

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

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THE PURCELL SCHOOL
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022**

Trustees	Sir Roger Jackling (resigned 31 August 2022) Sophia Coles, Safeguarding Governor Dr Diana Salazar (appointed 1 October 2022) ² Dr Bernard Trafford, Chair of Full Governing Body ^{1,2,3,4} Professor Colin Lawson (resigned 31 August 2022) William McDonnell, Chair of Finance and General Purposes Committee ^{1,3,4} Dr Rebecca Mooney, Safeguarding Governor ² Ian Odgers (resigned 21 January 2022) ^{1,3} Professor Timothy Jones ^{2,4} Joanna Van Heyningen, Chair of Buildings Committee ^{1,2,3,4} Kirsty Von Malaisé, Chair of Music and Education Committee ² Michele Burton (resigned 8 June 2022) Jeffrey Hewitt ^{1,4} ¹ Finance and General Purposes Committee ² Music and Education Committee ³ Nominations Committee ⁴ Buildings Committee
Company registered number	00759327
Charity registered number	312855
Registered office	Aldenham Road Bushey Watford Hertfordshire WD23 2TS
Company secretary	Adam Wroblewski
Independent auditors	MHA MacIntyre Hudson Statutory Auditor 6th Floor 2 London Wall Place London, United Kingdom EC2Y 5AU
Bankers	Coutts and Co. London WC2R 0QS

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Solicitors	Harrison Clark Rickerbys Ltd Ellenborough House Wellington Street Cheltenham GL50 1YD
	Farrer and Co. 66 Lincoln Inn Fields London WC2A 3LH
Senior Leadership Team	Paul Bambrough - Principal Adam Wroblewski - Bursar Paul Hoskins - Director of Music Tom Burns - Vice-Principal Kate Cayley - Director of Boarding Ziggi Szafranski - Head of Sixth Form and Designated Safeguarding Lead Michael Long - Director of Teaching and Learning Emma Bantock - Director of Operations

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Members of the Purcell School Governing Body present their Annual Report for the year ended 31 August 2022 under the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006, together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Purcell School ("the School") was incorporated on 30 April 1963, changing its name to the present name on 6 June 1984. It was incorporated as a Company limited by guarantee not having a share capital, with the registration number 759327. It is also a registered Charity under the Charities Act 2011 with the charity number 312855. In 1980, the Purcell School was designated by the Secretary of State for Education as one of five specialist schools in Britain under what is now the Music and Dance Scheme (MDS). Currently, the Purcell School is one of the 8 schools in the UK supported by the MDS.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The Purcell School is governed by its Memorandum of Association last updated in 1999.

Governing Body

The Governing Body is self-appointing, with one-third of its Members required to retire by rotation at each AGM. The first appointed, or longest serving since last reappointment, are the first to retire. Members retiring by rotation can be re-elected.

It is the policy to recruit Trustees from a wide variety of professions to enhance the Governing Body's strategic judgement. New Trustees are elected by current Members of the Governing Body. The professional backgrounds of current Trustees encompass music (including performance, teaching and the conservatoires), secondary and tertiary education, the wider world of the arts, architecture, banking, business, law, accountancy, medicine and government service. The Governing Body aims to provide a balance between those who know the School and the local area very well, and those who, whilst committed to its aims, come from further away and are able to provide special insights, experience, political sensitivity and objectivity. It is the policy of the Trustees to include a former student on the Governing Body provided that they have the requisite skills and experience.

The recruitment process is managed by the Nominations Committee. The chief requirement of all Trustees is to accumulate sufficient understanding of the School, its aims and its modus operandi, to enable them to use their knowledge and their professional background in agreeing the strategic direction of the School.

Recruitment and training of Trustees

New Trustees are inducted into the workings of the School through briefing sessions with the Chairman, Principal and Members of the Senior Leadership Team. In addition they are provided with guidance from AGBIS (Association of Governing Bodies of Independent Schools), ISC (Independent Schools Council), BSA (Boarding Schools' Association) and the Charity Commission. Governors are advised of and encouraged to attend appropriate external training workshops and presentations.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

All Trustees have access to the papers for all Trustees' Committees to allow them to stay informed of current issues within the School. Staff make regular presentations to the Governing Body or its Committees on a wide range of topics. A programme of gubernatorial visits is arranged to allow Trustees to gain first-hand experience of the School at work; their observations are shared with the Principal and reported on at a full Governors' meeting. During the visit the Governor checks the school's SCR (Single Central Record). Dr Rebecca Mooney serves as Safeguarding Governor in a joint capacity with Sophia Coles with particular responsibility for Child Protection.

Organisational management

The Members of the Governing Body, as the Charity Trustees, are legally responsible for the overall management and control of the School. They meet three times a year.

The work of implementing their policies is carried out by three Committees:

- The Finance and General Purposes Committee scrutinises revenue, the budget and capital expenditure. This Committee also supervises and finalises the audited financial statements and annual report for approval by the Governing Body. In addition, it monitors operational matters, risk management, capital building projects and maintenance and leads on the development and review of the School's strategic plan. The Committee is chaired by William McDonnell who was appointed from 1 September 2020.
- The Music and Education Committee considers educational and pastoral policy and leads on monitoring and reviewing Safeguarding arrangements within the School. The Committee is chaired by Kristy Von Malaise who was appointed on 1st September 2021
- The Nominations Committee takes responsibility for reviewing the composition, skill and renewal of the Governing Body and the appointment of the Principal and Bursar. The Committee is chaired by Dr Bernard Trafford who was appointed on 1st September 2021.

The day-to-day running of the school is delegated to the Principal and Bursar. The Senior Leadership Team comprises of the Principal, Bursar, Vice-Principal, Director of Music, Director of Teaching and Learning, Safeguarding Lead, Director of Boarding, and Director of Operations. The Principal and Bursar attend all Governing Body (excluding the Nominations Committee) meetings and Director of Music attend the Music and Education Committee meetings.

Remuneration is set by the Board, with the policy objective of providing appropriate incentives and of rewarding fairly and responsibly individual contributions to the School's success. For teaching staff, the School aims, where possible, to mirror state school salaries and pay reviews. Employees' remuneration is reviewed annually and benchmarked against the school's sector pay level as a whole. The School subscribes to external HR benchmarking tool to analyse competitiveness against other organisations, and at the same time ensuring a fair level of pay in accordance to role responsibilities. It is also the intention of the school Trustees to apply a percentage increase to all staff when financially possible.

Charity Governance Code

The Trustees are aware of the Charity Governance Code and have received the 'new' AGBIS guidance which explains in detail the Governors' Code of Practice and good governance. The Charity will be reviewing its current governance arrangements against its updated 2020 code and will address any issues raised where required in 2022.

Group structure

The School wholly owns Purcell School (Trading) Limited, which did not trade in the year.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Employment policy

The School is an equal opportunities employer. Full and fair consideration is given to all job applications.

Employees are made aware of the financial and economic performance of the School, at least on an annual basis.

Communication with employees takes place through normal management channels and includes staff briefings, departmental meetings and a variety of electronic communication.

Relationships between the School and related parties

The Trustees consider that the Board of Trustees and the Senior Leadership Team comprise the Key Management Personnel of the School. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in notes to the accounts.

The Purcell School maintains close partnerships with other Music and Dance Schools (MDS) and together shape the specialist musical education in the UK. The School also maintains links with music colleges, and London venues where it regularly performs. There is also a strong relationship with UK Conservatoires as it is often a direction where most of our students go. The numbers in brackets represent the number of scholarships awarded:

2022 LEAVERS

MUSIC COLLEGES & CONSERVATOIRES

Royal College of Music, London: 10 (4)

Royal Academy of Music, London: 8 (5)

Guildhall School of Music and Drama, London: 6 (4)

Trinity College, London: 2 (1)

Royal Birmingham Conservatoire: 5 (1)

Royal Northern College of Music: 2 (2)

The Royal Welsh College of Music and Drama: 2

Royal Conservatoire of Scotland, Glasgow: 4 (2)

Berlin Conservatoire: 1

New England Conservatory, Boston: 1

UNIVERSITIES & COLLEGES

University of Oxford: 2

Birmingham City University: 1

Falmouth University: 1

Warwick University: 1

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable objects

The School's Objects, as set out in the Memorandum and Articles of Association, is to establish and conduct a school for the purpose of providing general and specialist music education. The School offers a rounded education, with music at its heart, and provides young musicians of exceptional talent and promise with the best possible teaching and environment in which to fulfil their potential, regardless of their background. The Governing Body is mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011. In this connection the Governing Body has monitored closely the guidance on public benefit produced by the Charity Commission together with its supplemental guidance on fee-charging.

Mission statement

The mission of The Purcell School is to provide young musicians who demonstrate the potential to become exceptional (irrespective of background) with outstanding teaching within a supportive school environment and to equip them with the self-confidence, adaptability, maturity and perspective to sustain their professional development and personal fulfilment throughout their lives.

Aims

The School's aims for public benefit are:

- To sustain a safe, happy and healthy environment in which all can flourish musically, academically and emotionally.
- To deliver outstanding musical and academic education.
- To provide a range of high-profile and developmental performance opportunities.
- To deliver personalised pastoral care and support so that the individual needs of each student are met.
- To provide access to musical opportunity and widen participation in areas where this is especially difficult.
- Maintain (as far as is practically possible) open access by admitting students solely on the ability, not according to financial means.

Key financial performance indicators

- A balanced budget is maintained throughout the year – objective met
- An accounting surplus is achieved before depreciation – objective unmet
- Fundraising income to exceed £500,000 – objective partly met

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the School. The cost of this insurance in the year has been included within total insurance costs.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Primary objectives

The primary objectives of the School to fulfil these aims are to:

- To maintain and develop an exceptional student experience underpinned by outstanding artistic ambition
- To attract, retain and add value to the finest national and international talent
- To facilitate transformational engagement with partners, communities and the wider world
- To develop world-class resources and facilities
- To ensure financial sustainability through effective financial planning and management, diversification of income streams and significant and sustained fundraising

Strategies to Achieve the Primary Objectives.

The key strategies are as follows:

- maintaining high levels of musical and academic performance through CPD, visits to other institutions and departmental reviews
- ensuring that the School's policy of offering places according to musical promise rather than ability to pay is upheld by offering means tested financial assistance to all students accepted by the School, either through the Department for Education's Music and Dance Scheme or School Bursaries
- ensuring that funding arrangements are effectively communicated to talented young musicians and their parents.
- continuing the enhancement of the School's premises
- expanding fundraising initiatives in the school
- monitoring the requirement placed on the School under the Charities Act 2011 to continue to demonstrate public benefit
- continuing to build links with the community both through access to musical events and activities in the School as well as through Outreach Programmes
- reviewing and developing the School's strategic plan to ensure that it is fit for purpose and will lay for the foundations for long term future development

Principal activity

The principal objective of the Charity as set out in its Memorandum and Articles of Association is to establish and conduct a school for the purpose of providing general and specialist music education.

The School is predominantly a boarding school with 141 boarders (some of whom are weekly boarders) and 44 day students. A special quality of the School is its warmth and friendliness and its strong sense of community and purpose, which has developed from a common love of music.

The School was awarded the Mozart Gold Medal by UNESCO in recognition of its outstanding contribution to arts education.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Public benefit

The Purcell School remains committed to the aim of providing public benefit in line with Section 17 of the Charities Act 2011.

The School offers bursaries through the Department for Education Music and Dance Scheme. For students who do not qualify for the Music and Dance Scheme, support is offered by the School from the School's own bursary fund. As a result, every student accepted by the School is entitled to means tested financial assistance and the key criterion for admission to the School is musical excellence and not ability to pay. Parental contributions for the majority of families supported by the MDS are currently 12% of gross fees, and any non-Music and Dance Scheme bursaries are funded from the school's reserves.

The financial support available to students is promoted through the website, on Open Days and in all of the School's marketing materials. All parents have an opportunity on Open Days and audition days to discuss financial concerns.

In addition to bursaries, the School engages in many other activities that provide benefit to the public within the School's objectives. These include:

- Concerts in and for the local community
- Free access to the local community to attend all concerts held at the School
- Making premises and specialist facilities available in holiday periods to the music "community" for a wide range of courses, workshops, audition days and study days

Equal opportunities

The Purcell School is an equal opportunities organisation and is committed to a working and educational environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, gender, sexual orientation or disability.

Safeguarding

The School is committed to safeguarding and promoting the welfare of students and expects all stakeholders to share this commitment.

Governors monitor that safeguarding arrangements are effective by:

- Ensuring that Safeguarding is an agenda item at every meeting of the Governing Body and Education Committee and maintaining appropriate policies, procedures and operational arrangements
- Appointing a Trustee with particular responsibility for safeguarding who visits the School termly and monitors arrangements
- Reviewing an annual report compiled by the Designated Senior Person detailing how School procedures are working and providing an update on staff training
- Undertaking necessary training as required

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Fundraising performance

The bursary fund received £411,408 during the year (KPI set at £500,000).

It is a long term aim of Trustees to raise sufficient monies to fund all non-Music and Dance Scheme remissions. This amounts to just over £650,000 per year and there is a significant variance between money needed and raised.

The School has a fundraising policy in place which reflects the standards laid down by the Fundraising Regulatory Board established following the 2016 Charities Act to promote ethical practice in fundraising and gain public trust and confidence. The policy also includes a complaints procedure and there were no complaints received in the year.

To protect vulnerable people and other members of the public, the School only contacts people who have a legitimate interest in music, and opted in to receive information. Trustees have a commitment to the highest standards of good practice and to ensuring that all fundraising activities are open, legal, and fair.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

KEY ACADEMIC STATISTICS

Students at The Purcell School are characteristically motivated both musically and academically, and exam results are consistently strong. Depending on a student's age and instrumental commitments, approximately a third of curricular time at The Purcell School is spent on musical activities. For this reason students may take fewer academic subjects than in other schools, and many will take Music exams one year early. For these reasons, numbers and grade distributions may fluctuate from year to year. However, excellent teaching, dedicated facilities, and small class sizes help to ensure that our students attain good grades to continue in their studies.

This is the first year after the national pandemic where students sat the actual exams. The two previous years marks were graded by teachers. This years results have all improved in comparison to results before the pandemic.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Year 13 A LEVEL & pre-U 2022

<i>Pre-U</i>	D1 (a ⁺)	D2 (a [*])	D3 (a)	M1 (a/b)	M2 (b)	M3 (c)	P1 (c/d)	P2 (d)	P3/U (e/U)
Music (49 entries)	5	9	12	11	8	1	2	0	1

<i>A level subjects</i>	entries	A [*]	A	B	C	D	E/U
Art	7	0	0	5	0	1	1
Biology	3	0	1	0	0	0	2
Chemistry	2	0	0	2	0	0	0
Drama	4	0	0	1	1	0	2
English Literature	10	1	5	0	0	4	0
French	5	1	3	1	0	0	0
German	3	2	1	0	0	0	0
History	10	0	2	3	1	3	1
Mathematics	6	1	2	1	2	0	0
Mathematics- Further	1	1	0	0	0	0	0
Music Technology	16	3	4	4	3	2	0
Philosophy	1	0	1	0	0	0	0
Photography	4	0	1	2	0	1	0
Physics	1	0	1	0	0	0	0
Religious Studies	8	1	3	1	2	1	0

A Level statistics including pre-U equivalents in 2018	2022	2021	2020	2019	2018	2017	2016
Percentage A⁺ + A	50%	66%	63%	49%	50%	29%	26%
Percentage A[*] - B	76%	88%	79%	63%	71%	60%	59%
Percentage A[*] - E	98%	100%	100%	95%	100%	99%	98%

Year 12 AS LEVEL 2022

<i>AS level subjects</i>	entries	A [*]	A	B	C	D	U
Maths	1	0	0	0	1	0	0
Physics	5	0	1	0	1	2	1

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

YEAR 11 students' GCSE 2022 & IGCSE Music RESULTS 2021

* Taken in Year 10 (2021)

† IGCSE

<i>number grades</i>	entries	9(*)	8(*a)	7(a)	6(b)	5(b/c)	4(c)	3(d)	2(e)1
<i>letter grades</i>	entries	A*		A	B		C	D	E
<u>Music*†</u>	29	25	0	4	0	0	0	0	0
<u>English (1st Language)†</u>	23	6	0	5	9	0	2	1	0
<u>English Literature†</u>	12	2	0	5	4	0	0	1	0
<u>English (2nd Lang.)*†</u>	7	0	0	1	3	0	3	0	0
<u>Art</u>	14	0	6	3	2	1	2	0	0
<u>Biology- Single</u>	3	2	1	0	0	0	0	0	0
<u>Chemistry- Single</u>	3	3	0	0	0	0	0	0	0
<u>Chinese†</u>	1	0	0	1	0	0	0	0	0
<u>Drama</u>	11	0	1	1	3	2	0	3	1
<u>French</u>	8	4	2	1	1	0	0	0	0
<u>German</u>	8	4	1	1	0	2	0	0	0
<u>History†</u>	18	1	0	4	4	5	2	2	0
<u>Mathematics</u>	29	5	4	2	5	8	5	0	0
<u>Further Mathematics</u>	2	0	1	1	0	0	0	0	0
<u>Physics- Single</u>	3	2	1	0	0	0	0	0	0
<u>Physics†</u>	3	0	0	0	0	0	2	0	1
<u>Science (Combined)</u>	23	4	1	6	5	4	3	0	0
<u>Year 10</u>									
<u>Classical Civilisation</u>	1	1	0	0	0	0	0	0	0

GCSE / IGCSE stats.	2022	2021	2020	2019	2018	2017	2016
Percentage A* - A / 9 - 7	56%	77%	85%	52%	62%	47%	56%
Percentage A* - B / 9 - 5	86%	97%	96%	82%	87%	73%	80%
Percentage A* - C / 9 - 4	95%	100%	99%	93%	98%	88%	92%

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Musical Achievements

2021-22

This year saw the easing of most Covid restrictions, enabling us to return at last to rehearsals and performances with larger groups and orchestras, and the year was so full that this report can only mention some of the highlights.

We followed local health authority advice at all times, and on the whole we enjoyed the beginnings of a more normal school year, after what felt like a very long disruption. Large-scale choral singing was still discouraged, and all events remained at risk of last-minute cancellations due to sudden outbreaks, but we restarted the Chamber Choir with great success, performing sophisticated repertoire including a full advent Carol Service, and concerts of Bernstein's *Chichester Psalms* and Britten's *Rejoice in the Lamb* and new work. Students also enjoyed the choral conducting course, and all elective modules in the 6th form academic music programme were fully subscribed.

Other ensembles were revived or newly created, with an emphasis on exploring a wide range of repertoire. Middle School Orchestra met weekly, and performed Beethoven's *1st Symphony* without a conductor, and a concert of Studio Ghibli scores arranged and conducted by one of our resident graduate musicians. Symphonic Wind Orchestra was new, and performed Bernstein's *Symphonic Dances from West Side Story* at Cadogan Hall in the Summer. Our Chamber music programme took students to give performances in London, around Hertfordshire, and to Leicester and Leeds, and at a special War Graves Commission event at Brookwood cemetery. The Impulse outreach tour to Norfolk took place again for the first time in three years.

We welcomed some of the alumni who had left in the summer 2021 to perform at Wigmore Hall in October, alongside current students, a small compensation for how few opportunities their cohort had had in covid. The long-awaited concert had a real celebratory feel.

Local primary schools had been deprived of our visits and concerts throughout the pandemic, and so it was wonderful to start the academic year with two big schools concerts: at St Etheldreda's Church Hatfield, we gave two performances with artist James Mayhew of *The Planets* to capacity audiences of local year 5 and 6 classes; and at the Watford Colosseum we invited 350 children from 12 Hertfordshire schools to "*Be Our Guest*", a concert of Disney tunes arranged for symphony orchestra, big band and solo singers. Our students loved returning to this range of contrasting music. Both concerts were filmed, and resources provided online for all Herts schools. The symphony orchestra returned to St John's Smith Square in December to give an impressive performance of *Brahms' First Symphony*, and two Cadogan Hall concerts followed in March and June, with outstanding Concerto performances by students (Copland Clarinet and Prokofiev Violin no 1), and a range of orchestral repertoire (Lili Boulanger, new work by students, Sibelius, Dvorak).

We were able to welcome visitors on a small scale again, and even take students out to see concerts on occasion, though international travel and exchange remained very limited. Masterclasses were given by artists of international stature nevertheless, and we started to reconnect in person with leading pedagogues from leading conservatoires. To name just a few masterclasses, Andrew Marriner (clarinet), Judith Weir and Emily Howard (composers), Stefan Popov (cello), Gary Ryan (guitar), Barbara Szczepanska and Noriko Ogawa (piano) and Kuljit Bhamra (tabla) all made an impression. We also continued to offer specialist performance psychology classes with Lee Holland and Jessica Mogridge.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

Our maths department inspired an outstanding cross-departmental project, *Maths is Music, Music is Maths* in which Marcus du Sautoy led a workshop day on advanced mathematical concepts, inspiring 14 new works that were performed in a remarkable final concert. Our Senior Concerto Competition attracted 37 applicants, all preparing full concertos. The end of the summer term saw numerous concerts as ever, with a notable collaboration with the London Community Gospel Choir at the Watford Palace Theatre, a new Steve Reich ensemble performing *Runner*, the launch of our new Pop and Commercial Music course for Sept 2022, and a concert with Leeds Piano competition winner and alumnus Alim Beisembayev at the Deal Festival. These and many other concerts can be found online.

FINANCIAL REVIEW

Results for the year

The School's total incoming resources for the year amounted to £6,655,875 (2021 - £6,340,442). The net deficit for the year was £580,722 (2021 - deficit of £157,231) as shown in the Statement of Financial Activities. The deficit for the year arose as a result of ensuring adequate level of staffing resources to ensure safe, happy and healthy environment for students, as detailed in Note 16.

Reserves level and policy and financial viability

The School's total reserves were £12,760,935 (2021 - £13,341,657) at the year end, of which £338,860 (2021 - £509,195) are restricted funds, £11,527,354 (2021 - £11,946,995) are designated funds and £844,721 (2021 - £885,467) are general funds. Whilst the funds of £338,860 are categorised as restricted under Charity trust law, these funds came from fundraising for the school bursaries. The school is able to use these funds on the educational activities at the school, which forms the vast majority of the school business, and which would otherwise be funded from unrestricted funds. Therefore, in considering the School's operational reserves position they have been included within the total operational free reserves held as per the reserves policy.

Unrestricted funds in total stood at over £12 million at the year end, wholly deployed as part of the financing of the School's premises and equipment. There are limited free reserves because free reserves as defined by the Charity Commission are unrestricted funds less those funds represented by fixed assets. This amounted to £844,721 (2021 - £885,467).

Governors considered the balance between retaining sufficient reserves to guard against risks and tying up excessive resources which may be detrimental to fundraising. The Governors agreed that a reserve of three months of the school's normal annual operational cost is appropriate to meet the Charity's objectives without compromising the continuity of educational and musical provision. Three months reserve was deemed appropriate predominantly due to the following risk considerations:

- The delay of the Music and Dance Scheme payments
- The fee level is currently not sufficient to fully cover the cost of provision
- The potential failure to meet fundraising targets
- Difficulties in recruiting and retaining staff
- Change in taxation on independent schools

Three months reserve would amount to approximately £1.6m of operational expenditure. The current level of unrestricted reserves is £605,607 plus £638,860 restricted to educational activities. This brings it to a total of £1.2m which is below the policy level. The school's finances are managed so that under normal circumstances £1.6m of reserves held through the annual cycle. However, as the school currently operates in extraordinary economic times, it is directly reflected in diminishing reserves.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The target level of reserves may also be varied if the risk profile changes materially, and with the current financial outlook, it is likely to be revised up next year. Subsequently, there has been a number of actions as per the strategic plan on page 15 and risk management documents to bring the reserves to a more sustainable level.

The Board of Trustees ensures that resources are managed responsibly in the best interests of the school. The Board approves and monitors the implementation of this policy.

The Finance and General Purposes Committee (F&GP) monitors and supervises the current and future financial situation and associated risks. F&GP also reviews and develops this policy and makes recommendations to the Board.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governing Body is responsible for the management of the risks faced by the School. Detailed considerations of risk are delegated to the Finance and General Purposes Committee, which is assisted by senior School staff. Risks are identified, assessed and controls established throughout the year. A formal review of the School's risk management processes is undertaken on an annual basis. The key controls used by the School include:

- formal agendas for Governing Body activity
- detailed terms of reference for all Committees of the Governing Body
- comprehensive strategic planning, budgeting and management accounting
- established organisational and governance structures and lines of reporting
- a comprehensive suite of formal written policies including staff handbook, safeguarding and child protection, and health and safety
- hierarchical authorisation and approval levels
- external review
- financial procedures policy.

Through the risk management processes established for the School, the Trustees are satisfied that the major risks identified have been managed as necessary. The Trustees have identified that the key areas of risk that the School faces lie in the effectiveness of its governance and management, the efficiency of its operations, the effectiveness of its safeguarding procedures and in ensuring its financial health and stability. These include, in particular, a significant fall in student numbers and withdrawal or changes to the Department for Education funding, which has been intensified by the current cost of living and the highest inflation in decades. It is recognised that systems can only provide reasonable but not absolute assurance that major risks are being managed.

The management of risk is a routine part of the day to day operation of the School. Policies and procedures are in place to assess and manage risks. During the year Governors reviewed child protection, health and safety, risk management, whistleblowing, professional standards, staff recruitment, bursary and equality policies.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

FUTURE STRATEGIC PLANS

The School is planning to launch a comprehensive new strategic plan which will deliver significant improvement to every aspect of its work over the coming 5 – 10 years. In so doing, it will secure and expand recruitment of pupils; widen participation and social impact; improves its physical and virtual resources and strengthen its financial position. The key principal strategic aims are:

Principal Strategic Aim 1	To maintain and develop an exceptional student experience underpinned by outstanding artistic ambition
Principal Strategic Aim 2	To attract, retain and add value to the finest national and international talent.
Principal Strategic Aim 3	To facilitate transformational engagement with partners, communities and the wider world.
Principal Strategic Aim 4	To develop world-class resources and facilities
Principal Strategic Aim 5	To ensure financial sustainability through effective financial planning and management, diversification of income and significant and sustained fundraising

Integral to the Strategic Plan is the School's core mission of ensuring that places are secured (as far as is practically possible) on the basis of talent, not on the ability to pay and to enable each and every student to experience a safe, happy and healthy environment in which to grow and develop musically, academically and personally.

The COVID pandemic has significantly affected the School operation, especially following the introduction of another national lockdown. The School has responded promptly and implemented the similar measures as it did during the first lockdown, but in addition used the opportunity of an empty building to start refurbishment projects. Furthermore, it helped every student in all ways possible, such as providing necessary technology, pastoral support and fully timetabled live lessons. The recent parent survey on the school provision during this time was overwhelmingly positive with the responses of "Extremely Satisfied or Satisfied" in excess of 90% of the total.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company Directors.

On behalf of the Board



William McDonnell
Trustee
Date: 15-03-2023



Bernard Trafford
Chair of Trustees

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees (who are also the Directors of the School for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic 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.

In so far as the Trustees are aware:

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

Approved by order of the Members of the Board of Trustees and signed on its behalf by:



Bernard Trafford
Chair of Full Governing Body
Date: 15-03-2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PURCELL SCHOOL

Opinion

We have audited the financial statements of The Purcell School (the 'School') for the year ended 31 August 2022 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 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PURCELL SCHOOL (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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PURCELL SCHOOL (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the control systems in place and testing the effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PURCELL SCHOOL (CONTINUED)

Use of our report

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's Members those matters we are required to state to them in an 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.



Sudhir Singh FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditor

London, United Kingdom

Date: 24 April 2023

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and grants	4	256,623	287,221	543,844	323,530
Charitable activities	5	5,950,665	-	5,950,665	5,881,220
Other trading activities	8	160,764	-	160,764	135,404
Investments	9	-	602	602	288
Total income		6,368,052	287,823	6,655,875	6,340,442
Expenditure on:					
Raising funds	10	56,862	-	56,862	89,883
Charitable activities	11,12	6,771,577	408,158	7,179,735	6,407,790
Total expenditure		6,828,439	408,158	7,236,597	6,497,673
Net movement in funds		(460,387)	(120,335)	(580,722)	(157,231)
Reconciliation of funds:					
Total funds brought forward		12,832,462	509,195	13,341,657	13,498,888
Net movement in funds		(460,387)	(120,335)	(580,722)	(157,231)
Total funds carried forward		12,372,075	388,860	12,760,935	13,341,657

All income and expenditure derives from continuing activities.

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

The Notes on pages 24 to 47 form part of these financial statements.

THE PURCELL SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 00759327

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	16		11,527,354		11,946,995
Investments	17		100		100
			11,527,454		11,947,095
Current assets					
Debtors	18	325,760		412,225	
Cash at bank and in hand	23	2,207,807		2,093,251	
		2,533,567		2,505,476	
Creditors: amounts falling due within one year	19	(1,300,086)		(1,110,914)	
Net current assets			1,233,481		1,394,562
Total net assets			12,760,935		13,341,657
School funds					
Restricted funds	20		388,860		509,195
Unrestricted funds	20		12,372,075		12,832,462
Total funds			12,760,935		13,341,657

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

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



Bernard Trafford
Chair of Full Governing Body
Date: 15-03-2023



William McDonnell
Trustee

The notes on pages 24 to 47 form part of these financial statements.

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	22	198,178	303,395
Cash flows from investing activities			
Investment income	9	602	288
Purchase of tangible fixed assets	16	(84,224)	(318,993)
Net cash used in investing activities		(83,622)	(318,705)
Change in cash and cash equivalents in the year		114,556	(15,310)
Cash and cash equivalents at the beginning of the year		2,093,251	2,108,561
Cash and cash equivalents at the end of the year	23	2,207,807	2,093,251

The notes on pages 24 to 47 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

The Purcell School is a charitable company limited by guarantee and is registered with the Charity Commission (Charity Registered Number: 312855) and Registrar of Companies (Company Registration Number: 00759327) in England and Wales.

The registered office and principal place of operation is detailed on page 1. The nature of the School's operations are detailed in the Trustees' Report.

The liability of the 16 Members at the year-end is limited to £1 each.

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

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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

2.2 Going concern

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places, funding arrangements under the Department for Education Music and Dance Scheme and the School's future projected cash flows, the Trustees have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. In reaching this conclusion consideration has also been given to the current economic situation and the highest inflation in decades on the School's operations and cash-flow and the School's response to this.

The School examines its medium term position by preparing 3 year plans/scenarios, viability analyses and cash-flow forecasts, and therefore the Trustees have considered beyond the minimum period of 12 months required to be considered as the foreseeable future.

The Trustees also maintain a comprehensive risk management plan, updated termly which examines significant trends and their impact on the school in mid to long term basis around brexit, covid, financial and non-financial going concern matters.

Accordingly, it continues to be appropriate to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.3 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.

Fees receivable are accounted for in the year to which they relate and comprise tuition fees and charges to students, net of bursary fee remissions, but gross of awards made from the School's Bursary Fund.

Donations and gifts received for the general purposes of the School are credited to the School's funds. Donations and gifts subject to specific wishes of the donors are carried to the relevant restricted fund. Voluntary income is accounted for when the School's entitlement to it is considered to be legally enforceable and there is reasonable certainty of receipt.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the School has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the School, can be reliably measured.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Government grants

The Charity receives government grants in respect of furthering its charitable objectives. Income from government and other grants are recognised at fair value when the Charity has entitlement after any performance conditions have been met, it is probable that the income will be received, and the amount can be measured reliably. Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.5 Expenditure

Expenditure is accounted for on an accruals basis. 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. Expenditure is classified by activity. The Charity considers support costs to involve administration and the costs associated with the performance of these tasks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.5 Expenditure (continued)

Expenditure on raising funds includes all expenditure incurred by the School to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the School's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.6 Taxation

The School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £5,000 (£1,000 for computer equipment) 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 cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold buildings	- 2% on cost
Temporary classrooms	- 20% on written down value
Motor vehicles	- 25% on written down value
Furniture, fixtures and fittings	- 15% on written down value
Computer equipment	- 20% on cost
Musical instruments	- 10% on written down value

Freehold land is not depreciated.

2.8 Investments

Investment in the trading subsidiary is valued at cost less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 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.

2.11 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 in the Statement of Financial Activities as a finance cost.

2.12 Concessionary loans

Concessionary loans include those receivable and payable to a third party which are interest free or below market interest rates and are made to advance charitable purposes. Where the loan is repayable on demand within one year, the loan is measured at cost, less impairment. Where the loan is repayable more than one year, the loan is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment.

2.13 Financial instruments

The School only holds basic financial instruments. The financial assets and financial liabilities of the School are as follows:

Financial assets - trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 18. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.15 Pensions

The School contributes to the Teachers' Pension Scheme at rates set by the Scheme Actuary and advised to the Governors by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 the scheme is accounted for as a defined contribution scheme. The School also uses a defined contribution scheme for its non-teaching staff. The contributions are charged in the Statement of Financial Activities when made.

2.16 Termination payments

Termination benefits, including redundancy costs, are recognised when the School has the obligation to pay the benefits and they can be reliably measured.

2.17 Fund accounting

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

Designated funds are funds set aside out of general funds and designated for specific purposes by the Trustees.

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.

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.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the Balance Sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. Income from donations, legacies and grants

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Bursary income	-	280,878	280,878
Friends income	-	3,333	3,333
Merchandise sales	-	450	450
Other grants	6,623	-	6,623
Instrument and Composition income	-	2,560	2,560
Legacy income	250,000	-	250,000
Total 2022	256,623	287,221	543,844

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Bursary income	-	283,832	283,832
Friends income	-	4,468	4,468
Merchandise sales	-	113	113
Other grants	35,117	-	35,117
Total 2021	35,117	288,413	323,530

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

5. Income from charitable activities - by fund

	Unrestricted funds 2022 £	Total funds 2022 £
Educational operations	5,950,665	5,950,665

	Unrestricted funds 2021 £	Total funds 2021 £
Educational operations	5,881,220	5,881,220

6. Analysis of income from charitable activities by type of income

		2022 £	2021 £
School fees	7	5,950,665	5,833,183
Exceptional government funding		-	48,037
		5,950,665	5,881,220

In the prior year, the School was eligible to claim additional funding from government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'Exceptional government funding'.

In the prior year, the School also furloughed some of its staff under the government's Coronavirus Job Retention Scheme. The funding received of £48,037 related to staff costs in respect of 37 staff.

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

7. School fees

	2022 £	2021 £
Gross school fees	5,967,705	6,232,946
Less: Total bursaries	(411,408)	(699,763)
Add: Bursaries paid from restricted funds	403,368	300,000
	5,959,665	5,833,183

Net fees received included £1,615,560 (2021 - £1,433,844) by parents and £3,940,737 (2021 - £4,099,339) paid by the Department for Education Music and Dance Scheme.

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

8. Income from other trading activities

	Unrestricted funds 2022 £	Total funds 2022 £
Application and audition fees	6,885	6,885
Insurance claims	8,080	8,080
House fund income	12,290	12,290
Concert income	8,150	8,150
Lettings income	123,204	123,204
Coffee shop income	1,236	1,236
Sundry income	847	847
Gain on disposal of fixed assets	72	72
Total 2022	160,764	160,764
	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Application and audition fees	6,334	6,334
Insurance claims	8,248	8,248
House fund income	18,065	18,065
Concert income	3,277	3,277
Lettings income	88,225	88,225
Sundry income	5,746	5,746
Gain on disposal of fixed assets	5,509	5,509
<i>Total 2021</i>	<i>135,404</i>	<i>135,404</i>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Income from investments

	Restricted funds 2022 £	Total funds 2022 £
Bank interest receivable	602	602

	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Bank interest receivable	288	288

10. Expenditure on raising funds

	Unrestricted funds 2022 £	Total funds 2022 £
Direct costs - Staff costs	44,367	44,367
Direct costs - Fundraising and development costs	4,594	4,594
Support costs - Financing costs	7,901	7,901
Total 2022	56,862	56,862

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Direct costs - Staff costs	78,682	78,682
Direct costs - Fundraising and development costs	3,300	3,300
Support costs - Financing costs	7,901	7,901
<i>Total 2021</i>	<i>89,883</i>	<i>89,883</i>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

11. Analysis of expenditure on charitable activities - by fund

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Educational operations	6,771,577	408,158	7,179,735

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Educational operations	6,095,350	312,440	6,407,790

12. Analysis of expenditure on charitable activities - by type

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Educational operations	5,705,210	1,474,525	7,179,735

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Educational operations	5,237,283	1,170,507	6,407,790

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. Analysis of expenditure on charitable activities - by type (continued)

Analysis of direct costs

	Total funds 2022 £	Total funds 2021 £
Staff costs	3,965,189	3,864,735
Premises costs	570,753	395,753
Teaching costs	222,614	188,791
Welfare and catering costs	543,286	479,004
School operating costs	403,368	309,000
	5,705,210	5,237,283

Analysis of support costs

	Total funds 2022 £	Total funds 2021 £
Staff costs	435,714	377,542
Depreciation	503,865	388,369
Other staff costs	27,224	20,201
Premises costs	38,100	30,150
Technology costs	102,468	118,648
Insurance costs	61,877	53,647
Transportation costs	4,696	3,292
Hospitality costs	239	1,013
Bank charges	5,963	5,427
Governance costs	150,759	87,819
Legal costs	47,313	16,274
Other support costs	73,263	57,763
Publicity costs	7,832	10,362
Bad debts	15,212	-
	1,474,525	1,170,507

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

13. Governance costs

	2022 £	<i>2021</i> £
Auditor's remuneration - Audit of the financial statements	18,600	11,350
Auditor's remuneration - Other services	8,580	5,995
Auditor's remuneration - Under-accrual of prior year fees	4,140	6,335
Legal and professional fees	119,439	64,139
	150,759	87,819

14. Staff costs

	2022 £	<i>2021</i> £
Wages and salaries	3,590,041	3,459,286
Social security costs	313,383	292,634
Pension costs	541,846	569,039
	4,445,270	4,320,959

Wages and salaries include termination benefits and redundancy payments, including both contractual and non-contractual payments, and totalled £10,886 (2021 - £49,201). Included within non-contractual payments for 2022 are compensation payments of £3,287 made under the authority of the Trustees as being in the best interests of the School. There were no associated liabilities at the year end.

Wages and salaries also includes agency staff costs of £96,934 (2021 - £38,125).

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

	2022 No.	<i>2021</i> No.
Teaching	117	108
Boarding, Pastoral and Housekeeping	32	31
Administration, Property and Fundraising	17	20
	166	159

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

14. Staff costs (continued)

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

	2022	2021
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	2	1
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-

The Key Management Personnel of the School comprise the Trustees and the Senior Leadership Team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by Key Management Personnel for their services to the School was £578,631 (2021 - £582,989).

15. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

16. Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Furniture, fixtures and fittings £	Computer equipment £	Musical instruments £	Total £
Cost or valuation						
At 1 September 2021	15,472,717	28,200	1,658,743	717,922	1,043,089	18,920,671
Additions	-	-	-	58,064	26,160	84,224
At 31 August 2022	15,472,717	28,200	1,658,743	775,986	1,069,249	19,004,895
Depreciation						
At 1 September 2021	4,281,657	16,304	1,326,510	618,498	730,707	6,973,676
Charge for the year	293,824	2,974	54,335	121,494	31,238	503,865
At 31 August 2022	4,575,481	19,278	1,380,845	739,992	761,945	7,477,541
Net book value						
At 31 August 2022	10,897,236	8,922	277,898	35,994	307,304	11,527,354
At 31 August 2021	11,191,060	11,896	332,233	99,424	312,382	11,946,995

THE PURCELL SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

17. Fixed asset investments

	Investment in subsidiary company £
Cost or valuation	
At 1 September 2021	100
At 31 August 2022	<u>100</u>

Principal subsidiaries

The wholly owned trading subsidiary, Purcell School (Trading) Limited, is incorporated in England and Wales (Company Registration Number: 02914875). The registered office address is Aldenham Road, Bushey, Watford, Hertfordshire, WD23 2TS.

During the current and previous financial years Purcell School (Trading) Limited was dormant.

18. Debtors

	2022 £	2021 £
Due within one year		
Fees and extras owed by parents	94,196	63,115
Other debtors	37,139	64,431
Prepayments	19,620	23,861
Music and Dance Scheme grant	174,805	260,818
	<u>325,760</u>	<u>412,225</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Other loans	395,105	395,105
Parental deposits	134,024	120,048
Trade creditors	114,470	58,232
Other taxation and social security	176,955	160,335
Other creditors	109,995	70,835
Accruals and deferred income	369,537	306,359
	1,300,086	1,110,914

The other loans amount included in the creditors note above relates to a £395,105 that was borrowed in the 1980s from the Samuel Gardner Memorial Trust to move the School from its previous campus in Harrow to its current location. It is considered a concessionary loan repayable on demand. No amount has been repaid at the year ended 31 August 2022.

	2022	2021
	£	£
Deferred income at 1 September 2021	167,218	-
Resources deferred during the year	186,171	167,218
Amounts released from previous periods	(167,218)	-
	186,171	167,218

Deferred income relates entirely to Student fees received in advance of the new academic year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Statement of funds

Statement of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2022 £
Unrestricted funds					
Designated funds					
Fixed asset fund	11,946,995	-	(503,865)	84,224	11,527,354
General funds					
General Fund	885,467	6,368,052	(6,324,574)	(84,224)	844,721
Total Unrestricted funds	12,832,462	6,368,052	(6,828,439)	-	12,372,075
Restricted funds					
Capital Development Fund	37,251	-	-	-	37,251
Bursary Fund	443,579	285,763	(403,368)	-	325,974
Instrument Fund	11,501	60	(3,165)	-	8,396
Composition and Outreach Fund	7,130	2,500	-	-	9,630
Chamber Music Academy	9,734	(500)	(1,625)	-	7,609
	509,195	287,823	(408,158)	-	388,860
Total of funds	13,341,657	6,655,875	(7,236,597)	-	12,760,935

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2021 £
Unrestricted funds					
Designated funds					
Fixed asset fund	12,016,371	-	(388,369)	318,993	11,946,995
General funds					
General Fund	949,583	6,051,741	(5,796,864)	(318,993)	885,467
Total Unrestricted funds	12,965,954	6,051,741	(6,185,233)	-	12,832,462
Restricted funds					
Capital Development Fund	37,251	-	-	-	37,251
Bursary Fund	463,878	288,701	(309,000)	-	443,579
Instrument Fund	11,501	-	-	-	11,501
Composition and Outreach Fund	7,130	-	-	-	7,130
Chamber Music Academy	13,174	-	(3,440)	-	9,734
	532,934	288,701	(312,440)	-	509,195
Total of funds	13,498,888	6,340,442	(6,497,673)	-	13,341,657

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Statement of funds (continued)

Restricted Funds

The Capital Development Fund represents donations made to fund major projects. Capital development funds going forward will be used for the next major building project.

The Bursary Fund comprises grants and donations made to the School for the purpose of funding needy students. Tuition fees in the Statement of Financial Activities include fees funded by scholarships of £394,368. In the year, a total of £411,408 of bursaries were made to students of which £403,368 was paid from the Bursary Fund.

The Instrument Fund comprises grants and donations made to the School for the purchase of specific musical instruments.

The Composition and Outreach Fund represents grants and donations made to the School for the commissioning and performance of new music and for undertaking community based activities.

The Chamber Music Academy comprises funds received specifically to fund a chamber music initiative involving students from the Purcell School led by Charles Sewart.

Unrestricted Fund

The general fund comprises accumulated revenue surpluses and, once any restrictions have been met, receipts from restricted and unrestricted capital funds. The transfer out of £84,224 represent capital purchases made using these funds.

The School has a designated fixed asset fund for the net book value of fixed assets held. As capital purchases are made using other funds, transfers are made into this fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	11,527,354	-	11,527,354
Fixed asset investments	100	-	100
Current assets	2,144,707	388,860	2,533,567
Creditors due within one year	(1,300,086)	-	(1,300,086)
Total	12,372,075	388,860	12,760,935

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	11,946,995	-	11,946,995
Fixed asset investments	100	-	100
Current assets	1,996,281	509,195	2,505,476
Creditors due within one year	(1,110,914)	-	(1,110,914)
Total	12,832,462	509,195	13,341,657

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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

		2022 £	2021 £
Net expenditure for the year (as per Statement of Financial Activities)		(580,722)	(157,231)
Adjustments for:			
Depreciation charges	16	503,865	388,369
Investment income	9	(602)	(288)
Decrease/(increase) in debtors	18	86,465	(66,907)
Increase in creditors	19	189,172	139,452
Net cash provided by operating activities		198,178	303,395

23. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	2,207,807	2,093,251
Total cash and cash equivalents	2,207,807	2,093,251

24. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	2,093,251	114,556	2,207,807
Debt due within 1 year	(453,337)	-	(453,337)
	1,639,914	114,556	1,754,470

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

25. Pension commitments

The School participates in the Teachers' Pension Scheme ('TPS') for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £441,560 (2021 - £481,731). At the year end, there were contributions of £51,762 (2021 - £68,736) payable in respect of the scheme.

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

25. Pension commitments (continued)

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The School operates a defined contribution pension scheme for non-teaching staff. Contributions paid during the year were £100,515 (2021 - £187,799). At the year end, there were contributions of £26,871 (2021 - £9,126) payable in respect of the schemes.

26. Operating lease commitments

At 31 August 2022 the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	10,664	-
Later than 1 year and not later than 5 years	39,990	-
	<u>50,654</u>	<u>-</u>

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	2022 £	2021 £
Operating lease rentals	<u>5,332</u>	<u>10,445</u>

27. Related party transactions

Jonathan Eley, a former Trustee of the School (resigned on 31 August 2021) is a partner at Farrer & Co LLP, a firm that has been used for legal advice for their expertise with Independent School and in particular with the IICSA. Total costs of £4,545 for legal services provided by Farrer & Co. LLP were incurred in the year ended 31 August 2021. Jonathan Eley is not involved in providing any of this advice to the school. There were no amounts outstanding at the year end (2021 - £NIL).

The Trustees confirm that all transactions have been carried out at an arm's length basis and none of the Trustees have received any benefit due to their position as a Trustee.