# QUEEN MARGARET'S SCHOOL, YORK LIMITED

England & Wales · Charity number 517523

## Details

| | |
|---|---|
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 02010493 |
| **Registered** | 1986-05-13 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Queen Margarets School<br>Escrick Park<br>Escrick<br>York<br>YO19 6EU |
| **Phone** | 01904728261 |

## Activities

**Objects:** TO PROMOTE THE ADVANCEMENT OF EDUCATION GENERALLY AND IN PARTICULAR THE EDUCATION AND TRAINING OF PUPILS OF QUEEN MARGARET'S SCHOOL, YORK AND IN CONNECTION THEREWITH TO CONDUCT AND CARRY ON A SCHOOL PROVIDING A CLASSICAL, MATHEMATICAL, SCIENTIFIC, MUSIC AND GENERAL EDUCATION FOR CHILDREN OF ALL SECTIONS OF THE COMMUNITY SUBJECT TO THE CONDITION THAT RELIGIOUS INSTRUCTION GIVEN AT SUCH A SCHOOL SHALL BE IN ACCORDANCE WITH THE DOCTRINES OF THE CHURCH OF ENGLAND.

**Activities:** The charity, formerly Queen Margaret's school for girls, Escrick Park, ceased operations and went into administration on 07 July 2025. The administration is being handled by FRP Advisory.

## Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People

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## Geography

- **Area of benefit:** CATCHMENT AREA OF QUEEN MARGARET'S SCHOOL, YORK
- North Yorkshire

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-08-31 | - | - | - | - |
| 2024-08-31 | - | - | - | - |
| 2023-08-31 | £6,816,000 | £8,102,000 | £2,129,000 | 159 |
| 2022-08-31 | £6,971,000 | £7,907,000 | £3,415,000 | 169 |
| 2021-08-31 | £6,749,000 | £7,645,000 | £4,351,000 | 169 |
| 2020-08-31 | £7,400,989 | £7,699,112 | £5,247,270 | 173 |
| 2019-08-31 | £7,692,547 | £7,734,092 | £5,545,393 | 174 |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| Andrew Buttery | | 2025-03-17 |
| Chloe Alice Fairley | | 2019-03-25 |
| Douglas John Scott Cochran | | 2024-01-23 |
| Dr Emma Marie Henney | | 2022-11-28 |
| Fang Shi | | 2023-06-26 |
| Jennie deborah Stoddart-Scott | | 2024-09-26 |
| Matthew Stripe | | 2019-03-25 |
| Mrs Sue King | | 2017-06-26 |
| Nicholas John Edwards | | 2025-03-17 |
| Nicholas William Granville Blythe | | 2020-09-07 |
| Sarah-Jane Barker | | 2022-11-28 |
| TERRY BURT | | 2021-04-29 |
| The Hon Mrs Bel Forbes | | 2018-03-19 |

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**QUEEN MARGARET'S SCHOOL, YORK LIMITED**

England & Wales - Charity number 517523

# Accounts

# Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Annual report

For the year ended 31 August 2023

**Charity number - 517523**

**Registered Number - 2010493**

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
# Annual report
# For the year ended 31 August 2023

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# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

## DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2023

The Governors of Queen Margaret's School ("the School") are the School's charity trustees under charity law and are the directors of the charitable company, Queen Margaret's School, York Limited. The members of the Board of Governors who served in office during the year are detailed below. All served throughout the year unless otherwise indicated. All are members of the main Board and also serve on one of one of the Board's committees as indicated.

**GOVERNORS**

Chairman of the Board
Mr T W Burt (Business Committee)

Business Committee
Mr M Stripe (Chairman)
Mr T W Burt
Mr J D Hoddinott

External Relations Committee
Mr N W G Blythe
Mr J Forster (Resigned July 2023)
Mrs S J Barker
Mrs L Shi (Appointed June 2023)

Education Committee
Mrs C D Granger (Chairman)
Ms C A Fairley

Pastoral Committee
Mrs S A King (Chairman)
The Hon Mrs A L Forbes
Dr E M Henney (appointed November 2022)
Col D J S Cochran (appointed January 2024)

**Officers of the School**

| | |
|---|---|
| Head | Mrs S J Baillie BA (Hons) Leicester PGCE |
| Senior Deputy Head | Mrs C E Sheard, BA (Hons) (Lancaster), QTS (from August 2022) |
| Interim Bursar | Mrs A Sanderson (from May 2024) |
| Clerk to the Governors | Mr D T King LLB |

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

**Principal Address and Registered Office**
Escrick Park
York
YO19 6EU

**ADVISORS**

**Auditors**

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

**Bankers**

Barclays Bank plc
25 James Street
Harrogate
HG1 1QX

**Solicitors**

Crombie Wilkinson Solicitors LLP
19 Clifford Street
York
Y01 9RJ

**Insurers**

Marsh Brokers Ltd
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
R16 3SY

**Website**

www.queenmargarets.com

# Queen Margaret's School, York Limited

# (A Company Limited by Guarantee)

The Board of Governors of Queen Margaret's School presents its Annual Report for the year ended 31 August 2023 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 School was founded in Scarborough in 1901. Until 1986 the School was part of the Woodard Foundation, in that year the School became an independent entity. It is constituted as a company limited by guarantee registered in England, No 2010493, and is registered with the Charity Commission under Charity No 517523.

Details of the members of the Board of Governors, together with the School's officers and principal advisors are set out on pages 1 and 2.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Documents

The School's governing documents are its Memorandum and Articles of Association dated 15 April 1986 reviewed and updated on 12 May 2005 and 24 March 2023.

### Governing Body

The Board of Governors is a self-appointing body. The number of Governors serving on the Board is not subject to a maximum but is required to be not fewer than three. At each Annual General Meeting ('AGM') one-third of the Board of Governors retire by rotation, with those Governors with the longest period in office since their last appointment retiring first. In addition, all new Governors appointed at or in the period since the last AGM hold office only until the next following AGM and if not reappointed at that AGM are required to vacate office.

Retiring Governors may stand for re-election for a further term in office, with no limit placed on the number of times that a Governor can be re-elected. In practice the expectation is that a Governor will serve two terms of three years each and will, as a matter of practice, place their resignation at the disposal of the Chairman at the end of their first three-year term. In the overwhelming majority of instances over the past decade governors have served for six years, retiring at the last Speech Day of their second term in office.

### Recruitment and Training of Governors

New members of the Board are elected on the basis of nominations made by a Nominations Committee chaired by the Chairman contributed to by the current Governors based on the candidates' professional qualities and experience. The Board conducts regular audits of the skill sets represented on the Board to ensure that there is a balanced membership with an appropriate range of skills, interests and experience. A balance is maintained between Governors who are current parents and those who are not.

New Governors are provided with a range of information in relation to the workings of the School and the responsibilities of becoming a charity trustee. The information provided is a combination of official Charity Commission, Association of Governing Bodies of Independent Schools (AGBIS) and School documents. The opportunity to attend training by industry competent bodies, including AGBIS, is offered and Governors are encouraged to attend. All Governors are expected to complete AGBIS on-line training on safeguarding children. The Clerk to the Governors maintains a record of training undertaken by the Governors.

**Organisational Management**

Each Governor becomes a member of one of four committees: Education, Pastoral, External Relations, and Business, with each committee having defined terms of reference. These committees meet once each term and their meetings are attended by representatives of the Senior Leadership Team (as to which see below) and other members of the School community as appropriate. The expectation is that the main Board will meet once each term; the full Board meetings being preceded by the meetings of each of the four committees.

The Education Committee is concerned with the quality of education provided at the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 are met and exceeded. The committee considers the School's academic offering and outcomes together with the provision made by the School to ensure the spiritual, moral, social and cultural development of pupils in the School. It approves the curriculum and the plan of the day and sets academic targets for both results and, importantly, the value added to be achieved by the School and monitors delivery of these. It spends a similar amount of time reviewing the provision made for the pupils outside the classroom. During the year the Education Committee was chaired by Clare Granger.

The Pastoral Committee concerns itself with all aspects of pastoral care in the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding are met and exceeded in relation to the welfare, health and safety of the girls. This Committee, in particular, maintains a strong focus on safeguarding pupils (whilst the Board as a whole embrace the concept that safeguarding pupils in the School is everyone's responsibility). The Committee receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and students' Behaviour Policies. It has responsibility for ensuring that the premises and accommodation at the School are of a high standard and for all aspects of the School's boarding provision including food and weekend activities. Col Dougie Cochran has joined the committee with a view to providing particular focus on health and safety matters. During the year the Pastoral Committee was chaired by Sue King.

The External Relations Committee maintains a focus on the marketing of the School and on ensuring that there is an efficient and effective recruitment and admissions process, this being at the heart of the school's strategic plan. It looks to ensure that there is appropriate forward planning; that the School has a clear, deliverable Strategic Plan that is regularly reviewed and updated. The Committee has oversight of the School's delivery of its public benefit requirement and monitors the granting of remissions from fees. It leads on areas such as alumnae relationships and relationships with friends of the School. The External Relations Committee was chaired during the year by Nick Blythe and Lucy Shi joined the Board and was appointed to the committee in June 2023.

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on termly and annual budgets and monitoring performance. It considers planned capital expenditure and advises on this issue to the Board. It is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. Matt Stripe chaired the Committee during the year.

Day to day running of the School is delegated to the Head supported by the Senior Deputy Head and Interim Bursar, together this group are the key management personnel. The Clerk to the Governors also acts as an officer of the School in relation to governance matters. The Head leads the Senior Leadership Team (the SLT) in the School which is made up of the Bursar, the Senior Deputy Head, the Deputy Head (Pastoral) and the Director of External Relations. Pending the arrival of the new Head (as to which see

below) the school has appointed experienced Interim Bursars, between October 2023 and May 2024 Nick Edwards held the post and was succeeded by Audrey Sanderson who remains in post.

**Remuneration Policy**

The Board sets the salaries of the key management personnel directly. The Board sets funding levels and provides direction as to remuneration of the remainder of the staff, having regard to the overall financial position of the School, whilst leaving an element of discretion to the Head as to how individual roles are remunerated and how any funds allocated for salary increases are applied. The policy objective in doing so is one of ensuring that the School can attract and retain inspirational staff. The Board gives careful consideration to benchmarking data including appropriate comparisons with other independent schools to make sure that levels of staffing and staff remuneration do not become significantly out of line with those prevailing elsewhere.

The role of the Head and the SLT and the performance of the School staff are key to ensuring delivery of the Board's strategic vision for the School. Staff costs are, inevitably, the largest single element of the School's charitable expenditure.

**Employment Policy**

The School's Recruitment Policy, which is available on its website, makes it clear that the School is committed to operating fair recruitment practices that will avoid discrimination on the grounds of race, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation. A transparent and open recruitment process is followed with the scope for reasonable adjustment to ensure parity of treatment for all applicants.

Staff meetings are held every Half-Term. The Head's PA coordinates the setting of the agenda for those meetings in consultation with all staff members with the aim of facilitating open communication and dialogue. Weekly staff briefing meetings are held each Monday in term time to which all staff members are free to contribute with the items in the meeting distributed through the "Weekly Bulletin '' later that day. There is also a Staff Committee chaired by elected representatives of the teaching and support staff which meets termly without the presence of the Senior Leadership Team or Governors. Items discussed by the Committee are communicated to the Head and the Head responds. Before the start of each term reports are given to staff members at a staff meeting that includes information about changes to policies and the financial and economic performance of the School. The meeting at the start of the school year is attended and addressed by the Chair of the Board.

**Investment Policy**

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's monies not immediately required for its purposes in such investments, securities or property as the Governors think fit

## OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

**Charitable Objects**

The objects of the Charity as contained in the Memorandum of Association are the advancement of education generally and, in particular, the education and training of pupils at Queen Margaret's School, York.

# Queen Margaret's School, York Limited

# (A Company Limited by Guarantee)

## Queen Margaret's School our Vision, Ethos and Values

### Our Vision

To inspire girls to embrace their talents and give them the opportunities they need to become their best selves.

### Our Ethos

### Tailoring Each Girl's Education

We help girls aged 11-18 to develop academically, emotionally, culturally and socially so that they reach the heights they never knew they could reach. We do this by tailoring each girl's holistic education to help them find their voices and nurture their talents. Our flexible approach delivers this for Day girls and Boarders of all types in our fun and supportive environment.

### Nurturing Girls in Our Small Community

Our girls are happy and so are we. We celebrate our girls with the confident voice that the QM experience encourages. We're sure of ourselves, but not arrogant, and we're a naturally nurturing team who always show that we care about everyone in the QM family.

### Giving Girls the Best Chance to Thrive

Our belief in a modern all-girls education is at our core. We know that we give girls the best chance to thrive in the supportive environment we all help to create and we always place our girls at the centre of what we do. We acknowledge our history but focus firmly on the bright future ahead for our girls and our school.

### Preparing Girls for Life, Whatever Their Calling

We want to inspire generations of girls so they realise their potential has no bounds either at school or once they leave us as resilient global citizens. Nothing makes us happier than seeing our girls flourish into confident and kind, successful and happy young independent women who have formed friendships for life. We know that we will have found every girl's particular gift during her time with us.

Our **Values** are:

- Courage
- Curiosity
- Commitment
- Kindness
- Inclusivity
- Respectfulness
- Fun

The School's primary activity is the provision of education to girls aged between 11 and 18 at its site at Escrick Park.

### Public Benefit

In considering the aims of the School the Board of Governors has, in accordance with the Charities Act 2011, given due regard to the public benefit guidance issued by the Charity Commission. The outstanding academic and all-round education and pastoral care given to the girls attending the School is our principal charitable activity. Increasing accessibility to that education and care is a key objective. Consideration of the School's delivery of public benefit is a standing item at the termly meetings of the Governors' External Relations committee.

### Our place in the community

Queen Margaret's School makes a significant positive contribution to the local economy of the area between York and Selby, both through the procurement of services and goods and by virtue of our being one of the largest employers in the local area. The School values its place in the community and has worked hard to build upon its cross community relationships both by working proactively to develop positive relationships with local schools and youth organisations and to facilitate sharing sporting and cultural resources such as our Astroturf, swimming pools, and our theatre and chapel.

We continue to offer practical support wherever possible to local schools and to provide affordable sharing of our facilities to an increasing number of local young persons' organisations including swimming clubs, hockey, football, netball and triathlon clubs. We consider that sharing our facilities in an affordable manner has a significant and positive benefit for the local community whilst providing revenue that supports our charitable activities. The village community of Escrick makes wide use of our facilities.

### Increasing accessibility

Widening access to the many benefits of attending Queen Margaret's remains a priority for the Board. The School has limited resources from investments with which to support the School in offering financial support to pupils. However, the School's policies regarding awards and bursaries enable the Governors and School to grant fee remissions for a number of reasons; including as transformational bursaries to enable students who will benefit from all that the school has to offer, but for whose families that is unaffordable, the opportunity to join the school. Scholarships for special talent do not always carry a direct fee remission but will always bring with them some benefit for the recipient. We offer support to the daughter(s) of an employee and in circumstances where there is more than one girl from a family in the School. (Sibling discounts).

The School works with the Royal National Springboard Foundation who identify prospective pupils who would benefit from a QM education and will contribute to the life of the School. Two students in the Sixth Form are recipients of this 100%+ support and are flourishing in the School. In addition, four other students, including one from the Ukraine, are receiving support at this level.

Additionally, remissions are used to provide means tested bursaries that are awarded subject to and following independent scrutiny by an external organisation. The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School to enable them to benefit from that education amounted to £744,00 (2022: £507,000) this benefited 38 (2022: 32) girls throughout the School.

The Governors believe that the activities reported above demonstrate a significant commitment (both financial and non-financial) to national, and local communities and clearly provide a significant level of benefit to the public.

# STRATEGIC REPORT

## OVERVIEW OF THE YEAR

In October 2023 at an awards ceremony in London Queen Margaret's was awarded the accolade of being named "The Small Independent School of the Year". The Independent Schools of the Year Awards are the independent school sector's leading awards programme and receive hundreds of nominations from the best schools across the UK. The school won thanks to our personal tutoring system for each student, the opening of our brand-new Sixth Form study centre, our bespoke boarding arrangements and because we had recently achieved a gold mental health accreditation.

Our Head, Mrs Sue Baillie, said at the time "We are delighted to win this award as it recognises the truly unique nature of QM and the transformational impact it has on our students. In our small school we have been able to build a very special community spirit which underpins our success. We know our students well, we care about their welfare, and we support their ambitions. They never get lost in the crowd."

Between 20 and 22 February 2024 the School was the subject of a detailed inspection by the Independent Schools Inspectorate. The inspectors found that all standards against which the School is judged are met at Queen Margaret's. In their report the inspectors note:

"The school's culture is one of respect, responsibility and commitment. pupils behave well. They are highly attentive and keen to learn. The school is inclusive, providing support and encouragement to pupils who have special educational needs and/or disabilities (SEND) or English as an additional language (EAL) to ensure that they achieve on a par with their peers"

and

"The curriculum fosters pupils' personal skills and characteristics, such as problem-solving skills, organisation and self-esteem. An extensive programme of co-curricular enrichment, especially in sport and music, reflects leaders' emphasis on leisure pursuits to promote good mental health and wellbeing. In participating, pupils grow in confidence and in understanding of the importance of effective teamwork and the values of commitment and perseverance."

We consider that the outcome of this inspection and our success in achieving the award is a true reflection of the excellent education and outstanding pastoral care provided to all students of Queen Margaret's.

The Board pays tribute to the leadership given to the school by Sue Baillie over challenging years, with the COVID 19 pandemic school closure happening just one term after her arrival in the School and this award marks a fitting culmination of her Headship. In January 2024 it was announced that Mrs Baillie will be leaving Queen Margaret's in August 2024 to take up the Headship of Woldingham School in Surrey. We wish Mrs Baillie every success in her new post and thank her for her skilful leadership of the School during very challenging times.

The Board is delighted to report that, after a rigorous recruitment process, we have been able to appoint an outstanding candidate in Nicola Dudley to take up the Headship of Queen Margaret's during the academic year 2024/2025. With her outstanding academic record and wide experience of independent education (and girls only education in particular) both in the UK and more widely the Board looks forward with eager anticipation to Ms Dudley's leadership of the School. Our Senior Deputy Head, Claire Sheard will be Acting Head pending Ms Dudley's arrival.

When the School's last annual report was prepared we noted that the school's recovery is primarily to be achieved through growth. Recruitment into the school for September 2023 was in line or slightly ahead

of predictions and students have continued to join throughout the year so that fee income was in line with our forecasts. However much higher than anticipated inflationary pressures on all areas of our operating costs together with a reduction in predicted income from summer activity has resulted in a deficit before the cost of generating funds, interest and depreciation that is £336,000 greater than we forecast and this, coupled with increased interest rates, has resulted in a disappointing financial outcome with a final deficit £456,000 greater than forecast. Additional funding in the form of an unsecured, interest-free loan from a Trustee has enabled the School to operate within its overdraft limit. In 2022/2023 it was planned that cash neutrality could be achieved in 2023/2024 and, with active control of costs and a planned debt reduction programme including the sale of assets that remains a realistically attainable objective at the time of writing. Further with a growth in numbers clearly indicated in the present recruitment cycle we are able to predict a movement into a cash surplus in 2024/2025 and beyond, without recourse to further asset sales.

Our medium-term financial strategy for the school has now been reworked and has been the subject of detailed independent expert scrutiny in April 2024 and has ensured that we can rely on the continued support of our Bank as we progress financial recovery through a strong focus on achieving growth while maintaining close control of costs.

## ACHIEVEMENTS AND PERFORMANCE

### Academic

QM is a small school, where girls feel at home, yet which offers huge benefits - the team at school knows each and every student and can tailor their experiences and opportunities individually based on their personal needs and goals. What happens in our classrooms demonstrably makes a difference to the outcomes that our students achieve. Value added is the way we show progress from a reliable baseline measure to an outcome measure such as GCSE results. Comparisons of outcomes achieved with other schools that use the Centre for Evaluation and Monitoring to calculate a value added on a subject by subject basis ranked QM 19th out 344.

In summary at GCE (A Level) in a year when there was a national tightening of grade boundaries;

- Our students achieved a100% pass rate
- 50% achieved one or more A*-A grades
- 100% A*-C grades achieved in Fine Art, Mathematics, Chinese, German, Further Mathematics, Music, Spanish.
- Some girls took Business AS with 100% pass rate
- New Food Science course saw a 100% pass rate for their assessments so far - continues into UVI.

At GCSE students achieved an impressive set of results, well above national averages;

- 93% of students achieved grades 9-4, with 100% 9-2 grades.
- 16% of the grades achieved were 9s, with 31% 9-8 and 50% 9-7
- 100% 9-7 grades were achieved in Chinese, German and Latin (this statistic is affected by their being a small cohort but is still to be celebrated)
- 100% achieved 9-4 in Art, Biology, Chemistry, Computer Science, Drama, Further Mathematics, PE, Physics and Textiles
- The most improved subject from 2022 in terms of 9-8 and 9-7 was PE
- Two students took HPQ achieving an A* and a B.

These excellent results have as in previous years resulted in most students wishing to go on to tertiary education with the majority of pupils achieving first choice places, mostly at Russell Group universities.

Our Academic Leadership Team (ALT) continues to provide outstanding leadership to our academic body, seeking constantly and collaboratively to improve standards of teaching and learning in our school. Tracking grids have been developed that can be used by senior tutors and tutors to help identify individual students who may be falling behind or are not progressing towards their predictions - providing another tool to identify if and when an intervention is needed with a focus on knowing precisely what is happening in the world of each student. The ALT has instituted and developed a programme of learning walks that have further encouraged staff to welcome lesson observation and openness to observation and conversations about teaching and learning. They have been instrumental in developing new formats for Departmental Development Plans (with a strong focus on self-evaluation by reference to the new ISI framework) and individual Pupil Work reviews that ensure that students have the opportunity for open discussion about their progress in a given subject.

We consider that what happens in the classroom at Queen Margaret's is excellent and provides those entrusted to the school's care with an outstanding start.

**Outside the Classroom**

Our co-curricular enrichment offering encourages students to broaden their perspective and to enjoy rewarding, full and enriching days, seven days a week. The programme of activities on offer is wide ranging, spanning Book Clubs to Beyond Allies, Duke of Edinburgh Award Schemes to the Coding Club. There are Film clubs, Painting Clubs and the Model United Nations offers a valuable opportunity to debate. Girls raise money for charity and develop business and entrepreneurial skills. The Art Department recently organised a visit to the Royal Scottish Academy to attend Grayson Perry's exhibition, *Smash Hits.* There is something and more for everyone.

Music runs through the entire School community. Cantiamo is our all-inclusive choir for Year I and II, embedded for all within the curriculum. It aims to unite girls by encouraging them to enjoy singing and grow in confidence through performance. The Chamber Choir leads multiple chapel services and has performed at both Durham Cathedral and York Minster. They also took part in the National finals of 'Choir of the Year'. The Music Department enables students to showcase diverse talents from a Barbershop Quartet, a Wind Band, a Percussion Group and the School's funk & soul band, *The Lost Sock*, featuring our talented upper-sixth students. Students have been selected for the National Youth Concert Band of Great Britain and one talented student has secured a place at the prestigious Royal College of Music in London.

Drama is important in the life of the school and provides great opportunities for many students. Across four magical performances in the Autumn term, our dedicated cast and crew poured their hearts into bringing "Oliver" to life. The overwhelmingly positive feedback from our audience reaffirmed the immense success of this production. Dance too is extremely popular and the Dance show exhibited quite remarkable talents with some 50 girls, 25% of the student body, participating. Many girls undertake LAMDA examinations with all achieving Distinctions in the November 2023 cycle.

Sport includes swimming, tennis, netball, hockey and lacrosse with badminton, football, cricket, horse riding and lifeguarding training also on offer. Competitive Sport is of fundamental importance to the life of Queen Margaret's with Lacrosse, Hockey, Netball and Tennis being played at a high level and many girls are chosen to play and train at county level. This year School players have been selected for the U20 Scotland Lacrosse Performance squad, the U20 Scotland Lacrosse Development team and North Yorkshire hockey teams. The Lacrosse team were also well-placed in the National Finals. School runners have represented the school with distinction at Cross Country events. A very full fixture list enables the widest possible participation in competitive sport.

During the summer holidays, 18 senior students set off with three members of the Sports Department for the trip of a lifetime to South Africa. Not only did the girls get the chance to make friends playing hockey fixtures against other teams, but they also got a wonderful experience of the country including wildlife, elephant feeding, safari, whale watching, culture and much more. Comments from students on the tour included, "*To see how different life is for some of the amazing children we met made me realise how important it is to never take anything for granted, sharing eye-opening experiences with my friends and wonderful teachers meant the world to me" and "going on the tour pushed me out of my comfort zone but meant I got an amazing experience and I wish I could do it all again!"*

As the last winter term came to a close, 42 enthusiastic QM girls, accompanied by four (equally excited!) members of staff, embarked on a ski trip to Bormio, Italy. Bormio proved to be an ideal backdrop for our group of girls with varying ski abilities spanning across all year groups. Whether beginners or seasoned skiers, every student found their place and developed their skills in this picturesque resort.

## FUNDRAISING PERFORMANCE

Although we do not have the personnel in place to deliver a development function at present we are delighted that a group of parents and supporters have begun the process of breathing new life into the Friends of Queen Margaret's which has been effectively dormant since COVID. There are no external professional or commercial fundraising organisations used and so no monitoring processes are required. The School has not subscribed to the Fundraising Regulator but will do so as our Development activities increase. The School adheres to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the School in relation to fundraising activity. The School takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the School's approach to fundraising activity.

## FINANCIAL REVIEW

### Results for the Year

Our strategic plan anticipated a net deficit in the year of £827,000. While fee income was in line with predictions, there was a shortfall of £87,000 on predicted other income. Steps to ensure that income from use of the school's assets is maximised are in hand and are achieving success. While overall staff costs reduced there were a range of contributory factors including increased cost of utilities the net effect of which was that the anticipated deficit for the year increased to £1,286,000 including depreciation of £410,000.

### Reserves Level and Policy and Financial Viability

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent boarding, educational and enrichment services to its girls. As a result, the majority of the School's reserves are invested in tangible fixed assets. The Governors' policy has been in the past and will once again be to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner consistent with supporting the School through the present turnaround phase. The School's total reserves are £2.129m (2022: £3.415m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£6.947m (2022: -£5.9m). The Board is content that the approach to reserves is a reasonable response to the School's current position. The Governors are aware that future surpluses will need to be generated such that the School can meet the financing of the bank borrowings, make repayments of capital in accordance with the terms of the bank facility, and fund appropriate capital expenditure to maintain and improve the School's operational environment. The Governors will continue to monitor and review their policy on reserves in conjunction with the School's indebtedness. The Board has determined that the School should

have as a target the generation of investment surpluses of 12% over the medium to long term. Given that the School's capacity to generate fundraising surpluses is, as yet, very limited and, in the absence of investments or other sources of income that will generate a structural surplus the School will have to generate operating surpluses as the principle means of achieving that target over the coming years, supplemented by increasing trading surpluses in line with our strategy.

The School's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the School's overall objectives. These restricted funds currently attract income in the form of interest by means of a reduction in the School's borrowing facility. The Governors, in consultation with the donors of the money where appropriate, continue to evaluate the best way to make appropriate use of these restricted funds.

The school continues to deliver a sales-led marketing and recruitment strategy which is underpinned by a rolling-programme of monthly open days. We will continue to leverage the power of targeted digital marketing campaigns to build our brand and generate enquiries both locally and nationally. Where it has been possible to optimise or eliminate cost, this has largely been completed. However external factors outside the school's control including the uncertainties brought about by the continuing unexpected economic and political situation together with the war in Ukraine continue to impact the school; so that energy costs, interest rates and inflationary pressures taken together with the make-up of the pupil cohort achieved together with external factors outside the school's control have led to an anticipated cash negative outcome albeit at a reduced level in the current year.

Implementing the plan to date has required a comprehensive and detailed consideration of all aspects of the School's performance and that work continues. The primary indicators of our success remain happy, well-educated girls who are ready to take on the world. By implementing the strategies set out in our plan we will continue to deliver outstanding outcomes for our girls in a manner that simultaneously delivers the financial outcomes of:

- Cash neutrality in the academic year 2023/2024 (after asset sales)
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The plan has the support of the School's Bank which continues to provide facilities to enable the plan to be implemented. With the support of the Bank the Board also has in place support from the trustee and parent community that will ensure the School has the cash it needs to operate successfully through such pinch points in cash flow as may arise as it works its way through this year which forms a bridge to a period of recovery and continued growth.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board recognises that while the plan that the School has been following has arrested the fall in the number of students attending the school with the trend now upwards in direction, that has not yet translated into the operating surpluses needed for a long-term sustainable school and there continue to be significant challenges that the School and the sector faces. We recognise that the School will face considerable financial pressures including inflation and high interest rates that remain high in terms of recent history although inflation has fallen from the very significant levels that have impacted on the outcomes reported here. The risk posed by the potential impact of applying Value Added Tax to school fees remains a live risk as does the continued high cost of borrowing. Despite the recognised inflationary pressures, the Board continues to recognise that fee increases must be firmly controlled in the years to come. The Board further recognises that the School will continue to face strong competition in the recruitment of pupils. In varying degrees these collectively pose a financial risk to the School. The Board maintains and regularly reviews a register of both the general and the safeguarding risks that the School faces

**Going Concern**

While the Board and indeed the country cannot predict with any certainty what the medium- term impact of future government action, inflationary pressures or interest rates will be on the sector as whole, the School continues to have reasoned and reasonable grounds for optimism through its strategic plan and given the continued support of the School's Bankers. Our strategy of promoting our distinctive Bespoke Boarding offer will, the evidence indicates, underpin a steady and sustained growth in uptake within a 50 mile or so radius of the School but will sit comfortably alongside our full and weekly boarding offer and that to day pupils. A considerably more scientific approach to marketing and a strong focus on digital marketing continues to prove its worth in promoting attendance at Open Days and opportunities to visit the School. Interest from our European families has remained strong and we continue to develop new relationships that promise to enhance recruitment in those areas.

The Board considers that the updated and revised plan, with its carefully worked out strategic strands to secure an increase in the school roll in a measured manner, to optimise our costs while factoring into the anticipated operational costs the impact of inflationary pressures on a conservative assessment, to enhance the utilisation of and right size our estate to ensure it is fit for purpose and in due course to reinvigorate our development and fundraising activities will lead to the financial outcomes predicted and will deliver the School to a position where debt will be reduced and surpluses will be generated to meet the School's investment needs to secure continued growth and the financial security. We have the funding support to deliver this.

The Board therefore considers that it is reasonable to maintain that neither the risks outlined above nor the other risks that the School faces present the School with a material uncertainty with regard to going concern.

The risks of a safeguarding failure resulting in emotional or physical harm to a pupil, of a failure of strategic direction, of inability to recruit girls to the planned shape of the School and of School data falling into the wrong hands are risks that have been identified as requiring particular focus and are to be minimised by thorough planning, risk assessment and monitoring. Health and Safety is always an important area for risk management.

**Risk Management**

The School's approach to risk management and internal control may be summarised as follows:

- The Governors have oversight of risk management within the School as a whole
- The management of risk is a whole School responsibility
- All parties involved in the process will adopt an open and receptive approach to solving risk problems
- SLT prepares policies for Governors' approval and implements such policies as are approved by the Governors.
- Each member of SLT is responsible for fostering good risk management practice throughout the School and particularly within their area of responsibility.

The Governors will:

- Ensure the integration of risk management into the culture of the School
- Take major decisions affecting the School's risk profile or exposure, determining what types of risk are acceptable and which are not
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place which are working effectively

- Annually review the School's approach to risk management, consider how effectively or otherwise controls have been implemented, approve changes to this policy and review the Risk Register as at the date of that review
- Delegate to the Business Committee the responsibility to review the School's Risk Register each term and to provide the Governors' response to residual risk that the Business Committee does not consider necessary to refer to the full Board.

The Business Committee will:

- Review and evaluate the key general risks identified by SLT and have the review of the School's Risk Register as a standing item at each of its meetings
- Provide the Governors' response to residual risk that it is not felt necessary to refer to the full Board
- Monitor the work of internal and external audit in respect of risk, and provide the Board with termly reports on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

## PLANS FOR THE FUTURE

- We will continue to refine and develop our Education development plan to ensure that we provide our pupils with every opportunity to shine academically.
- We will continue our focus on providing outstanding pastoral care.
- We continue to leverage our success in building a digital presence locally and overseas.
- We will promote Full, Weekly and Bespoke Boarding that offer outstanding opportunities to day pupils also creating a 21st century model for boarding that is financially sustainable and richly rewarding.
- We will continue our work to right size our estate and to enhance our built environment to provide the optimum facilities for pupils and staff.

## STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Board of Governors (who are also the Directors of Queen Margaret's School, York Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law the Governing Body has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board of Governors members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the members of the Board of Governors are required to:

- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

**Relevant Audit Information**

Insofar as each of the Directors, as members of the Board of Governors, at the date of approval of this report is aware there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each member of the Board of Governors has taken all the steps that he or she should have taken as a member of the Board in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Governors on 29th May 2024, including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mr Terence Burt

Dated: 29th May 2024

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN MARGARET'S SCHOOL, YORK LIMITED

### Opinion

We have audited the financial statements of Queen Margaret's School, York Limited ('the charitable company') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 2023 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for Opinion

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

### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustee's 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

### Other Information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are Required to Report by Exception**

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; 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 trustees' responsibilities statement set out on page 15, 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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

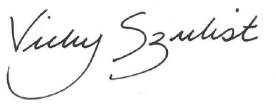
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Business Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, sample testing of other income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Use of Our Report**

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



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe UK LLP**

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date: 29th May 2024

## Queen Margaret's School, York Limited

## (A Company Limited by Guarantee)

### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2023 (Incorporating An Income And Expenditure Account)

| | | | | | **2023** | 2022 |
|---|---|---|---|---|---|---|
| | | **Unrestricted funds** | **Designated funds** | **Restricted funds** | **Total** | Total |
| | | **£'000** | **£'000** | **£'000** | **£'000** | £'000 |
| **Income from:** | | | | | | |
| ***Charitable activities*** | | | | | | |
| School fees | 1 | **5,936** | | | **5,936** | 5,739 |
| Ancillary trading income | 2 | **808** | | | **808** | 803 |
| Other income | 2 | **-** | | | **-** | 358 |
| ***Other trading activities*** | | | | | | |
| Non-ancillary trading income | 2 | **21** | | | **21** | 5 |
| ***Investment income*** | 2 | **-** | **14** | **2** | **16** | 13 |
| ***Donations and legacies*** | | **35** | | | **35** | 53 |
| **Total incoming resources** | | **6,800** | **14** | **2** | **6,816** | 6,971 |
| **Expenditure on:** | | | | | | |
| ***Costs of generating funds*** | | | | | | |
| Costs of generating funds | 5 | **292** | **-** | **-** | **292** | 165 |
| | | **292** | **-** | **-** | **292** | 165 |
| ***Charitable activities*** | | | | | | |
| Education and grant making | 5 | **7,810** | **-** | **-** | **7,810** | 7,742 |
| | | **7,810** | **-** | **-** | **7,810** | 7,742 |
| **Total expenditure** | 5 | **8,102** | **--** | | **8,102** | 7,907 |
| **Net incoming/(outgoing) resources** | 3 | **(1,302)** | **14** | **2** | **(1,286)** | (936) |
| Transfers between funds | 16 | **-** | **-** | **-** | **-** | - |
| Fund balances at 31 August 2022 | | 2,927 | 343 | 145 | 3,415 | 4,351 |
| **Fund balances at 31 August 2023** | 16 | **1,625** | **357** | **147** | **2,129** | 3,415 |

All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

## BALANCE SHEET AS AT 31 AUGUST 2023

**Registered No: 2010493**

| | Note | **2023** **£'000** | 2022 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 7 | **9,076** | 9,308 |
| | | **9,076** | 9,308 |
| **Current assets** | | | |
| Stocks | | **81** | 87 |
| Debtors | 8 | **399** | 746 |
| Cash at bank and in hand | | **18** | 7 |
| | | **498** | 840 |
| **Creditors - amounts falling due within one year** | 9 | **(5,858)** | (5,016) |
| | | | ) |
| | | | ) |
| **Net current liabilities** | | **(5,360)** | (4,176) |
| **Total assets less current liabilities** | | **3,716** | 5,132 |
| **Creditors – amounts falling due after more than one year** | 10 | **(1,587)** | (1,717) |
| **Net assets** | | **2,129** | 3,415 |
| **Restricted funds** | 16 | **147** | 145 |
| **Unrestricted funds** | 16 | **1,982** | 3,270 |
| **Total Funds** | 16 | **2,129** | 3,415 |

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)

The financial statements on pages 20 to 43 were approved and authorised for issue by the board of Governors on 29th May 2024 and were signed on its behalf by:



**Mr Terence Burt**

Director

## Queen Margaret's School, York Limited

## (A Company Limited by Guarantee)

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2023

| | Note | 2023 £'000 | 2023 £'000 | 2022 £'000 | 2022 £'000 |
|---|---|---|---|---|---|
| **Net cash (outflow) from operations** | A | | **(94)** | | (611) |
| **Cash flow from investing activities** | | | | | |
| Interest received | | **16** | | 13 | |
| Interest paid | | **(289)** | | (162) | |
| Proceeds from sale of fixed assets | | **-** | | 369 | |
| Payment for tangible fixed assets | | **(177)** | | (149) | |
| **Net cash used in investing activities** | | | (450) | | 71 |
| **Cash flow from financing activities** | | | | | |
| Advance fees scheme: | | | | | |
| Receipts from new contracts | | **-** | | 302 | |
| Amounts utilised and repaid | | **(166)** | | (35) | |
| Finance lease contracts: | | | | | |
| Receipts from new contracts | | **12** | | - | |
| Amounts repaid | | **(2)** | | - | |
| Short term financing | | **1,190** | | - | |
| Bank facility (repaid) / utilised | | **(479)** | | 276 | |
| **Net cash introduced by financing activities** | | | **555** | | 543 |
| Change in cash and cash equivalents in the reporting period | | | **11** | | 3 |
| Cash and cash equivalents at the beginning of the period | | | **7** | | 4 |
| Cash and cash equivalents at the end of the period | B | | **18** | | 7 |

## Queen Margaret's School, York Limited

## (A Company Limited by Guarantee)

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2023

**1. A Reconciliation of net income to net cash flow from operating activities**

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Net outgoing resources | **(1,286)** | (936) |
| Interest receivable | **(16)** | (13) |
| Financing costs | **289** | 162 |
| Profit on sale of fixed assets | **-** | (358) |
| Depreciation charges | **410** | 411 |
| (Increase) / Decrease in stocks | **6** | (38) |
| (Increase) / Decrease in debtors | **348** | (363) |
| Decrease in debtors | | |
| Increase / (Decrease) in creditors | **155** | 524 |
| Net cash (outflow) from operations | **(94)** | (611) |

**2. B Analysis of cash and cash equivalents**

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Cash at bank and in hand | **18** | 7 |

**3. C Reconciliation of net debt**

| | At 1 September 2022 | Cashflow | **At 31 August 2023** |
|---|---|---|---|
| | £'000 | £'000 | **£'000** |
| Cash in hand, at bank | 7 | 11 | **18** |
| Bank overdraft | (1,862) | 440 | **(1,422)** |
| Short term financing | - | (1,190) | **(1,190)** |
| Bank loan <1 year | (113) | (1) | **(114)** |
| Bank loan > 1 year | (1,517) | 39 | **(1,478)** |
| | (3,485) | (701) | **(4,186)** |

# Queen Margaret's School, York Limited

# (A Company Limited by Guarantee)

## ACCOUNTING POLICIES

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

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

The accounts are drawn up on the historical cost basis of accounting.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 15 March 1986 (company number: 2010493) and registered as a charity on 13 May 1986 (charity number: 517523).

**Going Concern**

The business activities of the School and the major risks it faces are set out in the Governors' Report on pages 8 to 14.

The strategies set out in the plan reported on in the Directors' Report will deliver financial outcomes of

- Cash neutrality in the academic year 2023/2024 (after asset sales)
- Cash neutrality from trading and Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The strategic plan and its most recent forecast update iteration has been the subject of detailed scrutiny by the bank and specialist independent advisors. The key strand of the plan includes further growth in pupil numbers and new initiatives in short stay initiatives and leveraging the assets of the School and its estate. Our focus on sophisticated digital marketing continues, combined with measures to encourage both local presence and international interest. All indications suggest that the required recruitment targets will be achieved for September 2024. The SLT and Governors are also constantly monitoring and optimising our cost structure to ensure our performance is in line or above market norms. Throughout the period the SLT and Governors have worked to ensure the safety of their students, staff and maintain the continuity of their operations. They have taken relevant measures to ensure they are able to safeguard student education, staff employment and School cashflow. This work is the subject of regular dialogue with our bank. The Bank continues to make working capital available by way of overdraft which is sufficient to meet the requirements of the plan. The School also enjoys the support of its Trustees and the goodwill of the parent community in the realisation of its objectives.

The Board considers that the School will move to a position of generating investment surpluses that will support the repayment of debt and investment in personnel and resources as needed to secure the future of the School.

The Governors therefore have a reasonable expectation the School will continue its business activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability. These accounts have therefore been drawn up on the basis that it is a going concern.

**Fees and Similar Income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds.

**Donations and Fund Accounting**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Donations received for the general purposes of the Charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**Grants received**

Government grants are recognised as income in the period the related costs are incurred for which the grant is intended to compensate.

**Stock**

Stock is carried at the lower of cost and net realisable value.

**Pension Schemes**

The Company operates a defined contribution scheme for non-academic staff and teachers. Contributions are charged to the statement of financial activities in the period in which they are payable. Members of the academic staff either belong to the Teachers' Pension Scheme ("TPS"), which is a multi-employer defined benefit scheme, or have opted to join the defined contribution scheme. Contributions are charged to the statement of financial activities as if the TPS were a defined contribution scheme.

**School Buildings and Equipment**

Land is not depreciated. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount over the estimated useful economic lives, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost. Individual items which cost less than this amount will be capitalised if they are acquired as part of a larger capital project. Rates have been used in calculating depreciation have been applied as follows:

| | |
|---|---|
| Freehold buildings and sports pitches | between 1.3% and 20% |
| Plant and equipment | 15% |
| Fixtures and fittings | 10% |
| IT | 20% |
| Motor vehicles | 25% |

**Advance Fees Scheme**

The School offers parents the opportunity to pay a lump sum in advance which is then offset against future tuition fees. A discount is received and allocated against each future term's payment in accordance with a written contract. Amounts received by the School as part of this scheme are upheld as creditor balances until the fee bill for the appropriate term is due for payment. At that point the fees due are billed to the parent and taken to income. The corresponding amount as previously purchased under the scheme is offset against the liability due and the discount as allocated is charged to the income and expenditure account.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle School fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

**Grants and Bursaries**

Grants and bursaries are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees are treated as a reduction in those fees.

**Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as is appropriate.

**Governance Costs**

Governance costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, including audit and legal fees.

**Expenditure**

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Costs in respect of operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

**Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

**Fund Accounting**

Unrestricted funds are those available for use at the discretion of the Governors in furtherance of the general objectives of the Charity 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.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains are allocated to the appropriate fund.

**Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that

period, or in the period of the revision and future periods if the revision affected current and future periods.

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.

Determining residual values and useful economic lives of property, plant and equipment the charity depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by the Directors. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by the Directors when determining the residual values for plant, machinery and equipment. When determining the residual value, the Directors aim to assess the amount that the charity would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

## 1. School Fees

The School's fee income comprised:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Gross fees (net of charge for bad debts) | **7,082** | 6,548 |
| Less: total bursaries, grants and allowances | **(1,146)** | (809) |
| | **5,936** | 5,739 |

Scholarships, bursaries and other awards were made to 88 (2022: 81) pupils. Within this means tested bursaries totalling £744,000 were awarded to 38 pupils (2022: £507,000 to 32 pupils).

## 2. Other Income

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| **From charitable activities** | | |
| Extra subjects, trips and activities, fees in lieu and other extras | **394** | 461 |
| Use of facilities, registration fees and other miscellaneous activities | **414** | 342 |
| | **808** | 803 |
| Profit on sale of tangible assets (see note 19) | **-** | 358 |
| | **808** | 1,161 |
| **Other trading activities** | | |
| Lettings and other income | **21** | 5 |
| **Investment incomes** | | |
| Transfer from unrestricted funds | **16** | 13 |
| Interest receivable | **-** | 5 |
| | **16** | 18 |

### 3. Net Outgoing Resources

Net outgoing resources are stated after charging:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| **Fixed assets** | | |
| Depreciation | 410 | 411 |
| **Auditors' remuneration** | | |
| For audit services | 19 | 18 |
| **Operating lease charges** | | |
| Land and buildings and motor vehicles | 119 | 110 |
| **Interest paid** | | |
| Bank interest | 226 | 112 |
| Transfer to restricted funds | 16 | 13 |

### 4. Staff Costs

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| **The aggregate payroll costs for the year were as follows:** | | |
| Wages and salaries | **3,969** | 4,136 |
| Social security costs | **369** | 389 |
| Pension contributions | **552** | 598 |
| | **4,890** | 5,123 |
| Aggregate employee benefits of key management personnel (including employer pension and national insurance costs) | **322** | 375 |

Included in wages and salaries there are no costs of settlement agreements reached with former employees (2022: £31,000).

The average number of employees during the year was 159 (2022: 163).

| The average full-time equivalent number of employees at the School was: | **2023** | 2022 |
|---|---|---|
| | **Number** | Number |
| Teaching | 55 | 54 |
| Welfare | 42 | 51 |
| Premises | 11 | 11 |
| Support | 16 | 16 |
| | 124 | 132 |

Number of higher paid employees with emoluments (excluding pension costs) in bands of:

| | **2023** | 2022 |
|---|---|---|
| | **Number** | Number |
| £90,001 - £100,000 | **1** | 1 |
| £80,001 - £90,000 | **-** | - |
| £70,001 - £80,000 | **-** | 1 |
| £60,001 - £70,000 | **1** | 2 |

## 5. Analysis of Expenditure

| | **Staff** | **Other** | **Depreciation** | **2023 Total** |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Charitable activities** | | | | |
| Teaching | **2,708** | **198** | **73** | **2,979** |
| Welfare | **1,259** | **455** | | **1,714** |
| Premises | **288** | **1,074** | **337** | **1,699** |
| Support costs and governance | **635** | **783** | | **1,418** |
| Grants, awards and prizes | **-** | **-** | **-** | **-** |
| | **4,890** | **2,510** | **410** | **7,810** |
| **Costs of generating funds** | | | | |
| Financing costs - interest payable | | **289** | | **289** |
| Development costs | | **3** | | **3** |
| **Total expended** | **4,890** | **2,802** | **410** | **8,102** |

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2022 Total £'000 |
|---|---|---|---|---|
| **Charitable activities** | | | | |
| Teaching | 2,557 | 325 | 80 | 2,962 |
| Welfare | 1,508 | 364 | - | 1,872 |
| Premises | 300 | 931 | 331 | 1,562 |
| Support costs and governance | 758 | 588 | - | 1,346 |
| Grants, awards and prizes | - | - | - | - |
| | 5,123 | 2,208 | 411 | 7,742 |
| **Costs of generating funds** | | | | |
| Financing costs - interest payable | - | 162 | - | 162 |
| Development costs | - | 3 | - | 3 |
| **Total expended** | 5,123 | 2,373 | 411 | 7,907 |

**6. Governance Costs included in Support Costs:**

| | **2023 £'000** | 2022 £'000 |
|---|---|---|
| Auditors' remuneration - audit services | **19** | 18 |
| Legal and professional fees, Governors' training and expenses | **2** | 1 |
| | **21** | 19 |

## 7. Tangible Fixed Assets

| | Freehold buildings | IT | Fixtures and fittings | Plant, equipment and motor vehicles | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or frozen* valuation** | | | | | |
| 1 September 2022 | **13,796** | **919** | **5,773** | **369** | **20,857** |
| Additions | **5** | **18** | **137** | **18** | **178** |
| Disposals | **-** | **-** | **-** | **(5)** | **(5)** |
| **31 August 2023** | **13,801** | **937** | **5,910** | **382** | **21,030** |
| **Depreciation** | | | | | |
| 1 September 2022 | **5,295** | **680** | **5,293** | **281** | **11,549** |
| Charge for the year | **195** | **73** | **118** | **24** | **410** |
| Disposals | **-** | **-** | **-** | **(5)** | **(5)** |
| **31 August 2023** | **5,490** | **753** | **5,411** | **300** | **11,954** |
| **Net book values** | | | | | |
| **31 August 2023** | **8,311** | **184** | **499** | **82** | **9,076** |
| 31 August 2022 | 8,501 | 239 | 480 | 88 | 9,308 |

Included in fixed assets are assets acquired under finance lease with a cost of £14,500 (2022 - £0) and net book value of £13,000 (2022 - £0).

* The School has elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

## 8. Debtors

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| School fees and extras | **193** | 217 |
| Other debtors | **87** | 397 |
| Prepayments | **119** | 132 |
| | **399** | 746 |

## 9. Creditors: amounts falling due within one year

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Fees received in advance | **1,383** | 1,432 |
| Trade creditors | **271** | 254 |
| Taxation and social security | **88** | 94 |
| Final term deposits | **838** | 778 |
| Accruals | **250** | 118 |
| Other creditors | **230** | 229 |
| Short term financing | **1,190** | - |
| Finance lease (note 15) | **3** | - |
| Bank overdraft facility (note 12) | **1,422** | 1,862 |
| Bank loan (note 12) | **114** | 113 |
| Deferred Income – advance fees scheme (note 13) | **69** | 136 |
| | **5,858** | 5,016 |

Short term financing is provided by a member of the governing body. The financing is unsecured and interest free.

### 10. Creditors: amounts falling due after more than one year

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Finance lease (note 15) | **8** | - |
| Bank loans (note 12) | **1,478** | 1,517 |
| Deferred Income – advance fees scheme (note 13) | **101** | 200 |
| | **1,587** | 1,717 |

### 11. Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the Company to meet its liabilities if called upon to do so. The members are also Governors of the company.

### 12. Bank Loans and Overdraft

The bank loans are due to be repaid as follows:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Within 1 year (note 9) | **114** | 113 |
| Within 1 to 5 years | **534** | 302 |
| Over 5 years | **944** | 1,215 |
| | **1,592** | 1,630 |

In December 2020 a term loan of £600,000 was secured. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 3.00% and is amortised over 15 years with a 5-year review. The term loan advanced in 2018 attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%.

The loans and overdraft are secured by a legal charge over the freehold property together with a debenture over all assets and undertakings of the School, both fixed and floating.

### 13. Advance Fees Scheme

Parents may enter into a contract to pay tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. On the assumption that all pupils will remain in the School until at least the expiry of their agreements, the fees purchased in advance will be applied as follows:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Within 1 year (note 9) | **70** | 136 |
| Between 1 and 5 years (note 10) | **101** | 200 |
| | **171** | 336 |

The balance represents the accrued liability under the contracts. The movements during the year were:

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Balance at 1 September 2022 | **336** | 69 |
| (Repayment of contract) / New contracts | **(41)** | 302 |
| Payment of fees to the School | **(125)** | (35) |
| **Balance at 31 August 2023** | **70** | 336 |

## 14. Financial Instruments

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Financial assets measured at amortised cost (a) | 297 | 621 |
| Financial assets measured at fair value | 0 | 0 |
| Financial liabilities measured at amortised cost (b) | (4,701) | (4,965) |
| Net financial assets measured at amortised cost | (4,404) | (4,344) |

(a) Financial assets include cash, trade, fee and other debtors
(b) Financial liabilities include deposits, fees received in advance, trade and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

## 15. Financial commitments

**Operating lease commitments**

At 31 August 2023 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Within one year | 159 | 97 |
| Within two to five years | 435 | 251 |
| After five years | 38 | 36 |
| | 632 | 384 |

During the year further leases for land and buildings which had been due to expire were renegotiated with the landlord.

**Finance lease commitments**

At 31 August 2023 the company had commitments under finance leases for motor vehicles which expire as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Within one year | **3** | - |
| Within two to five years | **8** | - |
| | **11** | - |

## 16. Statement of Funds

| | Balance at 31 August 2022 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2023 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | **127** | **2** | **-** | **-** | **129** |
| Other restricted funds | **18** | **-** | **-** | **-** | **18** |
| Total restricted funds | **145** | **2** | **-** | **-** | **147** |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | **2,927** | **6,800** | **(8,102)** | **-** | **1,625** |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | **343** | **14** | **-** | **-** | **357** |
| Total unrestricted funds | **3,270** | **6,814** | **(8,102)** | **-** | **1,982** |
| **Total funds** | **3,415** | **6,816** | **(8,102)** | **-** | **2,129** |

The designated fund was received from the residuary estate of Mrs Janet Churm, an Old Margaretian. The Governors have designated its use in accordance with her wishes; that is to enable a girl currently in the School to stay who, due to a change in her parent's circumstances, would otherwise have to leave.

The restricted funds are to be used in accordance with specific restrictions made by the donors. The Bursary Funds have been augmented by our first Leavers' Appeal and in addition the Chaplain's Fund has been transferred to this fund. Other restricted funds are for the benefit of the School Council and also include funds raised for the Annual Head's Appeal.

| | Balance at 31 August 2021 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2022 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | 125 | 2 | - | - | 127 |
| Other restricted funds | 18 | - | - | - | 18 |
| Total restricted funds | 143 | 2 | - | - | 145 |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | 3,875 | 6,959 | (7,907) | - | 2,927 |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | 333 | 10 | - | - | 343 |
| Total unrestricted funds | 4,208 | 6,969 | (7,907) | - | 3,270 |
| **Total funds** | 4,351 | 6,971 | (7,907) | | 3,415 |

### 17. Analysis of Net Assets between Funds

The net assets are held for the various funds as follows:

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2023 £'000 |
|---|---|---|---|---|
| Restricted funds | **-** | **147** | **-** | **147** |
| Unrestricted funds | **9,076** | **(5,507)** | **(1,587)** | **1,982** |
| | **9,076** | **(5,360)** | **(1,587)** | **2,129** |

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2022 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 145 | - | 145 |
| Unrestricted funds | 9,308 | (4,321) | (1,717) | 3,270 |
| | 9,308 | (4,176) | (1,717) | 3,415 |

### 18. Pensions

During the year there were two pension schemes in operation for employees of the School. These are a defined contribution scheme (The Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The Queen Margaret's School Group Personal Pension Plan is for non-teaching staff and teachers who have joined the school after 1 September 2021 or who have chosen to opt out of the TPS (see below). The total pension cost to the School for the year was £552,000 (2022: £598,000) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary.

The assets of the defined contribution scheme are held separately from those of the School in independently administered funds. The charge to the statement of financial activities represents contributions payable by the School to the funds.

At 31 August 2021, following consultation, members of the TPS had the option of remaining in the TPS or joining a defined contribution scheme, the Queen Margaret's School Group Personal Pension Plan. The School was accepted as a Phased Withdrawal School in the TPS on 1 October 2021 and no further employees are now enrolled in the TPS.

**Teachers' Pension Scheme ('TPS')**

During the year the School participated in the Teachers' Pension Scheme ("the TPS") for teaching staff who were employed by the school prior to 1 September 2021 and have chosen to remain in the scheme. The pension charge for the year includes contributions payable to the TPS of £353,000 (2022: £403,000) and at the year-end £40,000 (2022 - £47,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

### 19. Related Party Transactions

Four Governors (2022: Four) of the School who held office for at least part of the year had daughters enrolled at the School during the year. The arrangements for all daughters of Governors to be admitted to the School are consistent with those for all other girls who enter the School.

No Governors received any remuneration from the School during the year.

The School enjoyed the support of certain Trustees who have provided interest-free short-term finance from time to time. At the year end this was £1,190,000 but has subsequently fallen to £500,000.

# Queen Margaret's School, York Limited

# (A Company Limited by Guarantee)

## 20. Statement of Financial Activities for the Year Ended 31 August 2022 (incorporating an Income and Expenditure Account)

| | | | | | **2022** | 2021 |
|---|---|---|---|---|---|---|
| | | **Unrestricted funds** | **Designated funds** | **Restricted funds** | **Total** | Total |
| | | **£'000** | **£'000** | **£'000** | **£'000** | £'000 |
| **Income from:** | | | | | | |
| ***Charitable activities*** | | | | | | |
| School fees | 1 | **5,739** | | | **5,739** | 5,554 |
| Ancillary trading income | 2 | **803** | | | **803** | 620 |
| Other income | 2 | **358** | | | **358** | 533 |
| ***Other trading activities*** | | | | | | |
| Non-ancillary trading income | 2 | **5** | | | **5** | 3 |
| ***Investment income*** | 2 | **1** | **10** | **2** | **13** | 15 |
| ***Donations and legacies*** | | **53** | | | **53** | 24 |
| **Total incoming resources** | | **6,959** | **10** | **2** | **6,971** | 6,749 |
| **Expenditure on:** | | | | | | |
| ***Costs of generating funds*** | | | | | | |
| Costs of generating funds | 5 | **165** | **-** | **-** | **165** | 122 |
| | | **165** | **-** | **-** | **165** | 122 |
| ***Charitable activities*** | | | | | | |
| Education and grant making | 5 | **7,742** | **-** | **-** | **7,742** | 7,523 |
| | | **7,742** | **-** | **-** | **7,742** | 7,523 |
| **Total expenditure** | 5 | **7,907** | **-** | **-** | **7,907** | 7,645 |
| **Net incoming/(outgoing) resources** | 3 | **(948)** | **10** | **2** | **(936)** | (896) |
| Transfers between funds | 16 | **-** | **-** | **-** | **-** | - |
| Fund balances at 31 August 2021 | | 3,875 | 333 | 143 | 4,351 | 5,247 |
| **Fund balances at 31 August 2022** | 16 | **2,927** | **343** | **145** | **3,415** | **4,351** |

**QUEEN MARGARET'S SCHOOL, YORK LIMITED**

England & Wales - Charity number 517523

# Accounts

# Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Annual report

For the year ended 31 August 2022

**Charity number - 517523**
**Registered Number - 2010493**

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
# Annual report
# For the year ended 31 August 2022

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# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2022

The Governors of Queen Margaret's School ("the School") are the School's charity trustees under charity law and are the directors of the charitable company, Queen Margaret's School, York Limited. The members of the Board of Governors who served in office during the year are detailed below. All served throughout the year unless otherwise indicated. All are members of the main Board and also serve on one of one of the Board's committees as indicated.

**GOVERNORS**

Chairman of the Board
Mr T W Burt (Business Committee)

Business Committee
Mr M Stripe (Chairman)
Mr T W Burt
Mr J D Hoddinott

External Relations Committee
Dr E J Peart (Chairman)(Retired July 2022)
Mrs C J Bayliss (Retired July 2022)
Mr N W G Blythe (Chairman from July 2022)
Mr J Forster
Mrs S J Barker (appointed November 2022)

Education Committee
Mrs C D Granger (Chairman)
Ms C A Fairley
Mr J Forster (appointed March 2021)
Mr R J Morse (Resigned October 2022)

Pastoral Committee
Mrs S A King (Chairman)
The Hon Mrs A L Forbes
Dr E M Henney (appointed November 2022)

**Officers of the School**

| | |
|---|---|
| Head | Mrs S J Baillie BA (Hons) Leicester PGCE |
| Senior Deputy Head | Mr L Fox MA (Rostock)(until August 2022) |
| Senior Deputy Head | Mrs C E Rhodes, BA (Hons) (Lancaster), QTS (from August 2022) |
| Bursar | Mrs E S Raper BSc (Nottingham) ACA |
| Clerk to the Governors | Mr D T King LLB |

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)

**Principal Address and Registered Office**

Escrick Park
York
YO19 6EU

**ADVISORS**

**Auditors**

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

**Bankers**

Barclays Bank plc
25 James Street
Harrogate
HG1 1QX

**Solicitors**

Crombie Wilkinson Solicitors LLP
19 Clifford Street
York
Y01 9RJ

**Insurers**

Marsh Brokers Ltd
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
R16 3SY

**Website**

www.queenmargarets.com

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

The Board of Governors of Queen Margaret's School presents its 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 School was founded in Scarborough in 1901. Until 1986 the School was part of the Woodard Foundation, in that year the School became an independent entity. It is constituted as a company limited by guarantee registered in England, No 2010493, and is registered with the Charity Commission under Charity No 517523.

Details of the members of the Board of Governors, together with the School's officers and principal advisors are set out on pages 1 and 2.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Documents

The School's governing documents are its Memorandum and Articles of Association dated 15 April 1986 and last reviewed and updated on 12 May 2005.

### Governing Body

The Board of Governors is a self-appointing body. The number of Governors serving on the Board is not subject to a maximum but is required to be not fewer than three. At each Annual General Meeting ('AGM') one-third of the Board of Governors retire by rotation, with those Governors with the longest period in office since their last appointment retiring first. In addition, all new Governors appointed at or in the period since the last AGM hold office only until the next following AGM and if not reappointed at that AGM are required to vacate office.

Retiring Governors may stand for re-election for a further term in office, with no limit placed on the number of times that a Governor can be re-elected. The expectation in practice is that a Governor will serve two terms of three years each and will, as a matter of practice, place their resignation at the disposal of the Chairman at the end of their first three year term. In the overwhelming majority of instances over the past decade governors have served for six years, retiring at the last Speech Day of their second term in office.

### Recruitment and Training of Governors

New members of the Board are elected on the basis of nominations made by a Nominations Committee chaired by the Chairman contributed to by the current Governors based on the candidates' professional qualities and experience. The Board conducts regular audits of the skill sets represented on the Board to ensure that there is a balanced membership with an appropriate range of skills, interests and experience. A balance is maintained between Governors who are current parents and those who are not.

During the course of the year, in anticipation of the planned retirement of Caroline Bayliss and Emma Peart, the Nominations Committee recommended the election to the Board of Dr Emma Henney and Mrs Sarah J Barker (who is an alumna of the school) and both were elected to the Board in November. Work is on-going to recruit a governor with special expertise in education following Mr Morse's appointment to take up the Headship of a school in Cornwall and his stepping down from the Board at Queen Margaret's.

New Governors are provided with a range of information in relation to the workings of the School and the responsibilities of becoming a charity trustee. The information provided is a combination of official Charity Commission, Association of Governing Bodies of Independent Schools (AGBIS) and School documents. The opportunity to attend training by industry competent bodies, including AGBIS, is offered and Governors are encouraged to attend. All Governors are expected to complete AGBIS on-line training on safeguarding children. The Clerk to the Governors maintains a record of training undertaken by the Governors.

**Organisational Management**

Each Governor becomes a member of one of four committees: Education, Pastoral, External Relations, and Business, with each committee having defined terms of reference. These committees meet once each term and their meetings are attended by representatives of the Senior Leadership Team (as to which see below) and other members of the School community as appropriate. The expectation is that the main Board will meet once each term; the full Board meetings being preceded by the meetings of each of the four committees.

The Education Committee is concerned with the quality of education provided at the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 are met and exceeded. The committee considers the School's academic offering and outcomes together with the provision made by the School to ensure the spiritual, moral, social and cultural development of pupils in the School. It approves the curriculum and the plan of the day and sets academic targets for both results and, importantly, the value added to be achieved by the School and monitors delivery of these. It spends a similar amount of time reviewing the provision made for the pupils outside the classroom. During the year the Education Committee was chaired by Clare Granger.

The Pastoral Committee concerns itself with all aspects of pastoral care in the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding are met and exceeded in relation to the welfare, health and safety of the girls. This Committee, in particular, maintains a strong focus on safeguarding pupils (whilst the Board as a whole embraces the concept that safeguarding pupils in the School is everyone's responsibility). The Committee receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and students' Behaviour Policies. It has responsibility for ensuring that the premises and accommodation at the School are of a high standard and for all aspects of the School's boarding provision including food and weekend activities. During the year the Pastoral Committee was chaired by Sue King who also has special responsibility for safeguarding. Dr Emma Henney joined the Committee in November 2022.

The External Relations Committee maintains a focus on the marketing of the School and on ensuring that there is an efficient and effective recruitment and admissions process, this being at the heart of the school's strategic plan. It looks to ensure that there is appropriate forward planning; that the School has a clear, deliverable Strategic Plan that is regularly reviewed and updated. The Committee has oversight of the School's delivery of its public benefit requirement and monitors the granting of remissions from fees. It leads on areas such as alumnae relationships and relationships with friends of the School. The External Relations Committee was chaired during the year by Emma Peart who retired at the end of her six year term on the Board on Speech Day 2022 being succeeded by Nick Blythe. Jonathan Forster (who has a wealth of direct experience in the sector) joined the Committee in September 2022 and Mrs S J Barker in November 2022.

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on termly and annual budgets and monitoring performance. It considers planned capital expenditure and advises on this issue to the Board. It is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. Matt Stripe chaired the Committee during the year.

Day to day running of the School is delegated to the Head supported by the Senior Deputy Head Bursar, together this group are the key management personnel. The Clerk to the Governors also acts as an officer of the School in relation to governance matters. The Head leads the Senior Leadership Team (the SLT) in the School which is made up of the Bursar, the Senior Deputy Head, the Deputy Head (Pastoral) and the Director of External Relations

**Remuneration Policy**

The Board sets the salaries of the key management personnel directly. The Board sets funding levels and provides direction as to remuneration of the remainder of the staff, having regard to the overall financial position of the School, whilst leaving an element of discretion to the Head as to how individual roles are remunerated and how any funds allocated for salary increases are applied. The policy objective in doing so is one of ensuring that the School can attract and retain inspirational staff. The Board gives careful consideration to benchmarking data including appropriate comparisons with other independent schools to make sure that levels of staffing and staff remuneration do not become significantly out of line with those prevailing elsewhere.

The role of the Head and the SLT and the performance of the School staff are key to ensuring delivery of the Board's strategic vision for the School. Staff costs are, inevitably, the largest single element of the School's charitable expenditure.

**Employment Policy**

The School's Recruitment Policy, which is available on its website, makes it clear that the School is committed to operating fair recruitment practices that will avoid discrimination on the grounds of race, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation. A transparent and open recruitment process is followed with the scope for reasonable adjustment to ensure parity of treatment for all applicants.

Staff meetings are held every Half-Term. A staff representative elected by the staff coordinates the setting of the agenda for those meetings in consultation with all staff members with the aim of facilitating open communication and dialogue. Weekly staff briefing meetings are held each Monday in term time to which all staff members are free to contribute with the minutes of those meetings being distributed to all staff by email. Before the start of each term reports are given to staff members at a staff meeting that includes information about changes to policies and the financial and economic performance of the School. The meeting at the start of the school year is attended and addressed by the Chairman of the Board.

### Investment Policy

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's monies not immediately required for its purposes in such investments, securities or property as the Governors think fit

## OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

### Charitable Objects

The objects of the Charity as contained in the Memorandum of Association are the advancement of education generally and, in particular, the education and training of pupils at Queen Margaret's School, York.

### Queen Margaret's School - Our Values

As a forward-thinking independent school, we will empower each girl to develop and flourish in her academic learning whilst making the most of all the co-curricular enrichment opportunities available here. We provide a holistic education, underpinned by warm-hearted pastoral care.

### Aims of the School

QM girls take advantage of the School's vibrant and complementary programme of studies and activities. In doing so, they will:

- Achieve excellence inside and outside the classroom
- Develop an enthusiasm for independent thought, learning and research
- Grow with emotional maturity, social awareness and respect for individuality and difference
- Forge special friendships that will stay with them for the rest of their lives
- Be interesting, well-informed, happy and confident members of the community.

### Values of the School

- Commitment and Excellence
- Honesty and Openness
- Bravery and Resilience
- Kindness, Respect and Tolerance
- Friendship, Fairness and Fun.

### Our Vision

To be at the vanguard of girls' independent boarding education and a natural choice for girls and parents alike in the UK and beyond.

### Activities of Queen Margaret's School

The School's primary activity is the provision of education to girls aged between 11 and 18 at its site at Escrick Park.

### Public Benefit

In considering the aims of the School the Board of Governors has, in accordance with the Charities Act 2011, given due regard to the public benefit guidance issued by the Charity Commission. The outstanding

academic and all-round education and pastoral care given to the girls attending the School is our principal charitable activity. Increasing accessibility to that education and care is a key objective

**Our place in the community**

Queen Margaret's School makes a significant positive contribution to the local economy of the area between York and Selby, both through the procurement of services and goods and by virtue of our being one of the largest employers in the local area. The School values its place in the community and has worked hard to build upon its cross community relationships both by working proactively to develop positive relationships with local schools and youth organisations and to facilitate sharing sporting and cultural resources such as our Astroturf and our theatre and chapel.

We continue to offer practical support wherever possible to Escrick Primary School and to provide affordable sharing of our facilities to an increasing number of local young persons' organisations including swimming clubs, hockey, football, netball and triathlon clubs. We consider that sharing our facilities in an affordable manner has a significant and positive benefit for the local community whilst providing revenue that supports our charitable activities.

**Increasing accessibility**

Widening access to the many benefits of attending Queen Margaret's remains a priority for the Board. The School has limited resources from investments with which to support the School in offering financial support to pupils. However the School's policies regarding awards and bursaries enable the Governors and School to grant fee remissions for a number of reasons; as transformational bursaries to enable students who will benefit from all that the school has to offer but for whose families that is completely unaffordable the opportunity to join the school, as means tested bursaries for families who need such support, in connection with scholarships for special talent (these do not always carry a direct fee remission but will always bring with them some benefit for the recipient), to support the daughter(s) of an employee and finally in circumstances where there is more than one girl from a family in the School.

The School works with the Royal National Springboard Foundation who identify prospective pupils who would benefit from a QM education and will contribute to the life of the School. Two students in the Sixth Form are recipients of this 100%+ support and are flourishing in the School. In addition six other students, including one from the Ukraine, are receiving support at this level.

Additionally remissions are used to provide means tested bursaries that are awarded subject to and following independent scrutiny by an external organisation. The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School to enable them to benefit from that education amounted to £507,000 (2021: £484,000) this benefited 32 (2021: 28) girls throughout the School.

The Governors believe that the activities reported above demonstrate a significant commitment (both financial and non-financial) to national, and local communities and clearly provide a significant level of benefit to the public

## OVERVIEW OF THE YEAR

Queen Margaret's continues to be an outstanding school. Academic outcomes remain at the heart of what we do and we are proud that, for example, (despite the grading system being affected by COVID changes), our A*results at GCE level are better than those achieved by any school north of the M62 corridor. Our A Level and GCSE results continue to improve year on year and, although high quality teaching is for us a "given", it is not achieved without the dedication, expertise and professionalism of our teachers and they have our unreserved thanks for all they do.

It has been a joy to see the school return to a new normal after two years marred by pandemic lockdown and forced separation. The Dance Show in February 2022 was the first time that the school was able to celebrate the performing arts in front of a live audience for almost two years; this was followed by the spectacular whole school production of A Midsummer Night's Dream. The structure of our day facilitates a rich and varied diet of extra-curricular activities; sport, music and drama have flourished and pupils have been supported to find and follow their passions across a wide spectrum. Our tutor system reinforces our focus on the individual; tutors are able to ensure that their tutees are participating in and benefitting from all that is on offer.

Our focus on the welfare of all pupils has led to the School securing the Carnegie Mental Health award, a process that required our team to evaluate our current mental health practices, identify gaps, develop and strengthen these and work towards enhancing the emotional health of the School. The intention is that by following the steps required to secure this award schools make mental health a strategic priority and develop a positive culture that promotes mental well-being for everyone.

As reported last year, over the summer of 2021 the Head and her SLT, with the support of Governors, developed a strategic plan that was intended to see the school recover from the impact of the pandemic and grow over the succeeding years to around 300 girls; large enough to form a thriving profitable business but small enough to retain our core values of family, home and individuality. The successful implementation of the first stages of that plan resulted in the highest level of admissions to the school for over eight years with 99 new girls joining us in September 2022 so that, despite a large Upper Sixth leaving, the school pupil numbers were increased. All present indicators predict that the same level of recruitment can be achieved for September 2023 so that the projected increase in the School roll will be achieved.

Whilst we continue to closely control costs the uncertainties in our "market place" brought about by the continuing economic and political strains, rising energy costs and interest rates, other inflationary pressures and latterly the ongoing fallout from the war in Ukraine continue to impact the school and have inevitably adversely affected the financial outcome for the year. As we continue to plan for an effective financial recovery for the school, led by growth rather than cost reduction, we have reviewed our strategic plan, updating it for 2022/2023. In doing so we have worked closely with our bank, which is wholly supportive of the school and of our plans for it.

**Academic**

The performance of those taking public examinations was, once more, an outstanding testament to the hard work of those sitting the examinations, the dedicated work that went on in the classroom and the support provided both in boarding and at home. The School continues to offer a broad curriculum with entrants in 29 examination subjects at A Level in line with our determination to offer as wide a choice as possible so as to enable every girl to follow her individual passions. We continue to demonstrate that what happens in the classroom at QM really does add value with results exceeding baseline predictions at both GCSE and A Level.

In summary, at GCE (A Level) our results were:

- 98% pass rate with 47% of all entries gaining the highly sought after A*-A and 77% of all entries gaining A*-B
- 59% of all girls taking A level examinations achieved three of more A*-B grades
- 49% of girls achieved AAB or higher
- 54% of girls achieved ABB or higher
- 22% of girls achieved 3 or more A* - A grades
- 44% of girls achieved 2 or more A* - A grades
- 68% of girls achieved at least 1 A*-A
- 1 girl achieved 3 or more A* grades

At GCSE our results were:

- 94% pass rate with 43% of entries gaining the highly sought after 9 -8 grades, 25% of entries achieved the highest 9 grade
- 59% of entries gaining 9 -7 grades
- 40% of all girls taking GCSE examinations achieved five of more 9-8 grades
- 53% of all girls taking GCSE examinations achieved five of more 9-7 grades
- 90% of all girls taking GCSE examinations achieved five of more 9-4 grades
- 7 of all girls achieved 6 or more grade 9's
- 5 of all girls achieved 10 or more 9-7 grades.

These excellent results have resulted in the vast majority of pupils wishing to go on to tertiary education with the vast majority of pupils achieving first choice places most at Russell Group universities.

The Academic Leadership Team is now well established and effective. There is a continued focus on the implementation of our Education Development Plan with the continued development of data based mapping of progression and value added through the CEM assessments. The curriculum has broadened further, as the School has sought to respond to the pupils' enthusiasms and to address areas where an A Level may not be the obvious path for a pupil's post-school progression. This year we have addressed what was perceived to be a gap in the curriculum with the introduction of a BTEC in Food and Nutrition and consideration is being given to an introduction of a BTEC in Music. In addition, pupils have studied Computer Science at GCSE for the past year and since September 2022 are also doing so at A level.

**Outside the Classroom**

The range of extracurricular activities on offer is extensive with activities and events taking place at lunchtime, after lessons in the afternoon and into the evening. The Cantiamo choir, Orchestra, Chamber Choir offer opportunities in music and there is the opportunity to join a Funk/Soul band and a Wind band for those to whom that appeals. Sport includes swimming sessions, netball, hockey and lacrosse training with football and lifeguarding training also on offer. Drama and dance are strongly represented with very successful Dance shows and production of plays being an important part of the School calendar. The Dance show in February proved to be a celebration of the end of COVID and the production of A Midsummer Night's Dream was a triumph. Girls join gardening clubs, book clubs, badminton clubs and Science clubs. Some join the National Council of Young Women. There are Film clubs, Painting Clubs and the Model United Nations offers a valuable opportunity to debate. Girls raise money for charity and develop business and entrepreneurial skills via the Queen Margaret's Prince's trust challenge. Girls participate in the Duke of Edinburgh Award scheme with a number regularly achieving both bronze and gold awards.

Competitive Sport is of fundamental importance to the life of Queen Margaret's with Lacrosse, Hockey and Netball and Tennis are played at a high level and many girls are chosen to play and train at county level. A review of the "News" Section of our website will demonstrate that we are a small school that punches well above its weight on the playing field, on the tennis court, on the track and in the pool.

**FUNDRAISING PERFORMANCE**

The primary focus of our External Relations Department in 2021/2022 has been on all aspects of marketing and admissions including importantly the continued developing use of digital tools. The department, with the Head, has taken the lead on the on-going work with an external agency that has been helping us to better understand and communicate with those families who are likely to consider Queen Margaret's for their daughters. We now have a strong and effective team in place and are confident that we will see continued increased interest in the School building on last year's outstanding achievement.

Although we do not have the personnel in place to deliver a development function at present, when it was identified that the Sixth Form would benefit from a dedicated modern study space it is testament to the support that the School commands that we received £54,000 in donations (against a target of £50,000) that will enable us to furnish and equip the space that our in-house team have created. This will become "The 2022 Room" in recognition of the particular challenges that this year group faced. It is planned that, as soon as circumstances are more favourable, additional recruitment will take place and there will be a renewed focus on development and in particular fund raising for bursaries.

There are no external professional or commercial fundraising organisations used and so no monitoring processes are required. The School has not subscribed to the Fundraising Regulator but will do so as our Development activities increase. The School adheres to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the School in relation to fundraising activity. The School takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the School's approach to fundraising activity.

## FINANCIAL REVIEW

### Results for the Year

Our strategic plan anticipated a net deficit in the year of £823,000. While many targets set out in that plan were met and exceeded, there were areas where that was not possible for reasons often outside the School's control such as a shortfall in income from use of the School's premises over the summer of circa £40,000. Additional cost control measures were implemented broadly in line with plans but with higher than anticipated implementation costs, Overall, the net effect was that the anticipated deficit for the year increased to £936,000 including depreciation of £411,000

### Reserves Level and Policy and Financial Viability

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent boarding, educational and enrichment services to its girls. As a result, the majority of the School's reserves are invested in tangible fixed assets. The Governors' policy has been in the past and will once again be to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner consistent with supporting the School through the present turnaround phase. The School's total reserves are £3.4m (2020: £4.4m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£5.9m (2020: -£5.4m). The Board is content that the approach to reserves is a reasonable response to the School's current position. The Governors are aware that future surpluses will need to be generated such that the School can meet the financing of the bank borrowings, make repayments of capital in accordance with the terms of the bank facility and fund appropriate capital expenditure to maintain and improve the School's operational environment. The Governors will continue to monitor and review their policy on reserves in conjunction with the School's indebtedness. The Board has determined that the School should have as a target the generation of investment surpluses of 12% over the medium to long term. Given that the School's capacity to generate fundraising surpluses is, as yet, very limited and, in the absence of investments or other sources of income that will generate a structural surplus the School will have to generate operating surpluses as the principle means of achieving that target over the coming years, supplemented by increasing trading surpluses in line with our strategy.

The School's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the School's overall objectives. These restricted funds currently attract income in the form of interest by means of a reduction in the School's borrowing facility. The Governors, in consultation with the donors of the money where appropriate, continue to evaluate the best way to make appropriate use of these restricted funds.

The Head and her SLT with the support of governors have worked to develop, implement and refine a strategic plan; as noted above the target recruitment for September 2022 was 92 girls and this was achieved and exceeded with 99 girls joining us at the start of the academic year. The marketing plan underpinning the sales strategy implemented so successfully last year has been revisited and updated. Further work is underway with our marketing consultancy to continue to leverage our success in building a digital and physical presence locally and overseas. The original forecast for the year 2022/2023 was targeted at achieving cash neutrality. Where it has been possible to optimise or eliminate cost, this has largely been completed. However external factors outside the school's control including the uncertainties brought about by the continuing unexpected economic and political situation together with the war in Ukraine continue to impact the school; so that energy costs, interest rates and inflationary pressures

taken together with the make-up of the pupil cohort achieved together with external factors outside the school's control have led to an anticipated cash negative outcome albeit at a reduced level in the current year. However when this is projected to 2023/2024 cash neutrality is planned with growing cash surpluses projected into the future.

Implementing the plan to date has required a comprehensive and detailed consideration of all aspects of the School's performance and that work continues. The primary indicators of our success remain happy, well-educated girls who are ready to take on the world. By implementing the strategies set out in our plan we will continue to deliver outstanding outcomes for our girls in a manner that simultaneously delivers the financial outcomes of:

- Cash neutrality in the academic year 2023/2024
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The plan has the support of the School's Bank which continues to provide facilities to enable the plan to be implemented. With the support of the Bank the Board also has in place support from the parent community that will ensure the School has the cash it needs to operate successfully through such pinch points in cash flow as may arise as it works its way through this year which forms a bridge to a period of recovery and continued growth.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Board recognises that while the plan that the School has been following has resulted in a significant increase in the number of pupils recruited into the school, that has not translated fully into projected revenues and there continue to be significant challenges that the School and the sector faces. These include the continued post-COVID impact on the welfare of staff members who have had to bear a heavy burden over the past two years and the challenge of ensuring that they are appropriately remunerated. We recognise that the School will face considerable financial pressures including inflation exacerbated by the impact of the war in Ukraine, fee affordability, the increasing cost of borrowing and potential political and public approaches to the sector that may herald taxation changes. Despite the recognised inflationary pressures the Board continues to recognise that fee increases must be firmly controlled in the years to come. The Board further recognises that the steady decline in the number of pupils on the School roll in the years up to 2021 has been exacerbated by the pandemic and that the School will continue to face strong competition in the recruitment of pupils. In varying degrees these collectively pose a financial risk to the School

**Going Concern**

While the Board and indeed the country cannot predict with any certainty what the medium term impact of the inflationary pressures will be on the sector as whole, the School continues to have reasoned and reasonable grounds for optimism through its strategic plan and given the continued support of the School's Bankers. Notwithstanding its impact on staff members, the worst financial effects of COVID-19 are behind us. The work done by the Head with the external creative agency continues to evolve and has led to a much clearer understanding of how the School is viewed in the marketplace. Our strategy of promoting our distinctive Bespoke Boarding offer will, the evidence indicates, underpin a steady and sustained growth in uptake within a 50 mile or so radius of the School but will sit comfortably alongside our full and weekly boarding offer and that to day pupils A considerably more scientific approach to

marketing and a strong focus on digital marketing continues to prove its worth in promoting attendance at Open Days and opportunities to visit the School. Interest from our European families has remained strong and we continue to develop new relationships that promise to enhance recruitment in those areas,

The Board considers that the updated and revised plan, with its carefully worked out strategic strands to secure an increase in the school roll in a measured manner, to optimise our costs while factoring into the anticipated operational costs the impact of inflationary pressures on a conservative assessment, to enhance the utilisation of and right size our estate to ensure it is fit for purpose and in due course to reinvigorate our development and fundraising activities will lead to the financial outcomes predicted and will deliver the School to a position where debt will be reduced and surpluses will be generated to meet the School's investment needs to secure continued growth and the financial security. We have the funding support to deliver this. Progress in the delivery of the plan continues to be carefully monitored and external support is in hand to secure its delivery.

The Board therefore considers that it is reasonable to maintain that neither the risks outlined above nor the other risks that the School faces present the School with a material uncertainty with regard to going concern.

The risks of a safeguarding failure resulting in emotional or physical harm to a pupil, of a failure of strategic direction, of inability to recruit girls to the planned shape of the School and of School data falling into the wrong hands are risks that have been identified as requiring particular focus and are to be minimised by thorough planning, risk assessment and monitoring. Health and Safety is always a significant area for risk management.

The School's approach to risk management and internal control may be summarised as follows:

- The Governors have oversight of risk management within the School as a whole
- The management of risk is a whole School responsibility
- All parties involved in the process will adopt an open and receptive approach to solving risk problems
- SLT prepares policies for Governors' approval and implements such policies as are approved by the Governors.
- Each member of SLT is responsible for fostering good risk management practice throughout the School and particularly within their area of responsibility.

The Governors will:

- Ensure the integration of risk management into the culture of the School
- Take major decisions affecting the School's risk profile or exposure, determining what types of risk are acceptable and which are not
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place which are working effectively
- Annually review the School's approach to risk management, consider how effectively or otherwise controls have been implemented, approve changes to this policy and review the Risk Register as at the date of that review
- Delegate to the Business Committee the responsibility to review the School's Risk Register each term and to provide the Governors' response to residual risk that the Business Committee does not consider necessary to refer to the full Board.

The Business Committee will:

- Review and evaluate the key risks identified by SLT and have the review of the School's Risk Register as a standing item at each of its meetings
- Provide the Governors' response to residual risk that it is not felt necessary to refer to the full Board
- Monitor the work of internal and external audit in respect of risk, and provide the Board with termly reports on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

**PLANS FOR THE FUTURE**

- We will continue to refine and develop our Education development plan to ensure that we provide our pupils with every opportunity to shine academically.
- We will continue our focus on providing outstanding pastoral care.
- We will work with our marketing consultancy to continue to leverage our success in building a digital presence locally and overseas.
- We will promote Full, Weekly and Bespoke Boarding that offer outstanding opportunities to day pupils also creating a 21st century model for boarding that is financially sustainable and richly rewarding.
- We will continue our work to right size our estate and to enhance our built environment to provide the optimum facilities for pupils and staff.

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Board of Governors (who are also the Directors of Queen Margaret's School, York Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law the Governing Body has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board of Governors members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the members of the Board of Governors are required to:

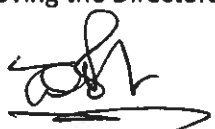
- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

**Relevant Audit Information**

Insofar as each of the Directors, as members of the Board of Governors, at the date of approval of this report is aware there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each member of the Board of Governors has taken all the steps that he or she should have taken as a member of the Board in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Governors on 9 January 2023, including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mr Terence Burt Dated: 9 January 2023

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN MARGARET'S SCHOOL, YORK LIMITED

### Opinion

We have audited the financial statements of Queen Margaret's School, York Limited ('the charitable company') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for Opinion

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

### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustee's 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

## Other Information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are Required to Report by Exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; 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 trustees' responsibilities statement set out on page 15, 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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Business Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, sample testing of other income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Use of Our Report**

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

Vicky Szulist

Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe UK LLP**

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date: 9th January 2023

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022
### (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

| | | | | | 2022 | 2021 |
|---|---|---|---|---|---|---|
| | | Unrestricted funds | Designated funds | Restricted funds | Total | Total |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Income from:** | | | | | | |
| ***Charitable activities*** | | | | | | |
| School fees | 1 | **5,739** | | | **5,739** | 5,554 |
| Ancillary trading income | 2 | **803** | | | **803** | 620 |
| Other income | 2 | **358** | | | **358** | 533 |
| ***Other trading activities*** | | | | | | |
| Non-ancillary trading income | 2 | **5** | | | **5** | 3 |
| ***Investment income*** | 2 | **1** | **10** | **2** | **13** | 15 |
| ***Donations and legacies*** | | **53** | | | **53** | 24 |
| **Total incoming resources** | | **6,959** | **10** | **2** | **6,971** | 6,749 |
| **Expenditure on:** | | | | | | |
| ***Costs of generating funds*** | | | | | | |
| Costs of generating funds | 5 | **165** | - | - | **165** | 122 |
| | | **165** | - | - | **165** | 122 |
| ***Charitable activities*** | | | | | | |
| Education and grant making | 5 | **7,742** | - | - | **7,742** | 7,523 |
| | | **7,742** | - | - | **7,742** | 7,523 |
| **Total expenditure** | 5 | **7,907** | - | - | **7,907** | 7,645 |
| **Net incoming/(outgoing) resources** | 3 | **(948)** | **10** | **2** | **(936)** | (896) |
| Transfers between funds | 16 | - | - | - | - | - |
| Fund balances at 31 August 2021 | | 3,875 | 333 | 143 | 4,351 | 5,247 |
| **Fund balances at 31 August 2022** | 16 | **2,927** | **343** | **145** | **3,415** | **4,351** |

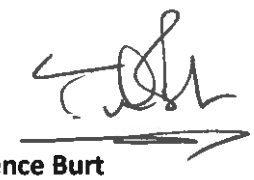
All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### BALANCE SHEET AS AT 31 AUGUST 2022

**Registered No: 2010493**

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 7 | **9,308** | 9,582 |
| | | **9,308** | 9,582 |
| **Current assets** | | | |
| Stocks | | **87** | 49 |
| Debtors | 8 | **746** | 383 |
| Cash at bank and in hand | | **7** | 4 |
| | | **840** | 436 |
| **Creditors - amounts falling due within one year** | 9 | **(5,016)** | (4,002) |
| **Net current liabilities** | | **(4,176)** | (3,566) |
| **Total assets less current liabilities** | | **5,132** | 6,016 |
| **Creditors – amounts falling due after more than one year** | 10 | **(1,717)** | (1,665) |
| **Net assets** | | **3,415** | 4,351 |
| **Restricted funds** | 16 | **145** | 143 |
| **Unrestricted funds** | 16 | **3,270** | 4,208 |
| **Total Funds** | 16 | **3,415** | 4,351 |

The financial statements on pages 20 to 39 were approved and authorised for issue by the board of Governors on 9 January 2023 and were signed on its behalf by:



**Mr Terence Burt**

Director

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

| | Note | 2022 £'000 | 2022 £'000 | 2021 £'000 | 2021 £'000 |
|---|---|---|---|---|---|
| **Net cash (outflow) from operations** | A | | **(611)** | | (570) |
| **Cash flow from investing activities** | | | | | |
| Interest received | | **13** | | 15 | |
| Interest paid | | **(162)** | | (119) | |
| Proceeds from sale of fixed assets | | **369** | | | |
| Payment for tangible fixed assets | | **(149)** | | (153) | |
| **Net cash used in investing activities** | | | **71** | | (257) |
| **Cash flow from financing activities** | | | | | |
| Advance fees scheme: | | | | | |
| Receipts from new contracts | | **302** | | | |
| Amounts utilised and repaid | | **(35)** | | (125) | |
| Finance lease contracts: | | | | | |
| Amounts repaid | | **-** | | (4) | |
| Bank facility (repaid) / utilised | | **276** | | 948 | |
| **Net cash used by financing activities** | | | **543** | | 819 |
| Change in cash and cash equivalents in the reporting period | | | **3** | | (8) |
| Cash and cash equivalents at the beginning of the period | | | **4** | | 12 |
| Cash and cash equivalents at the end of the period | B | | **7** | | 4 |

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

### A Reconciliation of net income to net cash flow from operating activities

| | **2022** | 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Net outgoing resources | **(936)** | (896) |
| Interest receivable | **(13)** | (15) |
| Financing costs | **162** | 119 |
| Profit on sale of fixed assets | **(358)** | - |
| Depreciation charges | **411** | 438 |
| (Increase) / Decrease in stocks | **(38)** | (12) |
| (Increase) / Decrease in debtors | **(363)** | (132) |
| Increase / (Decrease) in creditors | **524** | (72) |
| Net cash (outflow) from operations | **(611)** | (570) |

### B Analysis of cash and cash equivalents

| | **2022** | 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Cash at bank and in hand | **7** | 4 |

### C Reconciliation of net debt

| | At 1 September 2021 | Cashflow | **At 31 August 2022** |
|---|---|---|---|
| | £'000 | £'000 | **£'000** |
| Cash in hand, at bank | 4 | 3 | **7** |
| Bank overdraft | (1,456) | (406) | **(1,862)** |
| Bank loan <1 year | (130) | 17 | **(113)** |
| Bank loan > 1 year | (1,630) | 113 | **(1,517)** |
| | (3,212) | (273) | **(3,485)** |

## ACCOUNTING POLICIES

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

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

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 15 March 1986 (company number: 2010493) and registered as a charity on 13 May 1986 (charity number: 517523).

### Going Concern

The business activities of the School and the major risks it faces are set out in the Governors' Report on pages 8 to 14.

The strategies set out in the plan reported on in the Directors' Report will deliver financial outcomes of

- Cash neutrality in the academic year 2023/2024
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The strategic plan and its most recent iteration has been the subject of detailed scrutiny by the bank. The key strand of the plan has already delivered a record number of recruits for September 2022, our focus on sophisticated digital marketing continues, and all indications suggest that the required recruitment targets will be achieved for September 2023. This work is the subject of regular meetings with our bank. The Bank continues to make working capital available by way of overdraft which is sufficient to meet the requirements of the plan.

The Board considers that the School will move to a position of generating investment surpluses that will support the repayment of debt and investment in personnel and materiel as needed to secure the future of the School.

The Governors therefore have a reasonable expectation that the School will continue its business activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability. These accounts have therefore been drawn up on the basis that it is a going concern..

### Fees and Similar Income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds.

**Donations and Fund Accounting**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Donations received for the general purposes of the Charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**Grants received**

Government grants are recognised as income in the period the related costs are incurred for which the grant is intended to compensate.

**Stock**

Stock is carried at the lower of cost and net realisable value.

**Pension Schemes**

The Company operates a defined contribution scheme for non-academic staff. Contributions are charged to the statement of financial activities in the period in which they are payable. Members of the academic staff belong to the Teachers' Pension Scheme ("TPS"), which is a multi-employer defined benefit scheme. Contributions are charged to the statement of financial activities as if the TPS were a defined contribution scheme.

**School Buildings and Equipment**

Land is not depreciated. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount over the estimated useful economic lives, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost. Individual items which cost less than this amount will be capitalised if they are acquired as part of a larger capital project. Rates have been used in calculating depreciation have been applied as follows:

| | |
|---|---|
| Freehold buildings and sports pitches | between 1.3% and 20% |
| Plant and equipment | 15% |
| Fixtures and fittings | 10% |
| IT | 20% |
| Motor vehicles | 25% |

**Advance Fees Scheme**

The School offers parents the opportunity to pay a lump sum in advance which is then offset against future tuition fees. A discount is received and allocated against each future term's payment in accordance with a written contract. Amounts received by the School as part of this scheme are upheld as creditor balances until the fee bill for the appropriate term is due for payment. At that point the fees due are billed to the parent and taken to income. The corresponding amount as previously purchased under the scheme is offset against the liability due and the discount as allocated is charged to the income and expenditure account.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle School fees are recorded as deferred income and allocated as current liabilities where the education will be provided in within 12 months from the reporting date and as long term liabilities where the education will be provided in subsequent years.

**Grants and Bursaries**

Grants and bursaries are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees are treated as a reduction in those fees.

**Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as is appropriate.

**Governance Costs**

Governance costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, including audit and legal fees.

**Expenditure**

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

**Fund Accounting**

Unrestricted funds are those available for use at the discretion of the Governors in furtherance of the general objectives of the Charity 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.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains are allocated to the appropriate fund.

**Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

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

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.

## 1. School Fees

The School's fee income comprised:

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Gross fees (net of charge for bad debts) | 6,548 | 6,210 |
| Less: total bursaries, grants and allowances | (809) | (656) |
| | 5,739 | 5,554 |

Scholarships, bursaries and other awards were made to 81 (2021: 69) pupils. Within this means tested bursaries totalling £507,000 were awarded to 32 pupils (2021: £484,000 to 28 pupils).

## 2. Other Income

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| **From charitable activities** | | |
| Extra subjects, trips and activities, fees in lieu and other extras | 461 | 427 |
| Use of facilities, registration fees and other miscellaneous | 342 | 193 |
| Profit on sale of tangible assets (see note 19) | 358 | - |
| CJRS grant | - | 533 |
| | 1,161 | 1,153 |
| **Other trading activities** | | |
| Lettings and other income | 5 | 3 |
| **Investment incomes** | | |
| Transfer from unrestricted funds | 13 | 12 |
| Interest receivable | 5 | 3 |
| | 18 | 15 |

## 3. Net Outgoing Resources

Net outgoing resources are stated after charging:

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| **Fixed assets** | | |
| Depreciation | 411 | 438 |
| **Auditors' remuneration** | | |
| For audit services | 18 | 16 |
| **Operating lease charges** | | |
| Land and buildings and motor vehicles | 110 | 116 |
| **Interest paid** | | |
| Bank interest | 112 | 76 |
| Transfer to restricted funds | 13 | 12 |

## 4. Staff Costs

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| **The aggregate payroll costs for the year were as follows:** | | |
| Wages and salaries | **4,136** | 4,143 |
| Social security costs | **389** | 377 |
| Pension contributions | **598** | 653 |
| | **5,123** | 5,173 |
| Aggregate employee benefits of key management personnel (including employer pension and national insurance costs) | **375** | 381 |

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £31,000 (2021: £18,000).

The average number of employees during the year was 163 (2021: 169).

| The average full time equivalent number of employees at the School | 2022 | 2021 |
|---|---|---|
| | **Number** | Number |
| Teaching | 54 | 55 |
| Welfare | 51 | 53 |
| Premises | 11 | 11 |
| Support | 16 | 16 |
| | 132 | 135 |

Number of higher paid employees with emoluments (excluding pension costs) in bands of:

| | 2022 | 2021 |
|---|---|---|
| | **Number** | Number |
| £90,001 - £100,000 | **1** | 1 |
| £80,001 - £90,000 | **-** | - |
| £70,001 - £80,000 | **1** | 1 |
| £60,001 - £70,000 | **2** | 2 |

## 5. Analysis of Expenditure

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2022 Total £'000 |
|---|---|---|---|---|
| **Charitable activities** | | | | |
| Teaching | **2,557** | **325** | **80** | **2,962** |
| Welfare | **1,508** | **364** | **-** | **1,872** |
| Premises | **300** | **931** | **331** | **1,562** |
| Support costs and governance | **758** | **588** | **-** | **1.346** |
| Grants, awards and prizes | **-** | **-** | **-** | **-** |
| | **5,123** | **2,208** | **411** | **7,742** |
| **Costs of generating funds** | | | | |
| Financing costs - interest payable | **-** | **162** | **-** | **162** |
| Development costs | **-** | **3** | **-** | **3** |
| **Total expended** | **5,123** | **2,373** | **411** | **7,907** |

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2021 Total £'000 |
|---|---|---|---|---|
| **Charitable activities** | | | | |
| Teaching | 2,871 | 94 | 92 | 3,057 |
| Welfare | 1,442 | 372 | - | 1,814 |
| Premises | 264 | 791 | 346 | 1,401 |
| Support costs and governance | 596 | 655 | - | 1,251 |
| Grants, awards and prizes | - | - | - | - |
| | 5,173 | 1,912 | 438 | 7,523 |
| **Costs of generating funds** | | | | |
| Financing costs - interest payable | - | 119 | - | 119 |
| Development costs | - | 3 | - | 3 |
| **Total expended** | 5,173 | 2,034 | 438 | 7,645 |

## 6. Governance Costs included in Support Costs:

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Auditors' remuneration - audit services | 18 | 16 |
| Legal and professional fees, Governors' training and expenses | 1 | 25 |
| | 19 | 41 |

## 7. Tangible Fixed Assets

| | Freehold buildings | IT | Fixtures and fittings | Plant, equipment and motor vehicles | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or frozen* valuation** | | | | | |
| 1 September 2021 | 13,787 | 846 | 5,742 | 363 | 20,738 |
| Additions | 39 | 73 | 31 | 6 | 149 |
| Disposals | (30) | - | - | - | (30) |
| **31 August 2022** | 13,796 | 919 | 5,773 | 369 | 20,857 |
| **Depreciation** | | | | | |
| 1 September 2021 | 5,136 | 600 | 5,166 | 254 | 11,156 |
| Charge for the year | 177 | 80 | 127 | 27 | 411 |
| Disposals | (18) | - | - | - | (18) |
| **31 August 2022** | 5,295 | 680 | 5,293 | 281 | 11,549 |
| **Net book values** | | | | | |
| **31 August 2022** | 8,501 | 239 | 480 | 88 | 9,308 |
| 31 August 2021 | 8,651 | 246 | 576 | 109 | 9,582 |

* The School has elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

## 8. Debtors

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| School fees and extras | 217 | 228 |
| Other debtors | 397 | 11 |
| Prepayments | 132 | 144 |
| | 746 | 383 |

## 9. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Fees received in advance | **1,432** | 985 |
| Trade creditors | **254** | 247 |
| Taxation and social security | **94** | 278 |
| Final term deposits | **778** | 615 |
| Accruals | **118** | 94 |
| Other creditors | **229** | 162 |
| Bank overdraft facility (note 11) | **1,862** | 1,456 |
| Bank loan (note 11) | **113** | 130 |
| Deferred Income - advance fees scheme (note 12) | **136** | 35 |
| | **5,016** | 4,002 |

## 10. Creditors: amounts falling due after more than one year

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans (note 11) | **1,517** | 1,631 |
| Deferred Income – advance fees scheme (note 12) | **200** | 34 |
| | **1,717** | 1,665 |

## 11. Bank Loans and Overdraft

The bank loans are due to be repaid as follows:

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Within 1 year (note 9) | **113** | 130 |
| Within 1 to 5 years | **302** | 523 |
| Over 5 years | **1,215** | 1,109 |
| | **1,630** | 1,762 |

In December 2020 a term loan of £600,000 was secured. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 3.00% and is amortised over 15 years with a 5 year review. The term loan advanced in 2018 attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%.

The loans and overdraft are secured by a legal charge over the freehold property together with a debenture over all assets and undertakings of the School, both fixed and floating.

## 12. Advance Fees Scheme

Parents may enter into a contract to pay tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. On the assumption that all pupils will remain in the School until at least the expiry of their agreements, the fees purchased in advance will be applied as follows:

| | **2022** | 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Within 1 year (note 9) | 136 | 35 |
| Between 1 and 5 years (note 10) | 200 | 34 |
| | 336 | 69 |

The balance represents the accrued liability under the contracts. The movements during the year were:

| | **2022** | 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Balance at 1 September 2021 | 69 | 194 |
| New contracts | 302 | - |
| Payment of fees to the School | (35) | (125) |
| **Balance at 31 August 2022** | 336 | 69 |

## 13. Financial Instruments

| | **2022** | 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Financial assets measured at amortised cost (a) | 621 | 243 |
| Financial assets measured at fair value | 0 | 0 |
| Financial liabilities measured at amortised cost (b) | (4,965) | (4,611) |
| Net financial assets measured at amortised cost | (4,344) | (4,368) |

(a) Financial assets include cash, trade, fee and other debtors
(b) Financial liabilities include deposits, fees received in advance, trade and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

## 14. Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the Company to meet its liabilities if called upon to do so. The members are also Governors of the company.

## 15. Financial commitments

**Operating lease commitments**

At 31 August 2022 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| Within one year | 97 | 108 |
| Within two to five years | 251 | 184 |
| After five years | 36 | 26 |
| | 384 | 318 |

During the year further leases for land and buildings which had been due to expire were renegotiated with the landlord.

## 16. Statement of Funds

| | Balance at 31 August 2021 | Incoming Resources | Resources Expended | Gains, Losses and Transfers | Balance at 31 August 2022 |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Restricted funds** | | | | | |
| Bursary Funds | **125** | **2** | **-** | **-** | **127** |
| Other restricted funds | **18** | **-** | **-** | **-** | **18** |
| Total restricted funds | **143** | **2** | **-** | **-** | **145** |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | **3,875** | **6,959** | **(7,907)** | **-** | **2,927** |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | **333** | **10** | **-** | **-** | **343** |
| Total unrestricted funds | **4,208** | **6,969** | **(7,907)** | **-** | **3,270** |
| **Total funds** | **4,351** | **6,971** | **(7,907)** | | **3,415** |

The designated fund was received from the residuary estate of Mrs Janet Churm, an Old Margaretian. The Governors have designated its use in accordance with her wishes; that is to enable a girl currently in the School to stay who, due to a change in her parent's circumstances, would otherwise have to leave.

The restricted funds are to be used in accordance with specific restrictions made by the donors. The Bursary Funds have been augmented by our first Leavers' Appeal and in addition the Chaplain's Fund has been transferred to this fund. Other restricted funds are for the benefit of the School Council and also include funds raised for the Annual Head's Appeal.

| | Balance at 31 August 2020 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2021 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | 123 | 2 | - | - | 125 |
| Other restricted funds | 18 | - | - | - | 18 |
| Total restricted funds | 141 | 2 | - | - | 143 |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | 4,783 | 6,737 | (7,645) | - | 3,875 |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | 323 | 10 | - | - | 333 |
| Total unrestricted funds | 5,106 | 6,747 | (7,645) | - | 4,208 |
| **Total funds** | 5,247 | 6,749 | (7,645) | - | 4,351 |

## 17. Analysis of Net Assets between Funds

The net assets are held for the various funds as follows:

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2022 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 145 | - | 145 |
| Unrestricted funds | 9,308 | (4,321) | (1,717) | 3,270 |
| | 9,308 | (4,176) | (1,717) | 3,415 |

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2021 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 143 | - | 143 |
| Unrestricted funds | 9,582 | (3,709) | (1,665) | 4,208 |
| | 9,582 | (3,566) | (1,665) | 4,351 |

## 18. Pensions

During the year there were two pension schemes in operation for employees of the School. These are a defined contribution scheme (The Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The Queen Margaret's School Group Personal Pension Plan is for non-teaching staff and teachers who have joined the school after 1 September 2021 or who have chosen to opt out of the TPS (see below). The total pension cost to the School for the year was £598,000 (2021: £653,000) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary.

The assets of the defined contribution scheme are held separately from those of the School in independently administered funds. The charge to the statement of financial activities represents contributions payable by the School to the funds.

At 31 August 2021, following consultation, members of the TPS had the option of remaining in the TPS or joining a defined contribution scheme, the Queen Margaret's School Group Personal Pension Plan. The School was accepted as a Phased Withdrawal School in the TPS on 1 October 2021 and no further employees are now enrolled in the TPS.

**Teachers' Pension Scheme ('TPS')**

During the year the School participated in the Teachers' Pension Scheme ("the TPS") for teaching staff who were employed by the school prior to 1 September 2021 and have chosen to remain in the scheme. The pension charge for the year includes contributions payable to the TPS of £454,000 (2021: £501,000) and at the year-end £47,000 (2021 - £60,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to

proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

## 19. Related Party Transactions

Four Governors (2021: three) of the School who held office for at least part of the year had daughters enrolled at the School during the year. The arrangements for all daughters of Governors to be admitted to the School are consistent with those for all other girls who enter the School.

During the year the School entered into an agreement for the sale of a freehold property to the Chairman. The sale results in a profit of £358,000 reflected in the results for the year. Subsequently the School will enter into a lease of the property on terms consistent with other leases the School holds with an unrelated party. Consent for the transactions was sought from the Charities Commission.

The spouse of one trustee has a 25% interest in the School's main supplier of heating oil, Your NRG Ltd. In the year the School purchased £272,000 (2021: £135,000) of oil on terms consistent with that available to all customers. At the year-end £8,675 (2021: £3,444) was outstanding and included in trade creditors.

No Governors received any remuneration from the School during the year. One Governor (2021: one) has received reimbursements totalling £815 (2021: £225) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)

**20. Statement of Financial Activities for the Year Ended 31 August 2021 (incorporating an Income and Expenditure Account)**

| | | | | | 2021 |
|---|---|---|---|---|---|
| | | Unrestricted funds £'000 | Designated funds £'000 | Restricted funds £'000 | Total £'000 |
| **Income from:** | | | | | |
| ***Charitable activities*** | | | | | |
| School fees | 1 | 5,554 | - | - | 5,554 |
| Ancillary trading income | 2 | 620 | - | - | 620 |
| CJRS grant | 2 | 533 | - | - | 533 |
| ***Other trading activities*** | | | | | |
| Non-ancillary trading income | 2 | 3 | - | - | 3 |
| ***Investment income*** | 2 | 3 | 10 | 2 | 15 |
| ***Donations and legacies*** | | 24 | - | - | 24 |
| **Total incoming resources** | | 6,737 | 10 | 2 | 6,749 |
| **Expenditure on:** | | | | | |
| ***Costs of generating funds*** | | | | | |
| Costs of generating funds | 5 | 122 | - | - | 122 |
| | | 122 | - | - | 122 |
| ***Charitable activities*** | | | | | |
| Education and grant making | 5 | 7,523 | - | - | 7,523 |
| | | 7,523 | - | - | 7,523 |
| **Total expenditure** | 5 | 7,645 | - | - | 7,645 |
| **Net incoming/(outgoing) resources** | 3 | (908) | 10 | 2 | (896) |
| Transfers between funds | 16 | - | - | - | - |
| Fund balances at 31 August 2020 | | 4,783 | 323 | 141 | 5,247 |
| **Fund balances at 31 August 2021** | 16 | 3,875 | 333 | 143 | 4,351 |

**QUEEN MARGARET'S SCHOOL, YORK LIMITED**

England & Wales - Charity number 517523

# Accounts

# Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Annual report

For the year ended 31 August 2021

**Charity number - 517523**
**Registered Number - 2010493**

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
# Annual report
# For the year ended 31 August 2021

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# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2021

The Governors of Queen Margaret's School ("the School") are the School's charity trustees under charity law and are the directors of the charitable company, Queen Margaret's School, York Limited. The members of the Board of Governors who served in office during the year are detailed below. All served throughout the year unless otherwise indicated. All are members of the main Board and also serve on one of one of the Board's committees as indicated.

### GOVERNORS

Chairman of the Board
Mrs C J Bayliss (External Relations Committee) (until July 2021)
Mr T W Burt (Business Committee) (from July 2021)

Business Committee
Mr N F H Corner (Chairman) (Retired July 2021)
Mr M Stripe (Chairman from July 2021)
Mr T W Burt (appointed March 2021)
Mr J D Hoddinott

External Relations Committee
Dr E J Peart (Chairman)
Mrs C J Bayliss
Mr N W G Blythe (appointed September 2020)
Mrs A M Morley (Retired July 2021)
Mrs C H Stoker (Resigned September 2021)

Education Committee
Mrs C D Granger (Chairman)
Mr J Forster (appointed March 2021)
Mr R J Morse

Pastoral Committee
Mrs S A King (Chairman)
Ms C A Fairley
The Hon Mrs A L Forbes

### Officers of the School

| | |
|---|---|
| Head | Mrs S J Baillie BA (Hons) Leicester PGCE |
| Senior Deputy Head | Mr L Fox MA (Rostock) |
| Bursar | Mrs E S Raper BSc (Nottingham) ACA |
| Clerk to the Governors | Mr DT King LLB |

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

**Principal Address and Registered Office**

Escrick Park
York
YO19 6EU

**ADVISORS**

**Auditors**

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

**Bankers**

Barclays Bank plc
25 James Street
Harrogate
HG1 1QX

**Solicitors**

Crombie Wilkinson Solicitors LLP
19 Clifford Street
York
YO1 9RJ

**Insurers**

Marsh Brokers Ltd
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
R16 3SY

**Website**

www.queenmargarets.com

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

The Board of Governors of Queen Margaret's School presents its Annual Report for the year ended 31 August 2021 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 School was founded in Scarborough in 1901. Until 1986 the School was part of the Woodard Foundation, in that year the School became an independent entity. It is constituted as a company limited by guarantee registered in England, No 2010493, and is registered with the Charity Commission under Charity No 517523.

Details of the members of the Board of Governors, together with the School's officers and principal advisors are set out on pages 1 and 2.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Documents

The School's governing documents are its Memorandum and Articles of Association dated 15 April 1986 and last reviewed and updated on 12 May 2005.

### Governing Body

The Board of Governors is a self-appointing body. The number of Governors serving on the Board is not subject to a maximum but is required to be not fewer than three. At each Annual General Meeting ('AGM') one-third of the Board of Governors retire by rotation, with those Governors with the longest period in office since their last appointment retiring first. In addition, all new Governors appointed at or in the period since the last AGM hold office only until the next following AGM and if not reappointed at that AGM are required to vacate office.

Retiring Governors may stand for re-election for a further term in office, with no limit placed on the number of times that a Governor can be re-elected. The expectation in practice is that a Governor will serve a total two terms of three years each and will, as a matter of practice, place his or her resignation at the disposal of the Chairman at the end of his or her first three year term.

### Recruitment and Training of Governors

New members of the Board are elected on the basis of nominations from the current Governors based on the candidates' professional qualities and experience. The Board conducts regular audits of the skill sets represented on the Board to ensure that there is a balanced membership with an appropriate range of skills, interests and experience. A balance is maintained between Governors who are current parents and those who are not.

During the course of the year, in anticipation of the planned retirement of Caroline Bayliss from the Chairmanship of the Board in July 2021, the Board sought to recruit an experienced business leader with demonstrable enthusiasm for girls' only private education and was delighted to appoint Mr Terry Burt to the Board with his appointment as Chairman of the Board taking effect from Speech Day 2021.

New Governors are provided with a range of information in relation to the workings of the School and the responsibilities of becoming a charity trustee. The information that is provided is a combination of official Charity Commission, Association of Governing Bodies of Independent Schools (AGBIS) and School documents. The opportunity to attend training by industry competent bodies, including AGBIS, is offered and Governors are encouraged to attend. All Governors are expected to complete AGBIS on-line training on safeguarding children. The Clerk to the Governors maintains a record of training undertaken by the Governors.

**Organisational Management**

Each Governor becomes a member of one of four committees: Education, Pastoral, External Relations, and Business, with each committee having defined terms of reference. These committees meet once each term and their meetings are attended by representatives of the Senior Leadership Team (as to which see below) and other members of the School community as appropriate. The expectation is that the main Board will meet once each term; the full Board meetings being preceded by the meetings of each of the four committees. Over the year to 31 August 2021 however the Board has met both as a full Board and in sub-committees (in addition to the routine meetings of the Committees as outlined above) on seven occasions as the School has responded to the various challenges posed by the global COVID-19 pandemic.

The Education Committee is concerned with the quality of education provided at the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 are met and exceeded. The committee considers the School's academic offering and outcomes together with the provision made by the School to ensure the spiritual, moral, social and cultural development of pupils in the School. It approves the curriculum and the plan of the day and sets academic targets for both results and, importantly, the value added to be achieved by the School and monitors delivery of these. It spends a similar amount of time reviewing the provision made for the pupils outside the classroom. During the year the Education Committee was chaired by Clare Granger.

The Pastoral Committee concerns itself with all aspects of pastoral care in the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding are met and exceeded in relation to the welfare, health and safety of the girls. This Committee in particular maintains a strong focus on safeguarding pupils (whilst the Board as a whole embraces the concept that safeguarding pupils in the School is everyone's responsibility. The Committee receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and girls' Discipline Policies. It has responsibility for ensuring that the premises and accommodation at the School are of a high standard and for all aspects of the School's boarding provision including food and weekend activities. During the year the Pastoral Committee was chaired by Sue King who also assumes special responsibility for safeguarding.

The External Relations Committee maintains a strong focus on such areas ensuring that there is an efficient and effective recruitment and admissions process and the marketing of the School. The Committee has oversight of the School's delivery of its public benefit requirement. It looks to ensure that there is appropriate forward planning; that the School has a clear, deliverable Strategic Plan that is regularly reviewed and updated. It leads on areas such as alumnae relationships and relationships with friends of the School. The External Relations Committee was chaired during the year by Emma Peart.

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on termly and annual budgets and monitoring performance. It considers planned capital expenditure and advises on this issue to the Board. It is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. The Business Committee was chaired during the year by Nigel Corner until his retirement on Speech Day 2021 and he has been succeeded in that post by Matt Stripe.

Day to day running of the School is delegated to the Head supported by the Bursar, the Senior Deputy Head and the Clerk to the Governors (who is also Director of Administration and Compliance); together this group are the key management personnel. In this year they were supported by the Deputy Head (Academic), and the Directors of Boarding and External Relations; the group together making up the Head's Senior Leadership Team (SLT).

**Remuneration Policy**

The Board sets the salaries of the key management personnel directly. The Board sets funding levels and provides direction as to remuneration of the remainder of the staff, having regard to the overall financial position of the School, whilst leaving an element of discretion to the Head as to how individual roles are remunerated and how any funds allocated for salary increases are applied. The policy objective in doing so is one of ensuring that the School can attract and retain inspirational staff. The Board gives careful consideration to benchmarking data including appropriate comparisons with other independent schools to make sure that levels of staffing and staff remuneration do not become significantly out of line with those prevailing elsewhere.

The role of the Head and the SLT and the performance of the School staff are key to ensuring delivery of the Board's strategic vision for the School. Staff costs are, inevitably, the largest single element of the School's charitable expenditure.

**Employment Policy**

The School's Recruitment Policy, which is available on its website, makes it clear that the School is committed to operating fair recruitment practices that will avoid discrimination on the grounds of race, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation. A transparent and open recruitment process is followed with the scope for reasonable adjustment to ensure parity of treatment for all applicants.

Regular staff meetings are held at which staff members are invited to set the agenda with the aim of facilitating open communication. Two staff representatives act as the voice of the staff room. Weekly staff briefing meetings are held each Monday in term time with the minutes of those meetings being distributed to all staff by email. Before the start of each term reports are given to staff members at a staff meeting that includes information about changes to policies, whole staff training together with the financial and economic performance of the School. The meeting at the start of the school year is attended and addressed by the Chairman of the Board.

### Investment Policy

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's monies not immediately required for its purposes in such investments, securities or property as the Governors think fit.

## OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

### Charitable Objects

The objects of the Charity as contained in the Memorandum of Association are the advancement of education generally and, in particular, the education and training of pupils at Queen Margaret's School, York.

### Queen Margaret's School - Our Values

As a forward-thinking independent school, we will empower each girl to develop and flourish in her academic learning whilst making the most of all the co-curricular enrichment opportunities available here. We provide a holistic education, underpinned by warm-hearted pastoral care.

### Aims of the School

QM girls take advantage of the School's vibrant and complementary programme of studies and activities. In doing so, they will:

- Achieve excellence inside and outside the classroom
- Develop an enthusiasm for independent thought, learning and research
- Grow with emotional maturity, social awareness and respect for individuality and difference
- Forge special friendships that will stay with them for the rest of their lives
- Be interesting, well-informed, happy and confident members of the community.

### Values of the School

- Commitment and Excellence
- Honesty and Openness
- Bravery and Resilience
- Kindness, Respect and Tolerance
- Friendship, Fairness and Fun.

### Our Vision

To be at the vanguard of girls' independent boarding education and a natural choice for girls and parents alike in the UK and beyond.

### Activities of Queen Margaret's School

The School's primary activity is the provision of education to girls aged between 11 and 18 at its site at Escrick Park.

### Public Benefit

In considering the aims of the School the Board of Governors has, in accordance with the Charities Act 2011, given due regard to the public benefit guidance issued by the Charity Commission. The outstanding

academic and all-round education and pastoral care given to the girls attending the School is our principal charitable activity. Increasing accessibility to that education and care is a key objective.

### Our place in the community

Queen Margaret's School makes a significant positive contribution to the local economy of the area between York and Selby, both through the procurement of services and goods and by virtue of our being one of the largest employers in the local area. The School values its place in the community and has worked hard to build upon its cross community relationships both by working proactively to develop positive relationships with local schools and youth organisations and to facilitate sharing sporting and cultural resources such as our Astroturf and our theatre and chapel and by involving pupils in the charitable endeavours in the Parish.

One of the many ill-effects of the continued impact of the COVID-19 pandemic was the almost complete cessation of such direct cross community activity within our local region as we have striven to make the school a COVID safe environment. It is satisfactory to report that over the period since the start of the current year we have once again been able to provide affordable sharing of our facilities to an increasing number of local young persons' organisations including swimming clubs (where there is a significant pent up local demand for pool time following prolonged periods when there was no general access to swimming pools) hockey, football, netball and triathlon clubs. We consider that sharing our facilities in an affordable manner has a significant and positive benefit for the local community whilst providing revenue that supports our charitable activities.

### Increasing accessibility

Widening access to the many benefits of attending Queen Margaret's remains a priority for the Board. The School has limited resources from investments with which to support the School in offering financial support to pupils. However the School's policies regarding awards and bursaries enable the Governors and School to grant fee remissions for a number of reasons; as means tested bursaries for families who need such support, in connection with scholarships for special talent (these do not always carry a direct fee remission but will always bring with them some benefit for the recipient), to support the daughter(s) of an employee and also in circumstances where there is more than one girl from a family in the School.

In furtherance of our intention that a significant part of our increasing accessibility will include transformational awards of support we have maintained our support of two pupils with 100%+ bursaries in association with the Royal National Springboard Foundation. We have resolved that, as they move on from the School at the completion of their courses, we will work with the Foundation to identify two further pupils who would benefit from a QM education who can be supported on the same basis in the coming year and thereafter.

Overwhelmingly, remissions are used to provide means tested bursaries that are awarded subject to and following independent scrutiny by an external organisation. The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School to enable them to benefit from that education amounted to £484,000 (2020: £458,000) this benefited 28 (2020: 32) girls throughout the School.

We must first acknowledge the grief and enduring sadness felt across the whole school community following the sudden death of a sixth form pupil in the Autumn term of 2021. Issy was a House Captain and a beloved member of the school. Our sympathies remain with her family and all who loved her.

## OVERVIEW OF THE YEAR

Queen Margaret's continues to be an outstanding school, recognised as excellent in all categories in our most recent full inspection. Our pupils are happy and successful by any measure, recording the best 2021 examination results at GCSE and A Level of any all girls' school in the region. Although limited by the restrictions imposed to control COVID-19 during the year, our pupils represented QM in the finals of national school sporting competitions and participated in a wide range of sports, playing in high quality orchestras and ensembles and involved themselves with enthusiasm in the outstanding co-curricular activities available.

The year was once more very challenging from an operational perspective, with activities significantly curtailed in the Autumn term by COVID-19 mitigations and with the School once more operating remotely for the greater part of the Spring Term with the consequent reversion to furlough for many support staff and with the constant challenge of staff absences as COVID affected staff members or their dependents.

During the Spring Term the Board entered into and concluded discussions with the teaching staff that resulted in agreement that, with effect from September 2021, the School has withdrawn from the Teachers' Pension Scheme for new members of staff with existing members of that scheme who have chosen to remain members of it agreeing to a variation to their contracts of employment that has the effect, by means of an agreed formulaic adjustment to their salaries, of effectively limiting the employer's contribution to 16% from September and into the future. The Board remains very grateful to the teaching staff for the way in which members approached these important changes and we wish to record our particular thanks to the staff representatives for their careful and painstaking work.

Research conducted on our behalf during the year showed that while those who know of QM view the School very positively, for a surprising number QM is simply something that they are not aware of. Over the course of the year we have worked in close partnership with a strategic, creative and digital agency based in the heart of the North East with the aim of bringing to life what makes QM stand out so that we can make our voice heard more widely and more clearly in a busy arena and demonstrate to a wider audience of parents and their daughters that QM is the best place for their girls to be educated. That work is on-going but it has already borne fruit and is impacting significantly on the way we promote the School and on the response to that.

As we approached the final third of the year it became clear that, once more, the School would not have the benefit of the income that we were expecting under an agreement with a summer school as the pandemic continued to cause difficulty with international travel. This together with the impact of the pandemic on recruitment inevitably placed a strain on budgets and impacted adversely on projected outcomes. As detailed later in this report, the School is implementing a detailed strategic plan which will deliver financial security and growth into the future.

### Academic

The achievements of our pupils in the classroom is a matter of immense pride to the Board, our staff, our parents and pupils. In a challenging environment the process that was applied in arriving at the grades awarded to our pupils in 2021 was stringent and, in every case, was based on an evidenced appraisal of the pupil's work and progress. Our staff engaged fully in a robust process of training to equip themselves fully for the process that they had to apply. Our pupils' achievements in what were particularly testing times reflect great credit on them and their teachers and it is worthy of note that the School compares very favourably in academic performance with all other schools in the region outperforming the vast majority.

In summary, at GCE (A Level) our results were:

- 100% pass rate with 77% of all entries gaining A*-A grades and 95% of all entries gaining A*-B grades
- 92% of all girls taking A level examinations achieved three of more A*-B grades
- 78% of girls achieved AAB or higher 83% of girls achieved ABB or higher
- 58% of girls achieved 3 or more A* - A grades
- 81% of girls achieved 2 or more A* - A grades
- 72% of girls achieved at least 1 A*
- 7 girls achieved 3 or more A* grades

At GCSE our results were:

- 100% pass rate with 52% of entries gaining 9 -8 grades
- 33% of entries achieved the highest 9 grade
- 67% of entries gaining 9 -7 grades
- 57% of all girls taking GCSE examinations achieved five of more 9-7 grades
- 4 girls achieved 8 or more grade 9's

We are able to demonstrate that what happens in the classroom at QM really does add value with 97% of girls at A Level achieving on or above their GCSE based ALIS targets and their test based ALIS targets and at GCSE 94% of pupils achieved or exceeded their Yellis predictions.

Those who chose to supplement their learning by undertaking an Extended Project qualification found it a rewarding experience, with significant evidence of creative problem solving on the way.

The Academic Leadership Team that was established last year has been further strengthened by the addition of a third member to the team and all are settling well into their new roles and responsibilities. There is a continued focus on the implementation of our Education Development Plan with a review of the timing and content of parents' conferences and reports and the introduction of data based mapping of progression and value added through the CEM assessments. Both parents, pupils and teachers need to feel comfortable with a data driven approach and this work has begun with teachers, learning how to read the data and populating new approaches to collecting internal data.

## Outside the Classroom

During the three distinct periods in the year, the Autumn term when there were very limiting COVID mitigations in place, the Spring term during the greater part of which the School operated remotely and the Summer term when there was a gradual but marked relaxation of the rules the co-curricular life of the School was varied and enriching. The range available to girls extends well beyond that which might be expected from any school let alone a relatively small one.

Music and Drama were inevitably impacted but much imaginative work was done. The Performing Arts Spring Concert after the return to school was a celebration of the girls' progress, demonstrating their resilience and commitment to their art during the period of lockdown. The Drama club met weekly and junior production of Far Above Rubies was a triumph. We celebrated two rounds of entrants in LAMDA examinations with 100% distinction.

During the year the Queen's Society produced a programme of talks by both girls and invited speakers on an eclectic range of topics. The Duke of Edinburgh Award scheme continued with ten girls completing the gold award. Girls obtained their National Pool Lifeguard qualification. The School team in the Oxford University Computing Challenge came in the top 10% in the country in the Brebas Challenge. Two groups of LVI girls created and ran businesses through the School's internal enterprise project, QMPT (Queen Margaret's Prince's Trust) in the process raising over £5,500 for the Prince's Trust. Girls gardened, cooked, investigated Greek mythology, sang and danced. By individual and collective efforts they supported charities including Martin House, York Mind, McMillan Cancer Support and Shift MS.

Sport as ever was of great importance. In the Autumn term, when year group "bubbling" made competitive sport impossible a series of Sports Masterclasses were introduced with a new Saturday programme enabling competitive inter-year activity including Hockey, Lacrosse Netball, Badminton Rugby and football. In the Spring term the on-line sports programme was supplemented by a distance challenge during which girls ran, walked or cycled over 7,800 kilometres, enough to enable them to get to Queen Margaret's in Canada (followed by a very successful virtual visit to the school). 1 May was a landmark day with the first of a term of friendly but fiercely competitive matches and tournaments against local teams from St Peters, Ampleforth and Pocklington with the U18 Tennis team travelling further as they got to the final stages of Group One in the LTA National Championships. Individual performances in equestrian sport produced results at a high level and girls were selected to play at County Level and for National training or squads in lacrosse, hockey, eventing and rounders.

All the achievements outlined here are underpinned by the deep commitment the school has to the pastoral care of our pupils. With the negative impact of lockdowns on young people becoming increasingly apparent, the school has reacted by putting in place an enhanced programme of PSHE including external expert speakers on mental health and eating disorders and a multi-layered approach to mental health support which was recognised as sector leading when QM was awarded the Best School for Wellbeing in the 2021 independent School Awards.

## FUNDRAISING PERFORMANCE

The primary focus of our External Relations Department in 2020/2021 has been on all aspects of marketing and admissions including a developing use of digital tools and the department with the Head has taken the lead on the work with the external agency mentioned, those staff members who previously were involved in development and fundraising were permanently recruited to work on admissions. Given the significant impact of COVID-19 on our capacity to fundraise the decision was made not to recruit to fill the vacancy in development and fundraising until a later date and the work to develop the QM Foundation has been put on ice. That has inevitably impacted upon the School's fundraising performance. It is an indication of the generosity of the School's supporters that notwithstanding this donations of £24,000 were received

It is planned that, as soon as circumstances are more favourable, recruitment will take place and there will be a renewed focus on development and in particular fund raising for bursaries. The volunteers who were prepared to lead on the promotion of the QM Foundation have indicated their willingness to become involved once more when the time is right...

There are no external professional or commercial fundraising organisations used and so no monitoring processes are required. The School has not subscribed to the Fundraising Regulator but will do so as our Development activities increase. The School adheres to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the School in relation to fundraising activity. The School takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the School's approach to fundraising activity.

## FINANCIAL REVIEW

### Results for the Year

The pandemic once more impacted on the financial results in a significant manner. The impact of the decision of a number of (mainly overseas) pupils not to join the School together with the loss for the second year of income from the use of the School's estate was mitigated by the careful control of costs and government grants. Nonetheless the net effect was that the anticipated deficit for the year increased to £896,000 including depreciation of £438,000. As reported in last year's report, in December 2021 the Bank made available a loan of £600,000 repayable over 15 years. The Bank has continued as before to act as a critical but supportive friend in their review of the results for the year and has made available the financial support needed.

### Reserves Level and Policy and Financial Viability

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent boarding, educational and enrichment services to its girls. As a result, the majority of the School's reserves are invested in tangible fixed assets. The Governors' policy has been in the past and will once again be to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner. The School's total reserves are £4.4m (2020: £5.2m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£5.4m (2020: -£4.7m). The Board is content that the approach to reserves is a reasonable response to the School's current position. The Governors are aware that future surpluses will need to be generated such that the School can meet the financing of the bank borrowings, make repayments of capital in accordance

with the terms of the bank facility and fund appropriate capital expenditure to maintain and improve the School's operational environment. The Governors will continue to monitor and review their policy on reserves in conjunction with the School's indebtedness. The Board has determined that the School should have as a target the generation of investment surpluses of 12% over the medium to long term. Given that the School's capacity to generate fundraising surpluses is, as yet, very limited and, in the absence of investments or other sources of income that will generate a structural surplus the School will have to generate operating surpluses as the principle means of achieving that target over the coming years, supplemented by increasing trading surpluses in line with our strategy.

The School's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the School's overall objectives. These restricted funds currently attract income in the form of interest by means of a reduction in the School's borrowing facility. The Governors, in consultation with the donors of the money where appropriate, continue to evaluate the best way to make appropriate use of these restricted funds.

Following the appointment of Mr Burt, and with his guidance, over the summer of 2021 the Head and her Senior leadership team with the support of governors developed a strategic plan that will see the school grow over the next three years to around 300 girls - large enough to form a thriving profitable business but small enough to retain our core values of family, home and individuality. Working closely with the Bank this has required a comprehensive and detailed consideration of all aspects of the School's performance and the results consolidated in the plan. The primary indicators of our success are happy, well-educated girls who are ready to take on the world. By implementing the strategies set out in that plan we will continue to deliver outstanding outcomes for our girls in a manner that simultaneously delivers the financial outcomes of:

- Cash neutrality in the academic year 2022/2023
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The plan has the support of the School's Bank which has made available an increase in the working capital available by way of overdraft to £2,350,000 pursuant to an agreement dated 20 October 2021.

**PRINCIPAL RISKS AND UNCERTAINTIES**

As in 2020, the Board recognises the challenges that the COVID-19 pandemic has posed for the School in terms of both impact on numbers of pupils in the School and in lost revenue and increased operating costs. The Governors consider that the impact of the pandemic may continue to pose a significant hazard for the School. The Governors consider that, for example, the impact of COVID-19 taken together with the economic turbulence of previous years on the affordability of fees by parents across the independent sector will continue to pose a major risk faced by the School. The Board continues to recognise that fee increases must be firmly controlled in the years to come. The Board further recognises that the decline in the number of pupils on the School roll has been exacerbated by the pandemic and that the School will continue to face strong competition in the recruitment of pupils.

## Going Concern

While the Board and indeed the country cannot predict with any certainty what the ultimate impact of COVID-19 will be on public and private finances, the School has now reasoned and reasonable grounds for optimism through its strategic plan and given the continued support of the School's Bankers. It is reasonable to assume that the very worst effects of COVID-19 on our ability to operate normally are behind us. Over the past year the Board has maintained a strong focus on the future. The work done by the Head with the external creative agency has led to a much clearer understanding of how the School is viewed in the market place and has resulted in a comprehensive overhaul of the way that the School presents itself to the world. A considerably more scientific approach to marketing and a strong focus on digital marketing is proving its worth in promoting attendance at Open Days and opportunities to visit the School. Interest from our European families has recovered strongly from the initial impact of COVID and the inconvenience in terms of visa requirements flowing from the decision of the UK to leave the EU has largely become the new norm.

Above all, the Board considers that the plan, with its carefully worked out strategic strands to secure an increase in the school roll in a measured manner, to optimise our costs (with a significant steps already having been taken to reduce cost and remove future risk by the change in relation to the Teachers' Pension Scheme), to enhance the utilisation of and right size our estate to ensure it is fit for purpose and to reinvigorate our development and fundraising activities will lead to the financial outcomes predicted and will deliver the School to a position where debt will be reduced and surpluses will be generated to meet the School's investment needs to secure continued growth and the financial security. We have the funding support to deliver this. Progress in the delivery of the plan is and will be carefully monitored and external support is in hand to secure its delivery.

The Board therefore considers that it is reasonable to maintain that neither the risks outlined above nor the other risks that the School faces present the School with a material uncertainty with regard to going concern.

The risks of a safeguarding failure resulting in emotional or physical harm to a pupil, of a failure of strategic direction, of inability to recruit girls to the planned shape of the School and of School data falling into the wrong hands are risks that have been identified as requiring particular focus and are to be minimised by thorough planning, risk assessment and monitoring. Health and Safety is always a significant area for risk management.

The School's approach to risk management and internal control may be summarised as follows:

- The Governors have oversight of risk management within the School as a whole
- The management of risk is a whole School responsibility
- All parties involved in the process will adopt an open and receptive approach to solving risk problems
- SLT prepares policies for Governors' approval and implements such policies as are approved by the Governors.
- Each member of SLT is responsible for fostering good risk management practice throughout the School and particularly within their area of responsibility.

The Governors will:

- Ensure the integration of risk management into the culture of the School
- Take major decisions affecting the School's risk profile or exposure, determining what types of risk are acceptable and which are not
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place which are working effectively
- Annually review the School's approach to risk management, consider how effectively or otherwise controls have been implemented, approve changes to this policy and review the Risk Register as at the date of that review
- Delegate to the Business Committee the responsibility to review the School's Risk Register each term and to provide the Governors' response to residual risk that the Business Committee does not consider necessary to refer to the full Board.

The Business Committee will:

- Review and evaluate the key risks identified by SLT and have the review of the School's Risk Register as a standing item at each of its meetings
- Provide the Governors' response to residual risk that it is not felt necessary to refer to the full Board
- Monitor the work of internal and external audit in respect of risk, and provide the Board with termly reports on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

**PLANS FOR THE FUTURE**

In the short term promotions and retirement afford an opportunity to reconsider and refresh the leadership team to support the Head in the delivery of our plans for the School. The strategic plan coupled with individual academic and departmental development plans are our route map for the coming years. We will continue with the drive to integrate the use of data as a key driver for academic progress. As indicated at the start of term we will review and revise teachers' hours of work, workload, responsibility points and allowances and review each area of support staff operations to ensure that all meet the current needs of the School effectively. There will be an acceleration of the implementation of our marketing strategy and a continued focus on improving our admissions experience to ensure that it is the best in the sector. As the strategic plan is implemented we will be reconsidering the way our estate is used to ensure that it is adapted successfully to meet the needs of the changing shape of the School, providing investment to ensure the best educational and boarding experience for pupils.

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Board of Governors (who are also the Directors of Queen Margaret's School, York Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law the Governing Body has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board of Governors members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the members of the Board of Governors are required to:

- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

**Relevant Audit Information**

Insofar as each of the Directors, as members of the Board of Governors, at the date of approval of this report is aware there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each member of the Board of Governors has taken all the steps that he or she should have taken as a member of the Board in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Governors on [31 January 2022], including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mr Terence Burt

31/1/2022

Dated

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN MARGARET'S SCHOOL, YORK LIMITED

### Opinion

We have audited the financial statements of Queen Margaret's School, York Limited ('the charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for Opinion

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

### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustee's 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

## Other Information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are Required to Report by Exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; 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 trustees' responsibilities statement set out on page 15, 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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Business Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, sample testing of other income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Use of Our Report**

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

Vicky Szulist

Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe UK LLP**

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date: 31st January 2022

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021
### (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

| | | | | | 2021 | 2020 |
|---|---|---|---|---|---|---|
| | | Unrestricted funds | Designated funds | Restricted funds | Total | Total |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Income from:** | | | | | | |
| ***Charitable activities*** | | | | | | |
| School fees | 1 | **5,554** | - | - | **5,554** | 6,188 |
| Ancillary trading income | 2 | **620** | - | - | **620** | 619 |
| CJRS grant | 2 | **533** | - | - | **533** | 532 |
| ***Other trading activities*** | | | | | | |
| Non-ancillary trading income | 2 | **3** | - | - | **3** | 11 |
| ***Investment income*** | 2 | **3** | **10** | **2** | **15** | 11 |
| ***Donations and legacies*** | | **24** | - | - | **24** | 40 |
| **Total incoming resources** | | **6,737** | **10** | **2** | **6,749** | 7,401 |
| **Expenditure on:** | | | | | | |
| ***Costs of generating funds*** | | | | | | |
| Costs of generating funds | 5 | **122** | - | - | **122** | 106 |
| | | **122** | - | - | **122** | 106 |
| ***Charitable activities*** | | | | | | |
| Education and grant making | 5 | **7,523** | - | - | **7,523** | 7,593 |
| | | **7,523** | - | - | **7,523** | 7,593 |
| **Total expenditure** | 5 | **7,645** | - | - | **7,645** | 7,699 |
| **Net incoming/(outgoing) resources** | 3 | **(908)** | **10** | **2** | **(896)** | (298) |
| Transfers between funds | 16 | - | - | - | - | - |
| Fund balances at 31 August 2020 | | 4,783 | 323 | 141 | 5,247 | 5,545 |
| **Fund balances at 31 August 2021** | 16 | **3,875** | **333** | **143** | **4,351** | **5,247** |

All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## BALANCE SHEET AS AT 31 AUGUST 2021

**Registered No: 2010493**

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 8 | 9,582 | 9,867 |
| | | 9,582 | 9,867 |
| **Current assets** | | | |
| Stocks | | 49 | 37 |
| Debtors | 9 | 383 | 251 |
| Cash at bank and in hand | | 4 | 12 |
| | | 436 | 300 |
| **Creditors - amounts falling due within one year** | 10 | (4,002) | (3,608) |
| **Net current liabilities** | | (3,566) | (3,308) |
| **Total assets less current liabilities** | | 6,016 | 6,559 |
| **Creditors – amounts falling due after more than one year** | 11 | (1,665) | (1,312) |
| **Net assets** | | 4,351 | 5,247 |
| **Restricted funds** | 16 | 143 | 141 |
| **Unrestricted funds** | 16 | 4,208 | 5,106 |
| **Total Funds** | 16 | 4,351 | 5,247 |

The financial statements on pages 20 to 38 were approved and authorised for issue by the board of Governors on 31/1/2022 and were signed on its behalf by:

**Mr Terence Burt**

Director

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

| | Note | 2021 £'000 | 2021 £'000 | 2020 £'000 | 2020 £'000 |
|---|---|---|---|---|---|
| **Net cash (outflow) from operations** | A | | (570) | | (242) |
| **Cash flow from investing activities** | | | | | |
| Interest received | | 15 | | 11 | |
| Interest paid | | (119) | | (91) | |
| Payment for tangible fixed assets | | (153) | | (374) | |
| **Net cash used in investing activities** | | | (257) | | (454) |
| **Cash flow from financing activities** | | | | | |
| Advance fees scheme: | | | | | |
| Amounts utilised and repaid | | (125) | | (156) | |
| Finance lease contracts: | | | | | |
| Amounts repaid | | (4) | | (5) | |
| Bank facility (repaid) / utilised | | 948 | | 862 | |
| **Net cash used by financing activities** | | | 819 | | 701 |
| Change in cash and cash equivalents in the reporting period | | | (8) | | 5 |
| Cash and cash equivalents at the beginning of the period | | | 12 | | 7 |
| Cash and cash equivalents at the end of the period | B | | 4 | | 12 |

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)
### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

**A Reconciliation of net income to net cash flow from operating activities**

| | **2021** | 2020 |
|---|---|---|
| | **£'000** | £'000 |
| Net outgoing resources | (896) | (298) |
| Interest receivable | (15) | (11) |
| Financing costs | 119 | 91 |
| Depreciation charges | 438 | 414 |
| (Increase) / Decrease in stocks | (12) | 9 |
| (Increase) / Decrease in debtors | (132) | 137 |
| (Decrease) in creditors | (72) | (584) |
| Net cash (outflow) from operations | (570) | (242) |

**B Analysis of cash and cash equivalents**

| | **2021** | 2020 |
|---|---|---|
| | **£'000** | £'000 |
| Cash at bank and in hand | 4 | 12 |

**C Reconciliation of net debt**

| | At 1 September 2020 | Cashflow | **At 31 August 2021** |
|---|---|---|---|
| | £'000 | £'000 | **£'000** |
| Cash in hand, at bank | 12 | 8 | 4 |
| Bank overdraft | (989) | 467 | (1,456) |
| Bank loan <1 year | (93) | 37 | (130) |
| Bank loan > 1 year | (1,186) | 444 | (1,630) |
| | (2,256) | 956 | (3,212) |

## ACCOUNTING POLICIES

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

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

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 15 March 1986 (company number: 2010493) and registered as a charity on 13 May 1986 (charity number: 517523).

### Going Concern

The business activities of the School and the major risks it faces are set out in the Governors' Report on pages 8 to 14.

The strategies set out in the plan reported on in the Directors' Report will deliver financial outcomes of

- Cash neutrality in the academic year 2022/2023
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The strategic plan has been the subject of detailed scrutiny by the bank. In part the strategies have already being implemented and this work is the subject of regular meetings with our bank. Further the Governors and SLT are assisted by the advice of an independent expert experienced in advising boards on the delivery of such strategies. The Bank have made available an increase in the working capital available by way of overdraft which is sufficient to meet the requirements of the plan.

The Board considers that the School will move to a position of generating investment surpluses that will support the repayment of debt and investment in personnel and materiel as needed to secure the future of the School.

The Governors therefore have a reasonable expectation that the School will continue its business activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability. These accounts have therefore been drawn up on the basis that it is a going concern.

### Fees and Similar Income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds.

**Donations and Fund Accounting**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Donations received for the general purposes of the Charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**Grants received**

Government grants are recognised as income in the period the related costs are incurred for which the grant is intended to compensate.

**Stock**

Stock is carried at the lower of cost and net realisable value.

**Pension Schemes**

The Company operates a defined contribution scheme for non-academic staff. Contributions are charged to the statement of financial activities in the period in which they are payable. Members of the academic staff belong to the Teachers' Pension Scheme ("TPS"), which is a multi-employer defined benefit scheme. Contributions are charged to the statement of financial activities as if the TPS were a defined contribution scheme.

**School Buildings and Equipment**

Land is not depreciated. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount over the estimated useful economic lives, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost. Individual items which cost less than this amount will be capitalised if they are acquired as part of a larger capital project. Rates have been used in calculating depreciation have been applied as follows:

| | |
|---|---|
| Freehold buildings and sports pitches | between 1.3% and 20% |
| Plant and equipment | 15% |
| Fixtures and fittings | 10% |
| IT | 20% |
| Motor vehicles | 25% |

**Advance Fees Scheme**

The School offers parents the opportunity to pay a lump sum in advance which is then offset against future tuition fees. A discount is received and allocated against each future term's payment in accordance with a written contract. Amounts received by the School as part of this scheme are upheld as creditor balances until the fee bill for the appropriate term is due for payment. At that point the fees due are billed to the parent and taken to income. The corresponding amount as previously purchased under the scheme is offset against the liability due and the discount as allocated is charged to the income and expenditure account.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle School fees are recorded as deferred income and allocated as current liabilities where the education will be provided in within 12 months from the reporting date and as long term liabilities where the education will be provided in subsequent years.

**Grants and Bursaries**

Grants and bursaries are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees are treated as a reduction in those fees.

**Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as is appropriate.

**Governance Costs**

Governance costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, including audit and legal fees.

**Expenditure**

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

**Fund Accounting**

Unrestricted funds are those available for use at the discretion of the Governors in furtherance of the general objectives of the Charity 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.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains are allocated to the appropriate fund.

### Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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.

## 1. School Fees

The School's fee income comprised:

| | 2021 Unrestricted £'000 | 2020 Unrestricted £'000 |
|---|---|---|
| Gross fees (net of charge for bad debts) | 6,210 | 6,810 |
| Less: total bursaries, grants and allowances | (656) | (622) |
| | 5,554 | 6,188 |

Scholarships, bursaries and other awards were made to 69 (2020: 72) pupils. Within this means tested bursaries totalling £484,000 were awarded to 28 pupils (2020: £458,000 to 32 pupils).

## 2. Other Income

| | 2021 Unrestricted £'000 | 2020 Unrestricted £'000 |
|---|---|---|
| **From charitable activities** | | |
| Extra subjects, trips and activities, fees in lieu and other extras | 427 | 467 |
| Use of facilities, registration fees and other miscellaneous | 193 | 152 |
| CJRS grant | 533 | 532 |
| | 1,153 | 1,151 |
| **Other trading activities** | | |
| Lettings and other income | 3 | 11 |
| **Investment incomes** | | |
| Transfer from unrestricted funds | 12 | 11 |
| Interest receivable | 3 | - |
| | 15 | 11 |

## 3. Net Outgoing Resources

Net outgoing resources are stated after charging:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Fixed assets** | | |
| Depreciation | 438 | 414 |
| **Auditors' remuneration** | | |
| For audit services | 16 | 15 |
| **Operating lease charges** | | |
| Land and buildings and motor vehicles | 116 | 120 |
| **Interest paid** | | |
| Bank interest | 76 | 50 |
| Transfer to restricted funds | 12 | 11 |

## 4. Staff Costs

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| **The aggregate payroll costs for the year were as follows:** | | |
| Wages and salaries | **4,143** | 4,188 |
| Social security costs | **377** | 375 |
| Pension contributions | **653** | 641 |
| | **5,173** | 5,204 |
| Aggregate employee benefits of key management personnel (including employer pension and national insurance costs) | **381** | 404 |

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £18,000 (2020: £0).

The average number of employees during the year was 169 (2020: 173).

| The average full time equivalent number of employees at the School | 2021 | 2020 |
|---|---|---|
| | **Number** | Number |
| Teaching | **55** | 57 |
| Welfare | **53** | 54 |
| Premises | **11** | 11 |
| Support | **16** | 16 |
| | **135** | 138 |

Number of higher paid employees with emoluments (excluding pension costs) in bands of:

| | 2021 | 2020 |
|---|---|---|
| | **Number** | Number |
| £90,001 - £100,000 | **1** | 1 |
| £80,001 - £90,000 | **-** | - |
| £70,001 - £80,000 | **1** | 2 |
| £60,001 - £70,000 | **2** | 1 |

## Queen Margaret's School, York Limited
## (A Company Limited by Guarantee)

### 5. Analysis of Expenditure

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2021 Total £'000 |
|---|---|---|---|---|
| **Charitable activities** | | | | |
| Teaching | 2,871 | 94 | 92 | **3,057** |
| Welfare | 1,442 | 372 | - | **1,814** |
| Premises | 264 | 791 | 346 | **1,401** |
| Support costs and governance | 596 | 655 | - | **1,251** |
| Grants, awards and prizes | - | - | - | **-** |
| | 5,173 | 1,912 | 438 | **7,523** |
| **Costs of generating funds** | | | | |
| Financing costs - interest payable | - | 119 | - | **119** |
| Development costs | - | 3 | - | **3** |
| **Total expended** | 5,173 | 2,034 | 438 | **7,645** |

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2020 Total £'000 |
|---|---|---|---|---|
| **Charitable activities** | | | | |
| Teaching | 2,877 | 125 | 69 | 3,071 |
| Welfare | 1,380 | 350 | - | 1,730 |
| Premises | 321 | 879 | 345 | 1,545 |
| Support costs and governance | 624 | 623 | - | 1,247 |
| Grants, awards and prizes | - | - | - | - |
| **Costs of generating funds** | 5,202 | 1,977 | 414 | 7,593 |
| Financing costs - interest payable | - | 91 | - | 91 |
| Development costs | - | 15 | - | 15 |
| **Total expended** | 5,202 | 2,083 | 414 | 7,699 |

## 6. Governance Costs included in Support Costs:

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Auditors' remuneration - audit services | 16 | 15 |
| Legal and professional fees, Governors' training and expenses | 25 | 1 |
| | 41 | 16 |

## 7. Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the Company to meet its liabilities if called upon to do so. The members are also Governors of the company.

## 8. Tangible Fixed Assets

| | Freehold buildings | IT | Fixtures and fittings | Plant, equipment and motor vehicles | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or frozen* valuation** | | | | | |
| 1 September 2020 | **13,685** | **836** | **5,704** | **360** | **20,585** |
| Additions | **102** | **10** | **38** | **3** | **153** |
| **31 August 2021** | **13,787** | **846** | **5,742** | **363** | **20,738** |
| **Depreciation** | | | | | |
| 1 September 2020 | **4,953** | **508** | **5,037** | **220** | **10,718** |
| Charge for the year | **183** | **92** | **129** | **34** | **438** |
| **31 August 2021** | **5,136** | **600** | **5,166** | **254** | **11,156** |
| **Net book values** | | | | | |
| **31 August 2021** | **8,651** | **246** | **576** | **109** | **9,582** |
| 31 August 2020 | 8,732 | 328 | 667 | 140 | 9,867 |

Included in fixed assets are assets acquired under finance lease with a cost of £0 (2020 - £29,430) and net book value of £0 (2020 - £nil).

* The School has elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

## 9. Debtors

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| School fees and extras | **228** | 125 |
| Other debtors | **11** | 10 |
| Prepayments | **144** | 116 |
| | **383** | 251 |

## 10. Creditors: amounts falling due within one year

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Fees received in advance | **985** | 906 |
| Trade creditors | **247** | 354 |
| Taxation and social security | **278** | 189 |
| Final term deposits | **615** | 817 |
| Accruals | **94** | 121 |
| Other creditors | **162** | 66 |
| Finance lease (note 15) | **0** | 4 |
| Bank overdraft facility (note 12) | **1,456** | 989 |
| Bank loan (note 12) | **130** | 93 |
| Deferred Income - advance fees scheme (note 13) | **35** | 69 |
| | **4,002** | 3,608 |

## 11. Creditors: amounts falling due after more than one year

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans (note 12) | **1,631** | 1,187 |
| Deferred Income – advance fees scheme (note 13) | **34** | 125 |
| | **1,665** | 1,312 |

## 12. Bank Loans and Overdraft

The bank loans are due to be repaid as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Within 1 year (note 10) | **130** | 93 |
| Within 1 to 5 years | **523** | 375 |
| Over 5 years | **1,109** | 812 |
| | **1,762** | 1,280 |

In December 2020 a term loan of £600,000 was secured. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 3.00% and is amortised over 15 years with a 5 year review. The term loan advanced in 2018 attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%.

The loans and overdraft are secured by a legal charge over the freehold property together with a debenture over all assets and undertakings of the School, both fixed and floating.

## 13. Advance Fees Scheme

Parents may enter into a contract to pay tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. On the assumption that all pupils will remain in the School until at least the expiry of their agreements, the fees purchased in advance will be applied as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Within 1 year (note 10) | **35** | 69 |
| Between 1 and 5 years (note 11) | **34** | 125 |
| | **69** | 194 |

The balance represents the accrued liability under the contracts. The movements during the year were:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Balance at 1 September 2020 | **194** | 350 |
| New contracts | **-** | - |
| Payment of fees to the School | **(125)** | (156) |
| **Balance at 31 August 2021** | **69** | 194 |

## 14. Financial Instruments

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Financial assets measured at amortised cost (a) | 243 | 146 |
| Financial assets measured at fair value | 0 | 0 |
| Financial liabilities measured at amortised cost (b) | (4,611) | (3,818) |
| Net financial assets measured at amortised cost | (4,368) | (3,672) |

(a) Financial assets include cash, trade, fee and other debtors
(b) Financial liabilities include deposits, fees received in advance, trade and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

## 15. Financial commitments

**Operating lease commitments**

At 31 August 2021 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Within one year | 108 | 114 |
| Within two to five years | 184 | 173 |
| After five years | 26 | 2 |
| | 318 | 289 |

During the year further leases for land and buildings which had been due to expire were renegotiated with the landlord.

**Finance lease commitments**

At 31 August 2021 the company had commitments under finance leases for plant and machinery which expire as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Within one year | - | 4 |
| Within two to five years | - | - |
| | - | 4 |

## 16. Statement of Funds

| | Balance at 31 August 2020 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2021 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | **123** | **2** | **-** | **-** | **125** |
| Other restricted funds | **18** | **-** | **-** | **-** | **18** |
| Total restricted funds | **141** | **2** | **-** | **-** | **143** |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | **4,783** | **6,737** | **7,645** | **-** | **3,875** |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | **323** | **10** | **-** | **-** | **333** |
| Total unrestricted funds | **5,106** | **6,747** | **7,645** | **-** | **4,208** |
| **Total funds** | **5,247** | **6,749** | **7,645** | **-** | **4,351** |

The designated fund was received from the residuary estate of Mrs Janet Churm, an Old Margaretian. The Governors have designated its use in accordance with her wishes; that is to enable a girl currently in the School to stay who, due to a change in her parent's circumstances, would otherwise have to leave.

The restricted funds are to be used in accordance with specific restrictions made by the donors. The Bursary Funds have been augmented by our first Leavers' Appeal and in addition the Chaplain's Fund has been transferred to this fund. Other restricted funds are for the benefit of the School Council and also include funds raised for the Annual Head's Appeal.

| | Balance at 31 August 2019 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2020 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | 121 | 2 | - | - | 123 |
| Other restricted funds | 13 | 5 | - | - | 18 |
| Total restricted funds | 134 | 7 | - | - | 141 |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | 5,097 | 7,385 | (7,699) | - | 4,783 |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | 314 | 9 | - | - | 323 |
| Total unrestricted funds | 5,411 | 7,394 | (7,699) | - | 5,106 |
| **Total funds** | 5,545 | 7,401 | (7,699) | - | 5,247 |

## 17. Analysis of Net Assets between Funds

The net assets are held for the various funds as follows:

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2021 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 143 | - | 143 |
| Unrestricted funds | 9,582 | (3,709) | (1,665) | 4,208 |
| | 9,582 | (3,566) | (1,665) | 4,351 |

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2020 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 141 | - | 141 |
| Unrestricted funds | 9,867 | (3,449) | (1,312) | 5,106 |
| | 9,867 | (3,308) | (1,312) | 5,247 |

## 18. Pensions

During the year there were two pension schemes in operation for employees of the School. These are a defined contribution scheme for non-academic staff (the Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The total pension cost to the School for the year was £623,000 (2020: £641,000) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary.

The assets of the defined contribution scheme are held separately from those of the School in independently administered funds. The charge to the statement of financial activities represents contributions payable by the School to the funds.

At 31 August 2021, following consultation, members of the TPS had the option of remaining in the TPS or joining a defined contribution scheme, the Queen Margaret's School Group Personal Pension Plan. The School was accepted as a Phased Withdrawal School in the TPS on 1 October 2021 and no further employees will be enrolled in the TPS.

**Teachers' Pension Scheme ('TPS')**

During the year the School participated in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £501,000 (2020: £500,000) and at the year-end £60,000 (2020 - £59,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism review is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

## 19. Related Party Transactions

Three Governors (2020: two) of the School who held office for at least part of the year had daughters enrolled at the School during the year. The arrangements for all daughters of Governors to be admitted to the School are consistent with those for all other girls who enter the School.

The spouse of one trustee has a 25% interest in the School's main supplier of heating oil, Your NRG Ltd. In the year the School purchased £135,000 (2020: £153,000) of oil on terms consistent with that available to all customers. At the year-end £3,444 (2020: £3,813) was outstanding and included in trade creditors.

No Governors received any remuneration from the School during the year. One (2020: one) Governor has received reimbursements totalling £225 (2020: £185) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

## 20. Statement of Financial Activities for the Year Ended 31 August 2020 (incorporating an Income and Expenditure Account)

| | | | | | 2020 |
|---|---|---|---|---|---|
| | | Unrestricted funds £'000 | Designated funds £'000 | Restricted funds £'000 | Total £'000 |
| **Income from:** | | | | | |
| ***Charitable activities*** | | | | | |
| School fees | 1 | 6,188 | - | - | 6,188 |
| Ancillary trading income | 2 | 619 | - | - | 619 |
| CJRS grant | 2 | 532 | - | - | 532 |
| ***Other trading activities*** | | | | | |
| Non-ancillary trading income | 2 | 11 | - | - | 11 |
| ***Investment income*** | 2 | - | 9 | 2 | 11 |
| ***Donations and legacies*** | | 35 | - | 5 | 40 |
| **Total incoming resources** | | 7,385 | 9 | 7 | 7,401 |
| **Expenditure on:** | | | | | |
| ***Costs of generating funds*** | | | | | |
| Costs of generating funds | 5 | 106 | - | - | 106 |
| | | 106 | - | - | 106 |
| ***Charitable activities*** | | | | | |
| Education and grant making | 5 | 7,593 | - | - | 7,593 |
| | | 7,593 | - | - | 7,593 |
| **Total expenditure** | 5 | 7,699 | - | - | 7,699 |
| **Net incoming/(outgoing) resources** | 3 | (314) | 9 | 7 | (298) |
| Transfers between funds | 16 | - | - | - | - |
| Fund balances at 31 August 2019 | | 5,097 | 314 | 134 | 5,545 |
| **Fund balances at 31 August 2020** | 16 | 4,783 | 323 | 141 | 5,247 |

**QUEEN MARGARET'S SCHOOL, YORK LIMITED**

England & Wales - Charity number 517523

# Accounts

# Queen Margaret's School, York Limited

# (A Company Limited by Guarantee)

# Annual report

# For the year ended 31 August 2020

**Charity number - 517523**
**Registered Number - 2010493**

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
# Annual report
# For the year ended 31 August 2020

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# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2020

The Governors of Queen Margaret's School ("the School") are the School's charity trustees under charity law and are the directors of the charitable company, Queen Margaret's School, York Limited. The members of the Board of Governors who served in office during the year are detailed below. All served throughout the year unless otherwise indicated. All are members of the main Board and also of one of the Board's committees as indicated.

### GOVERNORS

Chairman of the Board
Mrs C J Bayliss (Education Committee)

Business Committee
Mr N F H Corner (Chairman)
Mr J D Hoddinott
Mr M Stripe

External Relations Committee
Dr E J Peart (Acting Chairman)
Mrs A M Morley
Mrs C H Stoker
Mr N W G Blythe (appointed September 2020)

Education Committee
Mrs C D Granger (Chairman)
Mr R J Morse
Mrs C J Bayliss

Pastoral Committee
Mrs S A King (Chairman)
The Hon Mrs A L Forbes
Ms C A Fairley

**Officers of the School**

| | |
|---|---|
| Head | Mrs S J Baillie BA (Hons) Leicester PGCE |
| Senior Deputy Head | Mr L Fox MA (Rostock) |
| Bursar | Mrs E S Raper BSc (Nottingham) ACA |
| Clerk to the Governors | Mr DT King LLB |

**Principal Address and Registered Office**
Escrick Park
York
YO19 6EU

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## ADVISORS

### Auditors

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

### Bankers

Barclays Bank plc
25 James Street
Harrogate
HG1 1QX

### Solicitors

Crombie Wilkinson Solicitors LLP
19 Clifford Street
York
Y01 9RJ

### Insurers

Marsh Brokers Ltd
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
R16 3SY

### Website

www.queenmargarets.com

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)

The Board of Governors of Queen Margaret's School presents its Annual Report for the year ended 31 August 2020 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 School was founded in Scarborough in 1901. Until 1986 the School was part of the Woodard Foundation, in that year the School became an independent entity. It is constituted as a company limited by guarantee registered in England, No 2010493, and is registered with the Charity Commission under Charity No 517523.

Details of the members of the Board of Governors, together with the School's officers and principal advisors are set out on pages 1 and 2.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Documents

The School's governing documents are its Memorandum and Articles of Association dated 15 April 1986 and last reviewed and updated on 12 May 2005.

### Governing Body

The Board of Governors is a self-appointing body. The number of Governors serving on the Board is not subject to a maximum but is required to be not fewer than three. At each Annual General Meeting ('AGM') one-third of the Board of Governors retire by rotation, with those Governors with the longest period in office since their last appointment retiring first. In addition, all new Governors appointed at or in the period since the last AGM hold office only until the next following AGM and if not reappointed at that AGM are required to vacate office at the end of the meeting.

Retiring Governors may stand for re-election for a further term in office, with no limit placed on the number of times that a Governor can be re-elected. However, the expectation in practice is that a Governor, other than the Chairman, will serve two terms only and will, as a matter of practice, place his or her resignation at the disposal of the Chairman at the end of the second term.

### Recruitment and Training of Governors

New members of the Board are elected on the basis of nominations from the current Governors based on the candidates' professional qualities and experience. The Board conducts regular audits of the skill sets represented on the Board to ensure that there is a balanced membership with an appropriate range of skills, interests and experience. A balance is maintained between Governors who are current parents and those who are not.

New Governors are provided with a range of information in relation to the workings of the School and the responsibilities of becoming a charity trustee. The information that is provided is a combination of official Charity Commission, Association of Governing Bodies of Independent Schools (AGBIS) and School documents. The opportunity to attend training by industry competent bodies, including AGBIS, is offered and Governors are encouraged to attend. All Governors are expected to complete AGBIS on-line training on safeguarding children. The Clerk to the Governors maintains a record of training undertaken by the Governors.

## Organisational Management

Each Governor becomes a member of one of four committees: Education, Pastoral, External Relations, and Business, with each committee having defined terms of reference. These committees meet once each term and their meetings are attended by representatives of the Senior Leadership Team (as to which see below) and other members of the School community as appropriate. The main Board meets once each term; the full Board meetings being preceded by the meetings of each of the four committees. Additional meetings may take place at the discretion of the Board.

The Education Committee is concerned with the quality of education provided at the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 are met and exceeded. The committee considers the School's academic offering and outcomes together with the provision made by the School to ensure the spiritual, moral, social and cultural development of pupils in the School. It approves the curriculum and the plan of day and sets academic targets for both results and, importantly, the value added to be achieved by the School and monitors delivery of these. It spends a similar amount of time reviewing the provision made for the pupils outside the classroom. During the year the Education Committee was chaired by Clare Granger.

The Pastoral Committee concerns itself with all aspects of pastoral care in the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding are met and exceeded in relation to the welfare, health and safety of the girls with a strong focus on safeguarding. It receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and girls' Discipline Policies. It has responsibility for ensuring that the premises and accommodation at the School are of a high standard and for all aspects of the School's boarding provision including food and weekend activities. During the year the Pastoral Committee was chaired by Sue King who also assumes special responsibility for safeguarding.

The External Relations Committee maintains a strong focus on such areas as the marketing of the School and ensuring that there is an efficient and effective recruitment and admissions process. The Committee has oversight of the School's delivery of its public benefit requirement. It looks to ensure that there is appropriate forward planning; that the School has a clear, deliverable Strategic Plan that is regularly reviewed and updated. It leads on areas such as alumnae relationships and relationships with friends of the School. The External Relations Committee was chaired during the year by Anna Morley, however following the birth of her third child Anna has agreed with Emma Peart that Emma will assume the chairmanship for the time being.

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on termly and annual budgets and monitoring performance. It considers planned capital expenditure and advises on this issue to the Board. It is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. The Business Committee was chaired during the year by Nigel Corner.

Day to day running of the School is delegated to the Head supported by the Bursar, the Senior Deputy Head and the Clerk to the Governors (who is also Director of Administration and Compliance); together this group are the key management personnel. In this year they were supported by the Deputy Head (Academic), and the Directors of Boarding and External Relations; the group together making up the Head's Senior Leadership Team (SLT).

### Remuneration Policy

The Board sets the salaries of the key management personnel directly. The Board sets funding levels and provides direction as to remuneration of the remainder of the staff, having regard to the overall financial position of the School, whilst leaving an element of discretion to the Head as to how individual roles are remunerated and how any funds allocated for salary increases are applied. The policy objective in doing so is one of ensuring that the School can attract and retain inspirational staff. The Board gives careful consideration to benchmarking data including appropriate comparisons with other independent schools to make sure that levels of staffing and staff remuneration do not become significantly out of line with those prevailing elsewhere.

The role of the Head and the SLT and the performance of the School staff are key to ensuring delivery of the Board's strategic vision for the School. Staff costs are, inevitably, the largest single element of the School's charitable expenditure.

### Employment Policy

The School's Recruitment Policy, which is available on its website, makes it clear that the School is committed to operating fair recruitment practices that will avoid discrimination on the grounds of race, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation. A transparent and open recruitment process is followed with the scope for reasonable adjustment to ensure parity of treatment for all applicants.

Regular staff meetings are held at which staff members are invited to set the agenda, to facilitate open communication. Two staff representatives act as the voice of the staff room. Weekly staff briefing meetings are held each Monday in term time with the minutes of those meetings being distributed to all staff by email. Before the start of each term reports are given to staff members at a staff meeting that includes information about changes to policies, whole staff training together with the financial and economic performance of the School. The meeting at the start of the school year is attended and addressed by the Chairman of the Board.

### Investment Policy

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's moneys not immediately required for its purposes in such investments, securities or property as the Governors think fit.

## OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

### Charitable Objects

The objects of the Charity as contained in the Memorandum of Association are the advancement of education generally and, in particular, the education and training of pupils at Queen Margaret's School, York. The Board has set a Strategic Plan to ensure delivery of those objects which is kept under review and appears on the School website as Strategic Plan – Our Journey to 2022.

#### WHY QUEEN MARGARET'S EXISTS

Queen Margaret's exists to provide a holistic education, underpinned by warm-hearted pastoral care, inspiring every girl to develop and flourish in a safe and happy boarding environment, empowering her to achieve her life, academic and career aspirations.

### Our Aims

QM is a forward-thinking school for girls who aspire to be leaders in every walk of life. QM girls take advantage of our vibrant and complementary programme of studies and activities. In doing so, they will:

- Achieve excellence inside and outside the classroom
- Develop an enthusiasm for independent thought, learning and research
- Grow with emotional maturity, social awareness and respect for individuality and difference
- Forge special friendships that will stay with them for the rest of their lives
- Be interesting, well-informed, happy and confident members of the community

### Our Values

- Commitment and Excellence
- Honesty and Openness
- Bravery and Resilience
- Kindness, Respect and Tolerance
- Friendship, Fairness and Fun

### Our Vision

To be at the vanguard of girls' independent boarding education and a natural choice for girls and parents alike in the UK and beyond.

### Activities of Queen Margaret's School

The School's primary activity is the provision of education to girls aged between 11 and 18 at its site at Escrick Park.

### Public Benefit

In considering the aims of the School the Board of Governors has, in accordance with the Charities Act 2011, given due regard to the public benefit guidance issued by the Charity Commission. The outstanding academic and all-round education and pastoral care given to the girls attending the School is our principal charitable activity. Increasing accessibility to that education and care is a key objective.

### Our place in the community

Queen Margaret's School makes a significant positive contribution to the local economy of the area between York and Selby, both through the procurement of services and goods and by virtue of our being one of the largest employers in the local area. The School values its place in the community and has worked hard to build upon its cross community relationships both by working proactively to develop positive relationships with local schools and youth organisations and to facilitate sharing sporting and cultural resources such as our Astroturf and our theatre and chapel and by involving pupils in the charitable endeavours in the Parish.

One of the many ill-effects of the COVID-19 pandemic has been the almost complete cessation of such direct cross community activity within our local region as we have striven to make the school a COVID safe environment. We were delighted, as the School closed and the country entered lockdown, that the Head was able to provide gratefully received PPE to staff at the GP consortium and the local Hospice (who also were able to enjoy the contents of the Tuck Shop stock room). Across our School Community a range of community initiatives were worked up during the Spring and early Summer such as a pen pal scheme, the manufacture of scrubs, a girl delivering essential medical supplies and another being involved in provision of meals for NHS staff. These efforts culminating in the School being shortlisted in the Community Outreach category of the Independent School of the Year awards 2020. We look forward to re-establishing our place in the local community as the country emerges from the present crisis.

**Increasing accessibility**

Widening access to the many benefits of attending Queen Margaret's is a priority for the Board. The School has limited resources from investments to support the School in offering financial support to pupils but we continue to fundraise to allow more girls to benefit from a QM Education. The School's policies regarding awards and bursaries enable the Governors and School to grant fee remissions for a number of reasons; as means tested bursaries for families who need such support, in connection with scholarships for special talent (these do not always carry a direct fee remission but will always bring with them some benefit for the recipient), to support the daughter(s) of an employee and also in circumstances where there is more than one girl from a family in the School. Overwhelmingly, the remissions are used to provide means tested bursaries that are awarded subject to and following independent scrutiny by an external organisation. The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School to enable them to benefit from that education amounted to £458,000 (2019: £574,000) this benefited 32 (2019: 37) girls throughout the School.

In our Strategic Plan we said that we would review our approach to bursaries in line with our charitable objectives. The Governors concluded that the School should aim to provide transformational bursaries in addition to the support mentioned above. In September 2020, following the School's successful accreditation with the Royal National Children's Springboard Foundation, we were delighted to welcome into Queen Margaret's our first two pupils identified for the School by the Foundation who have been provided with 100%+ bursaries. We are confident that they will both enrich and be enriched by their time at Queen Margaret's.

## STRATEGIC REPORT

### OVERVIEW

March saw both the School and the country enter one of the most challenging periods in their history. As we moved towards School closure in March the first essential was to ensure that all pupils got home safely to destinations across the UK and the world and that, as they arrived there they were able, immediately to continue learning and developing as a part of the Queen Margaret's family. Responding swiftly as events unfolded QM Connect was brought to life as a comprehensive and inclusive on-line learning platform and within a week academic staff transformed the curriculum and moved from a face to face School to a full virtual timetable which was maintained throughout the summer term. QM Connect continues as a vital tool as girls cope with periods of isolation, quarantine and interrupted travel. Those staff whose roles were furloughed played their part in assisting the School to weather the storm with remarkable grace and tolerance.

Throughout the period detailed plans were made and revised as guidance and regulation changed, first to enable the School to provide support to key workers' children in the summer term and throughout to plan for reopening in the autumn in a COVID safe manner. The Board and sub-groups of the Board met frequently throughout this period to provide support and strategic direction to the Head and her Senior Leadership Team as they dealt with the day to day challenges of running the School while ensuring that strategic plans were developed and implemented to provide for a successful future beyond the end of the pandemic.

### ACHIEVEMENTS AND PERFORMANCE

**Academic**

We set out to enable pupils to achieve excellence in the classroom. Queen Margaret's delivers on that aim. There is secure data that evidences that real "value added" is secured for pupils at Queen Margaret's and that girls are able to achieve to their highest potential in our care.

The outcome for our A Level pupils in the summer of 2020 is a matter for both individual and collective pride. We can report the following:

- 100% of pupils were awarded a pass rate with 61% of all entries gaining A*-A/D1 – D3 grades and 86% of all entries gaining A*-B/D1-M2 grades
- 76% of all girls achieved three or more A*-B grades
- 62% of girls achieved AAB or higher
- 69% of girls achieved ABB or higher
- 45% of girls achieved 3 or more A* - A grades
- 64% of girls achieved 2 or more A* - A grades
- 45% of girls achieved at least 1 A*
- 4 girls achieved 3 or more A* grades

Girls secured entry to a wide range of universities and further education institutions, including Milan to study a Fashion Foundation Course, Oxford, the Royal London Drawing School and Leeds College of Music to study Popular Music Production. Russell Group universities formed the largest group in the list with Durham and Exeter standing out in popularity.

At GCSE there is similar strong evidence of significant additional academic progress being made by pupils and high levels of attainment as a consequence with 100% pass rate and 64% of entries being awarded a grade 7 or above.

We continue to maintain a strong focus on academic attainment and have recently approved a comprehensive Education Development plan for the current year.

**Outside the Classroom**

In this most unusual year it was self-evidently more of a challenge for girls to achieve excellence outside the classroom but girls continued to benefit from the varied programmes offered through Science Clubs, Debating Clubs, Art Clubs, the Drama Challenge Club and Community Corner Daily Challenges and individual girls took part in online concert performances, participated in the National Youth Choir and demonstrated a remarkable willingness to make the best of what was available.

## FUNDRAISING PERFORMANCE

During the course of the year personnel changes in the External Relations Department involving an internal promotion and a change of focus for another member of staff has resulted in the posts of Development and Events Manager and Officer becoming vacant. Given the significant impact of COVID-19 on our capacity to work in these areas the decision was made not to recruit to the posts until a later date. That has inevitably impacted upon the School's fund raising performance. It is an indication of the generosity of the School's supporters that notwithstanding this donations of over £40,000 were received; included in this amount was a significant donation of PPE to replace that donated at the start of the pandemic. We are grateful to one of our QM families for their kindness.

It is planned that as soon as circumstances are more favourable recruitment will take place and there will be a renewed focus on development and in particular fund raising for bursaries.

There are no external professional or commercial fundraising organisations used and so no monitoring processes are required. The School has not subscribed to the Fundraising Regulator but will do so as our Development activities increases. The School does adhere to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the School in relation to fundraising activity. The School takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the School's approach to fundraising activity.

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## FINANCIAL REVIEW

### Results for the Year

COVID-19 impacted on the results for the year in a significant manner. Decisions had to be made in March affecting the reminder of the year were based on the best information available to the Board at the time. Significant factors included the anticipated loss of income arising from the cancellation of the planned summer school and uncertainties around the duration of the Coronavirus Job Retention Scheme. Consideration had to be given to the appropriate approach to fees for the summer term given that boarders were no longer in school and that the provision for all pupils was, of necessity not as planned. It was decided that the School would no longer attempt to achieve the outcome that the Board had set for it at the start of the financial year – that of achieving breakeven or a modest surplus after depreciation and interest are accounted for, but instead adopt a revised budget that would result in the School being cash generative before those items are taken into account but would achieve an overall result of a deficit of around £319,000. It was as a result of careful management that the final result achieved was £298,000 notwithstanding expenditure of circa £75,000 on measures directly attributable to COVID-19.

### Reserves Level and Policy and Financial Viability

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent boarding, educational and enrichment services to its girls. As a result, the majority of the School's reserves are invested in tangible fixed assets. The Governors' policy has been in the past and will once again be to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner. The School had effected a significant reduction in debt over the years up to 2019. To enable the School to continue to invest in people and material to ensure that it is in a position to grow as the Board's strategies are implemented the Board has given careful and detailed thought to its approach in this extraordinary year. The Board has secured the agreement of Barclays Bank to provide the School with a loan of £600,000 repayable over 15 years.

The School's total reserves are £5.2m (2019: £5.6m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£4.7m (2019: -£4.5m). Since 2011 the reserves have been maintained in line with the overall policy with free reserves increasing by £0.3m. The Board is content that the approach to reserves is a reasonable response to the School's current position. The Governors are aware that future surpluses will need to be generated such that the School can meet the financing of the bank borrowings, make repayments of capital in accordance with the terms of the bank facility and fund appropriate capital expenditure to maintain and improve the School's operational environment. The Governors will continue to monitor and review their policy on reserves in conjunction with the School's indebtedness. The Board has determined that the School should have as a target the generation of investment surpluses of 12% over the medium to long term. Given that the School's capacity to generate fundraising surpluses is, as yet, very limited and, in the absence of investments or other sources of income that will generate a structural surplus the School will have to generate operating surpluses as the principle means of achieving that target over the coming years, supplemented by increasing trading surpluses in line with our strategy With that in mind, the Board maintains its target of an investment surplus of 5% of net fee income, increasing by 0.5% over the next five years.

The School's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the School's overall objectives. These restricted funds currently attract income in the form of interest by means of a reduction in the School's borrowing facility. The Governors, in consultation with the donors of the money where appropriate, continue to evaluate the best way to make appropriate use of these restricted funds.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board recognises the challenges that the COVID-19 pandemic has posed for the School in terms of both potential impact on numbers and in lost revenue and increased operating costs. The Governors consider that the impact of the pandemic will continue to pose a significant hazard for the School. The impact of the pandemic on the economy as a whole is likely to be severe. The Governors consider that the impact of the COVID-19 taken together with the economic turbulence of recent years and the affordability of fees by parents across the independent sector continues to pose a major risk faced by the School. The Board recognises that fee increases must be firmly controlled in the years to come. The Board further recognises that over the course of recent years the School has seen a decline in numbers that has not yet been reversed. Nonetheless the Board has confidence in the future and we look forward with anticipation as Mrs Baillie leads the School in implementing the plans that the Board has worked up in conjunction with her.

### Going Concern

While the Board and indeed the country cannot predict with any certainty what the ultimate impact of COVID-19 will be, the school has shown that it can survive adversity. Girls were taught successfully throughout the closure of the School. The start of the new academic year has seen the girls return to a School that has continue to operate with a flourish in very difficult circumstances. The School has been flexible and adaptable and has overwhelmingly retained the confidence and support of its parent body. The Board has given careful and considered thought to the School's financial position. The Board acknowledges that the need to attract more pupils to the School is a pressing issue, without which investment surpluses will not be achieved; but the Governors have confidence in the strategies and plans that are in place in that regard. The School has the continued support of its bank. A Budget for 2020-2021 and a financial forecast to the end of 2022/2023 based on a range of pessimistic assumptions as to the number of girls in the School and of the impact of COVID-19 on costs, particularly staff costs, has been prepared. That budget and forecast has been the subject of careful scrutiny and comment by the Bank which has acted as a critical and enquiring friend in that regard and both are considered to be robust. Financial projections based on a modest but attainable growth in members in the years to 2024/2025 see the School move to point where the School will be generating investment surpluses in line with Board direction. Bank covenants will be met. As a vaccine becomes an ever more imminent likelihood the Board's confidence is further increased.

The Board considers that there is now sufficient clarity as to the impact of COVID-19 to say that neither this nor the other risks that the School faces present the School with a material uncertainty with regards to going concern

There remain risks that are common to the sector that the Board has in mind, including the overall issue of affordability, the impact on our cost base attributable to increases already imposed in contributions to the Teachers' Pension Scheme and potential future changes to those contributions, and changes in the political environment that may result in, for example the loss of discounted business rates for charitable independent schools or the imposition of VAT on school fees.

The risks of a safeguarding failure resulting in emotional or physical harm to a pupil, of a failure of strategic direction, of inability to recruit girls to the planned shape of the School and of School data falling into the wrong hands are risks that have been identified as requiring particular focus and are to be minimised by thorough planning, risk assessment and monitoring. Health and Safety is always a significant area for risk management.

The School's approach to risk management and internal control may be summarised as follows:

- The Governors have oversight of risk management within the School as a whole
- The management of risk is a whole School responsibility
- All parties involved in the process will adopt an open and receptive approach to solving risk problems
- SLT prepares policies for Governors' approval and implements such policies as are approved by the Governors.

Each member of SLT is responsible for fostering good risk management practice throughout the School and particularly within their area of responsibility.

The Governors will:

- Ensure the integration of risk management into the culture of the School
- Take major decisions affecting the School's risk profile or exposure, determining what types of risk are acceptable and which are not
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place which are working effectively
- Annually review the School's approach to risk management, consider how effectively or otherwise controls have been implemented, approve changes to this policy and review the Risk Register as at the date of that review
- Delegate to the Business Committee the responsibility to review the School's Risk Register each term and to provide the Governors' response to residual risk that the Business Committee does not consider it necessary to refer to the full Board.

The Business Committee will:

- Review and evaluate the key risks identified by SLT and have the review of the School's Risk Register as a standing item at each of its meetings
- Provide the Governors' response to residual risk that it is not felt necessary to refer to the full Board
- Monitor the work of internal and external audit in respect of risk, and provide the Board with termly reports on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

## PLANS FOR THE FUTURE

The Board has met the Head and members of SLT on a regular basis throughout this calendar year and a number of immediate changes have been implemented. These include the provision of a range of boarding options including Full Boarding, Weekly Boarding and Flexi Boarding that have been well received by parents. The School has also introduced a true day offering. As was demonstrated by the School's last ISI inspection and by regular feedback from parents and pupils Queen Margaret's is an excellent school that enables girls to achieve their very best in a warm hearted and caring pastoral environment. But the Board is now clear that not enough people know about it. To address that issue the School has worked up a multi-stranded plan and the Board has made available the resource to implement it. That plan will ensure that the School knows where its new pupils are to be found and will ensure that the School can get the message about what Queen Margaret's has to offer them in clear, unambiguous and welcome terms. That strategy is to a considerable extent still at an investigation stage but immediate actions are in place to ensure that the School is more visible to the communities that it can serve.

Alongside that the School continues to work to improve, as departmental development plans are worked up and implemented. In the longer term consideration is being given to how the School's estate will need to change and develop to ensure that our facilities are places where excellent education and care can be given over the decades to come.

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Board of Governors (who are also the Directors of Queen Margaret's School, York Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law the Governing Body has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board of Governors members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the members of the Board of Governors are required to:

- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

**Relevant Audit Information**

Insofar as each of the Directors, as members of the Board of Governors, at the date of approval of this report is aware there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each member of the Board of Governors has taken all the steps that he or she should have taken as a member of the Board in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Governors on 7 December 2020, including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mrs Caroline Jane Bayliss Dated 7th December 2020

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN MARGARET'S SCHOOL, YORK LIMITED

### Opinion

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

In our opinion the financial statements:

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

### Basis for Opinion

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

### Conclusions Relating to Going Concern

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

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

### Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on Other Matters Prescribed by the Companies Act 2006**

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

- The information given in the Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Governors' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements

**Matters on which we are Required to Report by Exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Governors' Annual Report.

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

- Adequate accounting records have not been kept; 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 Governors**

As explained more fully in the Governors' responsibilities statement set out on page 12, the Governors 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 Governors 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 Governors 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 Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

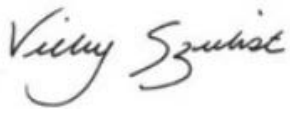
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of Our Report**

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



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe UK LLP**

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date 11th December 2020

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020
## (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

| | | | | | 2020 | 2019 |
|---|---|---|---|---|---|---|
| | | Unrestricted funds | Designated funds | Restricted funds | Total | Total |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Income from:** | | | | | | |
| ***Charitable activities*** | | | | | | |
| School fees | 1 | **6,188** | - | - | **6,188** | 6,845 |
| Ancillary trading income | 2 | **619** | - | - | **619** | 770 |
| CJRS grant | 2 | **532** | - | - | **532** | - |
| ***Other trading activities*** | | | | | | |
| Non-ancillary trading income | 2 | **11** | - | - | **11** | 20 |
| ***Investment income*** | 2 | - | **9** | **2** | **11** | 11 |
| ***Donations and legacies*** | | **35** | - | **5** | **40** | 47 |
| **Total incoming resources** | | **7,385** | **9** | **7** | **7,401** | 7,693 |
| **Expenditure on:** | | | | | | |
| ***Costs of generating funds*** | | | | | | |
| Costs of generating funds | 5 | **106** | - | - | **106** | 103 |
| | | **106** | - | - | **106** | 103 |
| ***Charitable activities*** | | | | | | |
| Education and grant making | 5 | **7,593** | - | - | **7,593** | 7,631 |
| | | **7,593** | - | - | **7,593** | 7,631 |
| **Total expenditure** | 5 | **7,699** | - | - | **7,699** | 7,734 |
| **Net incoming/(outgoing) resources** | 3 | **(314)** | **9** | **7** | **(298)** | (41) |
| Transfers between funds | 16 | - | - | - | - | - |
| Fund balances at 31 August 2019 | | 5,097 | 314 | 134 | 5,545 | 5,586 |
| **Fund balances at 31 August 2020** | 16 | **4,783** | **323** | **141** | **5,247** | 5,545 |

All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## BALANCE SHEET AS AT 31 AUGUST 2020

**Registered No: 2010493**

| | Note | 2020 | 2019 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Fixed assets** | | | |
| Tangible assets | 8 | **9,867** | 9,907 |
| | | **9,867** | 9,907 |
| **Current assets** | | | |
| Stocks | | **37** | 46 |
| Debtors | 9 | **251** | 387 |
| Cash at bank and in hand | | **12** | 7 |
| | | **300** | 440 |
| **Creditors - amounts falling due within one year** | 10 | **(3,608)** | (3,323) |
| **Net current liabilities** | | **(3,308)** | (2,883) |
| **Total assets less current liabilities** | | **6,559** | 7,024 |
| **Creditors – amounts falling due after more than one year** | 11 | **(1,312)** | (1,479) |
| **Net assets** | | **5,247** | 5,545 |
| **Restricted funds** | 16 | **141** | 134 |
| **Unrestricted funds** | 16 | **5,106** | 5,411 |
| **Total Funds** | 16 | **5,247** | 5,545 |

The financial statements on pages 16 to 33 were approved and authorised for issue by the board of Governors on 7th December 2020 and were signed on its behalf by:

**Mrs Caroline Bayliss**

Director

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £'000 | 2020 £'000 | 2019 £'000 | 2019 £'000 |
|---|---|---|---|---|---|
| **Net cash (outflow) / inflow from operations** | A | | **(242)** | | 779 |
| **Cash flow from investing activities** | | | | | |
| Interest received | | **11** | | 11 | |
| Interest paid | | **(91)** | | (97) | |
| Payment for tangible fixed assets | | **(374)** | | (469) | |
| **Net cash used in investing activities** | | | **(454)** | | (555) |
| **Cash flow from financing activities** | | | | | |
| Advance fees scheme: | | | | | |
| Receipts from new contracts | | **-** | | 43 | |
| Amounts utilised and repaid | | **(156)** | | (180) | |
| Finance lease contracts: | | | | | |
| Amounts repaid | | **(5)** | | (5) | |
| Bank facility (repaid) / utilised | | **862** | | (80) | |
| **Net cash used by financing activities** | | | **701** | | (222) |
| Change in cash and cash equivalents in the reporting period | | | **5** | | 2 |
| Cash and cash equivalents at the beginning of the period | | | **7** | | 5 |
| Cash and cash equivalents at the end of the period | B | | **12** | | 7 |

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020

### A Reconciliation of net income to net cash flow from operating activities

| | **2020** | 2019 |
|---|---|---|
| | **£'000** | £'000 |
| Net outgoing resources | **(298)** | (41) |
| Interest receivable | **(11)** | (11) |
| Financing costs | **91** | 97 |
| Depreciation charges | **414** | 392 |
| Decrease in stocks | **9** | 3 |
| Decrease in debtors | **137** | 113 |
| (Decrease) / Increase in creditors | **(584)** | 226 |
| Net cash (outflow) / inflow from operations | **(242)** | 779 |

### B Analysis of cash and cash equivalents

| | **2020** | 2019 |
|---|---|---|
| | **£000** | £'000 |
| Cash at bank and in hand | **12** | 7 |

### C Reconciliation of net debt

| | At 1 September 2019 | Cashflow | **At 31 August 2020** |
|---|---|---|---|
| | £'000 | £'000 | **£'000** |
| Cash in hand, at bank | 7 | 5 | **12** |
| Bank overdraft | (40) | (949) | **(989)** |
| Bank loan <1 year | (84) | (9) | **(93)** |
| Bank loan > 1 year | (1,282) | 96 | **(1,186)** |
| | (1,399) | (857) | **(2,256)** |

# Queen Margaret's School, York Limited
# (A Company Limited by Guarantee)
## ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

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

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 15 March 1986 (company number: 2010493) and registered as a charity on 13 May 1986 (charity number: 517523).

**Going Concern**

The business activities of the School and the major risks it faces are set out in the Governors' Report on pages 7 to 12.)

The strategies adopted by the Governors for the recruitment and retention of girls has already led to the number of girls stabilising and it is anticipated that there will now be a slow and gradual increase into the future. Further strategies implemented to reduce and then control costs whilst delivering our aims continue. These are underpinned by the refinancing in January 2018 which allow the peaks and troughs of the School's cashflow to be accommodated, its historic debt to be repaid over a longer period and also provide access to additional working capital if required.

The Governors have given careful consideration to the School's operating needs over the next two years and have in place Budgets and forecasts that indicate that the School can on reasonable and cautious assumptions and with the continued support of its Bank trade through to the end of the year 2022/2023. On the same basis the Board considers that thereafter the School will move to a position of generating investment surpluses that will support the repayment of debt and investment in personnel and materiel as needed to secure the future of the School.

The Governors have identified the clear need for and have approved and provided resources for a multi-stranded marketing plan to ensure that the growth in the numbers needed has every prospect of being achieved.

The Governors have targeted a gradual and sustainable increase in the School's investment surplus (as outlined in the reports on pages 7 to 12) and as part of this the School has implemented a change to the use of the School's facilities in the summer which will provide an increased trading surplus to support the operations of the School. The development of the Foundation will provide further support to the School over the medium term.

The Governors therefore have a reasonable expectation that the School will continue its business activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability. These accounts have therefore been drawn up on the basis that it is a going concern.

**Fees and Similar Income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds.

**Donations and Fund Accounting**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Donations received for the general purposes of the Charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**Grants received**

Government grants are recognised as income in the period the related costs are incurred for which the grant is intended to compensate.

**Stock**

Stock is carried at the lower of cost and net realisable value.

**Pension Schemes**

The Company operates a defined contribution scheme for non-academic staff. Contributions are charged to the statement of financial activities in the period in which they are payable. Members of the academic staff belong to the Teachers' Pension Scheme ("TPS"), which is a multi-employer defined benefit scheme. Contributions are charged to the statement of financial activities as if the TPS were a defined contribution scheme.

**School Buildings and Equipment**

Land is not depreciated. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount over the estimated useful economic lives, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost. Individual items which cost less than this amount will be capitalised if they are acquired as part of a larger capital project. Rates have been used in calculating depreciation have been applied as follows:

| | |
|---|---|
| Freehold buildings and sports pitches | between 1.3% and 20% |
| Plant and equipment | 15% |
| Fixtures and fittings | 10% |
| IT | 20% |
| Motor vehicles | 25% |

**Advance Fees Scheme**

The School offers parents the opportunity to pay a lump sum in advance which is then offset against future tuition fees. A discount is received and allocated against each future term's payment in accordance with a written contract. Amounts received by the School as part of this scheme are upheld as creditor balances until the fee bill for the appropriate term is due for payment. At that point the fees due are billed to the parent and taken to income. The corresponding amount as previously purchased under the scheme is offset against the liability due and the discount as allocated is charged to the income and expenditure account.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle School fees are recorded as deferred income and allocated as current liabilities where the education will be provided in within 12 months from the reporting date and as long term liabilities where the education will be provided in subsequent years.

**Grants and Bursaries**

Grants and bursaries are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees are treated as a reduction in those fees.

**Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as is appropriate.

**Governance Costs**

Governance costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, including audit and legal fees.

**Expenditure**

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

**Fund Accounting**

Unrestricted funds are those available for use at the discretion of the Governors in furtherance of the general objectives of the Charity 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.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains are allocated to the appropriate fund.

**Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

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

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.

## 1. School Fees

The School's fee income comprised:

| | 2020 Unrestricted £'000 | 2019 Unrestricted £'000 |
|---|---|---|
| Gross fees (net of charge for bad debts) | **6,810** | 7,598 |
| Less: total bursaries, grants and allowances | **(622)** | (753) |
| Add: Scholarships, grants and bursaries paid for by restricted funds | **-** | - |
| | **6,188** | 6,845 |

Scholarships, bursaries and other awards were paid to 72 (2019: 81) pupils. Within this means tested bursaries totalling £458,000 were paid to 32 pupils (2019: £574,000 to 37 pupils).

## 2. Other Income

| | 2020 Unrestricted £'000 | 2019 Unrestricted £'000 |
|---|---|---|
| **From charitable activities** | | |
| Extra subjects, trips and activities, fees in lieu and other extras | **467** | 588 |
| Use of facilities, registration fees and other miscellaneous activities | **152** | 182 |
| CJRS grant | **532** | - |
| | **1,151** | 770 |
| **Other trading activities** | | |
| Lettings and other income | **11** | 20 |
| **Investment incomes** | | |
| Transfer from unrestricted funds | **11** | 11 |
| | **11** | 11 |

## 3. Net Outgoing Resources

Net outgoing resources are stated after charging:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **Fixed assets** | | |
| Depreciation | **414** | 392 |
| **Auditors' remuneration** | | |
| For audit services | **15** | 15 |
| **Operating lease charges** | | |
| Land and buildings and motor vehicles | **120** | 114 |
| **Interest paid** | | |
| Bank interest | **50** | 54 |
| Transfer to restricted funds | **11** | 11 |

## 4. Staff Costs

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **The aggregate payroll costs for the year were as follows:** | | |
| Wages and salaries | **4,188** | 4,138 |
| Social security costs | **375** | 384 |
| Pension contributions | **641** | 479 |
| | **5,204** | 5,001 |
| Aggregate employee benefits of key management personnel (including employer pension and national insurance costs) | **404** | 323 |

The increase in pension costs is attributable to the increase in the cost of membership of the Teachers' Pension Scheme (note 18).

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £0 (2019: £19,500).

The average number of employees during the year was 173 (2019: 174).

| The average full time equivalent number of employees at the School was: | 2020 Number | 2019 Number |
|---|---|---|
| Teaching | **57** | 55 |
| Welfare | **54** | 54 |
| Premises | **11** | 11 |
| Support | **16** | 16 |
| | **138** | 136 |

Number of higher paid employees with emoluments (excluding pension costs) in bands of:

| | 2020 Number | 2019 Number |
|---|---|---|
| £90,001 - £100,000 | **1** | - |
| £80,001 - £90,000 | **-** | - |
| £70,001 - £80,000 | **2** | 1 |
| £60,001 - £70,000 | **1** | 3 |

# Queen Margaret's School, York Limited
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## 5. Analysis of Expenditure

| | Staff | Other | Depreciation | 2020 Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Charitable activities** | | | | |
| Teaching | 2,877 | 125 | 69 | 3,071 |
| Welfare | 1,380 | 350 | - | 1,730 |
| Premises | 321 | 879 | 345 | 1,545 |
| Support costs and governance | 624 | 623 | - | 1,247 |
| Grants, awards and prizes | - | - | - | - |
| **Costs of generating funds** | 5,202 | 1,977 | 414 | 7,593 |
| Financing costs - interest payable | - | 91 | - | 91 |
| Development costs | - | 15 | - | 15 |
| **Total expended** | 5,202 | 2,083 | 414 | 7,699 |

Resources expended within Premises, include costs of £75,000 relating to costs directly attributable to the COVID-19 pandemic.

| | Staff | Other | Depreciation | 2019 Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Charitable activities** | | | | |
| Teaching | 2,650 | 207 | 60 | 2,917 |
| Welfare | 1,433 | 522 | - | 1,955 |
| Premises | 302 | 834 | 332 | 1,468 |
| Support costs and governance | 616 | 675 | - | 1,291 |
| Grants, awards and prizes | - | - | - | - |
| | 5,001 | 2,238 | 392 | 7,631 |
| **Costs of generating funds** | | | | |
| Financing costs - interest payable | - | 97 | - | 97 |
| Development costs | - | 6 | - | 6 |
| **Total expended** | 5,001 | 2,341 | 392 | 7,734 |

## 6. Governance Costs included in Support Costs:

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Auditors' remuneration - audit services | **15** | 15 |
| Legal and professional fees, Governors' training and expenses | **1** | 7 |
| | **16** | 22 |

## 7. Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the Company to meet its liabilities if called upon to do so. The members are also Governors of the company.

## 8. Tangible Fixed Assets

| | Freehold buildings | IT | Fixtures and fittings | Plant, equipment and motor vehicles | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or frozen* valuation** | | | | | |
| 1 September 2019 | **13,559** | **665** | **5,639** | **348** | **20,211** |
| Additions | **126** | **171** | **65** | **12** | **374** |
| **31 August 2020** | **13,685** | **836** | **5,704** | **360** | **20,585** |
| **Depreciation** | | | | | |
| 1 September 2019 | **4,772** | **439** | **4,909** | **184** | **10,304** |
| Charge for the year | **181** | **69** | **128** | **36** | **414** |
| **31 August 2020** | **4,953** | **508** | **5,037** | **220** | **10,718** |
| **Net book values** | | | | | |
| **31 August 2020** | **8,732** | **328** | **667** | **140** | **9,867** |
| 31 August 2019 | 8,787 | 226 | 730 | 164 | 9,907 |

Included in fixed assets are assets acquired under finance lease with a cost of £29,430 (2019 - £29,430) and net book value of £nil (2019 - £nil).

* The School has elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

## 9. Debtors

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| School fees and extras | 125 | 201 |
| Other debtors | 10 | 50 |
| Prepayments | 116 | 136 |
| | 251 | 387 |

## 10. Creditors: amounts falling due within one year

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Fees received in advance | 906 | 1,807 |
| Trade creditors | 354 | 187 |
| Taxation and social security | 189 | 87 |
| Final term deposits | 817 | 775 |
| Accruals | 121 | 163 |
| Other creditors | 66 | 18 |
| Finance lease (note 15) | 4 | 6 |
| Bank overdraft facility (note 12) | 989 | 40 |
| Bank loan (note 12) | 93 | 84 |
| Deferred Income - advance fees scheme (note 13) | 69 | 156 |
| | 3,608 | 3,323 |

## 11. Creditors: amounts falling due after more than one year

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans (note 12) | 1,187 | 1,282 |
| Finance lease (note 15) | - | 3 |
| Deferred Income – advance fees scheme (note 13) | 125 | 194 |
| | 1,312 | 1,479 |

## 12. Bank Loans and Overdraft

The bank loan is due to be repaid as follows:

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Within 1 year (note 10) | **93** | 84 |
| Within 1 to 5 years | **375** | 446 |
| Over 5 years | **812** | 836 |
| | **1,280** | 1,366 |

The term loan attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%. The loan and overdraft are secured by a legal charge over the freehold property together with a debenture over all assets and undertakings of the School, both fixed and floating.

## 13. Advance Fees Scheme

Parents may enter into a contract to pay tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. On the assumption that all pupils will remain in the School until at least the expiry of their agreements, the fees purchased in advance will be applied as follows:

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Within 1 year (note 10) | **69** | 156 |
| Between 1 and 5 years (note 11) | **125** | 194 |
| | **194** | 350 |

The balance represents the accrued liability under the contracts. The movements during the year were:

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Balance at 1 September 2019 | **350** | **487** |
| New contracts | **-** | **43** |
| Payment of fees to the School | **(156)** | **(180)** |
| **Balance at 31 August 2020** | **194** | **350** |

## 14. Financial Instruments

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Financial assets measured at amortised cost (a) | **146** | 258 |
| Financial assets measured at fair value | **0** | 0 |
| Financial liabilities measured at amortised cost (b) | **(3,818)** | (2,645) |
| Net financial assets measured at amortised cost | **(3,672)** | (2,387) |

(a) Financial assets include cash, trade, fee and other debtors
(b) Financial liabilities include deposits, fees received in advance, trade and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

## 15. Financial commitments

**Operating lease commitments**
At 31 August 2020 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Within one year | **114** | 120 |
| Within two to five years | **173** | 274 |
| After five years | **2** | 28 |
| | **289** | 422 |

During the year further leases for land and buildings which had been due to expire were renegotiated with the landlord.

**Finance lease commitments**
At 31 August 2020 the company had commitments under finance leases for plant and machinery which expire as follows:

| | 2020 | 2019 |
|---|---|---|
| | £'000 | £'000 |
| Within one year | **4** | 6 |
| Within two to five years | **-** | 3 |
| | **4** | 9 |

# Queen Margaret's School, York Limited
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## 16. Statement of Funds

| | Balance at 31 August 2019 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2020 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | 121 | 2 | - | - | 123 |
| Other restricted funds | 13 | 5 | - | - | 18 |
| Total restricted funds | 134 | 7 | - | - | 141 |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | 5,097 | 7,385 | (7,699) | - | 4,783 |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | 314 | 9 | - | - | 323 |
| Total unrestricted funds | 5,411 | 7,394 | (7,699) | - | 5,106 |
| **Total funds** | 5,545 | 7,401 | (7,699) | - | 5,247 |

The designated fund was received from the residuary estate of Mrs Janet Churm, an Old Margaretian. The Governors have designated its use in accordance with her wishes; that is to enable a girl currently in the School to stay who, due to a change in her parent's circumstances, would otherwise have to leave.

The restricted funds are to be used in accordance with specific restrictions made by the donors. The Bursary Funds have been augmented by our first Leavers' Appeal and in addition the Chaplain's Fund has been transferred to this fund. Other restricted funds are for the benefit of the School Council (£5,000) and also include funds raised for the Annual Head's Appeal.

| | Balance at 31 August 2018 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2019 £'000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| Bursary Funds | 94 | 18 | - | 9 | 121 |
| Other restricted funds | 16 | 30 | (3) | (30) | 13 |
| Total restricted funds | 110 | 48 | (3) | (21) | 134 |
| **Unrestricted funds** | | | | | |
| *General:* | | | | | |
| Accumulation fund | 5,170 | 7,637 | (7,731) | 21 | 5,097 |
| *Designated:* | | | | | |
| Janet Churm Bursary Fund | 306 | 8 | - | - | 314 |
| Total unrestricted funds | 5,476 | 7,645 | (7,731) | 21 | 5,411 |
| **Total funds** | 5,586 | 7,693 | (7,734) | - | 5,545 |

## 17. Analysis of Net Assets between Funds

The net assets are held for the various funds as follows:

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2020 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 141 | - | 141 |
| Unrestricted funds | 9,867 | (3,449) | (1,312) | 5,106 |
| | 9,867 | (3,308) | (1,312) | 5,247 |

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2019 £'000 |
|---|---|---|---|---|
| Restricted funds | - | 134 | - | 134 |
| Unrestricted funds | 9,907 | (3,017) | (1,479) | 5,411 |
| | 9,907 | (2,883) | (1,479) | 5,545 |

## 18. Pensions

There are two pension schemes in operation for employees of the School. These are a defined contribution scheme for non-academic staff (the Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The total pension cost to the School for the year was £641,000 (2019: £479,000) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary.

The assets of the defined contribution scheme are held separately from those of the School in independently administered funds. The charge to the statement of financial activities represents contributions payable by the School to the funds.

**Teachers' Pension Scheme ('TPS')**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £500,000 (2019: £335,000) and at the year-end £59,000 (2019 - £41,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

## 19. Related Party Transactions

Two Governors (2019: two) of the School who held office for at least part of the year had daughters enrolled at the School during the year. The arrangements for all daughters of Governors to be admitted to the School are consistent with those for all other girls who enter the School.

The spouse of one trustee has a 25% interest in the School's main supplier of heating oil, Oil NRG Ltd. In the year the School purchased £153,000 (2019: £179,000) of oil on terms consistent with that available to all customers. At the year-end £3,813 (2019: £3,646) was outstanding and included in trade creditors.

No Governors received any remuneration from the School during the year. One (2019: one) Governor has received reimbursements totalling £185 (2019: £1,241) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

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## 20. Statement of Financial Activities for the Year Ended 31 August 2019 (incorporating an Income and Expenditure Account)

| | | | | | 2019 |
|---|---|---|---|---|---|
| | | Unrestricted funds | Designated funds | Restricted funds | Total |
| | | £'000 | £'000 | £'000 | £'000 |
| **Income from:** | | | | | |
| ***Charitable activities*** | | | | | |
| School fees | 1 | **6,845** | - | - | **6,845** |
| Ancillary trading income | 2 | **770** | - | - | **770** |
| ***Other trading activities*** | | | | | |
| Non-ancillary trading income | 2 | **20** | - | - | **20** |
| ***Investment income*** | 2 | - | **8** | **3** | **11** |
| ***Donations and legacies*** | | **2** | - | **45** | **47** |
| **Total incoming resources** | | **7,637** | **8** | **48** | **7,693** |
| **Expenditure on:** | | | | | |
| ***Costs of generating funds*** | | | | | |
| Costs of generating funds | 5 | **100** | - | **3** | **103** |
| | | **100** | - | **3** | **103** |
| ***Charitable activities*** | | | | | |
| Education and grant making | 5 | **7,631** | - | - | **7,631** |
| | | **7,631** | - | - | **7,631** |
| **Total expenditure** | 5 | **7,731** | - | **3** | **7,734** |
| **Net incoming/(outgoing) resources** | 3 | **(94)** | **8** | **45** | **(41)** |
| Transfers between funds | 15 | **21** | - | **(21)** | - |
| Fund balances at 31 August 2018 | | 5,170 | 306 | 110 | 5,586 |
| **Fund balances at 31 August 2019** | 15 | **5,097** | **314** | **134** | **5,545** |