

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

Contents

Directors and Advisors for the Year Ended 31 August 2020	1
Governors	1
Advisors	2
Reference and Administrative Information	3
Structure, Governance and Management	3
Objects, Aims, Objectives and Activities	5
Strategic Report	7
Overview	7
Achievements and Performance	7
Fundraising Performance	8
Financial Review	9
Principal Risks and Uncertainties	10
Plans for the Future	11
Statement of Accounting and Reporting Responsibilities	12
Independent Auditor's Report to the Members of Queen Margaret's School, York Limited	13
Statement of Financial Activities for the Year Ended 31 August 2020	16
Balance Sheet as at 31 August 2020	17
Cash Flow Statement for the Year Ended 31 August 2020	18
Notes to the Cash Flow Statement for the Year Ended 31 August 2020	19
Accounting Policies	20
Notes to the Financial Statements for the Year Ended 31 August 2020	23

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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).

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

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

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.

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

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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 remainder 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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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

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

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.

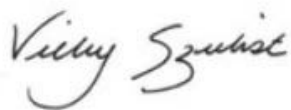
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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	
		£'000	£'000	£'000	Total £'000
Income from:					
<i>Charitable activities</i>					
School fees	1	6,188	-	-	6,188
Ancillary trading income	2	619	-	-	619
CJRS grant	2	532	-	-	532
<i>Other trading activities</i>					
Non-ancillary trading income	2	11	-	-	11
<i>Investment income</i>	2	-	9	2	11
<i>Donations and legacies</i>		35	-	5	40
Total incoming resources		7,385	9	7	7,401
Expenditure on:					
<i>Costs of generating funds</i>					
Costs of generating funds	5	106	-	-	106
		106	-	-	106
<i>Charitable activities</i>					
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

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
		<u>9,867</u>	<u>9,907</u>
Current assets			
Stocks		37	46
Debtors	9	251	387
Cash at bank and in hand		12	7
		<u>300</u>	<u>440</u>
Creditors - amounts falling due within one year	10	(3,608)	(3,323)
Net current liabilities		<u>(3,308)</u>	<u>(2,883)</u>
Total assets less current liabilities		<u>6,559</u>	<u>7,024</u>
Creditors - amounts falling due after more than one year	11	(1,312)	(1,479)
Net assets		<u>5,247</u>	<u>5,545</u>
Restricted funds	16	141	134
Unrestricted funds	16	5,106	5,411
Total Funds	16	<u>5,247</u>	<u>5,545</u>

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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

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

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
	<u>5,204</u>	<u>5,001</u>
Aggregate employee benefits of key management personnel (including employer pension and national insurance costs)	<u>404</u>	<u>323</u>

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	<u>16</u>	<u>16</u>
	<u>138</u>	<u>136</u>

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	<u>1</u>	<u>3</u>

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

5. Analysis of Expenditure

				2020
	Staff	Other	Depreciation	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.

				2019
	Staff	Other	Depreciation	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

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

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

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

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

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

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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
(A Company Limited by Guarantee)

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					
<i>General:</i>					
Accumulation fund	5,097	7,385	(7,699)	-	4,783
<i>Designated:</i>					
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					
<i>General:</i>					
Accumulation fund	5,170	7,637	(7,731)	21	5,097
<i>Designated:</i>					
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

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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%.

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

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.

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

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:					
<i>Charitable activities</i>					
School fees	1	6,845	-	-	6,845
Ancillary trading income	2	770	-	-	770
<i>Other trading activities</i>					
Non-ancillary trading income	2	20	-	-	20
<i>Investment income</i>	2	-	8	3	11
<i>Donations and legacies</i>		2	-	45	47
Total incoming resources		7,637	8	48	7,693
Expenditure on:					
<i>Costs of generating funds</i>					
Costs of generating funds	5	100	-	3	103
		100	-	3	103
<i>Charitable activities</i>					
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