

Company Registration No. 01584957 (England and Wales)
Charity No. 283708

Talbot Heath School Trust Limited

Report and Financial Statements

For the year ended
31 August 2020

Talbot Heath School Trust Limited

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Talbot Heath School Trust Limited

Legal and administrative information

Governors	Mrs C Sutcliffe (Chair) Dr R Day (Vice Chair) Mrs C M Norman Mrs C Edwards Rev R Higgins Mrs K Thompson Dr A Main Mrs N Bagshawe	Mr J R Paget Mrs S Richards Mrs D Sadd Mrs C Saunders Mrs R Newton Mr D A Townend Mrs A Ewins
Head	Mrs A Holloway MA (Oxon) PGCE	
Secretary	Mr G Ives	
Company registered number	01584957	
Charity Commission registration number	283708	
Registered office and principal address	Talbot Heath School Rothesay Road Bournemouth BH4 9NJ	
Bankers	Lloyds Bank Plc Bournemouth Branch 45 Old Christchurch Road Bournemouth BH1 1ED	Barclays Wealth County Gates House 300 Poole Road Bournemouth BH1 2BW
Solicitors	Steele Raymond LLP Richmond Point 43 Richmond Hill Bournemouth Dorset BH2 6LR	Wilsons Solicitors LLP St John's Street Salisbury Wiltshire SP1 2SB
Auditors	Saffery Champness LLP Chartered Accountants Midland House 2 Poole Road Bournemouth BH2 5QY	
Investment advisers	Barclays Wealth County Gates House 300 Poole Road Bournemouth BH1 2BW	

Talbot Heath School Trust Limited

Report of the Governors For the year ended 31 August 2020

The Governors present their report together with the audited financial statements for the year ended 31 August 2020. The provisions of the Statement of Recommended Practice: Accounting and Reporting by Charities 2015 (FRS 102) have been adopted in their preparation.

Governors

The Governors are also the Trustees and Directors of the company. Those who served during the year and who were in office at the date of this report are listed below:

Mrs C Sutcliffe (Chair)
Dr R Day (Vice Chair)
Mrs C M Norman
Mrs C Edwards
Rev R Higgins (Nominated by the Bishop of Salisbury)
Mrs D J Leadbetter (Resigned 09.07.2020)
Dr A Main
Mr J Paget
Mrs S Richards
Mrs D Sadd
Mrs C Saunders (Nominated by the Bishop of Winchester)
Mrs R Small (Resigned 23.06.2020)
Mr D A Townend
Mrs K Thompson
Mrs R Newton
Mrs A Ewins (appointed 23 March 2021)
Mrs N Bagshawe (appointed 23 March 2021)

Status and administration

Talbot Heath School Trust Limited is a charitable company limited by guarantee, incorporated on 9 September 1981. It is governed by its Memorandum and Articles of Association, which were last updated on 13 March 2012.

Objectives and activities

In setting the School's objectives and planning activities the Governors have given careful consideration to the Charities Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

The objects of the company are the advancement of education providing boarding and day schooling for girls between the ages of 3 and 18. The School has a Junior School with a Pre-Preparatory Department. Each stage of the curriculum is tailored to meet the specific needs of a particular age group. The transition between key stages is carefully monitored to ensure continuity of care. The school also runs a Tennis Academy, in conjunction with West Hants Tennis Club and a Swimming Academy, in conjunction with Poole Swimming Club.

The School is a Church of England School, founded on Christian principles, with a strong chaplaincy team and religious leaders from other faiths who visit the school for assemblies and as part of the Religious Studies programme to foster understanding between pupils of all faiths and to ensure the spiritual support of all members of the School community. The School has been designated as a School with a religious character.

Trustees take the views of its stakeholders very seriously. In addition to regular surveys of pupils, parents and staff, the students' voice is heard through a School Council in the Senior School, the Prefect system in the Junior School and through suggestion boxes and meetings with the Heads of House in Boarding.

Structure, governance and management

The company is controlled by the Board of Governors, which meets four times a year to determine the general policy of the School and ensure compliance with all relevant regulations. A subsidiary trading company, Rothesay Events (registered number 10139433), wholly owned by Talbot Heath School Trust Ltd, was incorporated on 21st April 2016 and became active on 1st September 2017. The results of the trading company have been consolidated in these financial statements.

The following committees exist and operate under terms of reference issued by the Board. The Chair of the Board of Governors is an ex officio member of all committees except the Appeals Committee.

- *Chairs' Committee*, comprising of six Governors together with the Head in attendance. The committee meets at least once a term to coordinate the activities of the other Committees to ensure cohesion between the work of the committees or to deal with urgent matters.
- *Education Committee*, comprising of nine Governors. The committee meets at least once a term. The role of the committee is to provide a formal link with the Head and Senior Leadership Team to monitor all aspects of education and pastoral care and to give support to the Head and staff. The Head, Deputy Head, Assistant Head (Curriculum & Progress) and the Head of Junior School attend these meetings. The Assistant Head (Teaching & Learning), Assistant Head (Academic Management), Junior School Assistant Head (Academic) and Junior School Assistant Head (Pastoral) attend by invitation as required. This committee reviews standards, curriculum provision, behaviour and pastoral care, boarding provision, special educational needs and the spiritual, moral, social and cultural development of pupils.
- *Finance and Investment Committee*, comprising of eight Governors together with the Head, Head of Junior School and Director of Finance in attendance. The committee meets twice a term, once to advise the Board on financial, contractual and management matters and separately to review the investment portfolio and its performance. The Public Relations, Events & Marketing Manager attends by invitation as required.
- *Resources, Health & Safety Committee*, comprising of seven Governors with the Head, Deputy Head, Head of Junior School and Facilities Manager in attendance. The committee meets at least once per term to review the management and development of the premises and to review and monitor relevant school policies including Health and Safety, Risk Assessment and the Crisis Management Plan.
- *Staffing Committee*, comprising of five governors with the Head, Junior School Head and Manager of Human Resources in attendance. The Assistant Head with responsibility for Teaching and Learning and the Director of Support Services attend by invitation when appropriate. The committee meets once a term to advise the Governing body on all matters relating to staff. It reviews employment policy and procedures, the school's Salary Scale, staff benefits and pay increases recommended by the Head.
- *Dismissals Committee*, comprising three Governors. The committee will meet only as required to consider staff grievances and disciplinary matters if the Chair of Governors determines so.
- *Discipline Committee*, comprising three Governors. The committee will meet only as required to consider the exclusion of a pupil if that pupil's parents/carers request this.
- *Appeals Committee*, comprising three Governors, other than the Chairman and those on the Dismissals and Discipline Committees. The committee will meet only as the need arises to consider all appeals against decisions of the Head or Dismissals Committee.
- *Complaints Committee*, comprising two members of the Governing Body, excluding the Chair of Governors, not directly involved in the matters detailed in the complaint or with a connection to the complainant, plus a person of standing in the community who is truly independent of the management and running of the school. The committee will meet only as required to consider all complaints not covered by other committees.

Report of the Governors (continued)
For the year ended 31 August 2020

The operational leadership and management of the school is delegated to the Head who also has delegated powers to authorise payments to a maximum of £5,000.

Appointment of Governors

The Governing Body consists of not less than 8 and not more than 18, of whom two are nominative governors, nominated by the Bishop of Winchester and the Bishop of Salisbury. At the time of this report there are 14 governors. All governors are entitled to hold office for a period of 3 years from the date of election/nomination. The Chair and Vice-Chair of Governors are elected by the Governing Body for a term of 2 years and 4 terms may be served consecutively.

Appointment of new Governors during the year is subject to re-election at the Annual General Meeting; at which one third of the Foundation Governors retire annually. Dr R Day, Mrs C Edwards and Mr J Paget are to retire by rotation at the forthcoming Annual General Meeting in March 2021 and, being eligible, will offer themselves for re-election. Mrs Leadbetter and Mrs Small retired in the Summer term 2020. At the AGM held in July 2020, Mrs Newton and Mrs Thompson were appointed and Mrs Norman retired as Chair. Mrs Sutcliffe was elected as Chair and Dr Day elected as Vice Chair for two years.

Prospective Governors are required to complete a self-declaration confirming that they are not disqualified from being a Charity Trustee. An induction is provided to all new Governors who are given a mentor and on-line access to the Governors' Information area of the school intranet site. This details statutory and operational information and guidance concerning the School, its policies and a code of conduct for Governors. The content of the Governors' Information area is subject to annual review by the Full Governing Board.

Governors complete a Skills Audit and evaluate their competency as a body, every two years. This informs training, succession planning and recruitment. The Recruitment, Induction and Training Policy was last reviewed by the Clerk, the Chair and the Vice-Chair of Governors in the Summer term 2020.

Statement of Governors' responsibilities

Company law and laws applicable to charities in England and Wales, require the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its surplus or deficit for that year. In preparing those financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Governors are responsible for maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2006 and applicable Charity Law. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Report of the Governors (continued)
For the year ended 31 August 2020

STRATEGIC REPORT

Risk management

The Board of Governors has compiled a risk register, identifying the major risks to which the company is exposed, by assessing the potential impact and likely occurrence of each risk. The assessment of such has enabled the Governors to develop risk-handling options for each major risk. The risk register is reviewed on a termly basis by the sub-committees and reported to the full Board. A description of the principal risks and uncertainties facing the company together with the plans and strategies for managing those risks are:

Main Risks	Controls
Income, expenditure and cash flow	Regular financial reporting with strong budget planning and controls
Policy and political change	Monitoring the charitable aims and maximizing public benefit
Inferior quality teaching leading to poor external examination results	Robust teacher appraisal procedures and pupil achievement tracking systems
Narrow curriculum leading to failure to recruit pupils, particularly in the Sixth Form	Sufficient finance for excellent teacher recruitment and curriculum resources
Site and infrastructure failure	Regular maintenance and asset management
Critical incidents	Effective crisis management and Health & Safety training
Dissatisfied stakeholders	Excellent communication and information through a range of media including a vibrant and up-to-date website

Investment policy

The company may make investments as it sees fit. The strategy for investments is generally one of medium risk, but this is reviewed annually. Asset allocations focus on long-term growth and sustainability of the funds to support the school beyond the foreseeable future.

The Governors consider the ethics of the companies in which the portfolio is invested from time to time and, whilst they would wish to invest in companies with a philosophy compatible to that of the School, they are mindful of the requirement placed upon them as Trustees to maximise the charity's investments.

The School has delegated investment management to Barclays Wealth. A written policy statement has been provided to, and agreed with, the investment managers. Barclays Wealth has fully delegated powers within the terms of this policy. The investment policy is to invest across a broad range of funds and markets and requires an income return sufficient to meet any shortfall in annual expenditure, and long-term growth greater than RPI to ensure the future security of the portfolio.

The policy also provides that no single investment should exceed 5% of the total value of investments, and no single market sector to exceed 15% of the total.

In the 12 months to 31 August 2020, the Queensmount portfolio made a loss of -0.20%; this is against a benchmark of -4.63% and, likewise, the General Fund portfolio increased +0.07 % compared to a benchmark of -4.36%. The Governors will continue to keep the investment portfolio under review in the forthcoming year.

**Report of the Governors (continued)
For the year ended 31 August 2020**

In accordance with the School's accounting policies, investments are stated at market value at the balance sheet date. The investment advisors to the School have confirmed that, in the previous year, there was no permanent diminution in the value of the School's assets.

Grant making policy

During the academic year the School provided financial assistance through 30 bursaries (2019:25) amounting to £135,910 (2019: £107,336) and 73 (2019: 66) scholarships amounting to £252,648 (2019: £214,726). Some pupils received both scholarships and bursaries. In addition 12 (2019: 9) pupils received Governors' Free places amounting to £101,564 (2019: £93,625) , 3 (2019: 2) pupils received Boarding bursaries of £1,696 (2019: £2,449) , 13 (2019: 27) pupils received Sixth Form Scholarships amounting to £54,883 (2019: £50,412) , 11 (2019: 10) pupils received a tennis academy award of £82,684 (2019: £83,058), 3 (2019: 5) pupils received Music awards of £1,848 (2019: £2,843), 3 pupils (2019: 3) received a Clergy bursary of £31,240 (2019: £21,599) and 5 (2018: 2) pupils received Speech Training awards amounting to £1,488 (2019: £2,994). This year we opened our new TH Swimming Academy and 6 pupils received awards totalling £ 36,643 (2019: 0) This represents a total of £700,604 (2019: £579,042).

The scholarships and bursaries awarded for the year amount to 9.8 % (2019: 7.9%) of gross fees.

In addition, this year and due to the COVID-19 Pandemic all pupils were awarded a 20% discount on Summer Term Fees amounting to £515,204 – Governors consider this an exceptional 'one-off' discount, supported by liquidating reserves to provide the necessary cash to cover the shortfall in income.

The Board's policy is to make awards based on academic ability and/or excellence in Art, Performing Arts, Music or Sport. Bursaries are made on the basis of need and to relieve hardship where it considers that a pupil's education and future prospects are at risk. Awards are given at the discretion of the Head and bursaries are reviewed annually. The school made some emergency funding available for families who were significantly affected by COVID-19.

Reserves policy

The current level of the School's reserves is detailed in notes 15 and 16 to the accounts.

The Board is of the opinion that fixed assets, principally the School property, represent the majority of reserves and it is essential that these facilities are maintained to a high standard. It also believes that the facilities of the School, including classroom facilities, should continually be improved in order to maintain the long-term viability of the School. This will be the largest area of capital expenditure for the foreseeable future.

The current level of reserves, referred to as free reserves, and representing the reserves of the School excluding those invested in fixed assets and not specifically designated is currently in deficit by £234,306 having reduced from the £342,629 surplus last year primarily due to the exceptional circumstances regarding the Covid pandemic impacting the results for the year.

Whilst the importance of holding free reserves is accepted by the board the decisions taken in the interests of the effective operation of the school during this very difficult period were made having taken account of the fact that reserves would inevitably decline.

Reversing this notional deficit remains important but is not an immediate problem as the school has resources in the designated fund which can be called upon if required. Furthermore the calculation of free reserves does not take into account the future proceeds of a land sale which is anticipated to complete once planning permission issues are settled. In itself this transaction would reverse the deficit and allow a reasonable level of free reserves to be carried forward.

The Governors have not previously set an explicit reserves policy due to the level of investment in the STEAM Hub which has meant that reserves have been utilised in this respect. Until that project was completed it was considered not appropriate to establish a fixed policy. That has now occurred, but the impact of the Pandemic has again meant that it has been difficult to set a policy at a time when reserves set aside are being utilised. As the School emerges from the Pandemic, the land sale is finalised and the level of designated reserves carried forward required is finalised a robust policy, encompassing the future requirements of the School, will be determined that will demonstrate to parents and stakeholders that the School is in a strong financial position, sufficient to meet their children's education, both in terms of quality and variety and allows the Governors them to provide a significant level of bursaries and scholarships. In addition, the financial security will allow the School flexibility to continue to support the joint ventures such as the Tennis Academy.

Fundraising policy

The Trustees take their responsibility under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their activities.

The school continues to raise funds directly from parents via the PSS to support the purchase of equipment for the STEAM Hub. This was through a Christmas fair in Autumn 2019.

The school launched a COVID-19 hardship fund and sought donations from the parents and alumnae community from direct appeals.

Commercial sponsorship for the school will be used solely for the purpose of additions or improvements, not for funding core operational activities and sponsorship must support the curriculum and provide added value to pupils' learning.

The charity has a separate fundraising bank account which details all individual entries, the responsibility for which rests with the Director of Finance, who in turn reports directly to the Governing Body on a termly basis.

All fundraising is carried out in accordance with the standards of the Fundraising Code of Practice. Direct appeals to our parent and alumnae community are planned carefully to ensure they are neither unreasonable, persistent or obtrusive.

No complaints have been received regarding fundraising activity during the year.

Remuneration Policy for senior staff

The Board of Governors and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis. All governors give of their time freely and no director received remuneration in the year. Details of the governors' expenses and related party transactions are disclosed in note 4 and 5 to the accounts.

The pay of the senior staff is reviewed annually. In view of the nature of the charity, the directors benchmark against pay levels in other Independent Schools of a similar size.

Review of financial activities

The net outgoing resources for the year, before transfers and investment gains, amounted to £590,316 (2019: incoming resources £181,273). In addition, there were realised investment gains of £102,636 (2019: £409,652) and unrealised investment losses of £174,851 (2019: £254,557) contributing to the net outgoing resources of £662,531

(2019: incoming resources 336,368). Furthermore, during the year £292,393 (2019: 5,745,047) was spent on capital items.

Talbot Heath School Trust Limited

Report of the Governors (continued)

For the year ended 31 August 2020

The STEAM Hub was successfully opened in September 2019 and the STEAM and interdisciplinary curriculum was launched. However, the global pandemic caused a national lockdown from March to September which significantly impacted income generation for the school. Lettings income stopped during this period and the school was not able to charge for services that it could not offer such as catering, transport and boarding. The school gave a discretionary 20% remission in fees to all parents for the summer term 2020. The school explored all opportunities to make cost savings including the furlough scheme and payment holidays for HMRC and TPS thereby managing to recoup some of the loss in income. However, the end of year position is an indication of the impact of the global pandemic on the schools' financial situation. Fortunately, the school's strong fiscal management, owing to secure reserves and prudent planning, ensured that the school was in a strong financial position at the end of the academic year and enabled the school to continue to operate successfully, at full strength.

In an uncertain world, the student's education was not interrupted; Talbot Heath was consistent, providing education that is future-focused and future-proofed. Talbot Heath was extremely well prepared to make the switch to remote learning smoothly when the country went into lockdown. The school's foresight and forward-thinking meant that digital learning and pastoral support was ready to go the moment it was needed. As iPads have been introduced for all pupils from the age of 3 to 18, the school were able to use these as part of their remote teaching and learning programme. All of the pupils completed their full schemes of work during lockdown, ensuring that they were up to date the moment the school was able to fully re-open. Pupils and staff have developed the technical skills, problem solving ability and adaptability of approach to take on any challenge. The specialist staff and status as an Apple Regional Training Centre means that there is a robust infrastructure in place for remote learning. In an uncertain age, Talbot Heath offers continuity of provision and education, which is very reassuring.

The numbers on roll have remained buoyant and consistently high. Parents have continued to pay their fees even though some have taken payment holidays or have had payment plans in place during the pandemic.

The school is still following its five-year improvement plan with some limitations this year. This plan incorporates significant changes and growth across all aspects of the School.

Public Benefit

The school engages with the wider community on a broad range of activities. Where the school can assist the community without detriment to advancing the education of its pupils, it is delighted to do so. The activities it has and continues to support are: a joint literacy partnership with Ocean Learning Trust (a Multi-Academy Trust involving five local primary schools), participation in the annual Dorset Heritage event. The school opens its World War II air raid shelter to school groups and community groups from across Dorset. It also provides subsidised facilities for a local netball academy. The school has opened a swimming academy in conjunction with Poole Swimming Club which provides a public facility for children and adults across the Dorset community. Unfortunately, the school had to postpone its fourth Spellbound event due to the pandemic. The Dorset branch of the Geography Association, run by the Geography Department, continues to organise two conferences a year for local sixth form students and regularly host 100-200 students and staff at their events in November and March. The school has become a member of the Linwood Teaching School Alliance and has set up a cookery programme for a group of students, whom are supported by Sixth Form helpers. The school produced over two thousand PPE during the pandemic which was supplied to local hospitals, surgeries and care homes.

School achievements and performance

The School prepares an annual report to parents for each academic year. A summary of the report is given below:

Talbot Heath School Trust Limited

Report of the Governors (continued) For the year ended 31 August 2020

Charitable activities

The whole school came together and a total of £11,553.13 was raised for charities throughout the year. Activities included; 6th form quiz, cake sales and a fun swim. Some of the local, national and global charities supported this year were Amnesty International, Children in Need, Shelter, Hope for Food, Godfrey's Kitchen, Young Minds, Autism Wessex and Crisis at Christmas. Fundraising is predominantly led by tutor groups, during their charity weeks.

Public examination results

Talbot Heath pupils achieved excellent examination results, in a year of tumult for pupils and staff. 95% of A level pupils achieved their first choice university places with 85% of all grades A*-B. GCSE pupils also performed very well with 64% of all grades 7-9. Our staff were realistic in their predictions and did not inflate grades.

Information Communication Technology

The schools transition to remote learning was extremely successful owing to the IT infrastructure and skills set within the pupil and staff community e.g. the School Birthday was held remotely. All lessons were delivered in line with the timetable and curriculum to pupils of every year group, through the pandemic, ensuring they stayed on track in terms of academic progress.

Talbot Heath's role as an Apple Regional Training Centre is progressing. Courses have been promoted through email and social media. The completion of the Design Hub will also enable the provision of courses to the general public.

Creative and performing arts

Talbot Heath musicians performed at regional and national level, with pupils involved in the National Youth Orchestra, the Dorset Youth Symphony Orchestra, the Wessex Youth Orchestra and the National Youth Choir. Awards were gained through The Associated Board of the Royal Schools of Music and The London Academy of Music and Dramatic Arts. The Senior School staged the "The Wizard of Oz" in the new STEAM Hub.

Sport

Senior pupils have had an excellent year of sport, in and outside of school, considering the adjustments pupils have had to make to their training and competitive seasons. There has been a significant variety, including National and International successes in many sports including netball, swimming, cross-country, tennis, sailing, and chess. Pupils have reached County level or above in no less than 11 different sports this year. Cross country, netball, and swimming have had an incredibly successful year.

Junior School girls have had another successful year of sport, with opportunities to take part in a wide range of sports in lessons, such as swimming, badminton, netball, hockey, dance, gymnastics, tennis, cricket, rounders, athletics, and the use of the fitness suite. They have also produced National representatives and County Champions along the way. Students have participated in community activities such as our year 2's attending a multi-skills afternoon at a local secondary school.

In 2020 we supported Sports Relief and National Fitness Day, raising money through staff fitness challenges in assembly, a fun swim, and Boogie Bounce fitness session. Students in U4 and above had the opportunity to take part in an Emergency at Work First Aid course. Our lower and upper 6th took part in some life skills workshops which included self-defence.

Other awards and challenges

A level students took part in the British Physics Olympiad national competition run by Oxford University, designed to stretch and challenge their science knowledge. Our students gained both Silver and Bronze awards.

STEM was again successful with the following competition wins. Rotary Winner March 2020, Lower 4 special mention and Lower 4 reached the finals of the Soroptimist competition.

Talbot Heath School Trust Limited

Report of the Governors (continued) For the year ended 31 August 2020

Lessons learned during the year

Robust business planning and sound fiscal management has enabled the school to weather the challenges and perform strongly, even in a pandemic. Efficient systems and a dynamic approach to education meant that the school were resilient to many of the challenges. Bold and visionary thinking has enabled the school to thrive in a remote environment.

Future plans

The Trust is in the middle of an ambitious, cutting-edge project to realise the new strategic vision for STEAM and interdisciplinary learning provision. The Design Hub, with sufficient space for the whole school to assemble and additional specialist accommodation, will be shared with the community. It has a large and versatile auditorium, studios with specialised equipment, exhibition space, breakout rooms and a covered pool suitable for children and adults. The building will also be able to take a second floor over the pool for additional Sixth Form provision in the future. The school continues to engage with strategic partners from Higher and Further Education, the Local Authority and key local businesses with the intention of becoming a community centre of excellence.

Auditors

A resolution to re-appoint Saffery Champness LLP will be submitted to the Annual General Meeting.

Statement of disclosure to auditor

(a) So far as each of the Governors is aware, there is no relevant information that has not been disclosed to the company's auditors, and

(b) Each of the Governors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

By order of the Governing Body, who also approve the strategic report in their capacity as directors.

Mrs C Sutcliffe
Chair of Governors



Date:

18/05/21

Talbot Heath School Trust Limited

Independent auditors' report to the members To the Governors of Talbot Heath School Trust Limited

Opinion

We have audited the financial statements of Talbot Heath School Trust Limited for the year ended 31 August 2020 which comprise Consolidated Statement of Financial Activities, the Consolidated Balance sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 August 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditors' Report (continued)

To the Governors of Talbot Heath School Trust Limited

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.

Other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report 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 and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

- the group or parent charitable company has not kept adequate and sufficient accounting records, 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in preparing the Trustees' Annual Report and the Strategic Report

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 4, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report (continued)
To the Governors of Talbot Heath School Trust Limited

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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

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

Use of our report

This report is made solely to the charitable company's members and the trustees, 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Fernyhough (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

Date: 19 May 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Talbot Heath School Trust Limited

Consolidated statement of financial activities
(incorporating an income and expenditure account)
For the year ended 31 August 2020

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2020 £	Total 2019 £
INCOME AND ENDOWMENTS FROM:						
Donations, legacies and grants		190,650	-	8,869	199,519	86,101
Income from charitable activities						
School fees receivable	2	6,507,819	-	-	6,507,819	6,739,165
Other trading activities						
Letting income		116,313	-	-	116,313	125,750
Sundry	3	172,212	-	-	172,212	207,490
Investment income		67,778	47,257	506	115,541	165,271
Total income		7,054,772	47,257	9,375	7,111,404	7,323,777
EXPENDITURE ON:						
Charitable activities						
Provision of education		7,457,812	-	13,274	7,471,086	6,979,518
Raising funds						
Financing costs		200,324	-	-	200,324	100,214
Investment management		16,698	11,684	-	28,382	30,671
Costs in relation to trading activities		1,928	-	-	1,928	32,101
		218,950	11,684	-	230,634	162,986
Total expenditure	4	7,676,762	11,684	13,274	7,701,720	7,142,504
Net income before (losses)/gains on investments		(621,990)	35,573	(3,899)	(590,316)	181,273
Net (losses)/gains on investments		(41,095)	(31,120)	-	(72,215)	155,095
Net (deficit)/surplus		(663,085)	4,453	(3,899)	(662,531)	336,368
Transfers between funds		28,807	(28,807)	-	-	-
Net movement in funds	6	(634,278)	(24,354)	(3,899)	(662,531)	336,368
Fund balances brought forward		9,858,324	2,020,477	52,468	11,931,269	11,594,901
Fund balances carried forward	15/16	9,224,046	1,996,123	48,569	11,268,738	11,931,269

The notes on pages 19 to 35 form part of these financial statements.

All amounts derive from continuing activities. All gains and losses recognised in the year are included in the Statement of Financial Activities.

Talbot Heath School Trust Limited

**Consolidated balance sheet
As at 31 August 2020**

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		12,823,709		12,962,337
Investments	9				
- Queensmount Fund		1,993,578		2,001,373	
- Prize Fund		70,000		70,000	
- General Fund		2,220,752		3,229,807	
			4,284,330		5,301,180
			17,108,039		18,263,517
Current assets					
Stocks		24,179		20,367	
Debtors	11	405,894		254,431	
Cash at bank and in hand		708,505		565,833	
Cash held in deposit account		-		1,472	
		1,138,578		842,103	
Creditors:					
Amounts falling due within one year	12	(3,153,340)		(3,023,468)	
Net current (liabilities)/ assets			(2,014,762)		(2,181,365)
Total assets less current liabilities			15,093,277		16,082,152
Creditors:					
Amounts due in more than one year	13		(3,643,059)		(3,959,185)
Provisions	21		(181,480)		(191,698)
Net assets	14		11,268,738		11,931,269
Represented by:					
<u>Unrestricted funds</u>					
General funds	15		8,915,052		9,404,968
Designated funds	15		1,737,560		1,736,818
Revaluation reserve	15		567,557		737,015
<u>Restricted Funds</u>	16		48,569		52,468
			11,268,738		11,931,269

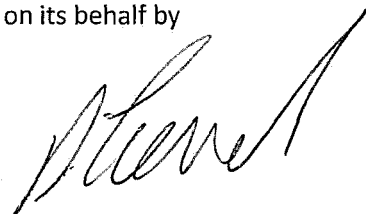
The deficit for the financial period dealt with in the financial statements of the parent company was £632,175 (2019: surplus £337,628). As permitted by Section 408 of the Companies Act 2006, no separate profit or loss account or statement of comprehensive income is presented in respect of the parent Company.

Approved by the Governing Body on 18/05/21 and signed on its behalf by

Mrs C Sutcliffe
Chairman of the
Governing Body



D A Townend
Chairman of the
Finance & Investment Committee



The notes on pages 19 to 35 form part of these financial statements.

Talbot Heath School Trust Limited

Charity balance sheet

As at 31 August 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		12,823,709		12,962,337
Investments	9				
- Queensmount Fund		1,993,578		2,001,373	
- Prize Fund		70,000		70,000	
- General Fund		2,220,752		3,229,807	
- Rothesay Events Limited		1		1	
			4,284,331		5,301,181
			17,108,040		18,263,518
Current assets					
Stocks		24,179		20,367	
Debtors	11	413,737		273,154	
Cash at bank and in hand		648,914		449,322	
Cash held in deposit account		-		1,472	
		1,086,830		744,315	
Creditors:					
Amounts falling due within one year	12	(3,151,630)		(3,006,074)	
Net current assets			(2,064,800)		(2,261,759)
Total assets less current liabilities			15,043,240		16,001,759
Creditors:					
Amounts due in more than one year	13		(3,643,059)		(3,959,185)
Provisions	21		(181,480)		(191,698)
Net assets			11,218,701		11,850,876
Represented by:					
<u>Unrestricted funds</u>					
General funds	15		8,865,015		9,324,575
Designated funds	15		1,737,560		1,736,818
Revaluation reserve	15		567,557		737,015
<u>Restricted Funds</u>	16		48,569		52,468
			11,218,701		11,850,876

Approved by the Governing Body on 18/05/21 and signed on its behalf by

C. Sutcliffe

Mrs C Sutcliffe
Chairman of the
Governing Body

D. A. Townend

D A Townend
Chairman of the
Finance & Investment Committee

The notes on pages 19 to 35 form part of these financial statements.

Talbot Heath School Trust Limited

Consolidated statement of cash flows
For the year ended 31 August 2020

		2020		2019	
	Notes	£	£	£	£
Net cash (absorbed by)/provided by operating activities	1		(312,784)		561,043
Cash flows from investing activities					
Bank and other interest received		1,013		4,011	
Dividends received		114,528		161,260	
Payments to acquire tangible fixed assets		(292,393)		(6,136,589)	
Proceeds from sales of tangible fixed assets		-		3,075	
Payments to acquire investments		(1,020,975)		(1,586,318)	
Proceeds from sales of investments		1,965,610		1,844,808	
Net cash inflow/(outflow) from capital expenditure and financial investment			767,783		(5,709,753)
Cash flows from financing activities					
New long term bank loan		-		3,443,763	
Bank loan repayments		(295,673)		(610,994)	
Net cash (outflow)/inflow from financing activities			(295,673)		2,832,769
Change in cash and cash equivalents in the reporting period			159,326		(2,315,941)
Cash and cash equivalents at the beginning of the reporting period			(390,071)		1,925,870
Cash and cash equivalents at the end of the reporting period			(230,745)		(390,071)

Notes to the consolidated statement of cash flows
For the year ended 31 August 2020

	2020		2019	
	£	£	£	£
1 Reconciliation of net income to net cash flow provided by operating activities				
Net incoming resources per statement of financial activities		(590,316)		181,273
Dividends receivable	(114,528)		(161,260)	
Depreciation	431,020		275,396	
Profit on disposal of fixed assets	-		(3,075)	
Bank and other interest received	(1,012)		(4,011)	
(Increase)/Decrease in debtors	(151,462)		(181)	
Increase/(Decrease) in creditors	127,544		265,565	
Decrease in provisions	(10,218)		-	
(Increase)/Decrease in stocks	(3,812)		7,336	
		277,532		379,770
Net cash (absorbed by)/provided by operating activities		(312,784)		561,043

2 Analysis of cash and cash equivalents

	2020		2019	
	£		£	
Net cash:				
Cash in hand at bank	708,505		565,833	
Short term deposits	-		(16,654)	
Overdraft facility	(939,250)		(939,250)	
Total cash and cash equivalents	(230,745)		(390,071)	

1 Accounting policies

Talbot Heath School Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Talbot Heath School, Rothesay Road, Bournemouth, Dorset, BH4 9NJ.

As it is limited by guarantee, the School does not have any share capital. The members, consisting of the Governors and Directors, undertake to contribute an amount not exceeding £1 each in the event of the company being wound up.

1.1 Accounting convention

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective from 1 January 2019, the Charities Act 2011 and UK Generally Accepted Practice. The accounts are drawn up on the historical cost basis of accounting, with the exception of the investments which are held at market value.

The School constitutes a Public Benefit Entity as defined by FRS102.

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

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

This charitable company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this charitable company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The charitable company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the charitable company are consolidated in the financial statements of Talbot Heath School Trust Limited. These consolidated financial statements are available from its registered office, Talbot Heath School, Rothesay Road, Bournemouth, BH4 9NJ.

Notes to the financial statements (continued)

For the year ended 31 August 2020

1.2 Basis of consolidation

The financial statements consolidate the results of the charitable company and its wholly owned subsidiary Rothesay Events Limited (company number 10139433) on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charitable company has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

1.3 Going concern

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK, market activity is being impacted in all sectors and the current response to COVID 19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the private schooling market is unknown and we cannot reliably estimate its effect on trading in the short term.

In light of the current uncertainties the governors have assessed the potential financial implications of the pandemic, and have assessed that the company have sufficient resources to allow it to trade through this period without any additional working capital funding required.

1.4 Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, Bursaries granted 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.

1.5 Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis. Income from investment properties is accounted for in the period to which the rental income relates.

1.6 Donations, legacies, grants and other voluntary incoming resources

Voluntary incoming resources are 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. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

Notes to the financial statements (continued)

For the year ended 31 August 2020

1.7 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure attributable to more than one cost category in the statement of financial activities is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure 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 School, including strategic planning for its future development, also external audit fees, any legal advice for the Board of Governors and all costs of complying with constitutional and statutory requirements, such as the cost of Governors meetings and of preparing statutory accounts and satisfying public accountability.

1.8 Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £500 are capitalised and carried in the balance sheet at historical cost. ICT equipment costs are written off as incurred. In certain circumstances, where the original costs of assets are not ascertainable, a reasonable estimate of the cost, if material, has been used. 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.

Capital assets donated are capitalised in fixed assets and are included as incoming resources.

1.9 Depreciation

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

Freehold buildings	- 2%/4%/5%/10% on a straight line basis
Artificial sports pitches	-10% on a straight line basis
Furniture, fittings and equipment	-15% on a straight line basis
Motor vehicles	-20% on a straight line basis
Computer and office equipment	-33% on a straight line basis

1.10 Fund accounting

The charitable trust funds of the School 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 subdivided into permanent and expendable.

Unrestricted income belongs to the School's corporate reserves, spendable at the discretion of the Governors either to further the School's Objects or to benefit the School itself. Where the Governors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Designated income and funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. Income arising on assets within the designated fund is included within that fund. The following designated funds exist:

1.10 Fund accounting (continued)

Queensmount Fund

The fund was established in 1987. There is no formal deed establishing the fund, and no limitations other than the approval of the Board of Governors, and within the limitations of the Trustee Investment Act. The primary purpose of the fund's investment activity is to generate income and capital growth to maintain the value of the fund to provide financial assistance to pupils and to fund capital projects.

Restricted funds are funds which have been given for specific purposes; the following restricted funds exist:

Prize Funds

These funds have been accumulated over many years by donations from former pupils and parents. Prizes are distributed from the income annually at Speech Day.

Angela Felgate Classics Fund

The Angela Felgate Classics fund was set up in memory of a former Classics teacher following a bequest and will be used to provide grants to cover the cost of an external Classical Greek course for pupils wishing to study Classics at university.

The Hub Project

These funds are those which have been donated for the purpose of construction of the Hub.

Details of funds are disclosed in notes 15 and 16 to the accounts.

1.11 Pensions

Retirement benefits to employees of the School are provided through three pension schemes. The pension costs charged in the Statement of Financial Activities are determined as follows:

- (a) The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the charity accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- (b) Talbot Heath School Retirement Benefit Scheme - Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.
- (c) The Peoples Pension - Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

1.12 Stock

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

1.13 Debtors

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

1.14 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes to the financial statements (continued)
For the year ended 31 August 2020

1.15 Investments

Investments are stated at market value at the balance sheet date. Realised gains/ (losses) are calculated as the difference between market value at the date of disposal and market value at the previous balance sheet date (or date of acquisition if later). Unrealised gains/ (losses) are calculated as the difference between the market value at the balance sheet date and the market value at the previous balance sheet date (or date of acquisition if later).

1.16 Creditors and provisions

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

1.17 Financial instruments

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

1.18 Critical estimate and judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Provisions

Included in note 19 is a provision relating to further costs expected in relation to the Hub building contract. This represents the Governors' best estimate of the additional costs at the year end. As is normal at the end of contracts, discussions are ongoing regarding the final account.

Notes to the financial statements (continued)
For the year ended 31 August 2020

2 School fees

	2020	2019
	£	£
Gross fees	7,723,627	7,318,207
Less:		
Total bursaries, grants and other price differentials	(1,215,808)	(579,042)
	<u>6,507,819</u>	<u>6,739,165</u>

3 Sundry other income

	2020	2019
	£	£
Other fees and surcharges	168,787	197,961
Staff lunches	3,425	5,448
Sundry	-	4,081
	<u>172,212</u>	<u>207,490</u>

4 Analysis of total expenditure**2020:**

	Staff costs	Other	Depreciation	Total
	£	£	£	£
Charitable activities				
School operating costs:				
Teaching	4,199,712	248,882	101,862	4,550,456
Welfare	227,946	529,281	-	757,227
Premises	226,716	556,682	305,606	1,089,004
Support costs of schooling	621,690	429,157	23,552	1,074,399
	<u>5,276,064</u>	<u>1,764,002</u>	<u>431,020</u>	<u>7,471,086</u>
Cost of raising funds				
Financing costs	-	200,324	-	200,324
Investment management	-	28,382	-	28,382
Expenditure on trading activities	-	1,928	-	1,928
	<u>-</u>	<u>230,634</u>	<u>-</u>	<u>230,634</u>
Total resources expended	<u>5,276,064</u>	<u>1,994,636</u>	<u>431,020</u>	<u>7,701,720</u>

Notes to the financial statements (continued)
For the year ended 31 August 2020

4 Analysis of total expenditure (continued)

2019:

	Staff costs £	Other £	Depreciation £	Total £
<i>Prior year</i>				
Charitable activities				
School operating costs:				
Teaching	3,800,564	243,352	117,001	4,160,917
Welfare	239,499	696,757	-	936,256
Premises	207,346	515,693	135,520	858,559
Support costs of schooling	571,278	429,633	22,875	1,023,786
	<u>4,818,687</u>	<u>1,885,435</u>	<u>275,396</u>	<u>6,979,518</u>
Cost of raising funds				
Financing costs	-	100,214	-	100,214
Investment management	-	30,671	-	30,671
Expenditure on trading activities	-	32,101	-	32,101
	<u>-</u>	<u>162,986</u>	<u>-</u>	<u>162,986</u>
Total expenditure	<u>4,818,687</u>	<u>2,048,421</u>	<u>275,396</u>	<u>7,142,504</u>

	2020 £	2019 £
Within support costs there are the following governance costs:		
Criminal Records Bureau	3,262	4,563
ISC inspection	6,569	5,842
Audit	14,826	16,600
Governors' liability insurance	1,577	4,312
Governors' expenses reimbursed	1,686	3,667
Legal fees	36,438	30,551
Other professional fees	51,717	35,425
	<u>116,075</u>	<u>100,960</u>

The Governors' liability insurance is in respect of all Governors and the expenses reimbursed relate to 4 Governors (2019: 7 Governors) and mainly relate to subscriptions to the Association of Governing Bodies of Independent Schools and travel expenses.

5 Salaries and wages

	2020 £	2019 £
Salaries	4,186,306	3,978,300
National insurance contributions	385,616	368,786
Pension costs	704,142	471,601
	<u>5,276,064</u>	<u>4,818,687</u>

Notes to the financial statements (continued)
For the year ended 31 August 2020

5 Salaries and wages (continued)

The average monthly number of employees during the year was made up as follows:

	Full time 2020	Part time 2020	Full time 2019	Part time 2019
Teaching	61	40	57	45
Administrative and domestic	35	25	32	25
	<u>96</u>	<u>65</u>	<u>89</u>	<u>70</u>

The number of higher paid employees was:

	2020 No	2019 No
£100,000-£110,000	1	1
£60,000-£70,000	<u>1</u>	<u>1</u>
Total	<u>2</u>	<u>2</u>

Contributions were made to the Scottish Equitable Pension Scheme, a defined contribution scheme and also to the Department for Education Superannuation Scheme, which is part of the Teachers' Pension defined benefit scheme for the higher paid employees of £38,469 (2019: £26,507).

The total remuneration received by key management personnel during the year was £725,827 (2019: £649,391).

No Governors received remuneration during the year.

6 Net movement in funds

	2020 £	2019 £
This is stated after charging:		
Auditors' remuneration (including VAT):		
- for audit	16,740	16,600
- for other services	6,486	10,644
Depreciation:		
- owned fixed assets	<u>431,020</u>	<u>275,396</u>

7 Taxation

The wholly owned subsidiary, Rothesay Events Limited, is registered for corporation tax, however, no taxation liability arose during the year.

Talbot Heath School Trust Limited is exempt from corporation tax due to its charitable status.

Notes to the financial statements (continued)
For the year ended 31 August 2020

8 Fixed assets

	Freehold Land & Buildings £	Furniture & fittings & equipment £	Motor vehicles £	Computer & office equipment £	Total £
Group and charity					
Cost					
1 September 2019	14,536,606	1,601,608	284,975	1,431,607	17,854,796
Additions	166,868	67,023	15,376	43,126	292,393
Disposals	-	(8,418)	(14,128)	(1,970)	(24,516)
31 August 2020	14,703,474	1,660,213	286,223	1,472,763	18,122,673
Depreciation					
1 September 2019	1,823,779	1,481,691	239,058	1,347,931	4,892,459
Charge for the year	305,606	35,229	23,552	66,633	431,020
Eliminated on disposals	-	(8,418)	(14,128)	(1,969)	(24,515)
31 August 2020	2,129,385	1,508,502	248,482	1,412,595	5,298,964
Net book value					
31 August 2019	12,712,827	119,917	45,917	83,676	12,962,337
31 August 2020	12,574,089	151,711	37,741	60,168	12,823,709

The net book value at 31 August 2020 represents fixed assets, which are all used for direct charitable purposes. The gross value of freehold buildings on which depreciation is charged amounts to £14,154,915 (2019: £5,803,486).

In the Governors' opinion the aggregate open market value of the freehold land and buildings exceeds its book value.

Notes to the financial statements (continued)
For the year ended 31 August 2020

9 Fixed asset investments

Total fixed asset investments comprise:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Investments listed on a recognised stock exchange	3,957,332	4,881,069	3,957,332	4,881,069
Other investments – deposits	326,998	420,111	326,998	420,111
Unlisted investments	-	-	1	1
	<u>4,284,330</u>	<u>5,301,180</u>	<u>4,284,331</u>	<u>5,301,181</u>

Investment movements:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Market value at 1 September 2019	5,301,180	5,404,575	5,301,181	5,404,576
Additions	1,020,975	1,586,318	1,020,975	1,586,318
Disposal proceeds	(1,965,610)	(1,844,808)	(1,965,610)	(1,844,808)
Profit on disposal	102,636	409,652	102,636	409,652
Deficit on revaluation at 31 August 2020	(174,851)	(254,557)	(174,851)	(254,557)
Market value at 31 August 2020	<u>4,284,330</u>	<u>5,301,180</u>	<u>4,284,331</u>	<u>5,301,181</u>
Historical cost at 31 August 2020	<u>3,716,770</u>	<u>4,564,166</u>	<u>3,716,770</u>	<u>4,564,167</u>

Analysis of investments:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cash	326,996	420,112	326,996	420,112
Equity shares	3,656,228	4,326,260	3,656,229	4,326,261
Fixed interest securities	301,106	554,808	301,106	554,808
	<u>4,284,330</u>	<u>5,301,180</u>	<u>4,284,331</u>	<u>5,301,181</u>

Talbot Heath School Trust Limited

Notes to the financial statements (continued)

For the year ended 31 August 2020

10 Subsidiaries

Details of the charity's subsidiary at 31 August 2019 are as follows:

Name of undertaking	Registered office	Class of share held	% Held
Rothsay Events Limited	Talbot Heath School, Rothsay Road, BH4 9NJ	Ordinary	100.00

11 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	258,308	154,380	252,620	153,020
Other debtors	6,400	124	21,098	20,207
Prepayments	141,186	99,927	140,019	99,927
	<u>405,894</u>	<u>254,431</u>	<u>413,737</u>	<u>273,154</u>

Included within trade debtors is a bad debt provision of £39,206 (2019: £18,803).

Included within prepayments are pre-paid pension contributions of £1 (2019: £1).

12 Creditors: Amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	492,220	471,767	492,220	471,767
Bank overdraft	939,250	939,250	939,250	939,250
Trade creditors	110,980	334,282	110,980	310,856
Fees received in advance	328,615	375,458	328,615	375,458
Deposits	370,581	361,336	370,581	361,336
Tax and social security	285,550	95,362	285,550	95,362
Other creditors	544,945	231,021	544,945	231,021
Accruals	81,199	214,992	79,489	221,024
	<u>3,153,340</u>	<u>3,023,468</u>	<u>3,151,630</u>	<u>3,006,074</u>

The bank overdraft was secured by way of a fixed charge over the School's investments and cash deposits held with the same institution.

Talbot Heath School Trust Limited

Notes to the financial statements (continued)
For the year ended 31 August 2020

13 Creditors: Amounts falling due after one year

	Group and charity	
	2020	2019
	£	£
Bank loan	3,643,059	3,959,185
Analysis of loans		
Wholly repayable within 5 years:	1,968,880	1,887,070
Not wholly repayable within 5 years by instalments:	1,674,179	2,075,115
Loan maturity analysis		
In more than one year but not more than two years	492,220	71,767
In more than two years but not more than five years	1,476,660	215,302
In more than five years	1,674,179	3,672,116
	<u>3,643,059</u>	<u>3,959,185</u>

The bank loan of £460,928 is secured by way of a fixed charge over the School's investments and cash deposits held with the same institution.

A 10 year bank loan with a facility of £2,000,000 was entered into during 2018 to finance The Hub project. By the year end this has been drawn down in full and included in creditors at the year end. This loan contains a legal charge over the School. Interest is charged at 2.87% per annum with monthly capital repayments from May 2019.

A second 10 year bank loan with a facility of £2,000,000 was drawn down during the year to finance The Hub Project and is included in creditors at the year end. This loan contains a legal charge over the School. Interest is charged at 2.72% per annum with monthly capital repayments from July 2019.

The bank granted a 6 month capital repayment holiday in April 2020.

14 Allocation of net assets between funds

	Fixed assets	Net current assets/liabilities	Long term liabilities	Provisions	Fund balances
	£	£	£	£	£
Unrestricted funds	17,072,039	(2,027,331)	(3,643,059)	(181,480)	11,220,169
Restricted funds	36,000	12,569	-	-	48,569
Total funds	<u>17,108,039</u>	<u>(2,014,762)</u>	<u>(3,643,059)</u>	<u>(181,480)</u>	<u>11,268,738</u>

Notes to the financial statements (continued)

For the year ended 31 August 2020

15 Unrestricted funds

	Balance 1 September 2019 £	Incoming resources £	Resources expended £	Transfers and gains/ (losses) on investments £	Balance 31 August 2020 £
General funds:					
School funds	9,404,968	7,054,772	(7,676,762)	132,074	8,915,052
Designated funds:					
Queensmount fund	1,717,714	46,956	(11,684)	(34,831)	1,718,155
Prize funds	19,104	301	-	-	19,405
	<u>1,736,818</u>	<u>47,257</u>	<u>(11,684)</u>	<u>(34,831)</u>	<u>1,737,560</u>
Revaluation reserve	<u>737,015</u>	<u>-</u>	<u>-</u>	<u>(169,458)</u>	<u>567,557</u>
	<u>11,878,801</u>	<u>7,102,029</u>	<u>(7,688,446)</u>	<u>(72,215)</u>	<u>11,220,169</u>

The revaluation reserve is split between the General school funds and the Designated funds resulting in total fund balances as follows:

	General school fund £	Designated fund £
Carried forward fund balance as above	8,915,052	1,737,560
Revaluation reserve	308,994	258,563
	<u>9,224,046</u>	<u>1,996,123</u>

Unrestricted funds in the charity itself are £8,865,015. Designated funds and the Revaluation Reserve are in line with the group figures disclosed above.

Talbot Heath School Trust Limited

Notes to the financial statements (continued)
For the year ended 31 August 2020

15 Unrestricted funds (continued)

	Balance 1 September 2018 £	Incoming resources £	Resources expended £	Transfers and gains/ (losses) on investments £	Balance 31 August 2019 £
<i>Prior year</i>					
General funds:					
School funds	7,752,831	7,172,052	(7,122,253)	1,602,338	9,404,968
Designated funds:					
Queensmount fund	2,753,847	64,835	(11,878)	(1,089,090)	1,717,714
Prize funds	20,924	280	(2,100)	-	19,104
	<u>2,774,771</u>	<u>65,115</u>	<u>(13,978)</u>	<u>(1,089,090)</u>	<u>1,736,818</u>
Revaluation reserve	<u>995,168</u>	<u>-</u>	<u>-</u>	<u>(258,153)</u>	<u>737,015</u>
	<u>11,522,770</u>	<u>7,237,167</u>	<u>(7,136,231)</u>	<u>255,095</u>	<u>11,878,801</u>

The Queensmount Fund came from another school's closure in 1990s. In line with the wishes of that school's charitable objectives, the proceeds were transferred to Talbot Heath for the furtherment of education and to support capital improvement projects. The Queensmount fund is used to generate income, which is used to fund a proportion of the bursaries and scholarships. The capital is set aside to fund future capital expenditure as and when the need arises.

The revaluation reserve is split between the General school funds and the Designated funds resulting in total fund balances as follows:

	General school fund £	Designated fund £
Carried forward fund balance as above	9,404,968	1,736,818
Revaluation reserve	453,356	283,659
	<u>9,858,324</u>	<u>2,020,477</u>

Talbot Heath School Trust Limited

Notes to the financial statements (continued)

For the year ended 31 August 2020

16 Restricted funds

	Balance 1 September 2019 £	Incoming resources £	Resources expended £	Transfers and gains/ (losses) on investments £	Balance 31 August 2020 £
Prize funds:					
Mary Broad Scholarship	21,382	336	-	-	21,718
Cordelia Westcott Travel scholarship	1,343	482	-	-	1,825
Angela Felgate Classics fund	9,466	149	-	-	9,615
The Hub Project	20,277	8,408	(13,274)	-	15,411
	<u>52,468</u>	<u>9,375</u>	<u>(13,274)</u>	<u>-</u>	<u>48,569</u>
	Balance 1 September 2018 £	Incoming resources £	Resources expended £	Transfers and gains/ (losses) on investments £	Balance 31 August 2019 £
Prior year					
Prize funds:					
Mary Broad Scholarship	21,227	285	(130)	-	21,382
Cordelia Westcott Travel scholarship	3,733	50	(2,440)	-	1,343
Angela Felgate Classics fund	12,995	174	(3,703)	-	9,466
The Hub Project	34,176	86,101	-	(100,000)	20,277
	<u>72,131</u>	<u>(4,867)</u>	<u>-</u>	<u>(100,000)</u>	<u>52,468</u>

17 Reconciliation of movements in unrealised gains on investment assets

	Queensmount Fund £	General Fund £	Total 2020 £	Total 2019 £
Unrealised gains at 1 September 2019	283,659	453,356	737,015	995,168
Deduct disposals in the year	11,428	(45,040)	(33,612)	(3,756)
	<u>295,087</u>	<u>408,316</u>	<u>703,403</u>	<u>991,412</u>
Losses arising on revaluations in the year	(36,524)	(99,322)	(135,846)	(254,397)
	<u>258,563</u>	<u>308,994</u>	<u>567,557</u>	<u>737,015</u>
Unrealised gains at 31 August 2020				

Notes to the financial statements (continued)
For the year ended 31 August 2020

18 Commitments under operating leases

At 31 August 2020, the school had aggregate total commitments under non-cancellable operating leases as set out below:

Non-cancellable operating leases which expire:	2020	2019
	£	£
Within one year	61,559	63,481
Within 2 to 5 years	<u>18,871</u>	<u>80,951</u>

19 Provisions

Group and charity	Hub retention
	£
At 1 September 2019	191,698
Released in the year	<u>(10,218)</u>
At 31 August 2020	<u>181,480</u>

The above provision relates to further costs expected in relation to the Hub building contract. As is normal at the end of contracts discussions are ongoing regarding the final account. It is not possible at this time to quantify the level of additional liability, if any, that will arise in this respect.

20 Related party transactions

One Governor (2019: One Governor) had children at the School during the year.

Governors' liability insurance is provided for all Governors as detailed in note 4 to the accounts.

Details of Governors expenses are included in note 4.

The charitable company and the group has taken advantage of FRS 102 section 33 from the requirement to disclose transactions with its wholly owned subsidiary undertaking.

21 Pension schemes

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The pension charge for the year includes contributions payable to the TPS of £655,194 (2019: £424,683). At the year-end £129,964 (2019: £nil) was accrued in respect of contributions to this scheme.

Under TPS there is an eight tier employee contribution rate structure. The employee rates range from 7.4% to 11.7%. These rates remain unchanged during the year to 31 August 2020. Employer contribution rates increased from 16.48% to 23.68% on 1 September 2019.

21 Pension schemes (continued)

Non-Teaching Staff:

The company operates non-contributory and contributory defined contribution schemes for the benefit of its non-teaching staff. The assets of the schemes are administered in funds independent from those of the company and are controlled by Ecclesiastical Insurance Group and other insurance companies. The contributions made by the school are up to 6% of salary dependent on the employee contributions.

The pension cost charge represents contributions payable by the School to Ecclesiastical Insurance Group and other insurance companies and amounts to £48,948 (2019: £46,918).

Outstanding contributions at the year-end amounted to £nil (2019: £nil). No further liability rests with the company in respect of the pension schemes.

22 Events after the reporting period

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK, market activity is being impacted in all sectors and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the private schooling market is unknown and we cannot reliably estimate its effect on trading in the short term.

Due to the impact of the Coronavirus pandemic the school was unable to meet the covenant requirements of its bank loan post year end. The bank has indicated that they will waive this requirement.

In light of the current uncertainties the directors have assessed the potential financial implications of the pandemic, and have assessed that the company have sufficient resources to allow it to trade through this period without any additional working capital funding required.

