

Red House School Limited

Report of the Trustees (including Strategic Report)
and Financial Statements
for the Year Ended 31 August 2020

"Charity Commission Copy"

Registered No: 527377

Red House School Limited

Contents of the Financial Statements
for the Year Ended 31 August 2020

	Page
Charity Reference and Administrative Details	1
Report of the Trustees (including the Strategic Report)	2 - 9
Report of the Independent Auditors	10 - 11
Statement of Financial Activities	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 - 27

Red House School Limited

Charity Reference and Administrative Details
for the Year Ended 31 August 2020

Registered Company number

00312473 (England and Wales)

Registered Charity number

527377

Registered office

36 The Green
Norton
Stockton on Tees
TS20 1DX

Trustees

V L Duncan - Chair
G D Cordwell-Smith - Vice Chair
A Mallen-Beadle - Secretary
M Anderson
S Ashforth
S M Costigan
M E Elwell
F Hunt – appointed 14 January 2020

K E Huddart
A Rangan
A G Taylor
K Shaw
S D Wright
N Simpson
J Henning

Other changes in trustees holding office are as follows:

M S Craggs – resigned 27 November 2019

V Bedi was appointed President in November 2017 and J A Robson continues to act as Vice President. Neither are registered as statutory directors of the company. The school no longer has a staff representative in attendance at School Council meetings.

Headmaster

K James

Auditors

Anderson Barrowcliff LLP
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Bankers

Lloyds TSB
27 High Street
Stockton
TS18 1SG

Santander
Level 9
Baltic Place
South Shore Road
Gateshead
NE8 3AE

Yorkshire Bank
30 St Vincent Place
Glasgow
G1 2HL

Solicitors

Milners Solicitors
Whitehall Waterfront
2 Riverside Way
Leeds
West Yorkshire
LS1 4EH

Red House School Limited

Report of the Trustees **for the Year Ended 31 August 2020**

The trustees present their report and the audited financial statements of the charity for the year ended 31 August 2020. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' in preparing the annual report and financial statements of the charity.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published in October 2019, and the Companies Act 2006.

TRUSTEES

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end are shown on page 1.

OBJECTIVES AND ACTIVITIES

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

Red House School is a coeducational independent day school for children between the ages of 2 and 16. The Headmaster, Mr James, is a member of the Independent Schools Association (ISA) and the School Council, Red House's governing body, is in membership of the Association of Governing Bodies of Independent Schools (AGBIS). The Head of Finance & Compliance, Mrs. Tomlinson, is a member of the Independent Schools' Bursars Association (ISBA). The aim of the school is to provide a high quality, inclusive education in a civilised and caring environment.

Red House School is a warm and vibrant community where each child is valued, nurtured and helped to grow into a thoughtful and caring individual. Small class sizes and dedicated teachers provide a safe environment where pupils can grow in confidence. The high standards of teaching enable pupils to make rapid academic progress and achieve their potential at all levels. We are justly proud of the successes of our pupils at each key stage including GCSE.

Pupil success comes about through the dedication of high calibre teaching staff and strong links between school and home. At Red House there is a high level of parental involvement. The School Council is comprised of existing parents and the active Parent Teacher Association further underpins and supports links between school and home.

The school usually operates one form in each year in Key Stage 1, two forms per year in Key Stage 2 and three forms per year in Key Stages 3 and 4.

During the year under review, the school opened the new music school building and completed the refurbishment of the biology lab. A significant refurbishment of the remaining science labs is planned.

We see the education of our pupils holistically: the physical, intellectual and emotional development of an individual child coming from a wide range of experiences within a broad and balanced curriculum. Education at Red House is seen as more than just academic success, although this is important. It includes exposure to 'culture', initiates pupils into the norms, customs and values of society and develops individual's talents and capabilities both within and outside of the classroom.

Whilst we take pride in our traditions and Christian heritage Red House also aims to be at the forefront of developments in both teaching and learning. Opportunities to experience and use ICT are embedded into the curriculum whilst suites of computers ensure each child is able to make the most of the technology available.

SIGNIFICANT ACTIVITIES

Early Years Foundation Stage (EYFS)

Following an extensive building programme Red House Nursery School opened in Spring 2005. Boys and girls, whose third birthday is in the term they join the School, are welcomed into the Nursery on a full-time basis. The purpose-built Nursery provides a secure, warm and friendly environment in which children can play and learn. With access to its own enclosed patio and garden, the Nursery offers spacious, safe and calm surroundings that help each individual child develop and discover. Nursery children are encouraged to use the outdoor learning environment and are taken on a range of off-site educational activities.

Red House School Limited
Report of the Trustees
for the Year Ended 31 August 2020

Junior School

Based on the same site as the Nursery, the Junior School offers a secure, stimulating and caring environment in which the needs of each individual child are provided for and nurtured. Children from Reception to Year 4 are taught on this campus.

Offering a high quality of education in all areas of school life, professional, dedicated staff identify the special requirements of each child and provide opportunities for all the children to develop their academic, social, physical and intellectual potential. Interactive white boards and an ICT suite on the Junior School site ensure that ICT is an integral part of our pupils' education from an early age. The new outdoor learning area encourages the children to work independently and to make the most of outdoor learning. Children in each year are also taken on a wide range of educational visits.

Children leave the Junior School fully equipped for a smooth and successful transition to the Senior School.

Senior School

Children in Years 5-11 are taught on the Senior Campus. Year 5 is housed in two classrooms on the ground floor and Year 6 pupils are peripatetic, travelling to their various specialist teachers. Years 5&6 provide exciting challenges across the full range of academic subjects and introduce pupils to a wide range of sporting, cultural and creative activities. This develops a pupil's talents and skills and lays secure foundations for the future.

Year 5 pupils have a class teacher for the core subjects with specialist teaching provided for Games, Music and French. In Year 6, pupils are taught by specialist staff in specialist facilities and there is no doubt this helps children to achieve their full potential.

Senior pupils have access to a full range of GCSEs. All pupils study Mathematics, English Language, English Literature, Biology, Chemistry and Physics and French, along with three other subjects chosen from an extensive list of options.

There are a number of educational visits each year including field trips, theatre visits, foreign languages trips and excursions to local and national museums and other places of educational interest.

Pupils continue with a broad range of co-curricular activities, including sport, drama, music tuition and ICT, to maintain a broad and balanced education.

ICT

There is a strong emphasis throughout the whole School on the development of IT skills. An extensive computer network, which includes several suites of wireless laptops and iPads, is linked to all areas. Continued investment into state-of-the-art equipment including computers, interactive panels and software enables teachers to deliver lessons in ways that were not possible a few years ago.

The school continued to invest heavily in new technology throughout the year, spending £35,000 on equipment to enhance interactive classroom teaching.

Independent research is facilitated through unlimited - filtered - access to the Internet. The ICT facilities are made available to pupils before and after school and during breaks and lunches.

Music & Drama

Music and Drama are important aspects of life at Red House and the opening of the new Music School is a prominent enactment of the school's commitment to the performing arts. Private tuition for a wide range of brass, string and percussion instruments and also singing is available to children throughout the school. There are active music groups on both the Junior School and the Senior School sites which include an orchestra, Junior and Senior Choirs, a recorder group and a number of other instrumental groups.

Junior School productions, Senior School Carol Service, Junior Nativity Services, music concerts and drama productions by Senior School pupils are all significant events in the school year. The school also produces a musical each year which includes children from both sites.

Red House School Limited

Report of the Trustees **for the Year Ended 31 August 2020**

Co-Curricular Activities

Co-curricular activities, those aspects of a pupil's learning and development that run parallel to their academic studies, are an integral part of life at Red House School and are considered as an extension of the curriculum rather than an addition to it.

Outdoor adventure education, with trips to Outward Bound, Ullswater, Duke of Edinburgh's Award expeditions, an annual ski trip and the ambitious and exciting programme of sporting activities that take place in Year 11, are all flourishing providing opportunities for pupils at Red House.

The Duke of Edinburgh's Award scheme not only provides opportunities for pupils to become involved in adventure education but also allows pupils to develop their skills, physical prowess and contribute to community service. Most pupils in Year 10 take part in the scheme. Trim trails on both school sites provide alternative suitable physical challenge for pupils during break and lunchtimes.

Other activities at the Senior School include: chess club, dance, public speaking, orienteering, art club, ICT and go-karting. There are a large number of clubs and activities that take place in the Junior School including: table top games, drama, ICT, art and craft, sport, DT, cooking and Spanish.

Sport

Sport plays a major role in the physical development of children and is central to life at Red House. Our excellent facilities augmented by resources brought in from outside ensures that all pupils have access to a wide and varied programme of sporting activities. Pupils in the Junior School are taught by specialist sports teachers using equipment and facilities on both sites. The school has a large sports hall, extensive playing fields and a new all-weather sports pitch. The sports curriculum not only has obvious health benefits but also provides opportunities to develop team working and leadership skills as well as the enjoyment of competing against other individuals and teams.

Pastoral Care

Red House is a warm and caring school providing a secure and supportive environment in which young people develop into confident, mature and respectful young adults. A programme of personal, health and social awareness ensures that our pupils are equipped to deal with issues in the modern world and prepares them for life after Red House.

Red House pupils support many local and international charities both through charitable giving and practical involvement. The choir sings in local hospitals at Christmas and presents, given by pupils, are distributed. There are strong links with our local church St. Mary's Norton. Pupils from the Junior School have their assembly in the church weekly and both the Senior School and the Junior School have their Harvest Festival and Easter services in the Church.

Careers Guidance

Careers guidance runs throughout the whole school curriculum. All Senior School pupils have an interview with an external Careers Officer.

Admission

Entry to the school, with the exception of the Early Years Foundation Stage, is dependent upon the availability of places and the successful completion of an entrance assessment.

Children entering Nursery and Reception classes are required to achieve a satisfactory assessment during their time in the Reception to progress into Year 1.

Red House School Limited
Report of the Trustees
for the Year Ended 31 August 2020

PUBLIC BENEFIT STATEMENT

Red House School was founded by a group of parents who wished to give their children the very best start in life by providing them with a first-rate education. Since those early days the school has grown and developed, but the underlying principle of providing the highest quality education, still remains true.

Historically, and continuing to the present day, fees have been set at a level below that of other independent schools within the region providing access to a wide spectrum of society.

A Bursary Policy has been developed which provides a number of bursaries; up to 100% of fees is available.

The school allows its facilities to be used by a number of outside organisations at reduced or zero rates. These include various sports clubs and charity events.

The school educates around 350 pupils who might otherwise be educated by the state.

The school provides teaching practice opportunities for students from local universities and work experience placement for pupils of maintained schools.

The school has hosted Teachmeet events enabling teachers from many different schools to come together and share ideas.

Red House is used as an examination centre for home educated children.

A number of teachers within the school are supported in their roles as examiners and moderators of public examinations.

Volunteers

The charity benefits from parents and friends supporting the school's activities and the valuable work done by the PTA.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

We measure our success under a broad number of pupil outcomes.

Academic

The 2020 GCSE examination results were outstanding. The headline figures were 66% grades 7-9 (A*/A), 84% grades 6-9 (A*-B) and a 100% pass rate at grade C or above (grades 4-9). These results are some of the best the school has ever seen.

In addition to the excellent academic results the school is committed to ensuring every child achieves their full potential. The school has a continuous commitment to maintaining full compliance with the requirements set out in the Education (Independent School Standards) Regulations 2014 and Early Years Foundation Stage Statutory Framework.

Red House pupils also had considerable success at all ages when entered for national competitions including the Junior Language Challenge.

Red House School Limited

Report of the Trustees **for the Year Ended 31 August 2020**

Sport

Red House pupils were entered for a number of local and national competitions. We had 1 pupil competing at the London Aquatics Centre, winning 1 silver and 1 bronze medal during the National ISA Gala. 4 pupils were due to compete in the National ISA Cross Country Championships and we also had 3 athletes due to represent Cleveland County in the National Schools Championships (both events were cancelled due to COVID 19). Netball teams have won the Stockton District Tournament and Stockton League in various age groups and our U16 team won the ISA North Netball Tournament. Both the U14 & U16 netball teams represented the County at the Regional round of the National Schools Competition. The U14s then went on to qualify for National Finals and competed against the top 16 schools in the country. The U14s were also ISA Plate Winners in the National ISA Netball Tournament. There was further success in netball with the U12s winning the Durham Schools Invitation tournament. The U11 girls enjoyed some introductory rugby lessons in the Autumn Term and despite their inexperience, won the Stockton Primary Schools Tag Rugby Festival. As well as success in the County Hockey Leagues & Tournaments, our U11, U13 & U14 girls reached the North East Semi-Finals on the National Schools Competition, and our U13 boys competed in the ISA National Hockey Festival at the Olympic Park. The U10 boys enjoyed success at the ISFA Tournament at RGS Newcastle and the highlight for the U14 boys was a trip to Nottingham University to play in the ISA National Football Tournament.

Mindfulness programme

The school has a particular focus on the mental well-being of all pupils. There is an established mindfulness programme, complimented during the inspection process, which has played a significant part in helping pupils cope with the current Coronavirus (Covid-19) situation.

Cultural

Many pupils were successfully entered for music and speech and drama examinations during the year. Younger pupils entered for LAMDA examinations had considerable success. A number of concerts were performed and performances were held throughout the year on both sides of the road to showcase the talents of the children. The PTA also ran a number of events for the School, raising funds and building a sense of community.

Inspection

The School was inspected by the Independent Schools Inspectorate in April 2019. The School was fully compliant in all aspects of the focused compliance inspection and achieved excellent, the highest rating possible, in all areas of the Educational Quality Inspection.

Principal risks and uncertainties

The School Council periodically assesses risks and uncertainties facing the company. These are principally the general economic environment, difficulties faced with planning applications, maintaining adequate financial reserves, recruiting and retaining key members of staff and potential failure of computer hardware or software.

The board of trustees believe that they have taken adequate steps to mitigate these risks.

FINANCIAL REVIEW

Results

The results for the year and financial position of the charity are shown in the annexed financial statements. The charity reported net surplus of funds of £51,664 (2019 – £616,188) and had net assets of £3,319,919 (2019 - £3,268,255).

The charity enjoys the continued support of its bankers because of its very strong net assets position, strong cash flows and its return to reporting net income.

Reserves policy

The school's aim is to generate and maintain reserves to ensure the highest standards of education are achieved. The school has reserves of £3,319,919 of which £3,312,068 are unrestricted. Further details are given in notes 20 and 21 to the financial statements. In the longer term, these reserves will allow the school to fund the development of its asset base without recourse to further borrowings. The trustees are continually endeavoring to increase incoming resources to build up reserves to fund operating costs and future capital projects. The trustees believe that the school has sufficient reserves to continue to provide the high quality education that our pupils and parents expect during the current outbreak of Coronavirus (Covid-19). The principal funding source available to the charity is school fee income.

Incoming resources policy and objectives

Budgetary forecasts are made on an annual basis.

Red House School Limited
Report of the Trustees
for the Year Ended 31 August 2020

Going Concern

As a result of the outbreak of Coronavirus (Covid-19) there is much financial uncertainty in the UK. However, the trustees have reviewed the school's financial position and level of reserves and as a result of this review have a reasonable and proper expectation that the school has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the trustees believe that the going concern basis remains the appropriate basis to prepare these financial statements. The on-going situation will continue to be monitored.

The trustees are satisfied with the performance of the charity.

PLANS FOR FUTURE PERIODS

The School has made the decision to remain in Norton. The sites have been master planned to determine the best use of the land we have on the Norton site. The improvement of facilities has already begun with the addition of an all-weather sports pitch and refurbishment of a number of areas in both schools. This has included the Hall, Sports Hall, classrooms, the ICT suite and an outdoor classroom in the Junior School. The Biology Lab has been refurbished and future plans include the refurbishment of the Chemistry and Physics Labs. The school will continue to invest significantly in new technology.

Further plans include the provision of a sixth form.

Coronavirus (Covid-19)

The school remained open during the pandemic for the children of key workers. All primary school aged children returned after half term in the summer along with Year 10 on a rotation. Moving forward, we do not expect schools to close as a result of the pandemic. However, should we have to do so, the school will take the following steps:-

- implement the comprehensive remote learning programme which ran throughout the lockdown period from March to July. This was complimented upon by a significant number of parents.
- any reduction in fees will be proportionate and will take into account any financial support available from central government. School Council will always aim to ensure any discount leaves the Income and Expenditure of the school in surplus each year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

In accordance with the Articles of Association, the affairs of the company are controlled by a council of management consisting of governors. The office of governor is therefore equivalent to that of director for all requirements of the Companies Act 2006, and that of trustee for all requirements of the Charities Act 1993, as amended by the Charities Act 2011.

Council members can be drawn from the parent body and the wider community and are elected by members of the company at the Annual General Meeting. Up to one quarter of council members may be drawn from the wider community.

Induction and training of new trustees

New trustees are provided with an extensive package of information relating to the school, including current and historical information and minutes of relevant meetings.

Red House School Limited

Report of the Trustees **for the Year Ended 31 August 2020**

Organisational structure

The School Council is supported by three sub committees: Management, Education and Health & Safety. The full school council meets twice per term and the sub committees meet at least once per term, to oversee the activities of the charity.

The Headmaster is appointed to manage the day to day activities of the school. Throughout this audit period it was Mr Ken James.

The trustees set the remuneration of the senior management team which includes the headmaster.

Wider network

Red House School is a member of the Association of Governing Bodies of Independent Schools and the Independent Schools Association. Both provide support and advice to the school.

Related parties

The charity is not dependent on the support of related parties.

Risk management

The trustees have consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.

Fund-raising

The school does not carry out any significant fund-raising activities for the school's own funds.

TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which 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 charitable company for that period. In preparing those financial statements, the trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Red House School Limited

Report of the Trustees
for the Year Ended 31 August 2020

DISCLOSURE OF INFORMATION TO THE AUDITORS

We, the trustees of the charitable company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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

ON BEHALF OF THE BOARD



G D Cordwell-Smith - Vice Chair of Trustees

11th November 2020

Red House School Limited
(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of Red House School Limited

Opinion

We have audited the financial statements of Red House School Limited for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees, 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 Report of the Trustees have been prepared in accordance with applicable legal requirements.

Red House School Limited
(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of Red House School Limited

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, 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.

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 charitable company's members as a body; for our audit work, for this report, or for the opinions we have formed.

Jerome Bury FCA - Senior Statutory Auditor
For and on behalf of Anderson Barrowcliff LLP
Statutory Auditors
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

11th November 2020

Red House School Limited

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2020

	Notes	Unrestricted Fund £	Restricted Funds £	2020 Total Fund £	2019 Total Fund £
Income from:					
Donations and legacies	2	1,719	-	1,719	3,557
Charitable activities	3	3,461,262	-	3,461,262	3,688,580
Investment income	4	4,140	-	4,140	5,911
Other income	5	108,340	-	108,340	6,747
Total income		3,575,461	-	3,575,461	3,704,795
Expenditure on:					
Charitable activities					
Educational activities	6	3,523,233	564	3,523,797	3,605,793
Total expenditure		3,523,233	564	3,523,797	3,605,793
Net income / (expenditure)		52,228	(564)	51,664	99,002
Gains on disposal of other investments		-	-	-	517,186
Net movement in funds	9	52,228	(564)	51,664	616,188
Reconciliation of funds:					
Total funds brought forward	20	3,259,840	8,415	3,268,255	2,652,067
Total funds carried forward	20	3,312,068	7,851	3,319,919	3,268,255

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

All income and expenditure derive from continuing activities.

Red House School Limited**Balance Sheet**
At 31 August 2020

	Notes	2020 £	2019 £
Fixed Assets			
Tangible assets	14	5,009,953	4,961,546
		<u>5,009,953</u>	<u>4,961,546</u>
Current assets			
Stocks	15	67,999	70,949
Debtors	16	165,391	1,098,426
Cash at bank and in hand		938,091	676,417
		<u>1,171,481</u>	<u>1,845,792</u>
Creditors:			
Amounts falling due within one year	17	(817,444)	(3,457,994)
Net current assets/(liabilities)		<u>354,037</u>	<u>(1,612,202)</u>
Total assets less current liabilities		<u>5,363,990</u>	<u>3,349,344</u>
CREDITORS			
Amounts falling due after more than one year	18	(2,044,071)	(81,089)
Net assets		<u>3,319,919</u>	<u>3,268,255</u>
Charity funds			
Restricted funds	20	7,851	8,415
Unrestricted funds	20	976,525	924,297
Unrestricted funds - revaluation reserve	20	2,335,543	2,335,543
Total charity funds		<u>3,319,919</u>	<u>3,268,255</u>

The financial statements were approved and authorised for issue by the Board on 11th November 2020.

Signed on behalf of the board of trustees



V L Duncan – Chair of Trustees

Red House School Limited

Cash Flow Statement
for the Year Ended 31 August 2020

	Notes	2020 £	2019 £
Cash inflow from operating activities	22	97,571	430,689
Interest paid		(55,623)	(118,017)
Net cash flow from operating activities		41,948	312,672
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(173,559)	(337,548)
Proceeds from sale of other investments		1,000,000	453,459
Investment income		4,140	5,911
Net cash flow from investing activities		830,581	121,822
Cash flow from financing activities			
New loan finance		2,000,000	-
Capital repayment of long-term loans and finance lease		(2,610,855)	(519,404)
Net cash flow from financing activities		(610,855)	(519,404)
Net increase in cash and cash equivalents		261,674	(84,910)
Cash and cash equivalents at 1 September		676,417	761,327
Cash and cash equivalents at 31 August		938,091	676,417
Cash and cash equivalents consist of:			
Cash at bank and in hand		938,091	676,417
Cash and cash equivalents at 31 August		938,091	676,417

Red House School Limited
Notes to the Financial Statements
for the Year Ended 31 August 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red House School Limited is constituted as a private charitable company limited by guarantee in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements.

(a) General information and basis of preparation

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention as amended by deemed cost. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

(b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Fees received in advance of education to be provided in future years are held as liabilities until taken to income in the term when used.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

The charity has received donations in respect of capital expenditure. The income is credited to the Statement of Financial Activities when receivable. They are not deferred over the life of the asset.

Red House School Limited

Notes to the Financial Statements
for the Year Ended 31 August 2020

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Income recognition - continued

Grants of a revenue nature are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met, then these amounts are deferred.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. All expenditure is categorised as "Expenditure on charitable activities".

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

The analysis of these costs is included in note 7.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:-

Freehold - buildings	- 2% on cost
Freehold - artificial sports pitch	- 8.33% on cost
Property improvements	- 6.67% on cost
Fixtures and fittings	- 25% on cost and 15% on cost
Motor vehicles	- 25% on cost

(g) Other investments

Other investments include freehold land and buildings that are no longer held for the benefit of the Charity's objectives.

(h) Stocks

Stocks are stated at the lower of cost and estimated selling price. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

(i) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Red House School Limited

Notes to the Financial Statements
for the Year Ended 31 August 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(j) Financial instruments

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

(k) Confirmation deposits

Confirmation deposits represent sums received to confirm acceptance of a pupil into the school. They are refundable on leaving education and are held as creditors until that time.

(l) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

(m) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

(n) Leases

Assets acquired under finance leases are capitalised and depreciated over the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SOFA on a straight-line basis over the period of the lease.

(o) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Retirement benefits to teachers of the school are provided by the Teachers' Pension Scheme (TPS). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings - Related Pension Scheme. Contributions to the scheme are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

(p) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

The notes form part of these financial statements

Red House School Limited

Notes to the Financial Statements
for the Year Ended 31 August 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(q) Going concern

As a result of the outbreak of Coronavirus (Covid-19) there is much financial uncertainty in the UK. However, the trustees have reviewed the school's financial position, level of reserves and have flexed expected levels of income and expenditure across a range of possible scenarios affecting fee income, government assistance, that may be available, and related cost savings, that could be made, under each scenario and, as a result of this review, have a reasonable and proper expectation that the school has adequate resources to continue in operational existence for a period of twelve months from approving these financial statements. Accordingly, the trustees believe that the going concern basis remains of preparation remains appropriate.

(r) Judgements and key sources of estimation uncertainty

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

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

2 INCOME FROM DONATIONS AND LEGACIES

	2020	2019
	£	£
Gifts	1,719	3,557

Income from donations and legacies was £1,719 (2019: £3,557) of which £1,719 (2019: £1,557) was attributable to unrestricted funds.

3 INCOME FROM CHARITABLE ACTIVITIES

	2020	2019
	£	£
School fees	3,101,447	3,236,903
Registration fees	1,575	1,975
School uniform sales	60,196	53,517
Catering & other income	183,846	273,766
Co-curricular activities	114,198	122,419
	<u>3,461,262</u>	<u>3,688,580</u>

The above income is attributable to unrestricted funds.

4 INCOME FROM INVESTMENTS

	2020	2019
	£	£
Interest – deposits	4,140	5,911

Income from investments was £4,140 (2019: £5,911) of which £4,140 (2019: £5,911) was attributable to unrestricted funds.

Red House School Limited
Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

5 OTHER INCOME

	2020	2019
	£	£
Government grants receivable	108,340	-
Profit on sale of tangible fixed assets	-	6,747
	<u>108,340</u>	<u>6,747</u>

Other income was £108,340 (2019: £6,747) of which £108,340 (2019: £6,747) was attributable to unrestricted funds.

The school received government grants in respect of the Coronavirus Job Retention Scheme.

6 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Educational Activities	Support Costs	Total 2020	Total 2019
	£	£	£	£
Teaching staff	2,092,784	-	2,092,784	2,022,333
Educational support costs	647,585	-	647,585	614,403
Support costs (see note 7)	-	375,235	375,235	318,388
Catering costs	67,748	-	67,748	230,905
Uniform costs	43,869	-	43,869	52,736
Depreciation and loss on disposal of assets	125,152	-	125,152	103,293
Interest payable	55,623	-	55,623	118,013
Bank charges	1,603	-	1,603	22,061
Co-curricular activities	114,198	-	114,198	123,661
	<u>3,148,562</u>	<u>375,235</u>	<u>3,523,797</u>	<u>3,605,793</u>

£564 (2019: £492) of the above costs were attributable to restricted funds. £3,523,233 (2019: £3,605,301) of the above costs were attributable to unrestricted funds.

7 ALLOCATION OF SUPPORT COSTS

Support cost	Basis of allocation	Educational Activities 2020	Educational Activities 2019
		£	£
Governance (see note 8)		145,595	109,861
Senior management	Allocated on time basis	109,133	98,542
Admin staff costs	Allocated on time basis	120,507	109,985
Total		<u>375,235</u>	<u>318,388</u>

8 GOVERNANCE COSTS

	Basis of allocation	2020	2019
		£	£
Senior management	Allocated on time basis	12,126	10,949
Admin staff costs	Allocated on time basis	93,981	79,395
Auditor's remuneration (see note 10)	Governance	11,300	11,100
Legal & professional fees	Governance	28,188	8,417
		<u>145,595</u>	<u>109,861</u>

The notes form part of these financial statements

Red House School Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

9 NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets - owned assets	123,662	103,293
Loss on disposal of tangible fixed assets – owned assets	1,490	-
Operating lease rentals	20,040	28,142

10 AUDITOR'S REMUNERATION

	2020	2019
	£	£
Fees payable to the charity's auditor for the audit of the charity's annual accounts	11,300	11,100
Fees payable to the charity's auditor for other services	11,966	11,817
Fees payable to the charity's auditor in respect of the Teachers' pension plan	1,100	1,050

11 TRUSTEES' AND KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES

The trustees neither received nor waived any remuneration during the year (2019: £Nil).

The total amount of employee remuneration benefits received by key management personnel is £420,877 (2019: £392,264).

The trustees did not have any expenses reimbursed during the year (2019: £Nil).

12 STAFF COSTS AND EMPLOYEE BENEFITS

The average monthly headcount was 82 staff (2019: 68 staff) and the average monthly full-time equivalent employees (FTE) during the year were as follows:

	2020	2019
Charitable activities	60	47
Governance	3	3
	63	50

The total staff costs and employees' benefits was as follows:-

	2020	2019
	£	£
Wages & salaries	2,076,983	1,914,719
Social security costs	183,448	178,003
Defined contribution pension costs	22,499	17,176
Defined benefit pension operating costs	344,421	246,286
	2,627,351	2,356,184

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2020	2019
	Number	Number
£90,001 - £100,000	1	1

The notes form part of these financial statements

Red House School Limited
Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

13 INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £	2019 £
Bank loans and overdrafts	53,356	116,026
	<u>53,356</u>	<u>116,026</u>

14 TANGIBLE FIXED ASSETS

	Freehold property £	Property Improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or deemed cost:					
At 1 September 2019	4,579,456	471,126	469,102	7,000	5,526,684
Additions	31,621	86,734	55,204	-	173,559
Disposals	-	-	(226,071)	-	(226,071)
At 31 August 2020	<u>4,611,077</u>	<u>557,860</u>	<u>298,235</u>	<u>7,000</u>	<u>5,474,172</u>
Depreciation:					
At 1 September 2019	211,512	21,673	324,954	6,999	565,138
Charge for year	47,267	31,543	44,852	-	123,662
Elimination on disposals	-	-	(224,581)	-	(224,581)
At 31 August 2020	<u>258,779</u>	<u>53,216</u>	<u>145,225</u>	<u>6,999</u>	<u>464,219</u>
Net book value:					
At 31 August 2020	<u>4,352,298</u>	<u>504,644</u>	<u>153,010</u>	<u>1</u>	<u>5,009,953</u>
At 31 August 2019	<u>4,367,944</u>	<u>449,453</u>	<u>144,148</u>	<u>1</u>	<u>4,961,546</u>

Included in the deemed cost of land and buildings is freehold land of £2,549,935 (2019: £2,549,935).

Tangible fixed assets held at deemed cost

The historic cost equivalent of land and buildings included at deemed cost are as follows:-

	2020 Land & Buildings £	2019 Land & Buildings £
Cost	2,716,796	2,685,175
Accumulated depreciation	(700,041)	(652,774)
Net book value	<u>2,016,755</u>	<u>2,032,401</u>

Freehold land and buildings above were recognised using previous valuations as deemed cost on transition to SORP (FRS 102).

Red House School Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

14 TANGIBLE FIXED ASSETS – continued

Included in the total net book value of fixtures and fittings was £19,670 (2019: £25,034) in respect of assets held under finance leases.

Details regarding tangible fixed assets pledged as security for liabilities of the charity are shown in notes 17, 18 and 19.

15 STOCKS

	2020	2019
	£	£
Uniforms	59,139	66,072
Food	2,000	4,877
Cleaning products	6,860	-
	<u>67,999</u>	<u>70,949</u>

All stock held is for charitable activities.

16 DEBTORS

	2020	2019
	£	£
Fees debtors	59,822	12,568
Other debtors	81,495	1,070,863
Prepayments & accrued income	24,074	14,995
	<u>165,391</u>	<u>1,098,426</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans & overdrafts	23,537	2,606,745
Trade creditors	43,560	122,497
Other tax & social security	130,030	45,976
Other creditors	60,424	52,413
Fees in advance	455,936	534,061
Confirmation deposits received	6,800	7,000
Accruals & deferred income	88,228	80,544
Finance leases	8,929	8,758
	<u>817,444</u>	<u>3,457,994</u>

Bank loans and overdrafts totalling £2,000,000 (2019: £2,606,745) are secured by a first legal mortgage over all the freehold property and a mortgage debenture over all the charity's assets.

Finance leases are secured on the assets to which they relate.

Red House School Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans & overdrafts	1,976,463	
Confirmation deposits received	62,400	71,600
Finance leases	5,208	9,489
	<u>2,044,071</u>	<u>81,089</u>

Bank loans and overdrafts totalling £2,000,000 (2019: £2,606,745) are secured by a first legal mortgage over all the freehold property and a mortgage debenture over all the charity's assets.

Finance leases are secured on the assets to which they relate.

19 LEASES

(a) Finance lease – lessee

Total future minimum finance lease payments are as follows:

	2020	2019
	£	£
Not later than one year	10,385	10,930
Later than one and not later than five years	7,552	11,840
	<u>17,937</u>	<u>22,770</u>
Less finance charges	3,800	4,523
	<u>14,137</u>	<u>18,247</u>

(b) Operating leases – lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than one year	31,521	23,902
Later than one and not later than five years	57,136	43,020
	<u>88,657</u>	<u>66,922</u>

Red House School Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

20 FUND RECONCILIATION

Unrestricted funds

	Balance at 1 September 2019	Income	Expenditure	Balance at 31 August 2020
	£	£	£	£
Unrestricted	924,297	3,575,461	(3,523,233)	976,525
Revaluation reserve	2,335,543	-	-	2,335,543
	<u>3,259,840</u>	<u>3,575,461</u>	<u>(3,523,233)</u>	<u>3,312,068</u>

Restricted funds

	Balance at 1 September 2019	Income	Expenditure	Balance at 31 August 2020
	£	£	£	£
Capital fund	4,675	-	(564)	4,111
Graduate leader fund	3,740	-	-	3,740
	<u>8,415</u>	<u>-</u>	<u>(564)</u>	<u>7,851</u>

Fund descriptions

(a) Unrestricted funds

The unrestricted funds represent the cumulative net income and expenses of the charity.

(b) Revaluation reserve

The revaluation reserve represents the effect of the revaluation of land and buildings at the date of transition.

(c) Restricted funds

Capital fund:

This represents a donation of £3,800 towards the sports pitch and a £2,000 donation from the PTA towards the cost of a piano. Transfers will be made from the fund to offset depreciation charged on these assets.

Graduate leader fund:

This represents a grant from Stockton on Tees Borough Council to support staff training, development and recruitment to provide the best possible start for children and safeguard affordability of childcare provision for parents.

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fixed assets	5,005,842	4,111	5,009,953
Current assets	1,167,741	3,740	1,171,481
Current liabilities	(817,444)	-	(817,444)
Creditors more than one year	(2,044,071)	-	(2,044,071)
Total	<u>3,312,068</u>	<u>7,851</u>	<u>3,319,919</u>

Red House School Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

22 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020	2019
	£	£
Net income for year	51,664	616,188
Investment income	(4,140)	(5,911)
Interest payable	55,623	118,013
Depreciation and loss on disposal of fixed assets	125,152	103,293
Profit on disposal of other investments	-	(517,186)
Decrease/(increase) in stock	2,950	(27,750)
(Increase)/decrease in debtors	(66,965)	16,389
(Decrease)/increase in creditors	(66,713)	127,653
Net cash flow from operating activities	<u>97,571</u>	<u>430,689</u>

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1/9/2019	Cash flow	At 31/8/2020
	£	£	£
Cash and cash equivalents			
Cash at bank and in hand	676,417	261,674	938,091
Debt			
Debts falling due within 1 year	(2,615,503)	2,583,037	(32,466)
Debts falling due after 1 year	(9,489)	(1,972,182)	(1,981,671)
	<u>(2,624,992)</u>	<u>610,855</u>	<u>(2,014,137)</u>
	<u>(1,948,575)</u>	<u>872,529</u>	<u>(1,076,046)</u>

24 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

(a) Defined contribution pension plans

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the year was £22,499 (2019: £17,176).

The defined contribution liability is allocated to unrestricted funds.

(b) Defined benefit pension plans

The school's employees belong to the Teachers' Pension Scheme England and Wales (TPS). The scheme is a defined benefit scheme. The total pension cost was £344,421 (2019: £246,286). At the year-end contributions of £39,712 (2019: £32,411) were outstanding at the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

24 PENSIONS AND OTHER POST-RETIREMENT BENEFITS - continued

INTRODUCTION

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

THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT

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

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

VALUATION OF THE TEACHERS' PENSION SCHEME

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

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

SCHEME CHANGES

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

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

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

Red House School Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

25 RELATED PARTY TRANSACTIONS

Information about related party transactions and outstanding balances is outlined below:

	Income £	Expenditure £	Outstanding Balances (Trade creditors) £	Commitments £
Agne Limited a company of which Mr S Costigan is a director				
At 31 August 2020	-	8,842	-	-
At 31 August 2019	-	5,900	498	-

The expenditure of £6,516 (2019: £5,900) relates to marketing costs and £2,326 (2019: £Nil) relates to stationery.

26 FINANCIAL INSTRUMENTS

The carrying amounts of the charity's financial instruments are as follows:

	2020 £	2019 £
<i>Financial liabilities</i>		
Measured at amortised cost		
- Bank loans (see notes 17 and 18)	2,000,000	2,606,745
- Obligations under finance leases	14,137	18,247
	<u>2,014,137</u>	<u>2,624,992</u>

The expenses attributable the charity's financial instruments are summarised as follows:

	2020 £	2019 £
<i>Expenses</i>		
Financial liabilities measured at amortised cost		
Bank loan interest	<u>(53,356)</u>	<u>(116,026)</u>