



# Annual Report and Accounts

**Reed's School**

For the year ended 31 August 2019

**Reed's School**  
**Annual report of the Trustees for the year ended 31 August 2019**

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# **Reed's School**

## **Annual report of the Trustees for the year ended 31 August 2019**

**Patron**  
Her Majesty The Queen

The Governors of Reed's School, who are also the Trustees of the Foundation, present their annual report for the year ended 31 August 2019 under the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Act, its Constitution and the Charities Statement of Recommended Practice on Accounting and Reporting (Charities SORP (FRS102)).

### **Principal activity**

Reed's School, based in Cobham, principally provides education for boys from the ages of 11 to 18 and girls in the Sixth Form. In the year under review, the School averaged 716 (2018: 702) pupils. Registrations for future years are healthy.

On 31 October 2019 Ripley Court School merged into Reed's School. Ripley Court School is a co-educational school for children aged 3-13, based in the village of Ripley in Surrey (further details on page 29).

The School welcomes pupils from all backgrounds, and is an equal opportunity organisation, committed to an ethos that is free from any form of discrimination.

All Trustees give their time voluntarily and receive no benefit from the charity. Any expenses reclaimed from the charity are set out in note 3(c) to the financial statements.

## **OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES**

### **Charitable objects**

The objects of the Foundation, as set down in the Act and Constitution, are to advance the education of boys and girls who come within one or more of the following categories and, in particular, boys and girls who, in the opinion of the Governors, are in need of financial assistance and pastoral care:-

- Boys or girls who have lost one or both parents; or
- Boys or girls who have been abandoned by their parents or guardians; or
- Boys or girls whose parents are divorced or separated and whose home life is, for any reason, unsatisfactory, unhappy or abnormal.

### **Aims and values**

The School has a purposeful and nurturing ethos. The School aims to develop each pupil's character so they leave Reed's as well-rounded individuals, provide an environment where pupils can flourish, promote academic excellence, find the best in every pupil, create a community for life and prepare pupils for the future.

Inspired by the vision of the Founder, Andrew Reed, a central aim of Reed's School is to support children who have lost one or both parents, and the ethos of celebrating the pupils' successes and inspiring them to unlock their true potential is founded on outstanding pastoral care, excellent teaching and a philosophy of providing a breadth of opportunities for all the pupils.

### **Intended impact**

Reed's is a dynamic and progressive school which aims to provide an excellent education that inspires its pupils to achieve their full potential, to prepare them for a rapidly changing world and equip them with the ability to think critically and independently. The School wants its pupils to have a global perspective and be young people who exhibit the core values of Integrity, Compassion, Curiosity, Resilience, Responsibility and Independence so that they leave Reed's as rounded individuals with a strong moral compass.

### **Public benefit**

The School has had regard for the Charity Commission guidance on public benefit. The School provides a number of means-tested bursary awards to children who have lost the support of one or both parents and who are in need of pastoral care and financial assistance to enable them to attend the School. The desired target for this is 10-15% of the pupil population and in this year there were 70 pupils, 9.8% (2018: 66, 9.4%).



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The partnerships we have at Reed's School with over 40 State Primary and Secondary schools in economically deprived areas are a fundamental part of the School's core mission and values. Last year saw a record 3,375 children from State schools benefit from these partnerships. This was achieved by bringing together Reed's School, key operational charities, funding from trusts and individuals, and State schools.

In 2012, we established the Reed's Primary and Secondary Forum as a means to extend the reach of the Foundation and raise the aspirations and attainment of children in the State sector. The idea of the Forum is simple, to offer a programme of activities and events throughout the year which will enrich the pupils' current curriculum, raise aspirations, and are exciting and attainable for the schools and the pupils, all hosted at Reed's using our staff, pupils, and facilities.

In developing the Forum we build close relationships with the Head Teachers at our partner schools, partner with operational charities and bring together key funders. Our relationships with the schools allow us to evolve our programme of events to best meet the needs of their pupils; the list of schools we partner with continues to grow each year. Our operational partners, such as Chelsea FC Foundation, assist with the delivery of some programmes whilst also being exciting for the pupils. We offer a full range of programmes from sport to the arts to STEM across a variety of formats, including half day, full day and regular weekly activities. Recent programmes include Lego Robotics, Sports Olympiad, GCSE Tutoring, Launch Car Challenge, Drama workshops, RacketsCubed: a squash/maths/nutrition programme, and our 10 year partnership with Hinchley Wood School for CCF (Combined Cadet Force). We also open our facilities up to local schools for no charge or for a significantly reduced rate, including our swimming pool, sports hall, classrooms and sports grounds.

An added benefit of the programme is that by working closely with teachers at these partner schools potential Foundation pupils are identified, and provided the opportunity to attend Reed's. Having visited Reed's in their primary years, the transition to a full-time pupil is more fluid. In several cases, not only have the children from the Forum attended the School, but in later years so have their siblings.

#### **Grant-making policy**

Founded in 1813 as the London Orphan Asylum, the Reed's Foundation is committed to providing educational and pastoral support for vulnerable children who have lost the support of one or both parents. Over 12,000 children have had their lives transformed through the work of the Foundation. These children have suffered from parental deaths, abandonment, abuse, and parental health issues, physical or mental. They each have the ability, but unfortunately not the means, to overcome these childhood traumas.

Andrew Reed, our Founder, believed that simply because a child had lost a parent they should not be condemned to a life of poverty and deprivation. He believed that by providing an education in a safe and caring environment these children could flourish. Continuing to build on the legacy of Andrew Reed is at the very core of all we do at the Foundation and the School today. A Foundation place at Reed's is not merely a financial package, it incorporates the specialist pastoral support that these children need to survive and thrive. Our team of Foundation staff, teachers, housemasters and support staff are all specially trained to assist these children; to provide them with the stability, guidance, time and love they so desperately need in their lives.

The core aims of the Foundation are simple, we want to help these vulnerable young children to overcome the traumas of their past, to define their futures as they want them to be, and to go into the world with self confidence and self belief so that they can succeed and make a difference.

Scholarships, bursaries and other awards are granted on the basis of the individual's educational potential or in accordance with the objects of the Charity and totalled £3.2 million (2018 £3.0 million). This included direct funding for Foundation pupils of £1,148k and a further £386k of funding from external supporters of the Foundation. The availability of all such awards for fee assistance is advertised on the School's website ([www.reeds.surrey.sch.uk](http://www.reeds.surrey.sch.uk)). The terms and conditions for each kind of award are available on request.

## **STRATEGIC REPORT**

### **Achievements**

Reed's pupils once again celebrated record-breaking results at GCSE this year. 52% of grades were 9 or 8 (2018: 47%) and 73% 9-7 overall (2018: 72%). The proportion of students awarded '9s', the top grade under the new grading structure, was very pleasing: 27% of examinations taken in the "reformed" GCSEs achieved



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### **Annual report of the Trustees for the year ended 31 August 2019**

grade '9s'. The proportion of these grades awarded nationwide was around 4%. A quarter of the year group achieved straight 9-7 grades in their examinations and there were some truly exceptional performances from two pupils gaining straight grade 9s. There were also some excellent results in individual subject areas. Biology achieved 90% of grades at 9-7 and History, Maths, Physics, Latin, Music and all exceeded 80%.

A Level results were the strongest in the new linear era with 50% of grades at A\*/A and 77% at A\*B. The group achieved these grades in an era of much tougher, reformed A Levels. The results in our STEM subjects were particularly pleasing with, for example, 60% of grades in Maths and 83% of grades in Further Maths at A\*/A, along with 100% in Computer Science. Creative subjects were also successful: for example, 100% of Graphics students achieved at least an A grade, while French and Spanish students also excelled. 90% of pupils went to their first or second choice university with the majority to their first choice university, with four going to Cambridge, half a dozen to top US universities and seven to Medical School.

The successes of the pupils have continued to add to the popularity of the School, but the real measure of success is to continue to strive to identify and nurture every pupil at the School. Alongside academic achievement, 2018/19 also saw a myriad of other successes for our pupils ranging from musical, to dramatic, to artistic, to sporting. Notably, the Spring Term saw the boys' hockey 1<sup>st</sup> XI crowned Tier 1 U18 Schools champions. The School has also made great strides in encouraging pupils to engage with charities and the local community.

#### **Fundraising**

The Development Office, through its fundraising activities continues to provide an important contribution to the School and its Foundation. The Development Office objectives align with the overall objectives of the School and are reviewed by the Governors and senior management within the School. The School is registered with the Fundraising Regulator and follows its fundraising standards. There were no complaints received about the School's fundraising approach.

During the year, the Development Office generated £1,070k and The Friends of Reed's School (FORS) kindly donated £26k. The breakdown of donations is as follows:

#### **Foundation funding**

Fundraising specifically to sponsor Foundation pupils and to run outreach programmes with primary and secondary schools totalled £859k, some of which is restricted giving and therefore part carried forward on the balance sheet. The Primary and Secondary Forums build links between Independent Schools, State Schools and business with the aim of raising aspirations and improving the performance of young people facing hardship.

Of this amount, £478k was raised via the Reed's School Annual Foundation Appeal and a further £123k was pledged for committed future funding to the Foundation (£601k in total). The Foundation Appeal has been held annually since 1815 and is one of the oldest continuous charitable appeals in the Country. This year's record breaking Appeal was led by David Barnett and was strongly supported by individuals, trusts and foundations, City Livery companies, other companies, as well as the greater Reed's community.

#### **Endowment**

Through the Growth Fund and the Cazenove Andrew Reed Bursary Fund, the Development Office has been focussing on building the School's endowment in order to ensure the long-term sustainability of the Foundation. The total amount raised in the year for these funds was £25k.

#### **Capital fundraising**

Fundraising for capital projects totalled £133k. This was comprised mainly of committed regular giving towards the indoor cricket centre, new outdoor cricket nets and school facilities.

#### **Investment performance**

Under the Act and Constitution, the endowment and other funds are permitted to be invested in securities and property. This is represented in the accounts by freehold land, buildings and other School amenities, securities quoted on the Stock Exchange and other approved investment vehicles. The School's investments totalled £5.1m at the end of the year and generated a total return of 0.6% for the year. During the year the School took a loan from the investment portfolio of £1.33m (and a further £0.17m after year end, £1.5m in total) to part finance major works to enhance the classroom infrastructure. This loan will be repaid over 5 years with a notional



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interest rate of 3.5%.

The Governors believe that the investments are appropriately managed to provide current income for the support of Foundation pupils while maintaining capital values for the long term.

### **FINANCIAL REVIEW**

#### **Results for the year**

Net income amounted to £971k (2018: £1.2m) for the financial year ending 31 August 2019. All surpluses generated are used to benefit the pupils through funding better facilities and through raising further the quality of education delivered. The wholly owned subsidiary, Reed's School Enterprises Limited, contributed to the School fund, mainly through the hiring out of the School's facilities sometimes at subsidised fee rates below commercial levels. The consolidated net assets of the charity at 31 August 2019, principally land and buildings, were £26.5m (2018: £25.5m). This does not take account of the market value of the land and buildings which are included on the Balance Sheet at cost.

#### **Reserves**

The School's policy remains to build its reserves to fulfil the charitable purpose for which it was founded, to fund continuing investment and improved infrastructure and facilities and to maintain adequate free reserves to enable the School to meet any unforeseen emergency from its own resources. The School aims to achieve these reserves by means of annual operating surpluses and judicious management of its investment assets, supplemented by periodic appeals for both specific and general purposes.

At 31 August 2019, the free reserves (excluding designated and restricted funds and tangible fixed assets, less loans to fund their purchase) were £2.5m (2018: £4.9m). This represents 8.5 (2018 17.6) weeks' expenditure.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

#### **Political and Economic risks**

The Governors continue to monitor developments around the UK's exit from the European Union (Brexit) and are considering the implications for the School, its staff and fee payers. At present there is uncertainty regarding the timing and outcome of negotiations. The Governors are also considering the possible impact of the upcoming General Election as a change in Government may result in the removal of charitable status for tax purposes and the imposition of VAT on school fees, both of which would significantly impact fee affordability.

The School is currently full with a strong pipeline of future entrants. The School has taken steps to limit its future fee rises by only increasing fees in September 2019 by 3.0%, despite an increase in employer contributions to the Teachers Pension Scheme of 43% to 23.68% from 1 September 2019.

#### **Health and Safety risks**

Health and Safety remains a significant area for risk management and through detailed risk assessments, planning and awareness of hazards the risks associated with those activities undertaken by pupils and staff are minimised. An external audit of the fire controls, risk management and health and safety was carried out in June 2017; there were no significant findings that required immediate action and suggested enhancements were completed in the year.

#### **Managing risks**

The detailed consideration of risk is delegated to the Risk Management Committee, which reports formally to the Governors twice a year. The Committee is formed of Governors and is attended by Senior Management and the risk management process identifies risks and assesses their impact and likelihood and where possible recommends controls to mitigate and monitor those risks. The key controls operated by the School to mitigate risk include:-

- Formal agendas for all Board and Committee activity and timely minutes;
- Detailed terms of reference for all Committees;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and reporting lines;



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- Formal written policies and their annual review;
- Maintenance and review of a risk register;
- Clear authorisation and approval levels;
- Safeguarding as required by law for the protection of the vulnerable including annual safeguarding and child protection training for all staff;
- Following the Safer Recruitment guidelines.

Through the risk management processes established for the School, the Governors are satisfied that, so far as possible, the major risks identified have been mitigated to an acceptable level. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

The Governors rely on the appointed auditor to test the financial controls and activities of the School and to highlight any concerns to the Finance and Investment Committee as part of the annual audit process.

#### **FUTURE PLANS**

The annual strategic plan was approved by the Governors in November 2018 and the Headmaster provided an update to the Governors on the status of the action points at the Away Day in May 2019 and at the Annual Court in June 2019. The new Five Year Strategy was published in June 2019 after extensive consultation with governors, staff, parents and alumni. The strategic aims for 2019-2024 are:-

- Build on the Andrew Reed Legacy - through increased provision for Foundation pupils and increased breadth of and development of pupils awareness of their responsibilities as citizens;
- Provide a nurturing environment – by developing our pastoral care with a greater focus on pupils' mental health and well-being and the provision of specialist support services where needed;
- To promote academic excellence in all our pupils through the development of their higher-order skills and the continued professional development of teachers;
- To find the best in every pupil by celebrating and recognise pupil personal development in all areas of their lives and providing them with a myriad of opportunities to recognise and develop their strengths;
- To create a community for life by strengthening relationships between all areas of the Reed's community;
- To prepare pupils for the future through an innovative and dynamic curriculum that develops a wide skills set to prepare them for the ever-changing world and provide personalised careers and higher education advice.

Governors continue to consider the long-term sustainability of the Andrew Reed Foundation, the extension of the Charity through charitable mergers and the viability of the long-term membership of the Teachers Pension Scheme.

The School continues to invest in its facilities and in October 2019 a major enhancement to the classroom infrastructure will commence, part funded from reserves and a new loan.

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The Foundation, the London Orphan Asylum, now Reed's School, was founded in 1813 and is registered with the Charity Commission under charity number 312008. The Patron, Members, School Officers and professional advisers are listed on pages 9 and 10. Further information on the School, including the 2015 ISI Inspection Report, is available on the School's website ([www.reeds.surrey.sch.uk](http://www.reeds.surrey.sch.uk)).

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing documents**

The Foundation was incorporated by an Act of Parliament in 1845. The Act has since been supplemented by a scheme written by the Minister of Education under the Endowed Schools Act 1869-1948 and approved by Her Majesty in Council on 24 January 1957. This was further varied by a scheme of the Charity Commissioners for England and Wales, dated 7 May 1997, and a Constitution dated 21 May 1997.



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### **Annual report of the Trustees for the year ended 31 August 2019**

Under the Constitution, the Members of Reed's School are the Presidents, Vice-Presidents, Treasurer and Governors and any others who are offered membership of Reed's School by the Governors from time to time.

#### **Governors**

Mr D Blomfield, Mr H Priestley and Mr B Shepherd retired as Governors in August 2019. Mr R Mohindra was appointed as Governor from June 2019. Mr D Blomfield and Mr H Priestley were appointed as Vice Presidents for their services to the School from September 2019.

#### **Recruitment and training**

Governors are appointed on the basis of eligibility, personal competence, specialist skills and availability. The Governors are a self-appointing body and new Governors are inducted into the workings of the Foundation and School through meetings with the Chairman, Headmaster, Bursar and an induction pack. Training is arranged for all Governors as required on a regular basis.

#### **Organisational management**

The Governors have overall responsibility for Reed's School and meet at least three times a year. The committees of the Governors of Reed's School are listed on page 9.

A strategy day was held in May 2019 and the Governors discussed the strategic plan, fundraising initiatives, site development, local merger opportunities, the Teachers Pension Scheme, trustee responsibilities and governance. A further strategy day is planned for May 2020.

The day-to-day running of the School is delegated to the Headmaster, the Bursar and the Senior Leadership Team. The Headmaster and/or the Bursar attend all the committees with relevant members of the Senior Leadership Team.

Staff remuneration is considered each summer. The Remuneration Committee considers and sets the remuneration for the Headmaster, Bursar and senior Deputies after consideration of benchmarking surveys such as those provided by the Association of Governing Bodies of Independent Schools (AGBIS) and Baines Cutler Solutions.

The School Designated Safeguarding Lead (DSL) reports at all Governors' and Risk Management Committee meetings.

#### **Group structure**

The School has a wholly owned subsidiary, Reed's School Enterprises Limited (Registered Company Number 2503013). The principal activities of the Company are the provision of community swimming, tennis and cricket lessons, letting of sports, general and social facilities including the sale of clothing and sportswear, and the provision of a tuck shop.

The School also has a further wholly owned subsidiary, Reed's School International Ltd (Registered Company Number 9874554). There have been no significant transactions through this Company.

#### **Employment objectives**

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interest.

#### **Investment policy**

The Governors aim to invest for growth of the investment funds in real terms into perpetuity within acceptable levels of risk and delegate the management of the investment funds to investment managers, Cazenove Capital Limited, on a discretionary basis. The Finance & Investment Committee meets at least three times a year and at least two times a year with the appointed Investment Managers to monitor their management of the portfolio and to review performance. For this purpose, formal reports and valuations incorporating comparative measurement are presented at these meetings.

A total return distribution of 3.5% per annum is provided and this can be drawn from both income and capital. This total return distribution is reviewed on an annual basis.



# Reed's School

## Annual report of the Trustees for the year ended 31 August 2019

### ACCOUNTING AND REPORTING RESPONSIBILITIES

The Charities Act 2011 requires the Governors, as the Trustees of the Charity, to prepare accounts for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing the accounts, the Governors should follow best practice and:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards and the Charities SORP (FRS102), disclosing and explaining any departures in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the School will continue in operation.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Charity at any time, and enable them, as Trustees, to ensure that the accounts comply with charity law. The Governors are also responsible for safeguarding the assets of the Charity and ensuring their proper application, in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

The Governors confirm that:-

- So far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- As the Trustees of the Charity, they have taken the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

### Auditor

A resolution will be proposed at the Annual General Meeting that Mazars LLP be re-appointed as auditor to the Charity for the ensuing year.

This report was approved by the Governors on 5 December 2019.

M Wheeler  
CHAIRMAN



## Reed's School Charity information

### Members of Reed's School, Officers and Advisers

#### Members of Reed's School

##### *Joint Presidents*

Viscount Bridgeman  
Mr G M Nissen CBE

Mr P B Mitford-Slade OBE  
Mr I Plenderleith CBE

##### *Vice-Presidents*

The Earl of Verulam  
Sir David Howard Bt  
Sir Brian Jenkins GBE  
Sir John Kemp-Welch  
The Hon Julian F Byng  
The Hon Kevin Pakenham  
Lord Howard of Penrith  
Mr J D Andrewes  
Mrs I M Barker  
Mr P Barton DL  
Mr D Blomfield  
Mr D Brown  
Mr D Caddy  
Mr J Davie  
Mr M Dobson  
Mr R S Fidgen  
Mr J W Flecker  
M M A Grenier  
Mr T W N Guinness  
Mr D V Harvey JP  
Mr C R Hawkins  
Mr J Herbert  
Mr C Holdsworth Hunt  
Mr D W Jarrett

Ms A Knight CBE  
Mr M J Kirkwood CMG  
Mr M Loveday  
Mr R L H Lyster  
Mr G R Martin  
Mrs V McKenna  
Mr A Merry  
Mr R Mew  
Mrs A F Noakes  
Mr M W P Noakes  
Ms B O'Brien-Twohig  
Mrs A Overstall  
Mr T D Page  
Mr L A Ponsonby  
Mr S Popham  
Mr H Priestley  
Mr D E Prince  
Mr P D Reed  
Mr J B Rogers  
Mr J G Tregoning  
Mr P H H Verstage  
Mr B M Winterflood MBE  
Mr A Wotton

##### *Governors*

Mr Wheeler CBE (Chairman) (1,4,5,6), Mrs M Donald (Hon Treasurer) (1,4,6), Mr M Baker (5), Mr U D Barnett (1,4,5,6), Mr D Blomfield (3)\*\*, Mr J A G Fulton (2), Dr A M McLean (3,5), Mr R Mohindra\*, Mrs L F Napier (1), Mrs D M Peacock (2,3,4), Mr S T Poole (2,3,6), Mr H Priestley (1)\*\*, Miss K Richardson (2,5,6), Mr M Robinson, Mr B Shepherd (1,4)\*\*, Mr J Simpson (2,3), Mr R Stewart (1,3,6) and Mr N Taunt (1).

##### *Committees:*

- (1) Finance & Investment Committee
- (2) Education Committee
- (3) Salaries & Benefits Committee
- (4) Andrew Reed Foundation Board
- (5) Risk Management Committee
- (6) Nominations & Remunerations Committee

\* Appointed September 2019

\*\*Retired August 2019

*Visitor* The Lord Bishop of Guildford



## Reed's School Charity information

Headmaster	Mr M W Hoskins BA (Hons) MA MSc
Bursar & Secretary to the Governors	Mrs L K Hurford BSc (Hons) ACMA
<b>School Advisers</b>	
Auditor	Mazars LLP Sutton Surrey
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN
Insurance Brokers	AON Limited 103 Waterloo Street Glasgow G2 7BW
Solicitors	Goodyear Blackie Herrington Oak House Tanshire Park Shackleford Road Elstead Surrey GU8 6LB
Investment Managers	Cazenove Capital Limited 12 Moorgate London EC2R 6DA
Medical Officer	Dr R J Draper MB ChB DA DCH DRCOG MRCP Oxshott Medical Practice Holtwood Road Oxshott Surrey KT22 OQL
Charity registration number	312008
Registered Office	Reed's School Sandy Lane Cobham KT11 2ES

## **Reed's School**

### **Independent auditor's report to the Trustees of Reed's School for the year ended 31 August 2019**

#### **Opinion**

We have audited the financial statements of Reed's School (the 'charity') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 charity and the group's affairs as at 31 August 2019 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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.

#### **The impact of uncertainties due to Britain exiting the European Union on our audit**

The Trustees' view on the impact of Brexit is disclosed on page 5.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. However the terms of the future trade and other relationships with the European Union are not yet clear, and it is therefore not currently possible to evaluate all the potential implications to the charity's trade, customers, suppliers and the wider economy. We considered the impact of Brexit on the charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the charity and this is particularly the case in relation to Brexit.

#### **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 charity'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 Annual 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



## Reed's School

### Independent auditor's report to the Trustees of Reed's School for the year ended 31 August 2019 (cont.)

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.

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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

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

#### Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees 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 charity'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 charity 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of the audit report

This report is made solely to the charity's members as a body. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP  
Chartered Accountants and Statutory Auditor  
Sutton, Surrey.  
Date: 21 February 2020

**Reed's School**  
**Consolidated statement of financial activities**  
**for the year ended 31 August 2019**

	Notes	Unrestricted funds		Restricted funds	2019 Total funds	2018 Total funds
		General	Designated			
		£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and legacies		510	-	586	1,096	791
Charitable activities						
School fees receivable	2	14,675	70	-	14,745	14,170
Ancillary trading income		78	-	-	78	78
Other trading activities						
Non-ancillary trading income		684	-	-	684	627
Other activities		77	-	-	77	111
Investments						
Income from investments		110	-	116	226	229
Bank and other interest		36	-	-	36	28
<b>Total income</b>		<b>16,170</b>	<b>70</b>	<b>702</b>	<b>16,942</b>	<b>16,034</b>
<b>Expenditure on:</b>						
Raising funds						
Non-ancillary trading		(573)	-	-	(573)	(596)
Fundraising and development costs	3	(206)	-	-	(206)	(242)
Financing costs	3	(143)	-	-	(143)	(144)
Charitable activities						
Education and grant making	3	(14,342)	(86)	(432)	(14,860)	(13,979)
<b>Total expenditure</b>		<b>(15,264)</b>	<b>(86)</b>	<b>(432)</b>	<b>(15,782)</b>	<b>(14,961)</b>
<b>Net (losses)/gains on investments</b>	5	<b>(199)</b>	<b>-</b>	<b>9</b>	<b>(190)</b>	<b>132</b>
<b>Net income/(expenditure)</b>		<b>707</b>	<b>(16)</b>	<b>279</b>	<b>970</b>	<b>1,205</b>
<b>Transfers between funds</b>		<b>234</b>	<b>-</b>	<b>(234)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>941</b>	<b>(16)</b>	<b>45</b>	<b>970</b>	<b>1,205</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		21,006	96	4,390	25,492	24,287
<b>Total funds carried forward</b>		<b>21,947</b>	<b>80</b>	<b>4,435</b>	<b>26,462</b>	<b>25,492</b>

The notes on pages 16 to 30 form part of these financial statements.



# Reed's School

## Consolidated and Charity balance sheets at 31 August 2019

	Notes	Consolidated		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Fixed assets:</b>					
Tangible assets	4	23,704	20,802	23,695	20,797
Investments	5	5,106	6,505	5,356	6,755
<b>Total fixed assets</b>		<b>28,810</b>	<b>27,307</b>	<b>29,051</b>	<b>27,552</b>
<b>Current assets:</b>					
Stocks		118	103	1	1
Debtors	6	385	454	475	405
Cash at bank and in hand		5,573	6,160	5,147	6,082
<b>Total current assets</b>		<b>6,076</b>	<b>6,717</b>	<b>5,623</b>	<b>6,488</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	7	(3,609)	(3,155)	(3,568)	(3,297)
<b>Net current assets</b>		<b>2,467</b>	<b>3,562</b>	<b>2,055</b>	<b>3,191</b>
<b>Total assets less current liabilities</b>		<b>31,277</b>	<b>30,869</b>	<b>31,106</b>	<b>30,743</b>
Creditors: Amounts falling due after more than one year	8	(4,815)	(5,377)	(4,815)	(5,377)
<b>Total net assets</b>		<b>26,462</b>	<b>25,492</b>	<b>26,291</b>	<b>25,366</b>
<b>The funds of the charity:</b>					
Restricted income funds	10	(4,435)	(4,390)	(4,435)	(4,390)
General funds	11	(21,947)	(21,006)	(21,777)	(20,880)
Designated funds		(80)	(96)	(80)	(96)
<b>Total unrestricted funds</b>		<b>(22,027)</b>	<b>(21,102)</b>	<b>(21,857)</b>	<b>(20,976)</b>
<b>Total charity funds</b>		<b>(26,462)</b>	<b>(25,492)</b>	<b>(26,291)</b>	<b>(25,366)</b>

Approved by the Governors and authorised for issue on 5 December 2019 and signed on its behalf by:



M Wheeler  
Chairman

**Reed's School**  
**Consolidated statement of cash flows for the year ended 31 August 2018**

	2019 £'000	2018 £'000
<b>Operating activities</b>		
Operating profit	970	1,205
Adjustments for:		
Depreciation of tangible assets	906	829
(Increase)/decrease in stocks	(16)	1
Decrease/(increase) in debtors	70	(135)
Increase/(decrease) in creditors	348	(48)
Loss/(Gain) on investments	190	(132)
(Decrease)/increase in fees in advance	(14)	303
Net cash flows from operating activities	2,454	2,023
<b>Investing activities</b>		
Payments to acquire tangible fixed assets	(3,808)	(2,880)
Payments to acquire investments	(722)	(480)
Receipts from sale of investments	1,931	450
Net cash flows used in investing activities	(2,599)	(2,910)
<b>Financing activities</b>		
Cash (outflows)/inflows from borrowing/repayment of long term creditors	(442)	3,395
Net cash flows used in financing activities	(442)	3,395
<b>Net (decrease)/increase in cash and cash equivalents</b>	(587)	2,508
Cash and cash equivalents at the beginning of the year	6,160	3,652
Cash and cash equivalents at end of year	5,573	6,160
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	5,573	6,160

The notes on pages 16 to 30 form part of these financial statements.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

### 1. Accounting policies

#### 1.1 Accounting convention

##### *Basis of preparation*

These financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable by charities preparing their accounts in accordance with applicable charity law in the UK and Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The financial statements consolidate those of the School with its wholly owned subsidiary trading company: Reed's School Enterprises Limited. Reed's School International is not consolidated on the basis that there were no significant transactions in the year.

Income expected to be available depends most importantly upon the estimate of pupil numbers as well as investment income. Expenditure is primarily dependent upon salary costs and the planned maintenance of the infrastructure. The Trustees have reviewed budgets and projected cash flows and are confident that with continued support of existing bank funding levels the Charity will have adequate resources to continue in operational existence for the foreseeable future. Consequently the Trustees consider it appropriate to prepare the financial statements on the going concern basis.

##### *Post balance sheet events*

The Trustees have considered events post balance sheet date and concluded there are no events that should be reported other than the merger with Ripley Court School, as detailed on page 29.

#### 1.2 Income

##### *Fees and other income*

Fees receivable and charges for services and for use of premises are accounted for in the period in which the service is provided. Fees received in advance of education to be provided in future under an advance fee payments scheme contract are held as interest bearing liabilities until either taken to income in the term when used or else refunded.

##### *Donations and legacies*

Donations and legacies consists of all donations (and related tax recoverable) received during the year, including those resulting from legacies (including cases whereby the School is notified of a legacy in the year and the amount receivable can be reliably estimated at the year-end), the Annual Foundation Appeal and fundraising events.

##### *Investment income*

Investment income, dividends and interest, including the associated tax credits, have been recorded on a receipts basis. Interest on term deposit has been recorded on an accruals basis.

#### 1.3 Expenditure

Expenditure is accounted for on an accruals basis. Overhead and other expenditure not directly attributable to a particular cost centre is apportioned over the relevant categories on the basis of management estimates. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the costs of running the Charity, including strategic planning for its future development, also external audit, any legal advice for the Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory financial statements and satisfying public accountability.

# **Reed's School**

## **Notes to the financial statements for the year ended 31 August 2019**

### **1.4 Funds**

#### *Restricted funds*

In compliance with SORP (FRS102), any income which has restrictions attached to the use of such funds by the Charity, is separately identified within the Charity's accounts as restricted funds. Where these funds are utilised by the Charity for the purposes for which they are specified, they are released to match the corresponding expenditure in the appropriate accounting periods. Further information is set out in Note 10.

#### *Designated funds*

Designated funds are those which the Trustees have set aside for future specified purposes. These funds form part of the unrestricted funds and can be used at the discretion of the Trustees.

### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the excess of cost over the estimated residual value over the estimated useful economic life of each class of asset, subject to annual review. These rates are currently as follows:

Land and buildings	2%- 10% p.a. straight line
Fixtures, fittings and equipment	10% p.a. straight line
Computer equipment	100% in year of purchase
Motor vehicles	20% p.a. straight line

### **1.6 Investments**

Investments are valued in the balance sheet at their bid price at the balance sheet date. The investment manager, Cazenove Capital Limited, is remunerated by way of management fees paid within those pooled funds which it manages.

### **1.7 Impairment review**

An impairment review of fixed assets is carried out by the Governors on an annual basis to ensure that the carrying value of fixed assets is not higher than the recoverable amount.

### **1.8 Stock**

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

### **1.9 Financial instruments**

The School only has financial assets and 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 except for bank loans which are subsequently measured at amortised cost using the effective interest method.

### **1.10 Operating leases**

Rentals payable under operating leases are charged on a straight line basis over the lease term.



## Reed's School

### Notes to the financial statements for the year ended 31 August 2019

#### 1.11 Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The Scheme is an unfunded multi-employer pension scheme. In accordance with FRS 102, therefore, the scheme is accounted for as a defined contribution scheme. The School also contributes to a defined contribution group personal pension scheme for most support staff and, for the rest, the People's Pension.

Contributions to all schemes are charged as they become payable in accordance with the rules of the schemes.

#### 1.12 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method.

## 2. Charitable activities – fees receivable

	2019 £'000	2018 £'000
Fees receivable consist of:		
School fees	17,480	16,685
Less : total scholarships, bursaries and other awards	(3,167)	(2,986)
	<hr/>	<hr/>
Net fees receivable	14,313	13,699
Add back: bursaries and other awards paid for by restricted funds	432	471
	<hr/>	<hr/>
Total school fees receivable	<u>14,745</u>	<u>14,170</u>

Scholarships, bursaries, other awards and discounts were given to 349 pupils (2018: 349). Within this, means-tested bursaries totalling £1,534k were awarded to 70 pupils (2018: £1,327k to 66 pupils).

# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

### 3. Analysis of expenditure

#### a) Total expenditure

	2019			2018	
	Staff costs	Depreciation	Other costs	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Costs of raising funds</b>					
Trading costs	219	2	352	573	596
Development costs	173	-	33	206	242
Financing costs	-	-	143	143	144
<b>Total costs of raising funds</b>	<b>392</b>	<b>2</b>	<b>528</b>	<b>922</b>	<b>982</b>
<b>Charitable expenditure</b>					
<i>Education and grant making</i>					
Teaching	6,960	-	1,165	8,125	7,773
Welfare	507	-	102	609	633
Premises	389	904	1,536	2,829	2,459
Support costs and governance	965	-	1,888	2,853	2,617
Grants, awards and prizes (3b)	-	-	444	444	497
<b>Total expenditure - group</b>	<b>8,821</b>	<b>904</b>	<b>5,135</b>	<b>14,860</b>	<b>13,979</b>
<b>Total expended</b>	<b>9,213</b>	<b>906</b>	<b>5,663</b>	<b>15,782</b>	<b>14,961</b>

#### b) Grants, awards and prizes awarded to pupils

	2019	2018
	£'000	£'000
<b>From restricted funds:</b>		
Bursaries and other grants	431	472
<b>From unrestricted funds:</b>		
Prizes and leaving awards	13	25
<b>Total grants, awards and prizes</b>	<b>444</b>	<b>497</b>

The School has taken advantage of the exemption available for charities in England & Wales to not provide the names of grant recipients.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

*c) Governance included in support costs*

	2019 £'000	2018 £'000
Staff costs	35	30
Governor training	2	2
Auditor's remuneration for audit services - charity	18	18
<b>Governance costs - charity</b>	<u>55</u>	<u>50</u>
 Auditor's remuneration for audit services - subsidiary company	 4	 2
<b>Governance costs - group</b>	<u><u>59</u></u>	<u><u>52</u></u>

Neither the Governors nor persons connected with them received any remuneration or other benefits from the School or any connected organisation in either year. In 2019 no Governors (2018: no Governors) were reimbursed expenses during the year.

Total donations received from Governors in 2019 amounted to £71k (2018 £15k).

*d) Staff costs*

	2019 £'000	2018 £'000
<b>Total staff costs comprised:</b>		
Wages and salaries	7,403	7,047
Taxes and social security costs	774	737
Pension contributions	970	893
Medical insurance premium	67	94
	<u>9,213</u>	<u>8,771</u>
 Aggregate employee benefits of key management personnel	 287	 280

The average number of employees during the year was 199 (2018: 192). Employees calculated on a full time equivalent basis was 157 (2018: 155) of which 89 (2018: 89) were teaching staff.

Number of higher paid employees in bands of:	2019	2018
£60,001 to £70,000	23	20
£70,001 to £80,000	4	3
£80,001 to £90,000	2	3
£130,001 to £140,000	1	1

**Reed's School**  
Notes to the financial statements for the year ended 31 August 2019

4. Tangible fixed assets

	Land and buildings freehold	Assets in the course of construction	Charity School office and computer equipment	Motor vehicles	Charity total	Furniture and equipment	Subsidiary Motor vehicles	Group consolidated total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At cost</b>								
1 September 2018	25,482	2,157	2,021	259	29,919	7	7	29,933
Additions	572	3,022	191	17	3,802	6	-	3,808
Transfers	-	-	-	-	-	-	-	-
Completed in the year	1,809	(1,809)	-	-	-	-	-	-
31 August 2019	27,863	3,370	2,212	276	33,721	13	7	33,741
<b>Depreciation</b>								
1 September 2018	7,256	-	1,670	196	9,122	2	7	9,131
Charge for the year	610	-	266	28	904	2	-	906
Transfer	-	-	-	-	-	-	-	-
31 August 2019	7,866	-	1,936	224	10,026	4	7	10,037
<b>Net book values</b>								
31 August 2019	19,997	3,370	276	52	23,695	9	-	23,704
31 August 2018	18,226	2,157	351	63	20,797	5	-	20,802

Assets in the course of construction related to the ongoing refurbishment works of the Sixth Form Centre boarding and classroom facilities.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

### 5. Investments

	Consolidated		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Investments - listed	5,106	6,505	5,106	6,505
Investments - subsidiaries	-	-	250	250
	<u>5,106</u>	<u>6,505</u>	<u>5,356</u>	<u>6,755</u>

#### a) Investment in subsidiary undertakings

The School owns 100% of the issued share capital of Reed's School Enterprises Limited, incorporated in England and Wales under company number 2503013. The principal activities of the Company are the letting of sports, general and social facilities, the operation of a swimming club, the provision of community swimming, tennis and cricket coaching, the sale of clothing and sportswear, and the provision of a tuck shop. The School also owns 100% of the issued share capital (£1) of Reeds School International Ltd (RSI Ltd) incorporated in England and Wales under company number 9874554. There have been no significant transactions in RSI Ltd and RSI Ltd has not been consolidated.

Subsidiary Investment	2019 £'000	
Cost		
At 31 August 2019	<u>250</u>	
Net Book Value		
At August 2019	<u>250</u>	
	2019 £'000	2018 £'000
Subsidiary company		
Turnover	260	265
Cost of sales	(172)	(190)
Gross profit	<u>88</u>	<u>75</u>
Other income	425	361
Administration charges	(437)	(405)
Net profit/(loss) for the year before taxation	<u>76</u>	<u>31</u>
Taxation	-	-
Net profit/(loss) for the year	<u>76</u>	<u>31</u>
Net assets	<u>423</u>	<u>378</u>

During the year Reed's School Enterprises Ltd made a Gift Aid payment of £31k to the School.

# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

### b) Investments in listed securities

At mid-market value	2019 £'000	2018 £'000
At 1 September 2018 (2017)	6,505	6,343
Additions	722	480
Disposals	(1,931)	(450)
Investment (losses)/gains	(190)	132
At 31 August 2019 (2018)	<u>5,106</u>	<u>6,505</u>

Other investments represent equities, fixed interest securities, hedge funds and property including investments made through Common Investment Funds. These funds are pooled investment vehicles specifically set up for charities and established under the Charities Act 2011. The historical cost of these investments is £4.4m (2018: £5.45m).

During the year the School took a loan from the investment portfolio of £1.33m (and a further £0.17m after year end, £1.5m in total) to part finance major works to enhance the classroom infrastructure. This loan will be repaid over 5 years with a notional interest rate of 3.5%.

The Governors have delegated day to day management of these investments to Cazenove Capital Limited in accordance with the School's investment policy.

The following investments each represent more than 5% of the portfolio value at 31 August 2019:

	£'000
Trojan Income Fund	592
Charities Property Fund	583
Charity Equity Income Fund	494
M&G Global Dividend Fund	346
Vanguard S&P 500 UCITS ETF	346

### 6. Debtors

	Consolidated		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	33	49	-	-
School fees and disbursements recoverable	146	167	146	167
Prepayments and accrued income	206	238	206	238
Amounts owed by Group undertakings	-	-	123	-
	<u>385</u>	<u>454</u>	<u>475</u>	<u>405</u>



# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

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

	Consolidated		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	456	442	456	442
Taxes and social security costs	221	189	219	187
Advance fees (Note 9)	1,877	1,816	1,877	1,816
Amounts owed to Group undertakings	-	-	-	156
Other creditors	795	552	768	547
Accruals and deferred income	260	156	248	149
	<u>3,609</u>	<u>3,155</u>	<u>3,568</u>	<u>3,297</u>

### 8. Creditors: amounts falling due after one year

	Bank loans	Advance fees	Other creditors	Total
Charity	£'000	£'000	£'000	£'000
Amounts repayable by instalments:				
In 1 to 2 years	471	45	917	1,433
In 2 to 5 years	1,506	74	-	1,580
After 5 years	1,802	-	-	1,802
At 31 August 2019	<u>3,779</u>	<u>119</u>	<u>917</u>	<u>4,815</u>
At 31 August 2018	<u>4,236</u>	<u>193</u>	<u>948</u>	<u>5,377</u>

In November 2017 the School repaid in full the balance of the AIB loan and entered into a new £5 million loan agreement with Lloyds Bank to fund projects including the re-development of the Sixth Form Centre and the provision of additional teaching facilities. The loan is unsecured and carries a fixed rate of interest for the first 5 years.

# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

### 9. Advance fee payments

Advance fees include the early payment of the Autumn term 2019 fees. Parents may also pay future tuition fees in advance. The money may be returned on the receipt of one term's notice. The movements during the year were:

	2019 £'000	2018 £'000
<b>At 1 September 2018 (2017)</b>		
Amounts falling due within one year	1,816	1,556
Amounts falling due after one year	193	150
	<u>2,009</u>	<u>1,706</u>
New contracts	83	250
Early payment of Autumn term 2019 (2018) fees	1,744	1,678
Amounts utilised in payment of fees	(163)	(180)
Early payment of Autumn term 2018 (2017) fees	(1,678)	(1,445)
	<u>1,996</u>	<u>2,009</u>
<b>At 1 September 2019 (2018)</b>		
Amounts falling due within one year	1,877	1,816
Amounts falling due after one year	119	193
	<u>1,996</u>	<u>2,009</u>

### 10. Restricted funds

	2018 total £'000	Income £'000	Expenditure £'000	Investment income £'000	Net losses on investments £'000	Transfer between funds £'000	2019 total £'000
Consolidated small funds	1,050	-	-	35	(26)	(35)	1,024
Growth fund	1,865	24	-	60	16	(60)	1,905
Cazenove Andrew Reed bursary fund	617	1	-	21	(14)	(21)	604
Gifted shares	-	-	-	-	33	-	33
OR's syndicated fund	251	40	(27)	-	-	-	264
Capital fund	38	133	(8)	-	-	(118)	45
Forum fund	109	-	(10)	-	-	-	99
Other funds	460	388	(387)	-	-	-	461
<b>Total restricted funds</b>	<u>4,390</u>	<u>586</u>	<u>(432)</u>	<u>116</u>	<u>9</u>	<u>(234)</u>	<u>4,435</u>



## **Reed's School**

### **Notes to the financial statements for the year ended 31 August 2019**

#### ***Transfer between funds***

Investment income earned on the restricted funds invested at Cazenove is de-restricted and included in the operating account of the School to offset Foundation costs.

During the year the School received a capital grants of £133k of which £118k was fully utilised. These grants were used on outdoor cricket nets and School catering facilities.

#### ***Consolidated small funds:***

The consolidated small funds consist of funds held for specific purposes, and are represented mainly by investments. These funds were consolidated by a deed of administration approved and sealed by the Charity Commissioners on 18<sup>th</sup> April 1991.

The small funds consolidated in 1991 comprised Cliff Ford Thomerson Fund, Mullens Funds, Dove Fund, Gilliat Fund, The Barnett Prize Fund, Kirby's Fund, J Walter Smith Scholarship Fund, Cuthbertson Scholarship Fund, Borthwick Fund, The Reed Lecture Fund, The WH Rohrs Fund, the Verstage Donation and the Michel/Syms Fund. The Nissen/Bridgeman Prize Fund was added to these funds in 2006/07.

#### ***Growth fund:***

This is a fund that is being built up over time, with the intention that future foundation pupils will be supported from investment gains and income generated thereon.

#### ***Cazenove Andrew Reed bursary fund:***

This fund was created in 2013/14, the School's Bicentenary Year, by former Cazenove partners. The intention is that a Foundation pupil will be funded into perpetuity using the Fund's investment income.

The annual investment income earned on the Consolidated small funds, the Growth fund and the Cazenove Andrew Reed bursary fund was used to provide Foundation bursary awards within the year.

#### ***ORs' syndicated fund:***

Funds raised by Old Reedonians' decade groups to be used to fund future Foundationers.

#### ***Capital fund:***

Funds for the development of future capital projects.

#### ***Forum fund:***

This fund has been set up to provide bursaries and a program of enrichment for schools in the Primary Forum Group and to assist with training of teachers from these schools.

#### ***Other funds:***

This is an amalgamation of other restricted funds (for reporting purposes). They are held in cash and include:

- The Ogden Trust - Physics, Maths and Science based Scholarships, matched by Reed's
- LTA Grants – applied in the year according to LTA specified purposes
- Honeypot fund - children selected by the Honeypot Charity
- Foundation Bursaries - funds donated for the support of named Foundationers

**Reed's School**  
**Notes to the financial statements for the year ended 31 August 2019**

**11. Unrestricted funds – movements in the year**

	2018 total	Income	Expenditure	Net losses on investments	Transfer between funds	2019 total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Charity</b>						
General Reserves	20,880	15,522	(14,660)	(199)	234	21,777
<i>Designated Funds:</i>						
Old Reedonians Fund	96	70	(86)	-	-	80
	<u>20,976</u>	<u>15,592</u>	<u>(14,746)</u>	<u>(199)</u>	<u>234</u>	<u>21,857</u>
 <b>Consolidated</b>						
General Reserves	21,006	16,170	(15,264)	(199)	234	21,947
<i>Designated Funds:</i>						
Old Reedonians Fund	96	70	(86)	-	-	80
	<u>21,102</u>	<u>16,240</u>	<u>(15,350)</u>	<u>(199)</u>	<u>234</u>	<u>22,027</u>

Designated reserves exist where the Governors have allocated funds for a set purpose. The Old Reedonians' fund is intended to fund the activities or projects supported by the Old Reedonians.



## Reed's School

### Notes to the financial statements for the year ended 31 August 2019

#### 12. Analysis of net assets between funds

Consolidated	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	2019 Total £'000
Tangible fixed assets	23,704	-	-	23,704
Investments	1,566	-	3,540	5,106
Cash at bank and in hand	4,598	80	895	5,573
Other net current liabilities	(3,106)	-	-	(3,106)
Creditors: amounts falling due after more than one year	(4,815)	-	-	(4,815)
Total funds	<u>21,947</u>	<u>80</u>	<u>4,435</u>	<u>26,462</u>

#### 13. Capital commitments

At 31 August 2019 there was a letter of intent amounting to £250k for the commencement of the Bridgeman classroom extension. The work on the Sixth Form Centre is due to complete in November 2019 and at the year end the remaining capital committed amounted to £260k. The contracted value of works amounted to £2.9m (2018 - £2.3m).

#### 14. Related party transactions

Reed's School has invested in the whole of the issued share capital of Reed's School Enterprises Limited (the Company), a company incorporated in England and Wales.

During the year the Company paid a licence fee of £5k (2018: £5k) to the School.

At the balance sheet date the Company owed the sum of £122k (2018: (£156k)) to the Company. The intercompany balance is interest free and has no fixed repayment date.

The School made a loan of £262 to its wholly owned subsidiary Reed's School International Ltd.

#### 15. Teachers' Pension Scheme

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 £766k (2018: £705k).

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The school is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the school has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The school has set out above the information available on the plan and the implications for the school in terms of the anticipated contribution rates.

## **Reed's School**

### **Notes to the financial statements for the year ended 31 August 2019**

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013.

Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019.

The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

#### **16. Merger with Ripley Court School**

On 31 October 2019 Ripley Court School merged into Reed's School. Ripley Court School is a co-educational school for children aged 3-13, set in a beautiful 20 acre site in the village of Ripley in Surrey. The school has 211 pupils and gross fee income in the region of £2,75m.

Reed's and Ripley Court have worked together for many years and share a philosophy of education which focusses on developing the whole child within a nurturing environment. The Trustees of Reed's and of Ripley Court believe that this merger is a natural extension of this strong relationship. It will allow both Schools to benefit from a combination of outstanding staff and facilities whilst still retaining the heritage and current structure of each School.

Reed's School was founded as a school for orphans in 1813 and its central mission of providing an education and pastoral care to children who had lost the support of one or both parents remains to this day. By creating the ability to educate children from the ages of 3-18, the work of the Andrew Reed Foundation will be extended.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2019

### 16. Consolidated Statement of Financial Activities – Comparative figures for 2018 by fund type

	Unrestricted funds		Restricted funds	2018 Total funds
	General	Designated		
	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>				
Donations and legacies	212	-	579	791
Charitable activities				
School fees receivable	14,103	67	-	14,170
Ancillary trading income	78	-	-	78
Other trading activities				
Non-ancillary trading income	627	-	-	627
Other activities	111	-	-	111
<b>Investments</b>				
Income from investments	113	-	116	229
Bank and other interest	28	-	-	28
<b>Total income</b>	<b>15,272</b>	<b>67</b>	<b>695</b>	<b>16,034</b>
<b>Expenditure on:</b>				
Raising funds				
Non-ancillary trading	(596)	-	-	(596)
Fundraising and development costs	(242)	-	-	(242)
Financing costs	(144)	-	-	(144)
Charitable activities				
Education and grant making	(13,454)	(54)	(471)	(13,979)
<b>Total expenditure</b>	<b>(14,436)</b>	<b>(54)</b>	<b>(471)</b>	<b>(14,961)</b>
<b>Net gains on investments</b>	<b>122</b>	<b>-</b>	<b>10</b>	<b>132</b>
<b>Net income</b>	<b>958</b>	<b>13</b>	<b>234</b>	<b>1,205</b>
<b>Transfers between funds</b>	<b>173</b>	<b>-</b>	<b>(173)</b>	<b>-</b>
<b>Net movement in funds</b>	<b>1,131</b>	<b>13</b>	<b>61</b>	<b>1,205</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	19,875	83	4,329	24,287
<b>Total funds carried forward</b>	<b>21,006</b>	<b>96</b>	<b>4,390</b>	<b>25,492</b>

