

**Registered number: 00537118**  
**Charity number: 312720**

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Trustees' Report and Financial Statements**

**For the Year Ended 31 August 2021**

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

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**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details of the School, its Trustees and Advisers**  
**For the Year Ended 31 August 2021**

<b>Trustees</b>	Mrs E Brettle, Chair Mr M Feldman Miss C Gay (resigned 23 September 2020) Mr E Grower Mr G Leung (resigned 1 November 2021) Mr D MacNeill Mrs T Marton Miss M Mendham Mr F Patel Dr A Wayne Mrs M Wayne Mrs D P Atkinson (appointed 22 September 2021)
<b>Company registered number</b>	00537118
<b>Charity registered number</b>	312720
<b>Registered office</b>	18 Kidderpore Gardens Hampstead London NW3 7SR
<b>Principal</b>	Mr M Webster
<b>Bursar</b>	Mrs S Beschizza
<b>Clerk to the Governors</b>	Mrs S Beschizza
<b>Website</b>	<a href="http://www.st-margarets.co.uk">www.st-margarets.co.uk</a>
<b>Independent auditors</b>	Kreston Reeves LLP Chartered Accountants Statutory Auditor 2nd Floor 168 Shoreditch High Street London E1 6RA
<b>Bankers</b>	CAF Bank Limited 25 Kings Hill Avenue, Kings Hill West Mailing Kent ME19 4JQ

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**Reference and Administrative Details of the School, its Trustees and Advisers (continued)**  
**For the Year Ended 31 August 2021**

<b>Solicitors</b>	Veale Wasborough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
<b>Investment Advisors</b>	Canaccord Genuity Wealth Management 41 Lothbury London EC2R 7AE
<b>Insurance Brokers</b>	Marsh Brokers Limited Capital House 1-5 Perrymount Road Haywards Heath West Sussex RH16 3SY

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Trustees' Report**  
**For the Year Ended 31 August 2021**

The Governors of St Margaret's School (Hampstead) present their annual report and audited accounts for the year ended 31 August 2021 and confirm they comply with the requirements of the governing document, the Companies Act 2006, the Charities Act 2011 and the Charities SORP (FRS 102).

Since the School qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

**AIMS, OBJECTIVES AND ACTIVITIES**

**a. Our aims**

The principal object of the company, as authorised by its Memorandum and Articles of Association, is to carry on at 18 Kidderpore Gardens, Hampstead, London NW3, a school for the general education of girls.

We aim, through our Junior and Senior Schools, to provide a secure, caring and challenging learning environment in which girls are encouraged to strive for excellence in all that they do. Respect for others lies at the heart of the school community, within which the potential and talent of each individual can be recognised, nurtured and realised. At St Margaret's, education is seen as a partnership between pupils, parents and teachers. Specifically, our aims are to:

- encourage and enable each girl to develop a love of learning by providing a supportive environment in which success is measured based on personal progress;
- enable each girl to meet intellectual, creative and physical challenges with confidence;
- support the spiritual and moral development of each girl through maintaining high standards of personal responsibility and an awareness of their contribution to the wider world;
- foster an active concern for the community and the environment through awareness and providing opportunities for individual contribution;
- prepare each girl for the next stage of her education when she leaves St Margaret's through educational credentials and/or foundations and information and guidance about future options from 16 years old;
- ensure that education is seen as a partnership between pupils, parents and staff by promoting communication and collective responsibility for a girl's academic and personal education.

**b. Our objectives**

Our objectives are set to reflect our educational aims and the ethos of the School. It is important to us that we maintain and enhance the academic success of the School.

This objective is, however, set in the context of the broader goals we set for the School and its pupils.

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's public benefit guidance.

Our key objectives for the year included:

- the continued achievement of excellent academic performance by each individual pupil as measured by GCSE results as compared with similarly loosely-selective schools. As in previous years, our Value Added scores for GCSE were high, demonstrating that the girls make better than predicted progress whilst at St Margaret's. Though the grades were internally determined, the progress was evident in the standard of the girls' work;
- the continued provision of an educational environment within which each individual pupil can thrive and develop intellectually, physically, socially and spiritually by maintaining high expectations amongst staff and pupils and making evident the spiritual values held important by the School;
- to endeavour to make an education at St Margaret's available to the greatest number of pupils to whom it would be of benefit by keeping school fees reasonable, maintaining only limited selection of pupils, and using the

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**AIMS, OBJECTIVES AND ACTIVITIES (continued)**

school's bursary policy to promote the admission of a greater number of pupils with parents on lower incomes;

- to develop our programme of co-operation and joint working with local state junior and secondary schools;
- to play our part in the life of our local community through our community access and service programmes.

**ACHIEVEMENTS AND PERFORMANCE**

**a. Pupil numbers and fees**

Our educational activities are carried out through our Senior School and our Junior School. The average number of pupils on roll during the academic year 2020/2021 was 170. This is, effectively, the maximum number which can be comfortably accommodated on school premises, and there is now a waiting list for places.

Our fees are set at the level required to ensure that the School's costs, a high proportion of which relate to teachers' salaries, are covered. Fees during the academic year 2020/2021 before the deduction of any means assisted bursaries were:

Years R to 2	£4,491 per term
Years 3 – 6	£5,086 per term
Year 7 – 11	£5,203 per term

**Curriculum**

The curriculum remained the same as in previous years, albeit updated with syllabus changes.

Academically it was a successful year overall for our girls at GCSE level, with approximately 90% of grades being awarded a 7 or above (the equivalent of an A grade or above).

**Co-curricular activities:**

***Music***

We held a Carol service in December 2020 with the orchestra, choirs, handbells, and ukulele groups, and nearly all of the girls from St. Margaret's were in some way involved in performing music. However, everything had to be prerecorded and broadcast remotely as due to social distancing requirements we were not allowed to convene in large groups. We utilised the same approach for presenting our Summer Concert in June 2021.

We continued with the Apollo music project where professional musicians come and play for Y5 and 6 girls and introduce them to the beauty of classical music and different orchestral instruments. The musicians work closely with the children in interactive workshops including a wide range of live music and active participation. By giving children the chance to experience high-quality performances in the classroom and concert hall we aim to wake up their interest in classical music, build their knowledge, and their self-confidence in this area. We divided the workshops into two separate sessions, so that St. Luke's school, which we sponsor in this project, can enjoy their sessions in their own school, to keep with the government's advice of distancing.

In June 2021, the Year 6 pupils performed and recorded 'Annie Junior the Musical' as a film released to parents.

We were very lucky with all of our peripatetic teachers who were very flexible and taught a mixture of online and face to face lessons. With their help we kept the Tea-time concerts running online, if not possible in person.

Our small school orchestra has just performed for the Harvest assembly and is busy rehearsing for the Carol service. The Junior Choir started meeting again in September and plans to attend Young Voices again in January 2022, restrictions permitting.

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

***Drama***

All Senior students, in Years 7 to 11, continued to be taught Drama by our experienced subject specialist teacher, including online, during a period of lockdown enforced by the Coronavirus pandemic. Whilst this was clearly a more limited experience than being in the classroom, working with others, it did at least ensure continuity of learning in the subject for all students, and on the whole, the girls coped well with the challenges of remote teaching and learning, showing considerable imagination and a creative resourcefulness, in their response to the tasks which were set for them.

At GCSE level, all students studying in Year 11 achieved Grade 7 and above, with 60% attaining Grade 8. Teacher assessment of the candidates was based upon their completion of both the practical components in the specification over the course of the year, together with their mock exam scores. This provided a broad and secure base for the assessment, with only the external written paper, cancelled nationally, missing.

The requirement to assess Live Theatre production, for the mock exam, was achieved through the students watching the Royal National Theatre production of, One Man Two Guvnors, via the on-line streaming service in which the school has invested, to compensate for the lack of actual live theatre productions available to watch during the year. This resource has also been useful for teaching other year groups, especially in the absence of opportunities for theatre trips. Year 9, for example, were shown the RNT production of Antigone as part of their introduction to the conventions and traditions of Greek Theatre.

The restrictions imposed by the pandemic on external visitors, as well as trips to see a variety of theatrical productions, has made for a frustrating year in many respects. However, despite the limitations on opportunities and experiences that we would normally aim to make available, interest and enthusiasm for Drama across the Senior school remains high.

***Sport***

The PE curriculum throughout various stages of the School has traditionally covered the following areas: - netball, gymnastics, dance, games, fitness, tennis, swimming, rounders, athletics, trampolining, volley ball, badminton, rowing, tag rugby, cross country, orienteering, football.

The broad curriculum makes use of a variety of facilities. Currently St Luke's School is used for indoor work such as gym, dance, fitness and indoor games for the lower Juniors and Infants. The whole school from Y1 upwards continues to use West Heath for both lessons and matches. Currently Y5&6 and the Senior School makes use of Hendon Sports Centre and for swimming the Junior girls are taken to Barnet Cophall.

From Year 4 onwards children take part in competitive team games through the inter-house and inter-school fixture programme. Relative to size, historically the School netball teams have achieved commendable success in recent years playing approximately one fixture a week during the Autumn and Spring Terms (Currently only one fixture has been able to take place against St Anthony's - which was won by us). In the Summer Term rounders fixtures are played and the season culminates in a parent vs pupils fixture. Both Junior and Senior girls enter local cross country events and some have joined the Highgate Harriers athletic club. Seniors also play competitive netball, rounders and some football and badminton matches against local schools, and against the staff.

Additionally, we offer a wide variety of sports clubs throughout the year. We have two tennis clubs, a Junior and Senior running club, ballet, netball clubs, street dance, yoga, jazz dance, cheerleading and rounders clubs. There is an early morning netball shooting clinic and a football club that both take place before school. Although due to lockdown this did not take place there is an annual Junior School Swimming Gala and we had a whole school Sports Day at the end of the Summer Term. At the end of the Spring Term we have a Movement Display that includes every pupil from Reception-Y8 (y9 optional). We hope to reinstate this in March 2022.

During lockdown the PE curriculum was delivered remotely to all the girls R-Y11. They were set a variety of tasks through a 5 pronged fitness programme and they were asked to complete a daily fitness diary. The activities ranged from specified games skills, some fun challenges, fitness activities, or their own initiated work and a variety of outdoor physical activity.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

During 2020-2021 we were able to continue offering rowing lessons to y9 and y10 in the Autumn term at the Brent Reservoir and have a sailing club during the summer term where the option is offered first to the older students i.e. Y10 down to Y7.

We currently have the benefit of an ex Arsenal football player who has joined the staff as an apprentice. He is assisting the department full time and has started a number of additional football clubs for girls of all ages.

**b. Details of bursary and scholarship awards**

***Bursaries***

This year the value of means tested bursaries totalled £143,824 and represented 5.61% of our gross fees. They provided assistance to 11 of our pupils of which 8 pupils benefitted from a full remission of fees. A hardship fund is also available to help pupils in receipt of bursaries meet the costs of school trips, examination entrance fees and similar expenses.

***Review***

The Governors regularly review our Bursary policy to ensure that as many children as possible can accept offers of places at our School through the availability of means tested fee assistance. Our policy is designed to widen access to our School. We anticipate this will help inform the development of our policy and help ensure the objective of wider access continues to be achieved.

**c. Community service**

The girls have undertaken community work in the following ways:

- Visits with donations to a local Age Concern charity
- Visits with donations to a local branch of the St Mungo's charity
- Visits with donations to an animal rescue shelter

In addition during lockdown, the Catering Department provided free hot lunches for elderly parishioners of St Luke's Church.

**d. Environmental Initiatives**

The School has received Gold accreditation from TFL for numerous School Travel Plan initiatives to reduce "our carbon footprint". Initiatives have included encouraging walking to school, assemblies and "Green" initiatives. All of these initiatives are working towards the goal of reducing car journeys.

The School also runs a recycling programme for its paper and waste.

**e. Community access**

We see St Margaret's School as a part of a wider community and where we can assist the community without detriment to advancing the education of our pupils we are delighted so to do.



**St. Margarets School (Hampstead) Limited**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**Financial review**

**a. Our finances**

The financial statements show net incoming resources for the year on School activities of £406,571 (2020: £252,513).

The principal source of income is fees accounting for 98% of the School's income. The Governors are continuing their strategy of deploying net incoming resources to invest in the educational purposes and fabric of our Junior and Senior Schools.

As a charity the parents of our pupils have the assurance that all the income of the School must be applied for educational purposes. As an educational charity we enjoy tax exemption on our educational activities and on our investment income and gains provided these are applied for our charitable aims. As a Charity we are also entitled to an 80% reduction on our business rates on the property we occupy for our charitable purposes. The financial benefits we receive from these tax exemptions are all applied for educational purposes and indirectly help us to maintain our bursary policies and 'teaching link' programme.

In addition to the very substantial benefits our School brings to our pupils, the local community and society through the education we offer, our bursary programme and our 'teaching links' programme create a social asset without cost to the Exchequer.

**Developments and Maintenance**

The School has a planned programme of decoration/ maintenance with every classroom being decorated every 3 years with all common areas decorated annually. All electronic whiteboards have now been replaced with LED Clevertouch Screens.

**IT Strategy**

***Students***

Y4 - Y11 already had school Google accounts but new pupils needed to be trained on the use of Google Classroom and Google Meet. This was relatively straight forward and was aided by the use of help videos and step by step guides.

Rec - Y3 were allocated new school Google accounts and their parents were sent their log in details along with documentation and support videos on how to access the set work and live sessions. While this initially involved a lot of time supporting and guiding parents, once they were confident little more intervention was required.

***Hardware***

Students who required a computer to work on at home were able to borrow one of the school Chromebooks. This enabled all students to access the set work and live sessions on their own dedicated computer. This was one of the major factors that enabled teachers to successfully engage with all pupils.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**b. Reserves policy**

The Governors regularly review the finances, budgets and spend against budget together with a monthly cash flow analysis as part of the effective stewardship of the School.

In common with other independent schools, the Governors have invested substantial sums into new School refurbishment in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils.

Total funds at the balance sheet date were £6,890,632 (2020: £6,484,061). Of these £29,648 (2020: £44,906) were held as restricted funds and £6,296,500 (2020: £6,389,196) as designated funds. Designated funds include £6,139,739 (2020: £6,232,304) of property, plant and equipment held as tangible fixed assets. As shown in note 20 to the accounts, this leaves free reserves of £564,484 (2020: £49,959). Target reserves are 3-6 months of expenditure (excluding depreciation) and current levels are below this range. This illustrates the extent of the investment in our School, as is common practice by independent schools which have to finance their own capital investment plans.

The Governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements at our Investment Company Cannacord Genuity Wealth Management are in place to provide an adequate 'safety net' should it be required.

**c. Financial health and going concern**

The Governors consider that given the strength of the charity's balance sheet, the stable cash flow from full student rolls, the ongoing popularity of our School, and the available banking facility that can be called upon if need arises, that the finances are in good health.

The Governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements at our Investment Advisers Cannacord Genuity Wealth Management are in place to provide an adequate 'safety net' should it be required.

**d. Investment policy and performance**

The School's investment portfolio has continued to make a strong recovery from the lows of March 2020. As clarity grew that the impact of the pandemic was going to be relatively short term, governments provided support to those most affected and global central banks continued to pump liquidity into the financial system. The last was most important as it ensured asset prices were firmly underpinned and did not react to short term economic data. Over the 12 months to 31st August 2021, the value of the School's investments rose 19.8% which compares favourably with the benchmark which was up 15.6%. The performance was particularly strong in the alternatives and equities. Within equities it is worth to highlight the strength in global equities and thematic holdings with the latter benefitting from exposure to healthcare, technology and ESG investments. Although the value of the portfolio has continued to rise since the end of August it is unreasonable to expect the performance to be as strong over the next 12 months as the central banks are likely to withdraw their support for the bond market resulting in a tightening of liquidity.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**OUR ETHOS STRATEGY AND POLICIES**

St Margaret's is, by any manner of reckoning, a very small school, having not just small classes but only one class per year group from age 4 to age 16. This situation may have been arrived at by accident of history, but it is now embraced and celebrated by the Governors as a matter of positive policy. The close-knit community which our size engenders is integral to our academic and pastoral success and is one of the prime reasons why parents choose St Margaret's for their daughters.

The Governors are committed to broadening access to the School by every means at their disposal, whilst having regard to their duty to safeguard its long-term future.

Our School is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment.

**Our ethos: a caring School serving our local community and society**

St Margaret's School is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. Our fees are set at a level to ensure the financial viability of the School and at a level that is consistent with our aim of providing a first class education to girls.

Our School welcomes pupils from all backgrounds. To admit a prospective pupil, we need to be satisfied that our School will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

Our School is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment.

In early 2018 the school underwent a compliance inspection which confirmed that the school meets all its obligations as regards the quality of provision and care for the girls of the school.

We had to adapt many of our practices so that we were able to provide appropriate pastoral support during the lockdown period.

Parents are given regular information about their children's social and academic progress through parent evenings and online progress grades, in addition to the traditional end of term and year reports. We maintain regular contact with parents throughout the year through informal contacts and through our newsletter. The school operates a mostly 'open door' policy and parents are given access to teachers' direct email addresses with a view to maintaining close communication opportunities.

**Access Policy**

It is important to us that access to the education we offer is not restricted to those who can afford our fees. We believe our pupils benefit from learning within a diverse community. A great deal of learning occurs through social interaction, conversation and shared experiences which helps our pupils develop an understanding of the perspectives of other people that will be vital in their adult lives.

Our bursary policy together with our 'Teaching Links' programme contribute to a widening of access to the education we offer and the facilities we enjoy.

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**OUR ETHOS STRATEGY AND POLICIES (continued)**

***Teaching Links***

Our School is a part of a wider community and we are keen that our staff and pupils participate. Our Governors are committed to developing our 'Teaching Links' programme of cooperation and joint working with local state Junior and Secondary schools. Please see our "community section" above.

***Bursary policy***

At St Margaret's we believe whole heartedly in the value of a traditional academic education within a small scale, "family" environment. This is an expensive endeavour, and our fees must cover our costs as well as providing for the future maintenance, development and stability of the school. We are well aware that, in consequence, an education at St Margaret's is beyond the means of some parents whose daughters would derive considerable benefit from what we have to offer. The Governors are committed to broadening access to the School by every means at their disposal, including by offering means-tested financial assistance of up to 100% remission of fees, to parents of suitable applicants.

The school will continue to give sympathetic consideration to cases where the parents of existing pupils experience a sudden, unforeseen change in circumstances which would result in their daughter otherwise having to be withdrawn from the school. For the sake of clarity, these awards are termed Hardship Grants.

The bursary awards range from 50 % to 100 % remission of fees. In the year we awarded 11 bursaries at an average of £12,909 each.

The success of our bursary scheme is explained in our review of activities and achievements section of this report. Details of bursary awards are also set out in note 5 to the accounts.

**Other policies on assistance**

***Financial planning policy***

Timely financial planning is often the key for many parents who are hoping to send their children to St Margaret's School and a school fee plan is available to help those who wish to fund educational costs through regular contributions. During the pandemic the School offered parents our interest free repayment plan over the duration of the summer term to assist financial planning during the lockdown.

***Family discounts policy***

To underline the value we place on continuity for families, we offer discounts where parents have more than two daughters at the School.

**Promoting high academic standards**

The Teachers' Standards (as set out by the DfE) are in full use and have been extended to reflect an additional set of 12 STM standards which acknowledge contribution across the school which is substantial and sustained.

We provide whole school in-house professional development approximately every two weeks.

We have appointed a Key Stage 1 / Early Years Coordinator to oversee teaching in these Year groups.

We have continued to develop our Kinetic Learning initiative which focuses on higher order skills (such as creativity, evaluation and decision making) being embedded into the academic curriculum to enable all pupils to benefit from stretch and challenge opportunities.

The external inset budget has been focused on opportunities to extend our staff professionally as well as offering new developments within the school.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**Information on fundraising practices**

The School recognises the contribution made by its supporters, with voluntary donations being a valuable part of the School's incoming resources. All fundraising activity is carried out by our Parent Teachers Association (PTA) which is led by an elected committee of parents and operates independently from the school. This group raises money for the School through events and activities which are voluntary and advertised in a non-intrusive manner.

The School does not utilise the services of any external commercial fundraiser's. Given that the majority of donations are from parents of current pupils, either direct or through our PTA, and only limited fundraising activity takes place, the School does not consider it necessary at this time to subscribe to a fundraising regulator. The School has not received any complaints in the year in respect of our fundraising practices.

**Structure, governance and management**

**a. Constitution**

St. Margarets School (Hampstead) Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 19 August 1954, as amended by special resolution registered at Companies House on 17 December 2018.

**b. Governor recruitment and training**

The Governing body requires breadth and depth of experience to carry out its duties effectively and efficiently. When recruiting new trustees, the important attribute is a commitment to the School and an understanding of education as a holistic and rounded experience of personal growth. Governors are recruited by personal recommendation and are inducted into the workings of the School and the Board by the Chairman, Bursar and the Principal. We also invite senior local business people to consider joining our Board. Where possible the Governors consider that the skills and experience of the Board should comprise the following:

- A Governor with a legal background
- Two Governors with a financial/accounting background
- A Governor with education experience
- A Governor with senior managerial or business experience
- A Governor with experience of equal opportunities or disability needs
- At least one female Governor and at least one male Governor

One Governor may have one or more of these skills.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**Structure, governance and management (continued)**

**c. Organisational structure and decision-making policies**

The Governors, who are also the charity trustees, are responsible for the overall management and control of St Margaret's School and meet six times a year. School policies are approved by the Board. The St Margaret's School Bursar is responsible for coordinating the work of the Governors and their Committees, preparation of papers and management accounts and the review of matters arising.

All trustees give of their time freely and no remuneration or expenses were paid in the year for their Governing duties.

The Governors determine the general policy of the School. The day to day running of the School is delegated to the Principal, supported by Senior staff. The Principal undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Leadership Team. The day to day administration of both Junior and Senior School is undertaken within the policies and procedures approved by the Governors.

The Principal oversees the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching support staff. The Principal and Bursar are invited to attend Governors' meetings.

The Governors are the charity trustees of St Margaret's School (Hampstead). New Governors are appointed by the existing Board of Governors. The current Governors come from a variety of backgrounds and include two solicitors, two accountants, a psychotherapist and a general practitioner. One Governor is a former pupil. The majority live within a five-mile radius of the school. All Governors have served throughout the year except where indicated.

**d. Pay policy for key management personnel**

The Governors consider that they, together with the Principal, the Bursar and the Senior Leadership Team comprise the Key Management Personnel (see note 19 to the accounts). The Governors give their time freely and the remuneration of the Principal and senior staff is set by the Salary Committee and is kept under review. A number of criteria are used in setting pay:

- nature of the role and responsibilities
- competitor salaries in the region
- the sector average salary for comparable positions
- trends in pay

The Governors have given delegated authority to the Principal & Bursar to pay higher salaries for exceptional candidates where this is in the interest of the School.

**e. Other relationships**

The Principal is a member of the GSA which is an opportunity to share expertise, knowledge and experience across the independent school sector. The Conference also permits appropriate representation to Government and regulators of the views of the sector.

The school belongs to the London Consortium group of schools for the running and administration of the 11+ examination.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**Structure, governance and management (continued)**

**f. Risk management**

The Governors are responsible for the overseeing of the risks faced by the School. Detailed considerations of risk are delegated to the Senior Management of the School. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on a termly basis. Risk is managed under the headings of financial sustainability, school safety, student welfare, employment, school trips and events and community access.

The main risks that the Governors have identified and the plans to manage those risks are:

- **Reputation.** The School's success is built on its reputation for the education and well-being of our pupils. We manage this risk through safeguarding policies, staff recruitment policies, pastoral support for both pupils and staff and active identification and resolution of health and safety related issues;
- **Money.** Our ability to continue is reliant on pupil fees and the ability to pay bills as they fall due. This risk is managed by marketing activity, having a reputation for academic excellence and active cash-flow management;
- **Curriculum.** Academic excellence requires the most able teachers with good facilities delivering the curriculum to able students. We manage this risk by combining attractive salaries with additional allowances and an approach to enrolment that works with supportive parents whose children have an appetite for learning and a bursary scheme that recognises pupil achievement and aptitude.

Through the risk management processes established for the School, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

**Plans for future periods**

The Governors intend to continue their current strategies of maintaining the School's position in a competitive market by investing to provide high quality education for our pupils in a nurturing environment. Achieving a high standard of academic results is a constant aim whilst maintaining the breadth and depth of the education provided.

The Principal and Senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our pupils' development.

Our future plans are financed primarily from fee income and from our reserves. The Governors need to maintain an equitable balance ensuring our current pupils benefit whilst, at the same time, ensuring a sound infrastructure and financial base are preserved for the next generation of pupils in the same way as our current pupils benefit today from the investment made in the past.

The Governors view our Bursary awards as important in widening access to the education our School provides. The Governors regularly review our Bursary Awards policies to ensure that the most deserving children can accept offers of places at our School through the availability of means-tested fee assistance.

Maintaining and, where necessary, developing the fabric and facilities of the School are central to our strategy. The School's programme of routine building maintenance will continue.

Our links with other schools have been severely curtailed by Covid-19 restrictions.

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2021**

**Disclosure of information to auditors**

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

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

**Auditors**

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

.....  
**Mrs E Brettle**  
(Chair of Trustees)

Date:



**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Statement of Trustees' responsibilities**  
**For the Year Ended 31 August 2021**

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

Company law requires the 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 School and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report to the Members of St. Margarets School (Hampstead) Limited**

**Opinion**

We have audited the financial statements of St. Margarets School (Hampstead) Limited (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

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 charitable company'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.

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report to the Members of St. Margarets School (Hampstead) Limited (continued)**

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

**Responsibilities of trustees**

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

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

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report to the Members of St. Margarets School (Hampstead) Limited (continued)**

**Auditors' responsibilities for the audit of the financial statements**

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

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

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:

*Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the charitable company and sector, and through discussion with the Governors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to safeguarding, health and safety legislation and employment law. 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, Charities Act 2011, Charities Statement of Recommended Practice and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. 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 management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including safeguarding, health and safety and employment law) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant regulatory authorities; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report to the Members of St. Margarets School (Hampstead) Limited (continued)**

are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

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

**Kreston Reeves LLP**  
Kreston Reeves LLP  
Chartered Accountants  
Statutory Auditor  
London

Date:

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

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 August 2021**

	Note	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income and endowments from:</b>						
Donations and legacies	4	13,995	-	-	13,995	56,028
Charitable activities	5	2,667,003	-	-	2,667,003	2,648,963
Other trading activities	6	30,672	-	-	30,672	15,778
Investments	7	11,342	1,587	-	12,929	18,007
<b>Total income and endowments</b>		<b>2,723,012</b>	<b>1,587</b>	<b>-</b>	<b>2,724,599</b>	<b>2,738,776</b>
<b>Expenditure on:</b>						
Raising funds	8	10,645	1,718	-	12,363	11,387
Charitable activities	9	2,476,951	-	15,258	2,492,209	2,483,743
<b>Total expenditure</b>		<b>2,487,596</b>	<b>1,718</b>	<b>15,258</b>	<b>2,504,572</b>	<b>2,495,130</b>
<b>Net income/ (expenditure) before net gains on investments</b>						
		235,416	(131)	(15,258)	220,027	243,646
Net gains on investments		186,544	-	-	186,544	8,867
<b>Net income / (expenditure)</b>		<b>421,960</b>	<b>(131)</b>	<b>(15,258)</b>	<b>406,571</b>	<b>252,513</b>
Transfers between funds	19	92,565	(92,565)	-	-	(4,000)
<b>Net movement in funds before other recognised gains</b>		<b>514,525</b>	<b>(92,696)</b>	<b>(15,258)</b>	<b>406,571</b>	<b>248,513</b>
<b>Other recognised gains:</b>						
Gains on revaluation of fixed assets		-	-	-	-	4,263,774
<b>Net movement in funds</b>		<b>514,525</b>	<b>(92,696)</b>	<b>(15,258)</b>	<b>406,571</b>	<b>4,512,287</b>

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Statement of financial activities (incorporating income and expenditure account) (continued)**  
**For the Year Ended 31 August 2021**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Endowment funds 2021 £</b>	<b>Total funds 2021 £</b>	<b>Total funds 2020 £</b>
<b>Note</b>					
<b>Reconciliation of funds:</b>					
Total funds brought forward	<b>49,959</b>	<b>6,389,196</b>	<b>44,906</b>	<b>6,484,061</b>	1,971,774
Net movement in funds	<b>514,525</b>	<b>(92,696)</b>	<b>(15,258)</b>	<b>406,571</b>	4,512,287
<b>Total funds carried forward</b>	<b>564,484</b>	<b>6,296,500</b>	<b>29,648</b>	<b>6,890,632</b>	6,484,061

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 47 form part of these financial statements.

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**  
**Registered number: 00537118**

**Balance Sheet**  
**As at 31 August 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Fixed assets</b>			
Tangible assets	13	<b>6,139,739</b>	6,232,304
Investments	14	<b>1,128,260</b>	942,660
		<b>7,267,999</b>	7,174,964
<b>Current assets</b>			
Debtors	15	<b>35,112</b>	14,466
Cash at bank and in hand		<b>499,958</b>	763,066
		<b>535,070</b>	777,532
Creditors: amounts falling due within one year	16	<b>(377,143)</b>	(482,127)
<b>Net current assets</b>		<b>157,927</b>	295,405
<b>Total assets less current liabilities</b>		<b>7,425,926</b>	7,470,369
Creditors: amounts falling due after more than one year	17	<b>(515,492)</b>	(964,153)
<b>Net assets excluding pension liability</b>		<b>6,910,434</b>	6,506,216
Defined benefit pension scheme liability	24	<b>(19,802)</b>	(22,155)
<b>Total net assets</b>		<b>6,890,632</b>	6,484,061
<b>Charity funds</b>			
Restricted funds	19	<b>29,648</b>	44,906
Designated funds	19	<b>6,296,500</b>	6,389,196
Unrestricted funds	19	<b>564,484</b>	49,959
<b>Total funds</b>		<b>6,890,632</b>	6,484,061



**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**  
**Registered number: 00537118**

**Balance Sheet (continued)**  
**As at 31 August 2021**

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

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

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

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

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

.....  
**Mrs E Brettle**  
(Chair of Trustees)

Date:

The notes on pages 25 to 47 form part of these financial statements.

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2021**

	<b>2021</b> £	2020 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	<b>227,793</b>	452,825
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	<b>12,929</b>	18,007
Purchase of tangible fixed assets	<b>(71,731)</b>	(784,177)
Proceeds from sale of investments	<b>23,052</b>	7,345
Purchase of investments	<b>(23,052)</b>	(6,791)
<b>Net cash used in investing activities</b>	<b>(58,802)</b>	<b>(765,616)</b>
<b>Cash flows from financing activities</b>		
Repayments of borrowing	<b>(432,099)</b>	(19,159)
<b>Net cash used in financing activities</b>	<b>(432,099)</b>	<b>(19,159)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(263,108)</b>	<b>(331,950)</b>
Cash and cash equivalents at the beginning of the year	<b>763,066</b>	1,095,016
<b>Cash and cash equivalents at the end of the year</b>	<b>499,958</b>	763,066

The notes on pages 25 to 47 form part of these financial statements

**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**1. General information**

**Charity information**

St. Margarets School (Hampstead) Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 18 Kidderpore Gardens, Hampstead, London, NW3 7SR.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**2.2 Company status**

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

**2.3 Going concern**

Having reviewed the resources and funding available to the school together with the expected ongoing demand for places and the school's projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the school's financial viability. Thus the Governors continue to adopt the going concern basis of accounting in preparing the accounts.

These considerations take into account the impact of Covid-19 and the Governors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities.

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**2. Accounting policies (continued)**

**2.4 Income**

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

Income arises in the United Kingdom from educational and allied activities and is accounted for in the year to which it relates. Tuition fees unpaid at the balance sheet date and relating to the period to that date are brought in as income with a provision created in respect of those for which recoverability is considered to be doubtful. Fees received in advance at the balance sheet date are included in creditors as deferred income.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Investment income is recognised on a receivable basis.

Government grants are recognised in the period in which it is receivable and the related expenditure is incurred.

**2.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated to the charitable activity in the statement of financial activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the School. Governance costs are those incurred in connection with public accountability of the School and its compliance with constitutional and statutory requirements.

Costs of raising funds are costs incurred in managing the School's investment portfolio.

Charitable activities are costs incurred on the School's operations. These include all support costs and costs relating to the governance of the School which it is considered appropriate to allocate in full to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**2.6 Interest receivable**

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

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**2. Accounting policies (continued)**

**2.7 Tangible fixed assets and depreciation**

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the revaluation model, tangible fixed assets whose fair value can be measured reliably shall be carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

Fair values are determined from market-based evidence by appraisal undertaken by the School with reference to the most recent valuation performed for loan security purposes.

Gains and losses on revaluation are recognised in the Statement of Financial Activities, with a separate revaluation reserve being shown in the Statement of funds note.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method from the date they are brought into use.

Depreciation is provided on the following bases:

Freehold property	- 2% on valuation
Office equipment	- 33 1/3% on cost

**2.8 Investments**

The School's portfolio is managed professionally by Canaccord Genuity Wealth Management, in accordance with the objective of providing a balance of capital growth and income. Investments are stated at market value.

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account. Transaction costs are expensed as incurred.

The charity does not acquire or use put options, derivatives or other complex financial instruments.

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**2. Accounting policies (continued)**

**2.9 Debtors**

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

**2.10 Creditors**

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**2.11 Cash at bank and in hand**

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

**2.12 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the School anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**2.13 Financial instruments**

The School 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.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**2. Accounting policies (continued)**

**2.14 Retirement benefits**

Retirement benefits to employees of the school were provided by the 'APTIS' Aviva Pension Trust for Independent Schools. This is a defined contribution scheme. Contributions are recognised in the period to which they relate.

The ISPS is a funded scheme and the assets are held separately from those of the school in separate trustee administered funds. The trustee commissions an actuarial valuation of the scheme every three years using the prospective unit credit method. The ISPS is a multi-employer scheme and there is insufficient information available to use defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Where the actuarial valuation reveals a shortfall of assets compared to liabilities a provision for additional agreed contribution payments is also recognised in full.

**2.15 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

**2.16 Pupil deposits**

A deposit is collected in respect of each pupil joining the school. This may be used to cover outstanding fees and expenses on the departure of the pupil, or retained in lieu of fees if the required notice of withdrawal is not given. As pupils are expected to remain at the school for several years and departing pupils are replaced by new students the Governors consider it is appropriate to treat all deposits as repayable after more than one year.

**2.17 Employee benefits**

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

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

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**3. Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The School makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Independent Schools' Pension Scheme ('ISPS') defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 30 September 2017 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The carrying value of the land and buildings depends on the market values of similar property in the local area and will fluctuate according to market conditions.

**4. Income from donations and legacies**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Donations	5,968	-	<b>5,968</b>
Grants	8,027	-	<b>8,027</b>
<b>Total 2021</b>	<b>13,995</b>	<b>-</b>	<b>13,995</b>

During the year, the School received unrestricted donations of deposits from ex-pupils.

The School also received government grants in the form of furlough pay for staff members furloughed during the COVID-19 epidemic.

In the prior year, the School received unrestricted donations of deposits from ex-pupils, donation from FOSM for works on the playground and government grants in the form of furlough pay.



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**4. Income from donations and legacies (continued)**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Donations	9,013	4,000	13,013
Grants	43,015	-	43,015
	<u>52,028</u>	<u>4,000</u>	<u>56,028</u>

**5. Income from charitable activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	Total funds 2020 £
Tuition fees and school activities	<u>2,667,003</u>	<u><b>2,667,003</b></u>	<u>2,648,963</u>

During the year the School received income in relation to Autumn 2021 fees. These have been included in deferred income (see note 16).

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**6. Trading activities**

**Income from non charitable trading activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<b>Total funds 2020 £</b>
Other fees and hire income	30,672	<b>30,672</b>	15,778

All income from other trading activities in 2021 and 2020 was unrestricted.

**7. Investment income**

	<b>Unrestricted funds 2021 £</b>	<b>Designated funds 2021 £</b>	<b>Total funds 2021 £</b>
Income from listed investments	9,832	1,587	<b>11,419</b>
Interest receivable	1,510	-	<b>1,510</b>
<b>Total 2021</b>	<b>11,342</b>	<b>1,587</b>	<b>12,929</b>

	<b>Unrestricted funds 2020 £</b>	<b>Designated funds 2020 £</b>	<b>Total funds 2020 £</b>
Income from local listed investments	13,416	2,712	16,128
Interest receivable	1,879	-	1,879
	<b>15,295</b>	<b>2,712</b>	<b>18,007</b>

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**8. Investment management costs**

	<b>Unrestricted funds 2021 £</b>	<b>Designated funds 2021 £</b>	<b>Total funds 2021 £</b>
Investment management fees	10,645	1,718	<b>12,363</b>

	<b>Unrestricted funds 2020 £</b>	<b>Designated funds 2020 £</b>	<b>Total funds 2020 £</b>
Investment management fees	9,475	1,912	<b>11,387</b>

**9. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Tuition fees and school activities	2,476,951	15,258	<b>2,492,209</b>

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Tuition fees and school activities	2,468,485	15,258	<b>2,483,743</b>

**10. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>
Tuition fees and school activities	2,154,595	337,614	<b>2,492,209</b>

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**10. Analysis of expenditure by activities (continued)**

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Tuition fees and school activities	2,158,189	325,554	2,483,743

**Analysis of direct costs**

	Tuition fees and school activities 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	1,586,356	<b>1,586,356</b>	1,566,761
Depreciation	164,296	<b>164,296</b>	145,289
Bursaries and Scholarships	150,423	<b>150,423</b>	150,172
Food and catering	97,608	<b>97,608</b>	101,288
Sport, music and art	53,751	<b>53,751</b>	54,027
Other direct expenditure	102,161	<b>102,161</b>	140,652
<b>Total 2021</b>	<b>2,154,595</b>	<b>2,154,595</b>	2,158,189

**Analysis of support costs**

	Tuition fees and school activities 2021 £	Total funds 2021 £	Total funds 2020 £
Wages and salaries	72,507	<b>72,507</b>	77,091
Premises and equipment	102,185	<b>102,185</b>	99,067
Other costs	140,793	<b>140,793</b>	130,753
Governance costs	22,129	<b>22,129</b>	18,643
<b>Total 2021</b>	<b>337,614</b>	<b>337,614</b>	325,554

Governance costs relate to legal and professional fees of £11,889 (2020 - £7,842) and audit fees of £10,240 (2020 - £10,801).

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**11. Staff costs**

	<b>2021</b> £	2020 £
Wages and salaries	<b>1,364,987</b>	1,333,604
Social security costs	<b>131,653</b>	129,830
Pension scheme costs	<b>162,223</b>	180,418
	<u><b>1,658,863</b></u>	<u>1,643,852</u>

The average number of persons employed by the School during the year was as follows:

	<b>2021</b> No.	2020 No.
Teachers	<b>28</b>	26
Office and domestics	<b>14</b>	14
	<u><b>42</b></u>	<u>40</u>

The average headcount expressed as full-time equivalents was 33 (2020: 32).

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

	<b>2021</b> No.	2020 No.
In the band £60,001 - £70,000	<b>1</b>	1
In the band £70,001 - £80,000	<b>1</b>	1
In the band £80,001 - £90,000	<b>1</b>	1

The total remuneration paid during the year to the five members of the senior management team, which includes the Principal, Deputy Head, the Director of Studies, Director of IT and the Bursar, was £446,781 (2020: £374,882 for four members of the senior management team).

**12. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

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**13. Tangible fixed assets**

	Freehold property £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 September 2020	6,178,068	658,795	6,836,863
Additions	1,488	70,243	71,731
At 31 August 2021	<u>6,179,556</u>	<u>729,038</u>	<u>6,908,594</u>
<b>Depreciation</b>			
At 1 September 2020	52,288	552,271	604,559
Charge for the year	53,212	111,084	164,296
At 31 August 2021	<u>105,500</u>	<u>663,355</u>	<u>768,855</u>
<b>Net book value</b>			
At 31 August 2021	<u>6,074,056</u>	<u>65,683</u>	<u>6,139,739</u>
At 31 August 2020	<u>6,125,780</u>	<u>106,524</u>	<u>6,232,304</u>

On 1 September 2019, the freehold land and buildings were revalued by the Trustees.

Had these assets been measured at historic cost, the carrying value of the freehold property would have been £1,937,638 (2020: £1,936,150).

Freehold land and buildings (18 Kidderpore Gardens) have been pledged as security for a bank loan liability of the charity.

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**14. Fixed asset investments**

	<b>Listed investments £</b>	<b>Cash held for investment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 September 2020	<b>886,444</b>	<b>56,216</b>	<b>942,660</b>
Revaluations	<b>185,600</b>	<b>-</b>	<b>185,600</b>
Transfers between classes	<b>23,052</b>	<b>(23,052)</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
At 31 August 2021	<b>1,095,096</b>	<b>33,164</b>	<b>1,128,260</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 August 2021	<b>1,095,096</b>	<b>33,164</b>	<b>1,128,260</b>
	<hr/>	<hr/>	<hr/>
At 31 August 2020	<b>886,444</b>	<b>56,216</b>	<b>942,660</b>
	<hr/>	<hr/>	<hr/>

**Material investments**

Those investments making up more than 5% of the total market value of the portfolio were:

	<b>2021 £</b>
Schroder Asian Total RTN INV CO PLC ORD GBP	<b>58,750</b>
Smithson Investment Trust PLC Ord GBP0.01	<b>58,020</b>
Fundsmith LLP Equity INC NAV	<b>65,729</b>
Scottish Mortgage Inv Trust ORD GBP0.05	<b>61,583</b>
	<hr/>
	<b>244,082</b>
	<hr/>

**Investments at market value comprise:**

	<b>UK 2021 £</b>	<b>Overseas 2021 £</b>	<b>Total funds 2021 £</b>
Listed investments	<b>181,315</b>	<b>913,782</b>	<b>1,095,097</b>
	<hr/>	<hr/>	<hr/>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**15. Debtors**

	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	22,581	10,502
Other debtors	2,061	2,202
Prepayments and accrued income	10,470	1,762
	<u>35,112</u>	<u>14,466</u>

**16. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank loans	43,569	30,007
Trade creditors	10,416	5,864
Other taxation and social security	36,443	31,432
Other creditors	369	369
Accruals and deferred income	286,346	414,455
	<u>377,143</u>	<u>482,127</u>

There is one loan secured by legal charges over the freehold land and buildings of 18 Kidderpore Gardens by a debenture in favour of CAF Bank. The loan was secured for the purposes of providing a new Science lab and classroom in the outer building of the School.

The loan is repayable over a 20 year term to July 2039 through equal monthly instalments of capital and interest which are at a fixed rate for the first five years, currently 3.84%. An additional repayment of £400,000 was made during 2020/21.

Tuition fees included within deferred income were as follows:

	2021 £
Deferred income at 1 September 2020	363,595
Tuition fees received in the year	(2,830,092)
Income recognised in the year (note 5)	2,738,981
	<u>272,484</u>



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**17. Creditors: Amounts falling due after more than one year**

	<b>2021</b> £	2020 £
Bank loans	<b>353,492</b>	799,153
Other creditors	<b>162,000</b>	165,000
	<u><b>515,492</b></u>	<u>964,153</u>

**18. Provisions**

	<b>2021</b> £	2020 £
ISPS Pension deficit contribution (see note 25)	<b>19,802</b>	22,155
	<u><b>19,802</b></u>	<u>22,155</u>

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**Notes to the Financial Statements**  
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**19. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
General Fund	49,959	2,723,012	(2,487,596)	92,565	186,544	564,484
<b>Restricted funds</b>						
Salti Bursary	44,906	-	(15,258)	-	-	29,648
<b>Designated funds</b>						
Morton Scholarship Fund	156,892	1,587	(1,718)	-	-	156,761
Fixed Asset Reserve	1,968,530	-	-	(92,565)	-	1,875,965
Revaluation Reserve	4,263,774	-	-	-	-	4,263,774
	6,389,196	1,587	(1,718)	(92,565)	-	6,296,500
<b>Total of funds</b>	<b>6,484,061</b>	<b>2,724,599</b>	<b>(2,504,572)</b>	<b>-</b>	<b>186,544</b>	<b>6,890,632</b>

**Restricted funds**

The Salti Bursary was established to provide a scholarship to a single student to ensure the highest probability of their success for their full education at the school.

**Designated funds**

The Morton scholarship fund was established to reflect the wishes of a donor that some of her donation be used to provide scholarships and bursaries to future pupils. The school board has agreed that any increase of the fund over the value of £156,892 will be transferred to the unrestricted funds to assist the cost of the Morton bursaries.

The Fixed Asset Reserve was established in accordance with Charity Commission guidance to separately identify the value of the fixed assets held by the school. Transfers represent net movements on fixed assets in the year.

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**19. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>						
General Fund	421,076	2,732,064	(2,477,960)	(634,088)	8,867	49,959
<b>Restricted funds</b>						
Salti Bursary	60,164	-	(15,258)	-	-	44,906
<b>Designated funds</b>						
Morton Scholarship Fund	156,892	2,712	(1,912)	(800)	-	156,892
Fixed Asset Reserve	1,329,642	-	-	638,888	-	1,968,530
Revaluation Reserve	-	-	-	-	4,263,774	4,263,774
FOSM - Playground contributions	-	4,000	-	(4,000)	-	-
	<u>1,486,534</u>	<u>6,712</u>	<u>(1,912)</u>	<u>634,088</u>	<u>4,263,774</u>	<u>6,389,196</u>
<b>Total of funds</b>	<u>1,967,774</u>	<u>2,738,776</u>	<u>(2,495,130)</u>	<u>-</u>	<u>4,272,641</u>	<u>6,484,061</u>

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**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	6,139,739	-	<b>6,139,739</b>
Fixed asset investments	971,499	156,761	-	<b>1,128,260</b>
Current assets	505,422	-	29,648	<b>535,070</b>
Creditors due within one year	(377,143)	-	-	<b>(377,143)</b>
Creditors due in more than one year	(515,492)	-	-	<b>(515,492)</b>
Provisions for liabilities and charges	(19,802)	-	-	<b>(19,802)</b>
<b>Total</b>	<b>564,484</b>	<b>6,296,500</b>	<b>29,648</b>	<b>6,890,632</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	6,232,304	-	6,232,304
Fixed asset investments	785,768	156,892	-	942,660
Current assets	732,626	-	44,906	777,532
Creditors due within one year	(482,127)	-	-	(482,127)
Creditors due in more than one year	(964,153)	-	-	(964,153)
Provisions for liabilities and charges	(22,155)	-	-	(22,155)
<b>Total</b>	<b>49,959</b>	<b>6,389,196</b>	<b>44,906</b>	<b>6,484,061</b>

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

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	<b>406,571</b>	252,513
<b>Adjustments for:</b>		
Depreciation charges	<b>164,296</b>	145,289
Gains on investments	<b>(185,600)</b>	(8,867)
Dividends, interests and rents from investments	<b>(12,929)</b>	(18,007)
Decrease/(increase) in debtors	<b>(20,646)</b>	4,713
Increase/(decrease) in creditors	<b>(121,546)</b>	79,400
(Decrease)/increase in provisions	<b>(2,353)</b>	(2,216)
<b>Net cash provided by operating activities</b>	<b>227,793</b>	452,825

**22. Analysis of cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<b>499,958</b>	763,066
<b>Total cash and cash equivalents</b>	<b>499,958</b>	763,066

**23. Analysis of changes in net debt**

	At 1 September 2020 £	Cash flows £	Other non- cash changes £	At 31 August 2021 £
Cash at bank and in hand	763,066	(263,108)	-	499,958
Debt due within 1 year	(30,007)	32,099	(45,661)	(43,569)
Debt due after 1 year	(799,153)	400,000	45,661	(353,492)
	<b>(66,094)</b>	<b>168,991</b>	<b>-</b>	<b>102,897</b>

**24. Pension commitments**

The School's employees belong to two principal pension schemes: one for academic and related staff and one for non-teaching staff. Academic and related staff are now in the Aviva Pension Trust for Independent Schools (APTIS), a defined contribution scheme. Non-teaching staff are in the Independent Schools' Pension Scheme (ISPS), which is managed by TPT Retirement Solutions.

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**24. Pension commitments (continued)**

ISPS is a multi-employer defined benefit scheme and the School is unable to identify its share of the underlying assets and liabilities. In accordance with FRS 102, the School has accounted for its contributions to the scheme as if it was a defined contribution scheme. Accordingly, the accounting charge for the scheme in the period under FRS 102 represents the employer contributions payable and any change in the provision for contributions under the deficit recovery plan.

**Aviva Pension Trust for Independent Schools (APTIS)**

The pension charge for the year includes contributions payable to APTIS of £162,223 (2020: £101,592) and at the year-end £nil (2020 - £nil) was accrued in respect of contributions to this scheme.

**Independent Schools' Pension Scheme (ISPS)**

The School participates in The Independent Schools' Pension Scheme (the Scheme), which is a funded multi-employer defined benefit (DB) scheme. The Scheme is a contracted-out of the State scheme.

There are four DB structures available, namely:

- a) Final salary with a 1/60th accrual rate
- b) Final salary with a 1/80th accrual rate
- c) Career average revalued earnings with an 1/80th accrual rate
- d) Career average revalued earnings with a 1/120th accrual rate

A defined contribution (DC) benefit structure was made available from 1 September 2013.

An employer can elect to operate different benefit structures for different categories of staff. The School has elected to operate the final salary with 1/60th accrual rate.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period St Margaret's School (Hampstead) Limited paid a joint contribution rate of 26.81% comprising employer contributions of 18.68% and member contributions of 8.13%. As at the balance sheet date there was one active member of the Scheme employed by St Margaret's School (Hampstead) Limited. The school does not offer membership of the Scheme to its employees.

The last formal valuation of the Scheme was performed as at 30 September 2017 by a professionally qualified actuary using the Projected Unit Method. The following key assumptions have been used for the 2017 valuation.

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Assumptions

	<b>30 Sept 2017</b>
	<b>Valuation</b>
	<b>£m</b>
Price inflation	<b>RPI - 3.35%</b>
	<b>CPI - 2.45%</b>
Discount rate	
- pre retirement	<b>4.21%</b>
- post retirement	<b>2.26%</b>
Pensionable earnings growth (annual)	<b>CPI - 2.45%</b>

In addition to these key financial assumptions, the latest mortality projections, supported by Scheme specific experience, have also been used in the assumption set adopted.

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Based on the valuation assumptions adopted, the 2017 valuation results are:

	<b>30 Sept 2017 Valuation £m</b>
Assets	<b>149</b>
Liabilities	<b>188</b>
Deficit	<b>38</b>
Funding level (%)	<b>80</b>
	<hr/> <b>455</b> <hr/>

The future service contribution rate that will apply to the School from 1 September 2019 is 30.5% as determined by reference to the Scheme's 30 September 2017 valuation.

Following consideration of the results of the Scheme's 2017 actuarial valuation it was agreed that the shortfall of £38.2 million would be dealt with by payment of deficit contributions of £2.4 million per annum from 1 September 2019 to 30 April 2030. The new recovery plan replaces the recovery plan set out in the 2014 valuation report. The amount of deficit contribution will be dependent on the membership profile of each individual employer. There will be a review of progress at the next valuation in 2020.

The School was required to contribute deficit payments of £1,539.60 for the year commencing 1 September 2018. From 1 September 2019 the School was required to contribute £2,284.78 a year increasing annually by 3% from 1 September 2020 and on 1 September thereafter until 30 April 2030. In accordance with FRS 102, a provision has been recognised for the expected total deficit contributions (see note 18).

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). In relation to the 2014 valuation the Regulator did not respond on whether they intend to take any Scheme Funding Action.

Following a change in legislation in September 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. As at 30 September 2014 the estimated employer debt for the School was £103,863. A more recent estimate is not yet available.



**St. Margarets School (Hampstead) Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**25. Related party transactions**

Dr A Wayne, a governor, was paid the sum of £nil (2020: £280) for providing staff flu vaccinations.

**26. Operating lease commitments**

At 31 August 2021 the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>2021</b>	2020
	<b>£</b>	£
Not later than 1 year	<b>7,673</b>	5,309
Later than 1 year and not later than 5 years	<b>21,742</b>	-
	<b>29,415</b>	5,309

**27. Controlling party**

The Charity is governed by the Trustees who do not consider there to be one controlling party.