



THE HAWTHORNS EDUCATIONAL TRUST LIMITED

(a Registered Charity and Company Limited by Guarantee)

and its subsidiary company operating as

The Hawthorns School

GOVERNORS' ANNUAL REPORT AND AUDITED CONSOLIDATED ACCOUNTS

For the year ended 31 August 2020

Company Registration Number-00949504

Charity Commission Registration-Number-312067

GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)

Year Ended 31 August 2020

The Governors (who are also directors of the Charity for the purposes of the Companies Act) present their Annual Report, together with the Audited Accounts of The Hawthorns Educational Trust Limited (the Company) for the year ended 31 August 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities Act 2011, the Companies Act 2006, the School's Memorandum and Articles of Association, 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) (effective 1 January 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Hawthorns School was founded in 1926. The Hawthorns School Educational Trust Limited (the Trust) is a company limited by guarantee, number 00949504, and was registered at Companies House on 7 March 1969. The Trust is a registered charity, number 312067, registered at the Charity Commission on 7 May 1970. The charity is governed by its Memorandum and Articles of Association dated 7 May 1970. The charity operates The Hawthorns School, a co-educational pre-preparatory and preparatory school for pupils aged 2 to 13, in Bletchingley, Surrey.

Governors

The Governors, who are the directors of the Group for the purposes of company law, and are the charity trustees, for the purposes of charity law, during the year and since, were as follows:

Mr BJC Dyer *
Mr LWJ Baart *
Mr RJ Buckingham *
Mr SB Daniell – resigned 1 July 2020
Mr MJ Dockery *
Mr JP Edwards *
Mr RHC Kirkland *
Ms KV Paynter – resigned 30 September 2020
Mr DWJ Searle * **
Mrs HCM Tongue *

* Governor, director and charity trustee at date of signing these accounts.

** Parent of current pupil at date of signing these accounts.

Governing body

Governors are elected by the governing body. At each annual general meeting the nearest number to one third of the total Governors retire and are eligible for re-election. The Governors to retire each year are those who have been longest in office since their last election.

In order to maintain a broad skill mix, Governors are selected from a wide range of professions and, in the event of particular skills being lost due to retirement; individuals with the requisite skills are approached to offer themselves for election to the governing body.

Governors derive no financial benefit from their office other than as shown in the notes to the accounts, but are reimbursed for any travel or administrative expenses.

The Group benefits from the generous giving of their time and it is estimated that during the year over 750 hours have been spent by the Governors on governance matters.

Governor induction and training

Governor induction, following appointment, comprises the review of a portfolio of documentation covering all aspects of the Group, including the most recent audited accounts, the Memorandum and Articles of Association, copies of Board Meeting Minutes, School Prospectus, recent newsletters to parents, staff lists with responsibilities, governance documentation with sub-committee details and a copy of the Charity Commission publication, 'The Essential Trustee'.

Governors are expected to attend subcommittee meetings (depending on their skills; see subcommittee details below) as required and to attend termly Board Meetings. Governors are encouraged to visit the School during term time, to meet the pupils, Headmaster, Bursar and Senior Leadership Team.

Training, after appointment, is provided by comprehensive mailing of information relevant to the School's day to day activities and by a formal training session held each year at a board meeting. The Chairman of Governors attends an outside training course run by IAPS (Independent Association of Preparatory Schools) during the first year of office. Governors are encouraged to visit the Charity Commission website for up to date information.

Key executives, professional advisers and contact information:

Headmaster	Mr A E Floyd
Bursar and Company Secretary	Miss C Emmott
Senior Leadership Team	Mr S R Etchell (Retired 31 August 2020), Mr S J Walton, Mrs K A Wyborn, Mr A J Morris, Mr A Duggan, Mr R J Temlett, Miss S C Fowler, Miss S Greaves, Mrs F E Westwood and Mr M W Goldhawk
Address and Registered Office	The Hawthorns Educational Trust Limited T/A The Hawthorns School Pendell Court Bletchingley, Surrey RH1 4QJ

The Hawthorns Educational Trust Limited
GROUP GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)
Year Ended 31 August 2020

Bankers	Lloyds Bank plc 1 London Road Redhill Surrey RH1 1ND
Auditors	TC Group The Courtyard Shoreham Road Upper Seeding Steyning West Sussex BN44 3TN
School Website	www.hawthorns.com
Email	office@hawthorns.com

Organisational management

The Governors determine the general policy of the Trust. The key management personnel of the School are the Governors, the Headmaster, the Bursar and the Senior Leadership Team. The Governors meet, as a body, at least once each term. Various sub-committees meet to deal with matters during the year as required. At the date of signing these accounts the sub-committees comprise:

Education subcommittee

JP Edwards (Chairman), HCM Tongue, the Headmaster and other senior School staff. This committee works to improve the quality of education in the School.

Finance and General Purposes subcommittee

DWJ Searle (Chairman), LWJ Baart, BJC Dyer, MJ Dockery, RHC Kirkland, the Headmaster and the Bursar. This committee covers The Hawthorns Foundation, finance, estates, staffing and general management of the School.

Marketing subcommittee

BJC Dyer (Chairman), the Headmaster, other School personnel as appropriate and co-opted parents. This committee deals with the marketing and presentation of the School.

Health and Safety subcommittee

MJ Dockery (Chairman), the Bursar and other School staff. This committee is responsible for agreeing health and safety policies and strategy across the School.

Safeguarding & HR subcommittee

RJ Buckingham (Chairman) and other senior School staff. This committee is responsible for safeguarding, recruitment, welfare and retention of employees of the School.

The remuneration of key management personnel is set by the Board, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the School's success.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

The objects are set out in the Memorandum of Association as the education of girls and boys aged 2 to 13. It is the aim of the Trust, as an independent educational establishment, to lay academic, physical and moral foundations of the highest quality. These foundations will equip the School's pupils with self-confidence and a desire to contribute to the wider community and, in preparing them for the next stage of their education, will enable them to face and overcome the many challenges of life ahead.

In setting objectives and planning activities, the Governors have given due 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.

STRATEGIC REVIEW

Achievements and Performance

The year has been significantly affected by the global Covid 19 pandemic. The school closed on 20 March in line with government instructions, remaining open thereafter for care of key worker children, who averaged 15 a day. The school reopened to certain year groups after half term on 1 June and all year groups were welcomed back for some time before the end of summer term. Remote learning was provided to all year groups except the Nurseries, with a reasonable degree of success, especially amongst the older children. Fee remission of 15% was given to all, except the Nurseries where a small holding fee was charged until they reopened. A Hardship Fund was set up for families whose income had been immediately and drastically impacted by the pandemic. Full advantage was taken of the government Coronavirus Job Retention Scheme, with staff returning to work as more children were welcomed back.

Prior to the shutdown the Trust had continued to operate a co-educational preparatory school for children aged from 2 to 13, including before school and after school care to assist working parents. During the year, notwithstanding the effects of the pandemic, the focus has been on the continued achievement of academic performance and the robust pastoral care of children, their families and the staff.

Since its launch in 2006, The Hawthorns Foundation has continued to build a long-term endowment fund to assist the School with bursary awards for children whose families could not otherwise gain access to the School. It also provides funds for specific capital projects and helps to provide for the future needs of the School.

The Trust is involved in a wide variety of charitable activities that benefit others including The Royal Marsden, Save the Children, The Children's Society and World Vision. Much of the charitable work in the year was focussed around Harry's Giant Pledge, in memory of a child in Reception, who sadly died from a rare form of cancer. During the year a total of £21,762 (2019: £20,466) was donated and the summer programme of events was obviously cancelled.

For the first two terms of the year the swimming pool, sports centre and grounds were made available, often at reduced or no charge, to local maintained schools, local church organisations, local residents, disabled people, Brownie groups and a large number of sports clubs. Activity days and holiday clubs ran throughout the Christmas holiday and to a limited extent through the Summer, although this year Summer attendance was restricted to Hawthorns pupils only. Christmas hampers are delivered to local residents in need, pupils visit a local old people's home to perform music and Year 7 pupils help with community action activities. In alternate years the School's Woodland Trail is opened to the public under the auspices of the National Gardens Scheme programme.

Efforts continue to ensure that no suitable pupil is denied an education at the School on the grounds of affordability. Accordingly, the Governors are pleased to offer means-tested bursaries (assisted places) to parents with limited income. During the year bursary awards were made to 11 pupils (2019: 9) and their value was £119,371 (2019: £101,046). In total, financial support of all kinds during the year (excluding the Covid discount applied to all pupils in the Summer 2020 term) increased to 6.52% of gross fee income (2019: 5.9%).

Financial Review

The Trust received total income of £6,583,148 (2019: £6,941,913) and the consolidated net incoming resources for the year amounted to £104,809 (2019: net outgoing resources of £9,725). The results for the year include the net outgoing resources from restricted funds of £4,309 (2019: net incoming resources of £11,313) for The Hawthorns Foundation. Total funds carried forward were £6,228,434 which includes £385,202 of restricted funds (2019: £6,123,625 which included £389,511 of restricted funds). The balance of £5,843,232 is held as unrestricted funds (2019: £5,734,114).

Capital expenditure has been undertaken to make improvements to the School facilities. This amounted to £280,298 during the year (2019: £389,511). There is a plan of continuous upgrading of the School's facilities in order to keep pace with the requirements of a leading pre-preparatory and preparatory school.

Investment in subsidiary

The Trust owns 100% of the shares of its subsidiary company, The Hawthorns (Pendell Court) Limited, which in turn owns the freehold of the premises occupied by the Trust. The accounts consolidate the financial statements of both companies.

The subsidiary is a non-trading, dormant company and the latest un-audited accounts have been made up to 5 April 2020 and it is these accounts that have been used in the consolidation. Both companies are incorporated in the United Kingdom and registered in England and Wales.

Reserves policy

All unrestricted funds are used to finance building development projects and generally improve the overall facilities of the School. Donations towards specific projects are included within restricted funds. Donations to The Hawthorns Foundation are allocated to restricted funds. General donations are allocated to unrestricted funds. The Governors have assessed the assets available and the obligations of the Trust and have concluded that the assets are sufficient to meet its obligations, based on current operations and pupil numbers.

Plans for Future Periods

The year 2020/21 has started with the full reopening of the school in a Covid safe manner. This has involved Form bubbles up to and including Year 4 and Year Group bubbles in Years 5 to 8. Drop off and pick up has been staggered and a second drop off point created to allow further segregation. Amendments to the school have included external wash hand stations, screens to teachers desks and the main reception and the serving of lunches in classrooms. Fixtures have yet to resume, although Early Morning and After School Care have restarted to assist working parents.

The year 2020/21 will see further embedding of the One School philosophy, with the introduction of a new system of wrap around care, clubs and activities before and after school, which was placed on hold last year due to Covid. The roll out of the IT strategy continues with the replacement of ageing Promethean boards to the majority of classrooms. Years 5 and 6 have been issued with iPads for their own use.

Capital projects under consideration include the design and erection of a new Nursery facility allowing a full day care provision for the first time. The replacement of the kitchen and the creation of additional dining and entertaining space was placed on hold due to Covid, as was the possible installation of solar panelling to the Sports Centre.

Principal Risks and Uncertainties

The Governors assess the major risks to which the School is exposed, particularly relating to its operations and finances, on a regular basis. The most significant risk is considered to be a possible fall in the number of pupils attending the School, especially in a post Covid landscape. The Governors are satisfied that, overall, the systems in place, having due regard to the nature and resources of the School, adequately manage exposure to such risks.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors, who are also the directors of The Hawthorns Educational Trust Limited for the purposes of company law, are responsible for preparing the Governors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trust and its subsidiary and of the incoming resources and application of resources, including the income and expenditure, of the group for that year. In preparing those financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Governors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

AUDITORS

A resolution proposing the re-appointment of TC Group as auditors to the company will be put to the annual general meeting.

This report, incorporating the Strategic Report, was approved by the Governors on 1 December 2020 and signed on behalf of the board by



BJC Dyer

Chair of Governors

INDEPENDENT AUDITOR'S REPORT

Year Ended 31 August 2020

Opinion

We have audited the financial statements of The Hawthorns Educational Trust Limited (the 'charitable company') for the year ended 31 August 2020. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and 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.

INDEPENDENT AUDITOR'S REPORT

Year Ended 31 August 2020

Other information

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

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

We have nothing to report in this regard.

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 Governors' annual report (incorporating the strategic report and the directors' report) 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT

Year Ended 31 August 2020

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement set out on page 7, the Governors (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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.

TC Group

Mark Cummins FCCA (Senior Statutory Auditor)

for and on behalf of TC Group

Statutory Auditors

Office: Sussex

Dated: 20 January 2021

The Hawthorns Educational Trust Limited
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including Income & Expenditure Account)
Year Ended 31 August 2020

	Notes	Unrestricted Funds £	Restricted Funds £	TOTAL 2020 £	TOTAL 2019 £
INCOME FROM:					
Donations and legacies		16,951	4,811	21,762	20,466
Charitable activities					
Fees receivable	3	5,706,547	(9,120)	5,697,427	6,325,446
Other trading activities					
Sports Centre	4	360,114	-	360,114	586,782
Protection fees		4,080	-	4,080	9,219
Other income	5	499,765	-	499,765	-
Total Income		6,587,457	(4,309)	6,583,148	6,941,913
EXPENDITURE ON:					
Raising funds					
Sports Centre		508,115	-	508,115	556,682
Fundraising (The Hawthorns Foundation)		3,293	-	3,293	4,076
Charitable Activities					
Education		5,966,931	-	5,966,931	6,390,880
Total Expenditure	6	6,478,339	-	6,478,339	6,951,638
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS		109,118	(4,309)	104,809	(9,725)
Reconciliation of funds					
Total funds brought forward		5,734,114	389,511	6,123,625	6,133,350
Total funds carried forward		5,843,232	385,202	6,228,434	6,123,625

This statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All activities are classed as continuing.

There are no recognised gains or losses other than those reported on the Statement of Financial Activities.

The Hawthorns Educational Trust Limited

CONSOLIDATED BALANCE SHEET

As at 31 August 2020

	Notes	£	2020 £	2019 £
FIXED ASSETS				
Tangible Assets	10		8,321,870	8,459,653
CURRENT ASSETS				
Debtors	12	1,447,311	1,664,164	
Cash at bank and in hand		<u>399,770</u>	<u>404,551</u>	
Total Current Assets		1,847,081	2,068,715	
Creditors, due within one year	13	<u>(3,404,852)</u>	<u>(3,697,097)</u>	
NET CURRENT LIABILITIES			(1,557,771)	(1,628,382)
LONG TERM LIABILITIES				
Creditors, due after more than one year	14		(535,665)	(707,646)
TOTAL NET ASSETS			<u>6,228,434</u>	<u>6,123,625</u>
Represented by				
Unrestricted Fund	17		5,843,232	5,734,114
Restricted Fund	16		<u>385,202</u>	<u>389,511</u>
TOTAL NET FUNDS			<u>6,228,434</u>	<u>6,123,625</u>

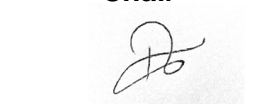
These accounts were approved by the board on 1 December 2020

B J C Dyer



Chair

D W J Searle



Governor

Company number 00949504.

The Hawthorns Educational Trust Limited

COMPANY BALANCE SHEET

As at 31 August 2020

	Notes	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible Assets	10		8,211,870		8,349,653
Investment in subsidiary	11		<u>71,534</u>		<u>71,534</u>
			8,283,404		8,421,187
CURRENT ASSETS					
Debtors	12	1,492,565		1,709,440	
Cash at bank and in hand		<u>399,770</u>		<u>404,551</u>	
Total Current Assets		1,892,335		2,113,991	
Creditors, due within one year	13	<u>(3,404,612)</u>		<u>(3,696,879)</u>	
NET CURRENT LIABILITIES			(1,512,277)		(1,582,888)
LONG TERM LIABILITIES					
Creditors, due after more than one year	14		<u>(535,665)</u>		<u>(707,646)</u>
TOTAL NET ASSETS			<u>6,235,462</u>		<u>6,130,653</u>
Represented by					
Unrestricted Fund	17		5,850,260		5,741,142
Restricted Fund	16		<u>385,202</u>		<u>389,511</u>
TOTAL NET FUNDS			<u>6,235,462</u>		<u>6,130,653</u>

These accounts were approved by the board on 1 December 2020

B J C Dyer



Chair

D W J Searle



Governor

Company number 00949504.

The Hawthorns Educational Trust Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 August 2020

	2020	2019
	£	£
Cash flows from operating activities:		
Net income/expenditure for the year	104,809	(9,725)
Adjustments for:		
Depreciation	418,081	384,800
Decrease/(Increase) in debtors	216,853	(54,701)
(Decrease)/Increase in creditors	<u>(532,215)</u>	<u>(207,567)</u>
Net cash provided by/(used in) operating activities	207,528	112,807
Cash flows from investing activities		
Purchase of tangible fixed assets	<u>(280,298)</u>	<u>(359,936)</u>
Net cash provided by/(used in) investing activities	(280,298)	(359,936)
Cash flows from financing activities		
Repayments of borrowing	<u>(67,505)</u>	<u>(67,753)</u>
Net cash provided by/(used in) financing activities	(67,505)	(67,753)
Change in cash and cash equivalent in the year	<u>(140,275)</u>	<u>(314,882)</u>
Cash and cash equivalents at the beginning of the year	<u>(534,744)</u>	<u>(219,862)</u>
Cash and cash equivalents at the end of the year	<u>(675,019)</u>	<u>(534,744)</u>
Analysis of cash and cash equivalents		
Cash at bank and in hand	399,770	404,551
Overdraft facility payable on demand	<u>(1,074,789)</u>	<u>(939,295)</u>
Total cash and cash equivalents	<u>(675,019)</u>	<u>(534,744)</u>

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

1 STATUTORY INFORMATION

The charity is a charitable company, limited by guarantee, registered in England and Wales. The registered office, company number and charity number are detailed in the Governors' annual report.

2 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the Companies Act 2006 and in accordance with the Charities' Statement of Recommended Practice (SORP (FRS 102)) and Financial Reporting Standard 102.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy.

After reviewing the charity's forecasts and projections, the Governors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. This includes assessing any known financial impact of the COVID – 19 pandemic. The charity therefore continues to adopt the going concern basis in preparing its accounts.

Currency

The Group presents its accounts in Sterling and figures are rounded to the nearest £.

Group accounts

The accounts consolidate the results of the charity and its wholly owned subsidiary The Hawthorns (Pendell Court) Limited on a line by line basis. A separate Statement of Financial Activities (including income and expenditure account) for the charity has not been presented as the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The subsidiary is a non-trading, dormant company. Its latest un-audited accounts have been made up to 5 April 2020 and it is these accounts that have been used in the consolidation.

Income

Donations received for the general purposes of the School are credited to unrestricted funds except insofar as they are incapable of financial measurement. Donations for purposes restricted by the wishes of the donor are taken to restricted funds where these wishes are legally binding on the charity.

School fees receivable and charges for services and 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 years are held as liabilities until either taken to income in the term when used or else refunded. They are stated after deducting bursaries, scholarships and other fee remissions granted by the School.

Sports centre, rental and investment income are accounted for in the period in which they are receivable. Other incoming resources are accounted for when received.

Expenditure

Expenditure is accounted for on an accruals basis, with value added tax included within the item of expense to which it relates. Overhead and other costs not directly attributable to a particular functional activity category are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also internal and external audit, any legal advice for the Governors, and all the costs of complying with constitutional and statutory requirements, such as the cost of board and committee meetings and of preparing statutory accounts and satisfying public accountability.

Irrecoverable VAT is attributed directly to the cost to which it relates.

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

Assets

Fixed assets are shown on the balance sheet at cost less accumulated depreciation. Current assets are shown at the lower of cost and net realisable value.

Depreciation

Depreciation is provided on fixed assets to write off their cost over their estimated useful lives at the following rates:

Freehold and short leasehold property	2% to 10% straight line
Electrical, computer & garden equipment	20% straight line
Fixtures, fittings, tools & equipment	10% straight line

Pension schemes

Teaching staff are members of the Teachers' Pension Scheme (TPS), a defined benefit scheme administered by the Teachers' Pension Agency. Contributions to the scheme are charged to the Statement of Financial Activities as they fall due. The Teachers' Pension Scheme is an unfunded scheme. Contributions on a "pay as you go" basis are credited to the exchequer under arrangements governed by the Superannuation act 1972. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. The school is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, under FRS 102 the scheme is accounted for as if it were a defined contribution scheme.

The School also contributes to personal pension schemes for non-teaching staff.

Operating lease rentals

Rentals paid in respect of assets held under operating leases are taken to the Statement of Financial Activities as they fall due.

Investments

Investments consist of a shareholding in the group subsidiary and are held at cost.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments. The Governors seek to use short and medium term deposits where possible to maximise the return on monies held at the bank and to manage cash flow.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Fund accounting

Unrestricted funds comprise those funds which can be used in accordance with the charitable objectives at the discretion of the Governors.

Restricted funds are those funds which can be used in accordance with the specific restrictions imposed by the donor or which have been raised by the charity for a specific purpose. The cost of raising and administering such funds is charged against the funds and the School reimburses the costs from unrestricted funds. The aim and use of each restricted fund is set out further in the notes to the accounts.

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

Turnover

The turnover of the charity is wholly attributable to the object of the charity as stated in the Governors' Report and is earned entirely within the UK.

Taxation

The charitable company is registered as a charity and all of its income falls within the exemptions under Part 11 of the Corporation Tax Act 2010.

Deferred taxation in the subsidiary company arising on the valuation of the freehold is not provided for as, in the opinion of the directors of the Group, the liability is unlikely to arise.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, the Governors are required to make judgements, estimates and assumptions about the carrying amount 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 in which the estimate is revised.

The Governors do not consider that there are any critical estimates or areas of judgement that need to be brought to the attention of the readers of the financial statements.

3 Income from Charitable Activities

	2020	2019
	£	£
Gross fees	6,245,618	6,339,834
Less: bursaries, scholarships and discounts	(407,470)	(372,588)
Less: COVID - 19 discounts	(377,114)	-
	<u>5,461,034</u>	<u>5,967,246</u>
Extras	236,393	358,200
	<u><u>5,697,427</u></u>	<u><u>6,325,446</u></u>

4 Income from Other Trading Activities

	2020	2019
	£	£
Sports Centre income	342,585	574,930
Other lettings and activities	17,529	11,852
	<u>360,114</u>	<u>586,782</u>
Sports centre	4,080	9,219
Net commission receivable	<u><u>364,194</u></u>	<u><u>596,001</u></u>

5 Other income

	2020	2019
	£	£
Insurance claim	210,033	-
Furlough grant income	<u>289,732</u>	-
	<u><u>499,765</u></u>	<u><u>-</u></u>

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

6 Analysis of Expenditure

	Staff Costs	Other	Depreciation	Total 2020	Total 2019
	£	£	£	£	£
Cost of raising funds					
Fundraising	3,293	-	-	3,293	4,076
Lettings (inc. Sports Centre exp)	356,790	151,325	-	508,115	556,682
Total cost of raising funds	<u>360,083</u>	<u>151,325</u>	<u>-</u>	<u>511,408</u>	<u>560,758</u>
Teaching	3,289,795	245,926	155,217	3,690,938	3,889,810
Welfare	2,061	390,225	-	392,286	560,040
Premises	193,842	390,325	262,864	847,031	988,205
Finance costs	-	49,206	-	49,206	46,232
Support and Governance	532,091	455,379	-	987,470	906,593
Total charitable expenditure	<u>4,017,789</u>	<u>1,531,061</u>	<u>418,081</u>	<u>5,966,931</u>	<u>6,390,880</u>
Total Expenditure	<u>4,377,872</u>	<u>1,682,386</u>	<u>418,081</u>	<u>6,478,339</u>	<u>6,951,638</u>

Analysis of support and Governance costs

	2020	2019
	£	£
Governance costs:		
Auditors' remuneration for audit services	<u>11,880</u>	<u>12,240</u>
	11,880	12,240
Support costs:		
Auditors' remuneration for non-audit services	16,452	13,044
Support staff wages, national insurance and pension	532,091	503,281
Other support costs	<u>427,047</u>	<u>378,028</u>
	<u>987,470</u>	<u>906,593</u>

Net Income is stated after charging £48,643 (2019: £39,310) to operating lease rentals included within premises costs.

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

7 Comparative Statement of Financial Activities – Year Ended 31 August 2019

	Unrestricted Funds £	Restricted Funds £	Total 2019 £
INCOME FROM:			
Donations and legacies	9,146	11,320	20,466
Charitable activities			
Fees receivable	6,325,446	-	6,325,446
Other trading activities			
Sports Centre	586,782	-	586,782
Protection fees	9,219	-	9,219
Total Income	6,930,593	11,320	6,941,913
EXPENDITURE ON:			
Raising funds			
Sports Centre	556,682	-	556,682
Fundraising (The Hawthorns Foundation)	4,069	7	4,076
Charitable Activities			
Education	6,390,880	-	6,390,880
Total Expenditure	6,951,631	7	6,951,638
NET INCOME	(21,038)	11,313	(9,725)
Transfers between funds	-	-	-
Net movement in funds	(21,038)	11,313	(9,725)
Fund balances brought forward	5,755,152	378,198	6,133,350
Fund balances carried forward	5,734,114	389,511	6,123,625

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

8 Staff Costs

	2020	2019
	£	£
Salaries and wages	3,487,647	3,790,055
Social security costs	322,300	377,790
Pension costs	567,925	426,422
	<u>4,377,872</u>	<u>4,594,267</u>

Number of employees whose emoluments for the year exceeded £60,000	2020	2019
£60,000 to £69,999	2	3
£70,000 to £79,999	-	1
£100,000 to £109,999	1	-
£120,000 to £129,999	1	-
£140,000 to £149,999	-	1

Contributions totalling £65,447 (2019: £61,802) were made during the year to a pension scheme on behalf of the above employees.

The average monthly headcount was 140 staff (2019: 163 staff) and the average monthly number of full time equivalent employees during the year was:

	2020	2019
Teaching and teaching assistants (term time)	61	65
Others (administration, kitchen, maintenance and sports centre)	35	35
	<u>96</u>	<u>100</u>

The key management personnel of the school are detailed in the Governors' Report.

During the year settlement payments of £78,891 (2019: £74,016) were made to former employees in respect of structural reorganisation.

	2020	2019
	£	£
Aggregate employee benefits of key management personnel	<u>960,389</u>	<u>953,433</u>

None of the Governors received any remuneration or other benefits from the school or any connected body. The amount has increased due to an increase in the number of key management personnel from 6 to 12 in the year.

9 Operating Surplus

	2020	2019
	£	£

Included within the operating surplus for the year are the following:

Charitable Activities - Education

Operating lease rentals (inc. VAT)	48,643	39,310
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Governance

Auditors' fees – audit services (inc. VAT)	11,880	12,240
Auditors' fees – other services (inc. VAT)	16,452	13,044

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

9 Operating Surplus (continued)

As described in the notes to the accounts, no separate Statement of Financial Activities has been prepared for the School alone. The School contributed £104,809 to the surplus of the Group for the year (2019: £9,725 to the deficit).

10 Tangible Fixed Assets

The movement of tangible fixed assets was as follows:

THE GROUP	Freehold property	Electrical, computer & garden equipment	Fixtures, fittings, tools & equipment	TOTAL
	£	£	£	£
Cost				
At beginning of year	11,013,446	374,926	564,693	11,953,065
Additions	18,855	155,274	106,169	280,298
At end of year	<u>11,032,301</u>	<u>530,200</u>	<u>670,862</u>	<u>12,233,363</u>
Accumulated Depreciation				
At beginning of year	2,976,528	267,558	249,326	3,493,412
Charge for year	262,859	88,136	67,086	418,081
At end of year	<u>3,239,387</u>	<u>355,694</u>	<u>316,412</u>	<u>3,911,493</u>
Net Book Value				
At beginning of year	8,036,918	107,368	315,367	8,459,653
At end of year	<u>7,792,914</u>	<u>174,506</u>	<u>354,450</u>	<u>8,321,870</u>
THE COMPANY				
Cost				
At beginning of year	10,903,446	374,926	564,693	11,843,065
Additions	18,855	155,274	106,169	280,298
At end of year	<u>10,922,301</u>	<u>530,200</u>	<u>670,862</u>	<u>12,123,363</u>
Accumulated Depreciation				
At beginning of year	2,976,528	267,558	249,326	3,493,412
Charge for year	262,859	88,136	67,086	418,081
At end of year	<u>3,239,387</u>	<u>355,694</u>	<u>316,412</u>	<u>3,911,493</u>
Net Book Value				
At beginning of year	7,926,918	107,368	315,367	8,349,653
At end of year	<u>7,682,914</u>	<u>174,506</u>	<u>354,450</u>	<u>8,211,870</u>

The freehold property shown in the accounts of the company relates to improvements made to the freehold property owned by the subsidiary company and is therefore added to freehold property in the accounts of the group. The market value of freehold properties is estimated by the Governors to be in excess of the book value at the year end.

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

11 Investment in Subsidiary

	2020 £	2019 £
Shares at cost	71,534	71,534

The Company owns 100% of the shares of the subsidiary company The Hawthorns (Pendell Court) Limited, company number 700823, which owns the freehold of the premises occupied by the Trust. Both companies are incorporated in the United Kingdom and registered in England and Wales.

The trading results of The Hawthorns (Pendell Court) Limited for the year ended 5 April 2020 are:

Profit for the year	£Nil	(Company was dormant)
Capital and Reserves	£64,507	

12 Debtors

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Fees receivable	1,248,019	1,466,328	1,248,019	1,466,328
Other debtors	66,010	44,810	65,988	44,810
Prepayments	133,282	153,026	133,282	153,026
Loan to subsidiary company	-	-	45,276	45,276
TOTAL	1,447,311	1,664,164	1,492,565	1,709,440

13 Creditors due within one year

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Fees charged in advance	1,759,284	1,857,506	1,759,284	1,857,506
Bank loans and overdrafts	1,145,938	1,006,680	1,145,938	1,006,680
Other creditors and school fees received in advance	414,799	669,616	414,559	669,398
Accruals (Note 15)	84,831	163,295	84,831	163,295
TOTAL	3,404,852	3,697,097	3,404,612	3,696,879

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

14 Creditors due after more than one year

	The Group		The Company	
	2020	2019	2020	2019
	£	£	£	£
Long term loans	446,915	518,184	446,915	518,184
Advanced Fees Payments Scheme due more than one year	88,750	189,462	88,750	189,462
TOTAL	535,665	707,646	535,665	707,646
Loan maturity analysis				
Repayable in less than 1 year (Note 13)	71,149	67,385	71,149	67,385
Repayable in 1-2 years	75,205	71,149	75,205	71,149
Repayable in 2-5 years	251,464	238,274	251,464	238,274
Repayable in more than 5 years	120,246	208,761	120,246	208,761
TOTAL	518,064	585,569	518,064	585,569

The School has two 15 Year, fixed interest loans, each initially of £500,000. Total repayments during the year were £67,385 (2019: £67,753).

The School also has a Bank overdraft facility. The loans and the overdraft are secured by a fixed and floating charge on the Group's freehold property.

15 Advanced Fees Payment Scheme

Parents may enter into a contract to pay the School tuition fees in advance. The money may be returned, subject to specific conditions, upon the receipt of one term's notice. Assuming pupils will remain in the School, advance fees will be applied as below:

	2020	2019
	£	£
Due within one year	55,727	173,143
Advanced Fees Payments Scheme due more than one year	88,750	189,462
TOTAL	144,477	362,605

The balance represents the accrued liability under the contracts.

The movements during the year were:

	2020	2019
	£	£
Balance at beginning of the year	362,605	384,036
Amounts received during the year	20,155	235,027
Amounts credited to pupil accounts for fees	(238,283)	(256,458)
Balance at end of year	144,477	362,605

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

16 Restricted Fund

The Hawthorns Foundation provides a long term fund to assist the School with bursary awards and to provide funds for specific capital projects. Donations are received predominantly from current and former parents and from Old Hawthornians.

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2020 £
The Hawthorns Foundation	389,511	4,811	(9,120)	-	385,202
Designation of Fund					
Bursary Fund	170,032	4,811	(9,120)	-	165,723
Capital Projects Fund	182,149	-	-	-	182,149
Endowment Fund	37,330	-	-	-	37,330
TOTAL	389,511	4,811	(9,120)	-	385,202

The School contributed £Nil (2019: £Nil) towards the running costs of The Hawthorns Foundation.

17 Unrestricted Fund

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2020 £
The Company	5,741,142	6,587,457	(6,478,339)	-	5,850,260
The Group	5,734,114	6,587,457	(6,478,339)	-	5,843,232

18 Net Assets Between Funds of the Group

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

	Unrestricted £	Restricted £	Group £
At 31 August 2020			
Fixed Assets	8,321,870	-	8,321,870
Current Assets	1,461,879	385,202	1,847,081
Current Liabilities	(3,404,852)	-	(3,404,852)
Long-term Liabilities	(535,665)	-	(535,665)
	<u>5,843,232</u>	<u>385,202</u>	<u>6,228,434</u>

	Unrestricted £	Restricted £	Group £
At 31 August 2019			
Fixed Assets	8,459,653	-	8,459,653
Current Assets	1,679,204	389,511	2,068,715
Current Liabilities	(3,697,097)	-	(3,697,097)
Long-term Liabilities	(707,646)	-	(707,646)
	<u>5,734,114</u>	<u>389,511</u>	<u>6,123,625</u>

19 Operating Leases

Total lease commitments for assets held under operating leases are £112,341 (2019: £156,314).

	2020 £	2019 £
Within one year	46,552	48,643
Between two and five years	<u>65,789</u>	<u>107,671</u>
	<u>112,341</u>	<u>156,314</u>

20 Governors' Remuneration, Reimbursement of expenses and Interests in Contracts

No remuneration was provided to any Governors during the year. Two governors were reimbursed travel expenditure totalling £276 (2019: two Governors were reimbursed £300).

Mr B J C Dyer, the Chair of Governor, was a director of Bradley Dyer Raw Limited, the company provided advertising production services totaling £6,089 (2019: £3,425) to The Hawthorns School. These services are provided at preferential rates.

21 Pension Costs

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 £513,981 (2019: £375,243) and at the year-end £Nil (2019 - £Nil) was accrued in respect of contributions to this scheme.

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

21 Pension Costs (continued)

NOTES TO THE ACCOUNTS

Year ended 31 August 2020

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

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

The School also operates a defined contribution pension scheme for non-teaching staff. The pension charge for the year includes contributions payable to this scheme of £54,034 (2019: £51,179) and at the year-end £Nil (2019: £Nil) was accrued in respect of contributions to this scheme.

22 Control

The company is limited by guarantee with no one member having overall control.