheme.

14. Transactions with Trustees and Related Parties

No remuneration or expenses were paid to the trustees (2020: £Nil).

The aggregate employee-benefits of the key management personnel are shown in Note 5.

The Association and St David's School along with its trading subsidiary, St David's Enterprises Limited, are under common control. At the balance sheet date St David's Enterprises Limited owed £71,637 (2020: £81,682) to the Association, and the Association owed £37,310 (2020: £37,310) to St David's School. St James Enterprises Limited, a subsidiary of the Association, was incorporated on 16 January 2018. At the balance sheet date, St James Enterprises Limited owed the Association £2,294 (2020: £1 due from Association).

Certain Trustees have spouses or other relations who are employed at the school as teachers and as such receive salaries in accordance with the pay scale for all of the Association's teachers. These Trustees do not vote at Trustee meetings on any matters relating to teachers' remuneration. At 31 August 2021 there were two Trustees with relatives employed whose aggregate gross salaries for the year ending on that date was £14,580 (2020: £95,560). Certain Trustees also have children who are pupils at the school and pay fees in accordance with the normal fee rates for all pupils less any contractual discounts to which they are entitled.

Mr George Cselko, who was a Trustee, was a partner in Fletcher Day, Solicitors, a firm that has provided legal advice and services to the Association from time to time. The total value of charges for such services was £Nil (2020: £3,996). No amounts were owed to Fletcher Day at 31 August 2021 (2020: £Nil).

Mr Jerome Webb, who is a Trustee, is a partner at GIA. GIA provided services during the year to the value of £nil (2020: £326). No amounts were owed to GIA at 31 August 2021 (2020 - £Nil).

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

15. Operating lease commitments

The amount charged as expenses in respect of operating leases was £Nil (2020: £Nil)

The Association had several short-term leases in respect of property let during the year. The future minimum lease rentals receivable in respect of the remaining lease period or notice period amount to £41,495 at 31 August 2021 (2020: £41,495)

16. Capital and other commitments

At 31 August 2021 the Association had building works contracted for, but not accrued, amounting to £Nil (2020: £1,137,531) of which approximately £Nil (2020: £1,137,531) related to capital commitments.

17. Subsidiary Undertakings

A. The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St David's School

Incorporated by Act of Parliament in 1846 in England

Registered charity number 312091

Trustees are common to those of the Independent Educational Association Limited

Former owner and manager of the property situated at Church Road, Ashford, Middlesex that is used by the Senior Boys' School of the Independent Educational Association Limited. The property was transferred to the Independent Educational Association Limited on 24 November 2014 at which point its main activity was discontinued.

Aggregate assets - £158,804 (2020: £158,936)

Aggregate liabilities - £Nil (2020: £Nil)

Aggregate funds - £158,804 (2020: £158,936)

Turnover for the year - £Nil (2020: £410)

Expenditure for the year - £132 (2020: £121)

Loss /Profit for the year - £132 (2020: £289)

B. St David's Enterprises Limited

Incorporated in England & Wales under company registration number 5154561

100% of the issued share capital is held by The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St David's School

Letting to the public and various sporting organisations the facilities located at St David's School, Church Road, Ashford

The Senior Boys' School of the Independent Educational Association Limited also occupy and utilise the facilities at Church Road, Ashford during school days and various times in the evenings and at weekends

Aggregate assets - £64,839 (2020: £74,796)

Aggregate liabilities - £77,888 (2020: £84,979)

Aggregate funds £(13,049) (2020: £10,183)

Turnover for the year - £Nil (2020: £Nil)

Expenditure for the year - £2,864 (2020: £10,184)

Loss for the year £2,864 (2020: £Nil)

C. St James Enterprises Limited

Incorporated on 16 January 2018 in England & Wales under company registration number 11153595

100% of the issued share capital is held by the Independent Educational Association Limited

Aggregate assets - £61,269 (2020: £1)

Aggregate liabilities - £23,929 (2020: £nil)

Aggregate funds - £37,340 (2020: £1)

Turnover for the year - £45,522 (2020: £12,335)

Expenditure for the year - £8,182 (2020: £372)

Profit for the year (gift aided to parent) - £37,340 (2020: £7,986)

The company assumed the handling of commercial events from St David's Enterprises Limited on 1 April 2020

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2021 (continued)

18. Prior Year Adjustment

During the course of the year it was discovered that employer tax and pension liabilities in respect of August 2020 had been included twice within the financial statements of that year totalling £303,000. The correction has been treated as a prior year adjustment and the prior year figures restated accordingly. The adjustment relates to general unrestricted funds.

	£
Net income for the year to 31 August 2020 as previously stated	1,235,950
Add back staff costs overstated	<u>303,000</u>
Net income for the year to 31 August 2020 as restated	<u>1,538,950</u>
Net assets carried forward at 31 August 2020 as previously stated	22,442,995
Add back payroll liabilities overstated	<u>303,000</u>
Net assets carried forward at 31 August 2020 as restated	<u><u>22,745,995</u></u>