

**THE INDEPENDENT EDUCATIONAL
ASSOCIATION LIMITED**

**Company Number 1222329
Charity Number 270156**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

THE INDEPENDENT EDUCATIONAL ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 August 2020

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The Independent Educational Association Limited

Company Information For the year ended 31 August 2020

REFERENCE AND ADMINISTRATIVE INFORMATION

The Independent Educational Association Limited ("the Association") was incorporated on the 8th March 1975 as a company limited by guarantee and not having a share capital, with registration number 1222329. On 8th December 1975 it was also registered as a charity under the Charities Act 1960 with the charity number 270156. The Charity's principal address and registered office is at Earsby Street, London, W14 8SH. The Association has prepared consolidated financial statements to include the activities of The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St. David's School (St. David's) and its trading subsidiary St David's Enterprises Limited on the basis that the Association and St. David's are being managed on a unified basis with common trustees. St James Enterprises Limited, incorporated on 16 January 2019, as a subsidiary of the Association has remained dormant throughout the period.

Trustees and Directors

The trustees of the Association, known as Governors, are also the directors of the company for the purposes of company law, the Board being a self-appointing body. During the year and up to the date of approval of the financial statements they were:

Koula Ansell (Resigned 12th March 2020)
Jennie Buchanan (Resigned 12th March 2020)
George Cselko (Resigned 12th March 2020)
Aatif Hassan
Annabel Lubikowski
Miranda Munden (Resigned 12th March 2020)
Jeremy Sinclair (Chairman)
John Story
Hugh Venables
Jerome Webb

Key Executives and Professional Advisers

The Head teachers and the Schools' Addresses

Mr D Brazier	St James Senior Boys' School, Church Road, Ashford, TW15 3DZ
Mrs S Labram	St James Senior Girls' School, Earsby Street, London, W14 8SH
Mr K Spencer	St James Preparatory School, Earsby Street, London W14 8SH

Director of St James Education: Mrs L Hyde

Chief Operating Officer & Company Secretary: Mr W Wyatt

Auditor

Crowe U.K. LLP
Chartered Accountants
55 Ludgate Hill
London
EC4M 7JW

Solicitors

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Principal Bankers

Lloyds Bank plc
67 Old Brompton Road
London SW7 3JX

Investment Advisers

J. M. Finn & Co.
4 Coleman Street
London EC2R 5TA

The Independent Educational Association Limited

Strategic Report For the year ended 31 August 2020

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The objects for which the Association is established (as set out in its Articles of Association) are to promote the advancement of education of children and young persons and in connection therewith to establish and conduct in any part of the world a school or schools to give instruction in all branches of education including the preparation of pupils to sit for public examinations whether academic, professional or otherwise.

Aims and Intended Impact

Within these Objects, the Association started the St James Independent Schools in January 1975 with the aim of providing a first-class independent education, through strong academic tuition, awareness of spiritual values and developing wider sporting, artistic and social skills in all pupils. This is intended to provide an environment where each pupil can begin to realise his or her own potential, thus helping to build self-confidence and self-esteem in preparation for a happy and fulfilling life contributing to the good of the wider community.

Objectives for the Year

The focus has been on the continued achievement and enhancement of academic standards throughout the schools while endeavouring to meet the individual requirements of the minority with special educational needs. Striking the right balance between these two objectives should ensure that all pupils have the opportunity of working to achieve their full potential. We continue to improve the facilities available whilst keeping clear budgetary controls.

Strategies to Achieve the Year's Objectives

These include an on-going review and where necessary updating of the schools' academic syllabuses, an exercise in which the staff are fully involved. Increased attention is also being given to staff training and development. We remain open to opportunities to extend the schools' already great range of non-academic activities by promoting excellence in sports and open-air pursuits as well as developing social skills.

Principal Activities of the Year

The Association provides education through the St James Schools: from the ages of 4 to 18 at Earsby Street for junior boys and girls and senior girls, and at Ashford for senior boys. The Association acts in an advisory capacity for a number of schools with common ethics and practices worldwide. The Association finished the year with 849 (2019: 891) pupils. From 1 September 2020 the Association expanded the provision of education through the new Nursery facilities at Earsby Street.

Grant-making Policy

This year, the value of scholarships, grants and prizes made to pupils out of restricted funds was £86,085 (2019: £81,354). In addition, a further £1,007,924 (2019: £1,016,581) of bursaries and scholarships were funded from unrestricted reserves. All bursary awards are made on the basis of financial need and all are means tested. Further fee remissions may be made where the policy is to relieve hardship and the pupil's education and future prospects would be at risk without such support.

BUSINESS REVIEW

The trustees present the consolidated financial results of IEAL incorporating the results of St David's School, its trading subsidiary St David's Enterprises Limited and St James Enterprises Limited, incorporated on 16 January 2018, as a subsidiary of the Association which began trading in September 2019.

This has been another rewarding year for the charities and the group. The trustees, the majority of whom are common to both charities, are pleased with the group's development and progress. Financial performance remains strong. The reputation of each of the St James schools continues to thrive due to the excellent all-round education offered and because of the hard work and dedication of all staff.

During the year we have still maintained good academic achievements. There was a decrease in average pupil numbers to 849 (2019: 886). However, we had an additional 17 nursery pupils in the year. St James is seeking to consolidate and grow its overall pupil numbers in future years. The building of a new sports hall at the Senior Boys School which is due to open in July 2021 should assist future recruitment of pupils and, as noted above, we have launched a new nursery at the Olympia site to act as a feeder for the prep school as well as providing an additional income stream to improve the school's financial position.

Together with competitive fee rates and sound financial management we aim to produce an operating surplus year on year.

The Independent Educational Association Limited

Strategic Report For the year ended 31 August 2020 (continued)

An ongoing review of debt management procedures continues to produce a significantly improved collection rate of current debt and a reduction in overdue balances. Subsidiary company results contributed a surplus of £2,318 to the overall results compared with £1,336 in the previous year.

The IEAL Pension scheme contribution rates increased from 16.1% to 25.1% from 1 September 2018 in respect of employer's normal contributions. Contributions necessary to make up for the deficit in the Scheme were £400,000 for the year to 31 August 2020 and are expected to remain at that level to December 2024. With effect from 31 August 2017 the scheme was closed to new members and to future accrual by teaching staff. An offer was in place at 31 August 2017 to all those teaching staff whereby the Association confirmed that it would make good any shortfall necessary to transfer the equivalent benefits to those accrued in the IEAL Pension Scheme to the Teachers' Pension Scheme by way of additional employer contributions to the IEAL Pension Scheme. During the year 2019-2020 contributions of approximately £10K (£7k 2018-19) were paid to the IEAL Pension Scheme. The employer's contribution rates to the Teachers' Pension Scheme throughout the year were 16.48%. See the Financial Review and Results for the Year section below for further details. The last full triennial actuarial valuation for the IEAL Pension Scheme was on 1 September 2017. The IEAL Scheme will continue for a number of support staff.

The group will continue to seek to meet the AGBIS best practise target by generating a 10% cash surplus. This is essential for long term cash flow stability and building reserves to a level that ensures sustainable development of the schools.

Developments

The company acquired a new freehold property near its Earsby Street site in October 2018 which should eventually add to and enhance the educational facilities of the Association. This has been financed by a bank loan repayable over a period of five years.

Construction of the new sports hall at Ashford has commenced and is due to complete in July 2021. The bank loan that was approved and intended for use to cover the sports hall development has not been used as at July 2021.

The trustees are conscious of their responsibility to ensure that the Charity considers its duty to operate for the public benefit. The Association has provided Bursary and Scholarship funding equivalent to 6.6% of fee income (2019: 6.5%). Except for bursary specific funds received during the year from benefactors and the income generated on the various Bursary Funds, bursaries have been funded from the General Fund. The Development Office is actively seeking additional sources of Bursary funding in order to minimise the on-going impact on the General Fund.

Supporting Activities

The Association provides bursaries and scholarships to pupils of families in need of financial assistance. In 2020 support of £1,094,009 was given (2019: £1,097,935) to pupils, these include externally funded bursaries and grants.

The fund-raising and development office for the schools is run under the name of "The Friends of St James Schools". This endeavours to co-ordinate the activities of:

- 1) Long-term fund-raising;
- 2) Short-term fund-raising for small projects;
- 3) Fund-raising by parents often for a particular school.

Whilst future major developments will require substantial fund-raising initiatives, our latest forecasts indicate that the Association will generate operating surpluses sufficient to fund partially such developments

The Independent Educational Association Limited

Strategic Report For the year ended 31 August 2020 (continued)

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational Performance of the Schools

The Senior Girls attained excellent exam results. 100% (2019: 100%) A level passes with 100% (2019: 96%) at A* to C; the GCSE pass rate was 100% (2019: 100%) with 96% at A* to C and 100% (2019: 99%) 9 to 4 grades. The Senior Boys achieved 100% (2019: 100%) A level passes with 98% (2019: 84%) at A* to C; the GCSE pass rate was 100% (2019: 99%) with 98% (2019: 89%) at 9 to 4 grades.

Fundraising Performance

The fund-raising department raised £49,547 (2019: £62,290) from regular activities during the year. The Development office is coordinating the activities of The Friends of St James and the Alumni in addition to fund-raising for Buildings and Bursary Funds. With continued building and facility improvements planned for both the Earsby Street and Ashford sites, fund-raising efforts will be focused on raising substantial sums

FINANCIAL REVIEW AND RESULTS FOR YEAR

The Association's net income for the year was £1,219,616 (2019: net deficit £803,024). Factors contributing to the results for the year include the FRS102 pension liability movement for the year in respect of the IEAL Pension Scheme. In 2020 there was an increase in the pension liability of £402,600 of which £402,600 represented an actuarial loss, whereas in 2019 there was an increase in the pension liability of £1,339,900 of which £1,711,700 represented an actuarial gain. The balance of gains or losses between the actuarial gains or losses, referred to above, and the pension liability movements in each year are included within charitable activities expenditure for the year. In 2020 there is a reduction in the charitable activities' expenditure disclosed in the SOFA of £303,000 compared to £371,800 in 2019. The Association's net income excluding any FRS102 pension liability movement was £882,232 (2019: £536,872). The Pension Scheme liability is a long term liability and as such the management are satisfied that they can meet current funding requirements arising in the Scheme.

Total gross fee income before charging for activities and coaches of £16,659,448 (2019: £16,861,622) was down by 1.2% reflecting the decrease in pupil numbers and no increase in termly fee rates. There was no increase in fee rates to help combat challenges faced by Covid-19 and in line with other schools in the area.

The Association has net current liabilities at 31 August 2020 of £1,385,327 (2019: £1,769,336). This includes fee deposit liabilities of £2,773,370 (2019: £2,624,322). As referred to in Note 10 these liabilities are disclosed as due within one year as pupils may leave at any time, but with a reasonably stable pupil roll currently, the probability of the liability becoming repayable in the short term is highly unlikely. This combined with the expected continued positive cash generation from operating activities in 2020-21 support the Board's view that despite its net current liability position the Association has adequate resources to continue its activities for the foreseeable future and therefore continue as a going concern (See below for more detail).

The Independent Educational Association Limited

Strategic Report For the year ended 31 August 2020 (continued)

Key Performance Indicators

We have to be aware of staff-pupil ratios and the proportion of fee income spent on salaries and salary-related expenses such as national insurance, pensions funding and training costs.

London data:	2017	2018	2019	2020
Employment costs compared to fee income	53.80%	54.10%	54.60%	57.86%
Pupils (Average number throughout the year)	940	921	886	883
Teaching staff (FTE)	101	103	103	101
Staff-Pupil ratio	1:9.3	1:8.9	1:8.6	1:8.7
Average class size	19	19	18	18

GOING CONCERN AND CONSIDERATION OF COVID-19

As part of the review and in light of COVID-19, the Trustees have carried out a Post Balance Sheet Review of the going concern.

Due to the ongoing global pandemic caused by Covid-19 and the impact the virus has had on the local, national and global economy, St James Schools has had to consider very thoroughly the nature of its operations and its going concern status. We considered a worst-case scenario to really stress test the going concern basis.

The Trustees have sought to minimise the financial impact of Covid-19 on the charity. The key areas of risk are bad debt, cash flow and pupil retention. The schools needed to reduce their costs, maximise the collection of summer term fees and help minimise the financial impact on our parents. The Trustees remain fully confident that St James is a going concern.

COST SAVINGS

During periods of closure throughout the year the schools 'furloughed' members of staff representing 23.8% of the total workforce. These include teachers, teaching assistants, sports staff, and administration staff. In addition to this, the schools identified other costs savings including, materials, supplies, food, transport, clubs and trips and temporarily suspended the catering and cleaning contracts (whose employees have also been furloughed). While the school buildings were closed, cost savings continued to be measured on a termly basis and passed on to parents and/or guardians via credit notes to the following term's fees.

SUMMER TERM FEES 2020

It was imperative for the schools to offer a strong programme of remote education to justify charging fees while the school buildings were closed during the summer term. Notwithstanding the building's temporary closure, the schools provided a full-time education and pastoral care to all children remotely including its programmes of learning which were delivered by virtual platforms including, FireFly VLE, Zoom, Planet e-Stream video platform and Office 365 which includes the Microsoft Office Suite, Microsoft Teams and Microsoft One Drive. The programmes were well received by parents and recent surveys showed high satisfaction levels amongst parents.

The governing body considered summer term fees carefully. Although we were advised that we were contractually entitled to charge full fees, we recognised that we would not be delivering all of the services pupils and parents were used to and the Trustees wanted to support its parents. To this end, the Trustees took the unprecedented step of offering a one-off optional discount of 20% off summer term fees for any parents who requested it.

The discount offered was reflective of our position as a registered charity and a School with competitive fees and carefully run finances. The Trustees offered the maximum discount that finances allowed without threatening the viability of the schools to continue.

For those parents who were willing and able to pay 100% of their fees, the schools allocated 20% of this towards the Hardship Fund which was created to help parents from the schools who are in financial difficulty. This has been extremely well supported.

The Independent Educational Association Limited

Strategic Report For the year ended 31 August 2020 (continued)

Fee collection has been very proactive. The majority of our parents paid on time and for those parents who are struggling, the schools have engaged fully and assisted them by agreeing payment plans, payment holidays or by providing mean-tested hardship funding. Whilst we are likely to see an increase in bad debt this term, this will be within manageable parameters.

PUPIL RETENTION

Recognising the economic impact on parents of the pandemic, the Trustees announced that there will be no increase in fees for the next academic year of 2020-21, which began September 2020. We believe this will reassure parents in these uncertain times and help with our pupil retention. The Trustees have agreed a 3% increase in fees for 2021-22.

We have seen no loss of pupils this term. The schools have provided 'worse-case scenario' pupil number forecasts for next year. These show a potential loss of 40 pupils (-4.6%) across all three schools.

UPDATED FORECAST

In May 2020 we produced a forecast for 2020/2021 which predicted a significant drop in student numbers for the summer term, due to Covid-19, and allowed for an increase in bad debt. This has since been revised as the actual figures were more positive. Following the offer of a 20% discount for Summer Term fees, student numbers remained stable.

Based on these actual numbers we have revised our 2020/21 and 2021/22 forecast. We did this for two scenarios;

Scenario 1 - Without considering a further lockdown and in line with current government guidelines that schools will continue to operate as normal from September 2021.

Scenario 2 - A worst case scenario where we are predicting a another wave of Covid-19 to impact two further terms for St James Schools. The impact of this being a drop-in student numbers, therefore a drop in income and short term pressure on the schools' cash flow. This has enabled us to prepare measures should such a scenario evolve. The contingency we have built in will ensure that St James remains liquid and a genuine going concern both now and in the future.

To fund the very worst-case scenario would mean that we would need to sell two properties, not required for continuous operation, and therefore not having a future impact on being able to deliver the excellent schooling that we offer, but enabling us to cover the drop-in fees from a second wave.

SUMMARY

In summary, the revised financial budget and forecast for the three years 2020/21, 2021/22 and 2022/23, is cautious and prudent. We openly visited challenging scenarios and have action plans in place should the need arise. We are pleased that it shows that we will continue to return a cash surplus each year over the next three years. We will be able to operate without selling any part of our extensive property portfolio and will be able to meet all our financial liabilities showing that we remain a strong going concern.

FUTURE PLANS

We are pleased with the quality of the young men and women coming out of our schools to play their part in society. We are delighted that so many later wish to educate their own children at a St James school and quite a number have come back to teach in the schools. We wish to grow so that more can share in what we have to offer.

The Board's current plans include the following:

- To achieve an overall pupil/teacher ratio of around 10:1. This should allow pupils to receive the necessary time and attention to make the most of their educational opportunity. At the same time the ratio should give teachers the time and scope for preparation, marking and ancillary duties.
- To increase the school roll especially by optimising the intake at Reception at the Prep School, retaining pupils in the Sixth Form and utilising the increased space capacity at the Senior Boys to continue offering three-form entry at Year 7 and four-form entry at Year 9.

The Independent Educational Association Limited

Strategic Report For the year ended 31 August 2020 (continued)

- The steady expansion of the prep and senior schools to their optimum sizes will require careful planning and ingenuity to make the maximum use of our existing available space. The first phase of development of the Senior Boys School, as outlined in this report, is now complete. The Trustee Directors are conscious of the need to consider the requirements of the Prep School and the Senior Girls' School based at the Earsby Street site, and the acquisition of the adjoining youth centre site and other nearby properties will allow space to be re-assigned to accommodate growth.

RISK MANAGEMENT

The Board of Governors is responsible for identifying the key risks faced by the School and for ensuring these risks are managed. Each term the Board of Governors identify and assess risks and implement controls to mitigate against these. The major risks include; impact of political regime change on independent schools. This is largely out of the school's control. However, associations such as AGBIS, ISIS, ASA, ISBA, will seek to support the sector. There are constant changes in legislation which affect schools. These are managed through routine monitoring of the legislative environment by SMT. Increased competition from other schools remains a risk. The schools' academic and pastoral reputation is high and fees remain competitive. SMT continue to review the situation.

Risks are managed and monitored by the risk register which are grouped into the following categories:

- Mission and objectives
- Law and regulation
- Governance and management
- External factors
- Operational
- Human resources
- Environmental
- Technological
- Academic
- Financial

The key controls implemented by the School are as follows:

- Formal agendas for all Committee and Board activity;
- Annual budgeting and termly management accounting;
- Formal written Financial Regulations and Financial Procedures;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear financial authorisation and approval levels; and
- Vetting procedures required by law for the protection of the vulnerable.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2020

The Board of Trustees present their annual report for the year ended 31st August 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Governing Document

The Association, as well as being a registered charity, is a company limited by guarantee: it does not have any subscription capital. In the event of liquidation, the guarantors who are the members and governors of the company will be liable to contribute £1 each as set out in the governing document of the Association which is its Articles of Association adopted by the members of the Association on 27 November 2014. This guarantee totals £10.

Governing Bodies

The structure of the Charity consists of a governing body for the St James Schools. The Trustees are assisted by various committees and the Heads and the Chief Operating Officer.

Trustees

Details of Trustees are given on page 1. The Trustees are also the Company Directors.

The founder of the Association directed the Trustees to raise funds for launching schools, endowing them and otherwise providing for them. Individual schools should have their own managers appointed by the Trustees who are free to manage the schools subject only to their conforming to the aims of the Association and to any financial control necessary to preserve its funds. We delegate the administration and co-ordination of financial and operational matters of the Schools to the Chief Operating Officer.

Recruitment and Training of Governors

New Governors are invited to serve by the existing Board of Governors. New Governors are inducted into the workings of the Charity and its schools, including any Board Policy and Procedures. All Governors receive New Governors Training provided by AGBIS and regular Safeguarding training.

Organisational Management

The Governors, as the trustees of the Charity, are legally responsible for the overall management and control of the St James Schools and associated activities and meet at least once a term including an annual "Away Day". Overall financial and operational control of the schools is delegated to a number of committees which, under the general supervision of the Governors, exercise such powers and perform such duties in relation to the affairs of the Association as are vested in or given to them by the Governors. The principal committees are the Finance and Estates Committee, the individual school committees, the Governance Committee, the Safeguarding Committee and the Health & Safety Committee which all meet each term.

The day-to-day running of the schools is delegated to the respective Head teachers (supported by their Senior Management Teams) and the Bursar. The Heads and the Bursar attend meetings of the Finance and Estates Committee and School Committees and together this group are the key management personnel.

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

Delivery of the Association's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Relationships

The Association actively supports the attainment of the highest standards in the Independent Schools sector, partly through senior staff participating in the inspection of schools, and through promoting links and networking with other schools by attendance at Seminars and events. We also endeavour to widen public access to the schooling we can provide, the facilities and to awaken in our pupils an awareness of the social context of the all-round education they receive.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2020 (continued)

Reserves Policy

At 31 August 2020 the Association had consolidated reserves of £22,442,995 (2019: £21,207,045) of which £1,894,733 represents restricted funds (2019: £1,818,084) and £20,548,262 represents unrestricted funds (2019: £19,388,961). There are no Free Reserves comprising Undesignated and Unrestricted Funds net of Fixed Assets (2019: £Nil). As shown in Note 12 the ISPS Pension deficit reserve and the IEAL Pension reserve have been shown separately within unrestricted funds. There are no other designated funds as at 31 August 2020. Accounting for the Defined Benefit Pension liability in accordance with FRS102 has resulted in a negative Pension Reserve of £3,772,500 (2019: £3,672,900). As a result of the Trustees having taken advice from the scheme actuary in respect of the funding of the negative Pension Reserve shown in the Balance Sheet the annual deficit contribution payment for the year ended 31 August 2020 was £400,000 (2019: £250,000). The ISPS pension reserve accounted for under FRS102 has resulted in a negative reserve of £229,000 (2019: £246,000). Under the current funding schedule, the annual deficit contribution payment for 2020 has been agreed at approximately £22,600, thereafter rising at 3% per annum until 2030. The amounts of restrictive and unrestrictive funds that can only be realised by the disposing of tangible fixed assets or programme related investments are shown in Note 12(b) Analysis of Net Assets between Funds.

Our policy is to accumulate sufficient reserves to acquire and maintain high quality premises for all our schools with scope for further development. Major property moves and developments have necessarily depleted our reserves. Our policy is to rebuild them by further improving our cost controls and generating the operating surpluses outlined above.

Investment Powers & Policy

As its objective the Board aims to maximise the total investment return. The Association is not restricted as to its investment policy. The Trustees have instructed the Association's Investment Advisors to invest in medium risk securities having regard to the differing requirements of the respective restricted or designated fund involved. The Board considers the performance of the investments in the year to be satisfactory.

PUBLIC BENEFIT

In setting the School's objectives and planning its activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The directors believe that the principal public benefit provided is in setting up and operating schools with the object of producing well rounded pupils with a comprehensive education aimed at developing the young men and women in our care physically, mentally, and spiritually, leaving them capable of entering fully and usefully into society at large. As a relatively recent foundation, the Association has not yet accumulated reserves sufficient to make significant numbers of free places available, as much of the funds given to it have been required to obtain and equip suitable buildings. During 2020 we continued to utilise the General Fund to support bursaries.

Bursary and other funding, including this year a special hardship fund (for people directly impacted due to Covid-19) assists pupils of parents who find themselves in difficulty meeting fee payments during their children's time at school. Numbers assisted are 81 (2019: 92) at a total cost of £1,073,289 (2019: £1,097,935). Reasons for awards have included insufficient funds due to divorce, sudden loss of income, ill health, parent fatalities, redundancies, Covid-19 and many others. There is new access each year as bursaries have one year's duration. All bursaries are means tested.

The Association has assisted in the foundation and development of a number of overseas schools, forming a world-wide family of schools, based on the same essential educational approach, offering guidance and teaching placements.

The senior schools have an active community service programme in which the pupils engage with the local community including state schools. At the very heart of the St James approach is the spirit of unity which naturally encourages the pupils to have regard to the needs of others, which necessarily includes those in less fortunate circumstances.

Our Art of Hospitality facilities (self-contained kitchen and dining room at our Earsby Street premises) are made available free of charge throughout the year for cookery lessons for pupils of local maintained schools.

The Independent Educational Association Limited

Annual Report of the Trustees For the year ended 31 August 2020 (continued)

In 2011 the Association launched Sanskrit @ St James, an initiative supported by the Indian High Commissioner to promote, sustain and develop the teaching of Sanskrit in schools throughout the world. A separate restricted fund was set up with the benefit of a legacy received during 2011 and we have continued to receive support from subscribers throughout the year to fund specific Sanskrit activities.

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustees (who are also directors of The Independent Educational Association Limited for the purposes of company law) are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

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

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

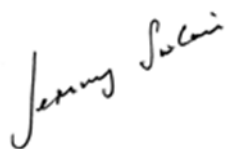
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

Crowe U.K. LLP, Chartered Accountants, was re-appointed as auditor at the meeting to approve the prior year accounts. Crowe U.K. LLP has expressed its willingness to continue as auditor for the next financial year.

This report, including the Strategic report, was approved by the Board of Governors of the Independent Educational Association Limited on 28 September 2021 and signed on its behalf by,



Jeremy Sinclair
Chairman

The Independent Educational Association Limited

Independent Auditor's Report to the members of The Independent Educational Association Limited

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2020 and of the group's 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 group 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 were:

- 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 group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Independent Educational Association Limited

Independent Auditor's Report to the members of The Independent Educational Association Limited (continued)

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 29 September 2021

The Independent Educational Association Limited
Consolidated Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 August 2020

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2020	Total Funds 2019
		£	£	£	£
Income from:					
Charitable Activities					
School fees	2	15,882,939	-	15,882,939	15,595,364
Other income	3	332,817	-	332,817	989,821
Other Trading activities					
Trading income	3	12,335	-	12,335	69,274
Other activities	3	14,161	-	14,161	24,809
Investments					
Investment income	3	9,304	34,395	43,699	42,575
Voluntary sources					
Donations and legacies	3	42,923	-	42,923	108,836
Other Income					
Sundry income	3	166,249	132,156	298,405	10,153
Total Incoming Resources		<u>16,460,728</u>	<u>166,551</u>	<u>16,627,279</u>	<u>16,840,832</u>
Expenditure on:					
Raising funds					
Fundraising costs	4	73,806	-	73,806	55,215
Investment management	4	18,401	-	18,401	17,711
Trading & lettings costs	4	95,934	-	95,934	66,355
		<u>188,141</u>	<u>-</u>	<u>188,141</u>	<u>139,281</u>
Charitable activities					
Schools and Grant making	4	14,727,020	153,965	14,880,985	15,790,769
		<u>14,915,161</u>	<u>153,965</u>	<u>15,069,126</u>	<u>15,877,112</u>
Total Resources Expended					
Net Incoming Resources before Transfers and gains		1,545,567	12,586	1,558,153	910,782
Gains on investments		-	64,063	64,063	2,890
Transfers between funds	12	-	-	-	-
Net Incoming Resources before other recognised gains and losses		1,545,567	76,649	1,622,216	913,672
Actuarial (loss) - IEAL	13	(402,600)	-	(402,600)	(1,711,700)
Actuarial gain / (loss) - ISPS	13	16,334	-	16,334	(5,000)
Net (deficit)/income for the year		<u>1,159,301</u>	<u>76,649</u>	<u>1,235,950</u>	<u>(803,028)</u>
Fund balances brought forward		<u>19,388,961</u>	<u>1,818,084</u>	<u>21,207,045</u>	<u>22,010,073</u>
Fund Balances Carried Forward	12	<u><u>20,548,262</u></u>	<u><u>1,894,733</u></u>	<u><u>22,442,995</u></u>	<u><u>21,207,045</u></u>

All amounts derive from continuing activities

All gains or losses recognised in the year are included in the Statement of Financial Activities

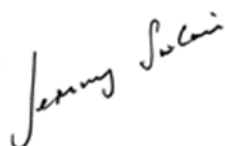
The notes on pages 18 to 44 form part of these financial statements

The Independent Educational Association Limited

Consolidated Balance Sheet as at 31 August 2020

	Note	2020	2020	2019	2019
		£	£	£	£
Fixed Assets					
<i>Tangible Assets</i>					
Freehold property	6	25,030,175		24,172,850	
Motor vehicles	6	23,440		31,253	
Laboratories and equipment	6	1,325,884		1,797,157	
		26,379,499		26,001,260	
Investments	7	1,768,863	28,148,362	1,692,214	27,693,474
Current Assets					
Stocks	8	1,247		1,411	
Debtors	9	1,043,499		659,299	
Cash at bank and in hand		2,603,652		2,160,118	
		3,648,398		2,820,828	
Creditors: Amounts falling due within one year	10(a)	4,793,106		4,590,164	
Net Current Liabilities			(1,144,708)		(1,769,336)
Total Assets less Current Liabilities			27,003,654		25,924,138
Long-term liabilities					
Creditors payable after one year	10(b)		(558,493)		(798,193)
ISPS Pension deficit liability	13		(229,666)		(246,000)
IEAL Defined Benefit Pension Liability	13		(3,772,500)		(3,672,900)
Net Assets			22,442,995		21,207,045
The Funds of the Group:					
Permanent Endowment	12		400		400
Restricted funds	12		1,894,333		1,817,684
Unrestricted funds					
General reserve	12	24,550,428		23,307,861	
ISPS Pension deficit reserve	12	(229,666)		(246,000)	
IEAL Pension reserve	12	(3,772,500)		(3,672,900)	
Total unrestricted funds			20,548,262		19,388,961
Total group funds	12		22,442,995		21,207,045

Approved by the Board and signed on its behalf on 28 September 2021



Jeremy Sinclair
Chairman

Registered Company Number: 1222329

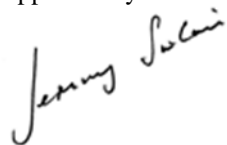
The notes on pages 18 to 44 form part of these financial statements

The Independent Educational Association Limited

Company Balance Sheet as at 31 August 2020

	Note	2020	2020	2019	2019
		£	£	£	£
Fixed Assets					
<i>Tangible Assets</i>					
Freehold property	6	26,070,053		25,212,728	
Motor vehicles	6	23,440		31,253	
Laboratories and equipment	6	<u>1,321,308</u>		<u>1,792,581</u>	
		27,414,801		27,036,562	
Investments	7	<u>1,768,863</u>		<u>1,692,215</u>	
			29,183,664		28,728,777
Current Assets					
Stocks	8	-		-	
Debtors	9	1,111,524		719,032	
Cash at bank and in hand		<u>2,401,119</u>		<u>1,946,048</u>	
		3,512,643		2,665,080	
Creditors: Amounts falling due within one year	10(a)	<u>4,823,864</u>		<u>4,593,064</u>	
Net Current Liabilities			<u>(1,311,221)</u>		<u>(1,927,984)</u>
Total Assets less Current Liabilities			27,827,443		26,800,793
Long-term liabilities					
Creditors payable after one year	10(b)		(558,493)		(798,193)
ISPS Pension deficit liability	13		(229,666)		(246,000)
IEAL Defined Benefit Pension liability	13		<u>(3,772,500)</u>		<u>(3,672,900)</u>
Net Assets			<u>23,311,784</u>		<u>22,083,700</u>
The Funds of the Charity:					
Restricted funds	12		1,894,333		1,817,684
Unrestricted funds					
General reserve	12	25,249,295		24,184,916	
ISPS Pension deficit reserve	12	(229,666)		(246,000)	
IEAL Pension reserve	12	<u>(3,772,500)</u>		<u>(3,672,900)</u>	
Total unrestricted funds			<u>21,417,451</u>		<u>20,266,016</u>
Total charity funds	12		<u>23,311,784</u>		<u>22,083,700</u>

Approved by the Board and signed on its behalf on 28 September 2021



Jeremy Sinclair
Chairman

Registered Company Number: 1222329

The notes on pages 18 to 44 form part of these financial statements

The Independent Educational Association Limited

**Consolidated Statement of Cash Flow
For the year ended 31 August 2020**

	2020 £	2020 £	2019 £	2019 £
Cash flows from Operating Activities (Note 1)				
Net cash provided by operating activities		1,886,055		1,032,290
Cash flows from investing activities:				
Interest received	9,304		6,764	
Dividends received	34,395		35,811	
Payments to acquire fixed assets	(1,195,123)		(1,636,336)	
Payments to acquire investments	(166,550)		(137,060)	
Receipts from disposals of fixed assets	-		8,550	
Receipts from sales of investments	153,965		106,756	
Net cash used in investing activities		(1,164,009)		(1,615,515)
Cash flows from financing activities:				
Loan received	-		1,200,000	
Loan interest paid	(22,944)		(25,003)	
Loans repaid	(255,568)		(169,963)	
Net cash used in financing activities		(278,512)		1,005,034
Change in cash and cash equivalents in the reporting period		443,534		421,809
Cash and cash equivalents at the beginning of the period		2,160,118		1,738,309
Cash and cash equivalents at the end of the reporting period (Note 2)		2,603,652		2,160,118

The Independent Educational Association Limited

Notes to the Consolidated Statement of Cash Flow For the year ended 31 August 2020

1 Reconciliation of net income to net cash flow from operating activities	2020	2019
	£	£
Net income for the reporting period	1,558,153	910,782
<i>Adjustments for:</i>		
Depreciation charges	816,884	844,948
Profit on disposal of fixed assets	-	(4,496)
Pension contributions less current service and interest costs and other charges / (credits)	(303,000)	(371,800)
Pension deficit provision movement	-	(17,000)
(Increase) / decrease in stocks	164	(1,025)
(Increase) / decrease in debtors	(384,200)	(43,057)
Increase / (Decrease) in creditors	218,809	(268,490)
Interest received	(9,304)	(6,764)
Dividends received	(34,395)	(35,811)
Loan interest paid	22,944	25,003
Net cash provided by operating activities	1,886,055	1,032,290
2 Analysis of Cash and Cash Equivalents	2020	2019
	£	£
Cash at bank and in hand	<u>2,603,652</u>	<u>2,160,118</u>

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020

1. Accounting Policies

Company information

The Independent Educational Association Limited ("the Association") was incorporated on the 8th August 1975 as a company limited by guarantee and not having a share capital, with registration number 1222329 and is considered a public benefit entity. On 8th December 1975 it was also registered as a charity under the Charities Act 1960 with the charity number 270156. The Charity's principal address and registered office is at Earsby Street, London, W14 8SH. The Association has prepared consolidated financial statements to include the activities of The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St. David's School (St. David's) and its trading subsidiary St David's Enterprises Limited on the basis that the Association and St. David's are being managed on a unified basis with common trustees. The consolidated financial statements also include the Association's subsidiary, St James Enterprises Limited, although that company has remained dormant in the period to 31 August 2019.

Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the 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 – (Charities SORP (FRS102)).

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

The financial statements are drawn up on the historical cost basis of accounting, as modified by the inclusion of fixed asset investments at market value.

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

Having reviewed the funding facilities available to the Association together with the expected ongoing demand for places and the Association's future projected cash flows, the Trustees have a reasonable expectation that the Association has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Association's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 9.

Consideration of COVID-19

As part of the review and in light of COVID-19, the Trustees have carried out a Post Balance Sheet Review of the going concern (See Note 17 for details).

Due to the global pandemic caused by Covid-19 and the impact the virus has had on the local, national and global economy, St James Schools has had to consider very thoroughly the nature of its operations and its going concern status. We have been required to consider a worst case scenario to really stress test the going concern basis.

The Trustees have sought to minimise the financial impact of Covid-19 on the charity. The key areas of risk are bad debt, cash flow and pupil retention. The schools needed to reduce their costs, maximise the collection of summer term fees and help minimise the financial impact on our parents. The Trustees are fully confident that St James is a going concern.

Cost savings

The schools have 'furloughed' 45 members of staff representing 23.8% of the total workforce. These include teachers, teaching assistants, sports staff, and administration staff. In addition to this, the schools identified other costs savings including, materials, supplies, food, transport, clubs and trips and has temporarily suspended the catering and cleaning contracts (whose employees have also been furloughed).

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020

Summer Term fees

It was imperative for the schools to offer a strong programme of remote education to justify charging fees while the school buildings were closed during the summer term. Notwithstanding the building's temporary closure, the schools provided a full time education and pastoral care to all children remotely including its programmes of learning which were delivered by virtual platforms including, FireFly VLE, Zoom, Planet e-Stream video platform and Office 365 which includes the Microsoft Office Suite, Microsoft Teams and Microsoft One Drive. The programmes have been well received by parents and recent surveys showed high satisfaction levels amongst parents.

The governing body considered summer term fees carefully. Although we were advised that we were contractually entitled to charge full fees, we recognised that we would not be delivering all of the services pupils and parents were used to and the Trustees wanted to support its parents. To this end, the Trustees took the unprecedented step of offering a one-off optional discount of 20% off summer term fees for any parents who requested it.

The level of discount was reached with reference to the schools' particular financial position. The government's Job Retention Scheme and other savings previously mentioned only represented a relatively small proportion of the cost of funding the 20% summer term fees discount. The charity reviewed its portfolio of projects, managed our commitments and utilised reserves to be able to afford this.

The discount offered is reflective of our position as a registered charity and a School with competitive fees and carefully run finances. The Trustees offered the maximum discount that finances allowed without threatening the viability of the schools to continue.

For those parents who were willing and able to pay 100% of their fees, the schools allocated 20% of this towards the Hardship Fund which was created to help parents from the schools who are in financial difficulty. This has been extremely well supported.

Fee collection has been very proactive. The majority of our parents paid on time and for those parents who are struggling, the schools have engaged fully and assisted them by agreeing payment plans, payment holidays or by providing mean-tested hardship funding. Whilst we are likely to see an increase in bad debt this term, this will be within manageable parameters.

Pupil retention

Recognising the economic impact on parents of the pandemic, the Trustees announced that there will be no increase in fees for the next academic year of 2020-21, commencing this September. We believe this will reassure parents in these uncertain times and help with our pupil retention.

We have seen no loss of pupils this term. The schools have provided 'worse-case scenario' pupil number forecasts for next year. These show a potential loss of 40 pupils (-4.6%) across all three schools.

Updated Forecast

In May we produced a forecast for 2020/2021 which predicted a significant drop in student numbers for the summer term, due to Covid-19, and allowed for an increase in bad debt. This has since been revised as the actual figures were more positive. Following the offer of a 20% discount for Summer Term fees, student numbers remained stable.

Based on these actual numbers we have revised our 2019/20 and 2020/21 forecast. We did this for two scenarios;

Scenario 1 - Without considering a further lockdown and in line with current government guidelines that schools will continue to operate as normal from September 2021.

Scenario 2 - A worst case scenario where we are predicting a second wave of Covid-19 to impact two further terms for St James Schools. The impact of this being a drop-in student numbers, therefore a drop-in income and short term pressure on the schools' cash flow. This has enabled us to prepare measures should such a scenario evolve. The contingency we have built in will ensure that St James remains liquid and a genuine going concern both now and in the future.

To fund the very worst case scenario would mean that we would need to sell two properties, not required for continuous operation, and therefore not having a future impact on being able to deliver the excellent schooling that we offer, but enabling us to cover the drop in fees from a second wave.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020

Summary

In summary, the revised financial budget and forecast for the three years 2019/20, 2020/21 and 2021/22, is cautious and prudent. We openly visited challenging scenarios and have action plans in place would the need arise. We are pleased that it shows that we will continue to return a cash surplus each year over the next three years. We will be able to operate without selling any part of our extensive property portfolio and will be able to meet all our financial liabilities showing that we remain a strong going concern.

Basis of Consolidation

The financial statements present the consolidated statement of financial activities (SOFA), the consolidated statement of cash flow and the consolidated and Charity balance sheets comprising the consolidation of the Independent Educational Association Limited (“the school”), and its subsidiaries St David’s School (“St David’s”), St David’s School Enterprises Limited and St James Enterprises Limited. No separate SOFA has been presented for the School alone, as permitted by s408 of the Companies Act 2006. The results of the Charity are disclosed in Note 18.

Critical accounting judgements and key sources of estimation uncertainty

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

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

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year other than those noted below:

The pension scheme liabilities shown on the balance sheet are based on the annual FRS102 actuarial update at 31 August 2020 in which the actuary uses a variety of assumptions concerning the future pension scheme assets and liabilities. The assumptions used in determining the net cost/(income) for pensions include the discount rate.

Any changes in these assumptions, which are disclosed in Note 13, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 1 September 2017 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School’s financial statements.

Fee income

Fees receivable less any allowances, scholarships, bursaries and other grants made by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

Other income

Income is accounted for in the year to which it relates. Rental income for operating leases on non-investment property is recognised as income on a straight-line basis over the lease term.

Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accrual’s basis.

Donations, grants and other voluntary incoming resources

Voluntary income resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Voluntary income for the School’s general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention is to be permanent or not.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

1. Accounting Policies (continued)

Legacy income

Pecuniary legacies are recognised when there is entitlement, which is deemed to be when probate has been granted, the legacy can be measured reliably, and there is probability of receipt. For residual legacies, entitlement is deemed to be the earlier of settled estate accounts and notification of a pending payment or actual payment being received.

Expenditure

Expenditure is accrued as soon as a liability is considered probable. Overhead and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year by reference to site or the ratio of pupils in the individual schools. The irrecoverable element of VAT is included with the item of expense to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of running the Charity, including strategic planning for its future development, also external audit, legal advice for the Association's Trustees, and all costs of complying with constitutional and statutory requirements.

Intra-group sales and charges between the School and its subsidiaries are excluded from trading income and expenditure.

Operating Leases

Rentals payable under operating leases are charged in the SOFA on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

Tangible Fixed Assets

Items of equipment and furniture and fittings are capitalised if over £2,500 in cost and carried in the balance sheet at historic cost. Other expenditure on equipment incurred in the normal day-to-day running of the School is charged to the Statement of Financial Activities as incurred.

Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets, other than freehold land, less estimated residual value based on current market prices, in equal annual instalments over their expected useful lives as follows:

Freehold buildings and major improvements	1% - 2% on cost
Computers	33 1/3% on cost
Plant	10% on cost
IT infrastructure	20% on cost
Motor vehicles	25% on written down value
Schools – other equipment and furniture and fittings	20% on written down value
Laboratories	10% on written down value

Investments

The Association's listed investments are valued at market value at the balance sheet date. Gains and losses arising on the sale or revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

Stock

Stock represents goods for resale and is valued at the lower of the cost and net realisable value.

Fund Accounting

The charitable trust funds of the Association and its subsidiaries are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded. Endowment funds are further sub-divided into permanent and expendable.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

1. Accounting Policies (continued)

Restricted Funds

Restricted funds are funds which have been raised for, and their use restricted to, a specific purpose, or donations or legacies subject to donor-imposed conditions against which relevant expenditure is charged. There is no capital retention obligation or power but only a trust law restriction.

Unrestricted Funds

Unrestricted funds consist of those funds which the Association may use in furtherance of its charitable objectives at the discretion of the directors. Where the directors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by the transfer to the appropriate designated fund.

Permanent endowment

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the Association.

Taxation

The Association is a registered charity and, therefore, is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Pension Costs

Retirement benefits to employees of the Association are provided through a number of different schemes, two defined benefit schemes and a number of defined contribution schemes.

IEAL Pension Scheme

This is an occupational defined benefit scheme where the pension liabilities and assets are recorded in line with FRS 102 with a valuation undertaken by an independent actuary. The defined benefit pension scheme current service costs are charged to the Statement of Financial Activities within staff costs. The net interest on the defined net liability and the administration costs of the scheme are charged within support costs. Remeasurement effects, comprising actuarial gains and losses and the return on plan assets greater than the discount rate are recognised within other gains and losses.

The Independent Schools Pension Scheme ("ISPS" Scheme)

This scheme is a multi-employer pension scheme. It is not possible to identify the Association's share of the underlying assets and liabilities of the ISPS scheme on a consistent and reasonable basis and therefore, as required by FRS102, the Association accounts for the scheme as if it were a defined contribution scheme. The Association's contributions, which are in accordance with the recommendations of the actuary, are charged in the period in which the salaries to which they relate are payable. Where a deficit funding arrangement has been agreed by the Trustees of the Scheme, FRS102 requires a liability to be established based on the net present value of those funding obligations at the balance sheet date.

Defined contribution schemes

Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

Further details of the pension schemes can be found in note 13.

Financial instruments

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

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

2. Charitable Activities - School Fees

	2020	2019
School fees receivable consist of:	£	£
Gross fees	16,928,208	16,861,622
Less: Total bursaries, scholarships and allowances	(1,131,354)	(1,347,612)
Add back: Bursaries and other awards paid for by restricted funds	86,085.00	81,354
	15,882,939	15,595,364

All amounts received were in respect of general funds

3. Other Income

	2020	2019
	£	£
Charitable activities – other income		
Entrance and registration fees	72,054	67,258
Activities and coach income	187,091	846,994
Letting income of non-investment properties	73,672	75,569
	332,817	989,821

All amounts received were in respect of general funds

Other trading activities

Trading income

St David's Enterprises Limited		69,274
St James Enterprises Limited	12,335	-

Other activities

Fundraising income	14,161	24,809
	26,496	94,083

All amounts received were in respect of general funds

Investment income

Dividend income	34,395	35,811
Bank deposit and short term deposit interest	9,304	6,764
	43,699	42,575

Amounts received in respect of restricted funds were £34,395 (2019: £35,902) and general funds £9,304 (2019: £6,673).

Donations & legacies

Legacies received	-	-
Bursary donations	-	5,955
Development donations	-	840
Grants towards school fees	40,133	71,355
Sanskrit donations	2,790	26,362
Other donations	-	4,324
	42,923	108,836

Amounts received in respect of restricted funds were £2,790 (2019: £108,836) and general funds £2,790 (2019: £Nil).

Other income

Sundry income	298,405	10,153
	298,405	10,153

All amounts received in respect of restricted funds were £132,156 (2019: £Nil) and general funds £56,243 (2019: £10,153)

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

4. Analysis of expenditure

(a) Total expenditure

	Staff costs	Other costs	Depreciation	Total 2020	Total 2019
	£	£	£	£	£
Expenditure on raising funds:					
Fundraising		73,806		73,806	55,215
Investment management		18,401		18,401	17,711
Trading and lettings costs	81,281	10,184		91,465	66,355
	<u>81,281</u>	<u>102,391</u>	<u>-</u>	<u>183,672</u>	<u>139,281</u>
Charitable activities					
Teaching	6,784,694	936,731		7,721,425	8,610,607
Welfare	113,895	67,504		181,399	1,220,645
Premises	394,881	1,492,461		1,887,342	2,191,953
Support and governance	1,659,636	2,448,286	817,065	4,924,987	3,682,947
School's operating costs	8,953,106	4,944,982	817,065	14,715,153	15,706,152
Grants, awards and prizes		97,832		97,832	84,617
	<u>8,953,106</u>	<u>5,042,814</u>	<u>817,065</u>	<u>14,812,985</u>	<u>15,790,769</u>
Total expended	<u><u>9,034,387</u></u>	<u><u>5,145,205</u></u>	<u><u>817,065</u></u>	<u><u>14,996,657</u></u>	<u><u>15,930,050</u></u>

(b) Grants, awards and prizes

	2020 £	2019 £
From Restricted Funds:		
Bursaries and other grants and awards	97,832	84,617
	<u>97,832</u>	<u>84,617</u>

(c) Governance expenditure included in support costs:

	2020 £	2019 £
Auditor's remuneration:		
Audit services (including VAT) – current year	51,164	27,500
Audit services (including VAT) – previous year	-	3,960
Other governance costs:		
Governors' meeting costs	-	-
	<u>51,164</u>	<u>31,460</u>

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

4. Analysis of expenditure (continued)

(d) Analysis of support and governance costs:

	2020	2019
	£	£
Staff costs	1,659,636	1,585,858
Depreciation	817,065	177,888
Information technology	582,644	490,543
FRS102 Pension finance and administration costs	592,630	120,300
Legal and professional	630,923	625,982
Advertising, marketing and publications	361,429	348,129
Finance and other	351,052	437,219
Governance	51,164	47,828
FRS102 Pension Scheme change / curtailment	-	(150,800)
	5,046,543	3,682,947

Support and governance costs all relate to charitable activities

5. Staff costs

	2020	2019
	£	£
Total staff costs comprised:		
Salaries	7,081,578	7,222,260
Social security costs	697,485	716,233
Pension fund costs –normal employer’s contributions	1,235,344	1,255,108
Pension fund costs –additional employer’s contributions	10,729	7,638
Pension levy	9,251	12,536
	9,034,387	9,213,775

None of the Trustees received any remuneration or other benefits from the Association or a related entity.

The key management of the Association are the trustees, the three head teachers and the bursar as listed on page 1.

	2020	2019
	£	£
The aggregate employee-benefits, including employers NI, of key management personnel	524,475	464,305

The average number of employees during the year was 185 191

Number of employees receiving gross salaries in the range:	£60,000 to £70,000	5	4
	£70,001 to £80,000	0	0
	£80,001 to £90,000	1	3
	£90,001 to £100,000	2	0
	£101,001 to £110,000	1	1

The number accruing retirement benefits in: Defined Benefit Schemes was 5 (2019: 8)

Redundancy or termination payments in the year amounted to £33,270 (2019: £40,500).

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

6. Fixed Assets

Group	Freehold Property	Freehold Improve- ments	Motor Vehicles	Other Equipm- ent	Total
Cost	£	£	£	£	£
At 1 st September 2019	23,011,035	4,641,952	153,087	4,142,642	31,948,716
Additions in year	1,192,254			2,869	1,195,123
Disposals					
At 31 August 2020	<u>24,203,289</u>	<u>4,641,952</u>	<u>153,087</u>	<u>4,145,511</u>	<u>33,143,839</u>
Depreciation					
At 1 st September 2019	2,472,188	1,007,949	121,834	2,345,485	5,947,456
Charge for the year	334,929		7,813	474,142	816,884
Disposals					
At 31 st August 2020	<u>2,807,117</u>	<u>1,007,949</u>	<u>129,647</u>	<u>2,819,627</u>	<u>6,764,340</u>
Written Down Value					
At 31 st August 2020	<u>21,396,172</u>	<u>3,634,003</u>	<u>23,440</u>	<u>1,325,884</u>	<u>26,379,499</u>
At 31 st August 2019	<u>20,538,847</u>	<u>3,634,003</u>	<u>31,253</u>	<u>1,797,157</u>	<u>26,001,260</u>
Company	Freehold Property	Motor Vehicles	Other Equipment	Total	
Cost	£	£	£	£	
At 1 st September 2019	27,657,910	153,087	4,029,480	31,840,477	
Additions in year	1,192,254		2,869	1,195,123	
Disposals					
At 31 August 2020	<u>28,850,164</u>	<u>153,087</u>	<u>4,032,349</u>	<u>33,035,600</u>	
Depreciation					
At 1 st September 2019	2,445,182	121,834	2,236,899	4,803,915	
Charge for the year	334,929	7,813	474,142	816,884	
Disposals					
At 31 st August 2020	<u>2,780,111</u>	<u>129,647</u>	<u>2,711,041</u>	<u>5,620,799</u>	
Written Down Value					
At 31 st August 2020	<u>26,070,053</u>	<u>23,440</u>	<u>1,321,308</u>	<u>27,414,801</u>	
At 31 st August 2019	<u>25,212,728</u>	<u>31,253</u>	<u>1,792,581</u>	<u>27,036,562</u>	

All tangible fixed assets are held for use on charitable activities.

IEAL holds a number of heritage assets relating to the history of the school, which includes pictures, sculptures and other artefacts. All these items have been donated to IEAL some time ago and so information on their cost or valuation is not available and cannot be obtained at a cost commensurate with the benefit to the users of the accounts and the charity.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

7. Investments (i) Group

		Listed UK £	Listed Other £	Total £
Market value	At 1 st September 2019	1,312,999	379,216	1,692,215
	Additions at cost	157,680	8,870	166,550
	Proceeds	(148,211)	(5,753)	(153,964)
	Net (losses) / gains	50,434	13,628	64,062
		<u>1,372,902</u>	<u>395,961</u>	<u>1,768,863</u>
Market value	At 31 st August 2020	<u>1,372,902</u>	<u>395,961</u>	<u>1,768,863</u>
Historical cost at 31 st August 2020		<u>1,019,436</u>	<u>108,306</u>	<u>1,127,742</u>
Market value	At 1 st September 2018	1,334,413	324,607	1,659,020
	Additions	88,629	48,431	137,060
	Proceeds	(100,619)	(6,137)	(106,756)
	Net gains	(9,425)	12,315	2,890
		<u>1,312,998</u>	<u>379,216</u>	<u>1,692,214</u>
Market value	At 31 st August 2019	<u>1,312,998</u>	<u>379,216</u>	<u>1,692,214</u>
Historical cost at 31 st August 2019		<u>1,004,413</u>	<u>184,822</u>	<u>1,189,235</u>

(ii) Material Investments (More than 5% of portfolio)

	2020 Market Value £	2020 Cost £
Berkshire Hathaway – Com US \$	1 243,710	80,000

All investments are held primarily to generate an investment return.

(iii) Company

	2020 £	2019 £
Investments held at market value (as for Group above)	1,768,863	1,692,214
Investment in group undertaking	<u>1</u>	<u>1</u>
	<u>1,768,864</u>	<u>1,692,215</u>

The investment in group undertaking relates to St James Enterprises Limited which was incorporated on 16 January 2018. The company is owned 100% by the Association.

8. Stocks

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Sundry stocks	1,247	1,411	-	-
	<u>1,247</u>	<u>1,411</u>	<u>-</u>	<u>-</u>

9. Debtors

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Fees outstanding less bad debt provision	535,370	50,684	530,830	40,648
Tax recoverable on covenants etc.	3,948	3,948	3,948	3,948
Other debtors	176,299	17,004	175,875	17,004
Amounts due from subsidiary entities	-	-	73,514	71,088
Prepayments and accrued income	327,882	587,663	327,357	586,344
	<u>1,043,499</u>	<u>659,299</u>	<u>1,111,524</u>	<u>719,032</u>

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

10(a). Creditors: Amounts falling due within one year

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	587,790	695,437	587,771	676,656
Fees in advance	257,450	454,747	257,450	454,747
Bank loan (See Note 10(b))	238,920	231,844	238,920	231,844
Fee deposits	2,773,370	2,624,322	2,770,837	2,624,322
Other creditors	32,446	56,341	32,445	54,608
Amounts due to subsidiary entities	-	-	37,311	37,311
Employee taxes and social security costs	303,000	123,362	303,000	118,989
Accruals and deferred income	600,130	404,111	596,130	394,587
	<u>4,793,106</u>	<u>4,590,164</u>	<u>4,823,864</u>	<u>4,593,064</u>
	Group 2020	Group 2020	Company 2019	Company 2019
	Fees in advance	Other deferred income	Fees in advance	Other deferred income
Deferred income				
Brought forward	454,747	43,616	432,463	76,817
Released	(454,747)	(43,616)	(432,463)	(76,817)
Deferred in the year	<u>257,450</u>	<u>-</u>	<u>454,747</u>	<u>43,616</u>
Carried forward	<u>257,450</u>	<u>-</u>	<u>454,747</u>	<u>43,616</u>

Fees in advance in 2020 and 2019 represent payments against invoices raised in respect of subsequent terms where revenue will be recognised in the following financial year. Other deferred income relates to income received in respect of trips or events in the following financial year. Fee deposits are received in advance of a pupil commencing education at St James and are repayable upon completion of the pupil's education which may be up to 14 years later. The liability is disclosed as due within one year as pupils may leave at any time, but with relatively stable pupil numbers, the probability of the liability becoming repayable in the short term is highly unlikely.

10(b). Creditors: amounts falling due after more than one year

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Bank loans	<u>558,493</u>	<u>798,193</u>	<u>558,493</u>	<u>798,193</u>
	<u>558,493</u>	<u>798,193</u>	<u>558,493</u>	<u>798,193</u>
Bank loans - maturity:				
Payable within 1 year (See Note 10(a))	238,920	231,844	238,920	231,844
Payable between 1 – 2 years	253,200	238,182	253,200	238,182
Payable between 2 – 5 years	305,293	560,011	305,293	560,011
Payable after more than 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>797,413</u>	<u>1,030,037</u>	<u>797,413</u>	<u>1,030,037</u>

At 31 August 2020 the Association had a secured liability of £797,413 (2019 - £1,030,037). The liability is secured by a first legal charge over the freehold land and buildings of one of the Association's Earsby Street properties. The loan is repayable in instalments over a period of 60 months commencing 31 October 2019.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

11. Financial instruments

Group:	2020 £	2019 £
Financial assets measure at amortised cost (a)	3,400,951	2,227,806
Financial assets measured at fair value (b)	243,710	1,692,214
Financial liabilities measured at amortised cost (c)	(3,688,366)	(3,830,847)
Loan commitments at amortised cost	(797,413)	(1,030,037)
Net financial liabilities measured at amortised cost	(841,118)	(940,864)

Company:	2020 £	2019 £
Financial assets measure at amortised cost (a)	3,181,338	2,074,788
Financial assets measured at fair value (b)	243,710	1,692,214
Financial liabilities measured at amortised cost (c)	(3,685,814)	(3,847,644)
	(797,413)	(1,030,037)
Net financial liabilities measured at amortised cost	(1,058,179)	(1,110,679)

- (a) Financial assets include cash, trade and fee debtors, staff loans, other debtors and amounts due from subsidiaries
- (b) Financial assets held at fair value include assets held as investments
- (c) Financial liabilities include deposits, fees in advance, trade creditors and other creditors and amounts due to subsidiaries

The net impairment loss in respect of financial assets measured at amortised cost in the year amounted to £19,943 (2019: net impairment loss reversal £ (46,975)).

12(a) Analysis of Funds

The Association's funds and the movements in the year are as follows:

	Balance 1 September 2019 £	Incoming Resources £	Resources Expended £	Transfers £	Gains / Losses £	Balance 31 March 20 £
Group:						
Restricted Funds						
Permanent Endowment	400	-	-	-	-	400
Bursary	821,944	44,636	(48,159)	-	8,886	827,307
Founders scholarship	66,823	22,217	(20,737)	-	(327)	67,976
Valerie Cullen	219,577	20,535	(17,305)	-	15,358	238,165
Sanskrit fund						
D A Nott	709,340	79,163	(67,764)	-	40,146	760,885
John Lyons grant	-	-	-	-	-	-
Other donations	-	-	-	-	-	-
Building fund	-	-	-	-	-	-
	1,818,084	166,551	(153,965)	-	64,063	1,894,733
Unrestricted Funds						
General Fund	23,307,861	16,460,728	(15,218,161)	-	-	24,550,428
ISPS Pension deficit provision	(246,000)	-	-	-	16,334	(229,666)
IEAL Pension reserve	(3,672,900)	-	303,000	-	(402,600)	(3,772,500)
	21,207,045	16,627,279	(15,069,126)	-	(322,203)	22,442,995

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

12 (a) Analysis of Funds (continued)

The permanent endowment related to the former St. David's property at Ashford.

The Bursary fund is for disbursement of bursaries.

The Founders scholarship fund is for a pupil who would not otherwise be able to attend.

The Valerie Cullen Music Prize is for a musically talented pupil in the Senior Boys School.

The Sanskrit fund is used to support the teaching of Sanskrit worldwide.

The D A Nott fund is for a bursary for specified subjects up to a maximum of £10,000 per annum

The John Lyons grant is for the funding of bursaries

The Building fund is used to support future building development projects across the St James schools.

	Balance 1 Sep 2019	Incoming Resources	Resources Expended	Transfers	Gains / Losses	Balance 31 Aug 20
	£	£	£	£	£	£
Company:						
Restricted Funds						
Bursary	821,944	44,636	(48,159)	-	8,886	827,307
Founders scholarship	66,823	22,217	(20,737)	-	(327)	67,976
Valerie Cullen	219,577	20,535	(17,305)	-	15,358	238,165
Sanskrit fund	-				-	
D A Nott	709,340	79,163	(67,764)	-	40,416	760,885
John Lyons grant	-	-	-	-	-	-
Other donations	-	-	-	-	-	-
Building fund	-	-	-	-	-	-
	<u>1,817,684</u>	<u>166,551</u>	<u>(153,965)</u>	<u>-</u>	<u>64,063</u>	<u>1,894,333</u>
Unrestricted Funds						
General Fund	24,184,916	16,448,393	(15,213,692)	-	-	25,419,617
ISPS Pension deficit provision	(246,000)	-	-	-	16,334	(229,666)
IEAL Pension reserve	(3,672,900)	-	303,000	-	(402,600)	(3,772,500)
	<u>22,083,700</u>	<u>16,614,944</u>	<u>(15,064,657)</u>	<u>-</u>	<u>(322,203)</u>	<u>23,311,784</u>

The Bursary fund is for disbursement of bursaries.

The Founders scholarship fund is for a pupil who would not otherwise be able to attend.

The Valerie Cullen Music Prize is for a musically talented pupil in the Senior Boys School.

The Sanskrit fund is used to support the teaching of Sanskrit worldwide.

The D A Nott fund is for a bursary for specified subjects up to a maximum of £10,000 per annum

The John Lyons grant is for the funding of bursaries

The Building fund is used to support future building development projects across the St James schools.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

12 (b) Analysis of Net Assets between Funds

	Tangible Fixed Assets	Investments	Other Assets/ (Borrowings)	Total 2020
Group:				
Restricted Funds	£	£	£	£
Permanent Endowment			400	400
Bursary	-	694,235	133,072	827,307
Founders scholarship	-	84,799	(16,824)	67,975
Valerie Cullen Music Prize	-	217,339	20,826	238,165
D A Nott	-	772,490	(11,604)	760,886
	-	1,768,863	125,870	1,894,733
General Fund	25,821,006	-	(1,270,578)	24,550,428
ISPS Pension deficit provision	-	-	(229,666)	(229,666)
IEAL Pension reserve	-	-	(3,772,500)	(3,772,500)
	25,821,006	1,768,863	(5,146,874)	22,442,995

The group has no free reserves as at 31 August 2020

	Tangible Fixed Assets	Investments	Other Assets/ (Borrowings)	Total 2020
Company:				
Restricted Funds	£	£	£	£
Bursary	-	694,235	133,072	827,307
Founders scholarship	-	84,799	(16,824)	67,975
Valerie Cullen Music Prize	-	217,339	20,826	238,165
D A Nott	-	772,490	(11,604)	760,886
	-	1,768,863	125,470	1,894,333
General Fund	26,856,308	-	(1,436,691)	25,419,617
ISPS Pension deficit provision	-	-	(229,666)	(229,666)
IEAL Pension reserve	-	-	(3,772,500)	(3,772,500)
	26,856,308	1,768,863	(5,313,387)	23,311,784

The company has no free reserves as at 31 August 2020

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes

IEAL Defined Benefit Scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. With effect from 31 August 2017 the scheme was closed to all new members and to accrual for teaching staff. The scheme continues to operate for a number of non-teaching staff.

The assets of the scheme are held separately from those of the Association, being invested with insurance companies. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Association. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1st September 2017. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rates of increase in salaries and pensions and the discount rate.

The most recent triennial valuation as at 1 September 2017 showed that the market value of the scheme's assets was approximately £22,360,000 with the Scheme Specific Funding Requirement standing at 82% whereas at the previous valuation it was 87%. As set out in the current Schedule of Contributions, dated 8 November 2018, regular contributions of 25.1% of pensionable salaries were payable from 1 September 2018, previously 16.1% from 1 September 2015. Deficit payments totalling £250,000 were payable over the year to 31 August 2019, £400,000 per annum in each year commencing 1 September 2019 to 1 September 2023, and monthly payments of £33,333.33 are due over the period from 1 September 2024 to 31 December 2024. Employee's contributions for support staff were set at £Nil.

The financial assumptions underlying the valuation as at 1 September 2017 were as follows:

	% p.a.
Pre-retirement discount rate	3.6
Post retirement discount rate	2.7
RPI inflation	3.6
CPI inflation	2.6
Rate of salary increase	2.6

	% p.a.
Pension Increases	
Pension increases in payment	
RPI max 5% (Post 1996 pension, and other increasing pension)	3.25
CPI (Post 2012 pension for teaching staff)	2.6
Pension increases in deferment	
Pre 09 (CPI capped at 5%)	2.6
Post 09 (CPI capped at 2.5%)	2.5

The 2017 valuation was carried out using the mortality base tables SAPS 2 (Self-Administered Pension Schemes) "Normal health retirees" and for future improvements in longevity the CMI 2017 central improvements table with a 1.5% long term trend.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

Basis of calculation

The last full actuarial valuation upon which the FRS102 figures have been based was as at 1 September 2017.

Disclosed Expense

	2020 £000's	2019 £000's
A – Disclosed Expense		
Effect of employer service in the current period	87.3	74.2
Net interest on net defined liability	62.9	53.0
Scheme introductions, changes, curtailments and settlements	0.0	(150.8)
Defined benefit cost recognised in the P & L	150.2	(23.6)
Administration costs incurred in the period	3.2	62.3
Cost of termination benefits	0.0	0.0
Disclosed expense	153.4	38.7
B – Amounts recognised in Other Comprehensive Income (OCI)		
Actuarial loss/(gain) arising during period	179.7	2,971.1
Return on plan assets (greater) / less than discount rate	222.9	(1,259.4)
Remeasurement effects recognised in OCI	402.6	1,711.7
C – Total Defined Benefit Cost		
Cost recognised in the P & L	153.4	38.7
Remeasurement effects recognised in the OCI	402.6	1,711.7
Defined benefit cost	556.0	1,750.4
D – Assumptions Used to Determine Expense ¹		
Discount rate	1.8%	2.5%
Price inflation (RPI)	3.2%	3.2%
Price inflation (CPI)	2.2%	2.2%
Rate of salary increase	2.2%	2.2%
Pension increases for in-payment benefits (Pre 2012 accrual)	3.0%	3.0%
Pension increases for in-payment benefits (Post 2012 accrual)	2.25	2.2%
Pension increases in deferment for deferred benefits	2.2%	2.2%

¹ These assumptions were used to calculate Net Benefit Expense as of the beginning of the year. Rates are expressed on an annual basis where applicable.

Net Balance Sheet Position

	2020 £000's	2019 £000's
A – Development of Net Balance Sheet Position		
Defined benefit obligation (DBO)	(20,864.9)	(20,768.2)
Fair value of assets (FVA)	17,092.4	17,095.3
Deficit in the plan	(3,772.5)	(3,672.9)
Irrecoverable surplus (effect of asset ceiling)	0.0	0.0
Net defined benefit liability	(3,772.5)	(3,672.9)
B – Reconciliation to Balance Sheet		
Net defined benefit liability at end of prior period	(3,672.9)	(2,333.0)
Effect of employer service in the current period	(87.3)	(74.2)
Net interest on net defined benefit liability	(62.9)	(53.0)
Remeasurement effects recognised in OCI	(402.6)	(1,711.7)
Scheme introductions, changes, curtailments and settlements	0.00	150.8
Employer contributions	456.4	410.5
Administration costs incurred in the period	(3.2)	(62.3)
Net defined benefit liability at end of current period	(3,772.5)	(3,672.9)

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

C – Assumptions and Dates Used at Disclosure ¹

Discount rate	1.7%	1.8%
Price inflation (RPI)	3.1%	3.2%
Price inflation (CPI)	2.4%	2.5%
Rate of salary increase	2.4%	2.5%
Pension increases for in-payment benefits (pre 2012 accrual)	3%	3.0%
Pension increases for in-payment benefits (post 2012 accrual)	2.4%	2.5%
Pension increases for deferred benefits	2.4%	2.5%
Plan membership census date	31/08/2017	31/08/2017

¹ Rates are expressed on an annual basis where applicable

Additional Disclosure Information

	£000's
A – Expected Future Benefit Payments for period ending 31 August 2020	554.7
B – Expected Future Administration Expenses for the period ending 31 August 2020	3.2
C – Expected Contributions for period ending 31 August 2020	
Employer	456.7
Scheme participants	0.0
D – Actual return on Scheme Assets during period ending 31 August 2020	
Interest on assets	306.9
Asset gain during period	(222.9)
Actual return on assets	<u>84.0</u>

E – Scheme Asset Information

	Target Allocation Range	Allocation Percentage 31/03/2020	Allocation Percentage 31/03/2019
Equity securities	0%	0.0%	0.0%
Gilts	25%	23.3%	25.5%
Corporate bonds	25%	25.1%	25.2%
Real estate / property	0%	0.0%	0.0%
Other	50%	51.6%	49.3%
Total	100%	100%	100.0%
Fair value of plan assets		17,092.4	17,095.3

F – Description of Scheme

The IEAL Pension Scheme is a funded defined benefit scheme closed to all new members and closed to future accrual to teaching staff from 31 August 2017. As set out in the current Schedule of Contributions, dated 8 November 2019, regular contributions of 25.1% of pensionable salaries are to be paid from 1 September 2019. Deficit payments totalling £250,000 are payable over the year to 31 August 2020, £400,000 per annum in each year commencing 1 September 2020 to 1 September 2023, and monthly payments of £33,333.33 are due over the period from 1 September 2024 to 31 December 2024.

G – Date of the most recent comprehensive actuarial valuation

The most recent comprehensive actuarial valuation was carried out by the trustees of the Scheme as at 1 September 2017 for funding purposes. The Association has employed an independent actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Association to measure the DBO, as well as adjusting for benefit accrual and benefits paid from the Scheme between 31 August 2017 and 31 August 2020.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

Changes in disclosed liabilities and assets

	2020 £000's	2019 £000's
A - Change in Actuarial Value of Plan Liabilities		
DBO at end of prior period	20,768.2	18,271.4
Effect of employee service cost in the current period	87.3	74.2
Interest cost on the DBO	369.8	445.3
Scheme participants' contributions	0.00	3.3
Remeasurement of the DBO	179.7	2,971.1
Scheme introductions, changes, curtailments and settlements	0.00	(484.6)
Benefits paid from plan assets	(540.1)	(512.5)
Plan liabilities at current period end	20,864.9	20,768.2
B - Change in Scheme Assets		
Fair value of assets at end of prior period	17,095.3	15,938.4
Interest income on plan assets	306.9	392.3
Return on plan assets greater than discount rate	(222.9)	1,259.4
Scheme introductions, changes, curtailments and settlements	0.0	(333.8)
Employer contributions	456.4	410.5
Scheme participants' contributions	0.0	3.3
Administrative costs paid	(3.2)	(62.3)
Benefits paid	(540.1)	(512.5)
Fair value of assets at current period end	17,092.4	17,095.3
C - Return on Scheme Assets		
Total return on plan assets	84.0	1,651.7

IEAL Scottish Widows Stakeholder Scheme

With effect from 1st September 2010 the Association introduced a stakeholder pension scheme for non-teaching staff not eligible for participation in the IEAL Defined Benefit Scheme. The stakeholder scheme is a defined contribution scheme with funds managed by Scottish Widows. Employee contributions are a minimum of 5% and the employer's contribution rate is 10%. At the balance sheet date there were 44 members of this scheme (2019: 40). During the year £109,584 (2019: £99,622) of contributions were payable by the employer. Contributions of £13,650 (2019: £12,409) were owing to the scheme at the balance sheet date.

NEST stakeholder scheme

This scheme is for employees who are neither in the IEAL Pension Scheme or the IEAL Scottish Widows Stakeholder Scheme and who qualify for auto-enrolment into a Pension Scheme. The stakeholder scheme is a defined contribution scheme. The employee contribution rate during the year was 2% to August 2020 and 5% thereafter and the employer's contribution rate was 3% throughout the period. At the balance sheet date there were 9 members of this scheme (2019: 13). During the year £8,148 (2019: £6,845) of contributions were payable by the employer. Contributions of £1,459 (2019: £1,040) were owed to the scheme at the balance sheet date.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

Independent Schools' Pension Scheme

For the period to the end of December 2014 St. David's School participated in The Independent Schools' Pension Scheme ('the Scheme'). Under a flexible apportionment arrangement, executed as a deed on 19 December 2014 and signed by the Trustee of The Pension Trust, St David's School and IEAL, the liabilities of St David's school to the Scheme with the exception of £1 were transferred to IEAL and St David's school ceased to be an employer under the Scheme. From this date IEAL is the employer within the Scheme.

The association participates in the scheme, a multi-employer scheme which provides benefits to some 66 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Scheme, to April 2016, was contracted-out of the State scheme.

There are three benefit structures available, namely:

- a. Final salary with a 1/60th accrual rate.
- b. Final salary with a 1/80th accrual rate.
- c. Career average re-valued earnings with a 1/80th accrual rate.

An employer can elect to operate different benefit structures for different categories of staff. IEAL has elected to operate the Final salary with a 1/60th accrual rate benefit structure for its member as at 31 August 2020.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period IEAL paid a joint contribution rate of 27.3% comprising employer contributions of 18.8% and member contributions of 8.5%. As at the balance sheet date there was 1 active member of the Scheme employed by IEAL. From 1 September 2020 IEAL is due to pay a joint contribution rate of 30.5% comprising employer contributions of 21.0% and member contributions of 9.5% IEAL continues to offer membership of the Scheme to its employees.

The last formal valuation of the Scheme was performed as at 30 September 2017 by a professionally qualified actuary. The market value of the Scheme's assets at the valuation date was £149.4 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £38.2 million, equivalent to a past service funding level of 80%.

The annual valuation to 30 September 2019 showed that assets had increased to £157.6 million, liabilities have increased to £191.1million and the deficit has reduced to £33.6 million. The funding level has improved to 82%. The Scheme Actuary has not yet prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2020. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. Annual funding updates of the Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the Scheme since the last full valuation.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

The financial assumptions underlying the valuation as at 30 September 2017 were as follows:

	% p.a.
Pre-retirement discount rate	Gilt curve plus 2.4
Post retirement discount rate	Gilt curve plus 0.45%
Rate of salary increase	CPI

Pension Increases	% p.a.
Limited price indexation (5% cap)	See note below
Limited price indexation (3% cap)	See note below
Limited price indexation (2.5% cap)	See note below
Rate of price inflation (CPI)	RPI less 0.9
Rate of price inflation (RPI)	RPI inflation curve

Limited price indexation

In line with relevant RPI / CPI inflation assumption and with relevant caps and collars, and adjusted in line with statistical distribution for increases in payment. The model used is Black-Scholes with 1.75% volatility.

Demographic assumptions

Mortality before retirement	None
Mortality after retirement – base mortality table	93% of S2PMA (males) and S2PFA(females) projected to the valuation date using the method shown below
Mortality after retirement – mortality improvements	CMI_2016 [1.50%] for males CMI_2016 [1.25%] for females

At the date of the valuation the assumed life expectancy in years for a 65 year old male using these mortality assumptions was 21.25 years, and for a 65 year old female was 22.98 years.

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries) post 1 April 2020	Long-term joint contribution rate (% of pensionable salaries) prior to 1 April 2020
Final salary with a 1/60th accrual rate	30.5%	27.3%
Final salary with a 1/80th accrual rate	23.1%	21.0%
Career average re-valued earnings with a 1/80th accrual rate	Employer: 17.9% Member: Age-related (age divided by 10)	Employer: 15.7% Member: Age-related (age divided by 10)
Career average re-valued earnings with a 1/120 th accrual rate	15.6%	13.1%

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £38.2 million would be dealt with by the payment of deficit contributions of £2.4 million per annum from 1 September 2020 to 30 September 2030, increasing by 3% per annum with effect from 1 September each year. From 1 September 2016 to 31 August 2020, deficit contributions would continue to be £2.34 million per annum increasing by 3% per annum with effect from 1 September each year. These deficit contributions are in addition to the long-term joint average contribution rates set out in the table above.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

During the year the employer and member contribution rates for IEAL were 18.8% and 8.5% of pensionable salaries respectively. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). From 1 September 2016 the contribution rates assume that an employer is no longer offering DB membership to new joiners. If an employer is still offering membership and has enrolled at least one new member in the three years prior to 30 September 2014 an open scheme discount of 1.6% will be applied.

New employers joining the Scheme pay contributions at the joint future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. New employers also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership. This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between The Independent Schools' Pension Scheme Pensions Committee and the Scheme Actuary.

If the September 2017 valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 30 April 2030. A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan is inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

Following a change in legislation in April 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

IEAL has been notified by The Pensions Trust of the estimated employer debt that would have been payable if IEAL had withdrawn from The Independent School's Pension Scheme as at 30 September 2019. As of this date the estimated employer debt for IEAL was £905,879. This is the latest information available. Based on the 30 September 2014 valuation the Trustees of the scheme had decided to collect deficit contributions from participating employers over a 14 year and 11-month period commencing on 30 September 2014. Annual deficit contributions have been increasing annually from £19,606 for the period to 31 August 2015 to £25,073 for the period to 31 August 2020. This deficit funding schedule has now been revised following the 30 September 2017 valuation. The Trustees of the scheme have decided to collect future deficit contributions from participating employers over a 10 year and 8-month period commencing on 1 September 2020.

Amounts paid in respect of employer pension contributions during the year including the annual deficit contributions were £43,333 (2019: £43,647). At 31 August 2020 £4,334 (2019: £4,337) was owing to the scheme.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

In accordance with FRS102 where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost and included in support and governance costs in the Statement of Financial Activities, while any remeasurement effects are reflected in other recognised gains and losses.

The liability for this obligation has been calculated on the basis of the applicable schedules of deficit contributions agreed in respect of the last two actuarial valuations as shown below.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2019 and showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 September 2020 to 30 April 2030: £2,387,357 per annum
(payable monthly and increasing by 3% on each 1st September)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £110.0m, liabilities of £147.4m and a deficit of £37.4m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 September 2016 to 31 August 2029: £2,341,000 per annum
(payable monthly and increasing by 3% on each 1st September)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Present values of provision – Group and company

	31 August 2020 (£000s)	31 August 2019 (£000s)	31 August 2018 (£000s)
Present value of provision	229	246	258

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

Reconciliation of opening and closing provisions: - Group and company

	Period Ending 31 August 2020 (£000s)	Period Ending 31 August 2019 (£000s)
Provision at start of period	246	258
Unwinding of the discount factor (interest expense)	3	5
Deficit contribution paid	(22)	(22)
Remeasurements - impact of any change in assumptions	2	11
Remeasurements - amendments to the contribution schedule	-	(6)
Provision at end of period	230	246

Income and expenditure impact: - Group and company

	Period Ending 31 August 2020 (£000s)	Period Ending 31 August 2019 (£000s)
Interest expense	3	5
Remeasurements – impact of any change in assumptions	2	11
Remeasurements – amendments to the contribution schedule	0	(6)
Contributions paid in respect of future service	(22)	19
Costs recognised in income and expenditure account	16	17

Assumptions

	31 August 2020 % per annum	31 August 2019 % per annum	31 August 2018 % per annum
Rate of discount	0.90	1.10	1.96

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

13. Pension Schemes (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit contributions schedule:

Year ending	31 August 2020 (£000s)	31 August 2019 (£000s)	31 August 2018 (£000s)
Year 1	22	21	22
Year 2	22	22	23
Year 3	23	22	24
Year 4	24	23	25
Year 5	25	24	25
Year 6	25	25	26
Year 7	26	25	27
Year 8	27	26	28
Year 9	28	27	28
Year 10	19	28	29
Year 11		19	30

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

14. Transactions with Trustees and Related Parties

No remuneration or expenses were paid to the trustees (2019: £Nil).

The aggregate employee-benefits of the key management personnel are shown in Note 5.

The Association and St David's School along with its trading subsidiary, St David's Enterprises Limited, are under common control. At the balance sheet date St David's Enterprises Limited owed £81,682 (2019: £71,088) to the Association, and the Association owed £37,310 (2019: £37,310) to St David's School. The balance sheet movement represents the total of net recharged expenses during the year between the Association and its subsidiary undertakings. St James Enterprises Limited, a subsidiary of the Association, was incorporated on 16 January 2018 but has remained dormant throughout the period. At the balance sheet date, the Association owed £1 to St James Enterprises Limited.

Certain Trustees have spouses or other relations who are employed at the school as teachers and as such receive salaries in accordance with the pay scale for all of the Association's teachers. These Trustees do not vote at Trustee meetings on any matters relating to teachers' remuneration. At 31 August 2020 there were two Trustees with spouses employed whose aggregate gross salaries for the year ending on that date were £95,560 (2019: £94,519). Certain Trustees also have children who are pupils at the school and pay fees in accordance with the normal fee rates for all pupils less any contractual discounts to which they are entitled.

Mr George Cselko, who is a Trustee, was a partner in Fletcher Day, Solicitors, a firm that has provided legal advice and services to the Association from time to time. The total value of charges for such services was £Nil (2019: £3,996). No amounts were owed to Fletcher Day at 31 August 2020 (2019: £Nil).

Mr Jerome Webb, who is a Trustee, is a partner at GIA. GIA provided services during the year to the value of £325.50 (2019 - £841). No amounts were owed to GIA at 31 August 2020 (2019 - £Nil).

15. Operating lease commitments

The amount charged as expenses in respect of operating leases was £Nil (2019: £Nil)

The Association had a number of short-term leases in respect of property let during the year. The future minimum lease rentals receivable in respect of the remaining lease period or notice period amount to £41,495 at 31 August 2020 (2019 - £27,677).

16. Capital and other commitments

At 31 August 2020 the Association had building works contracted for, but not accrued, amounting to approximately £1,137,531 (2019: £33,000) of which approximately £1,137,531 (2019: £Nil) related to capital commitments. The £1,137,531 includes variations to the contract and the retention which were included in works certified after the year end date.

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

17. The Association Results

The deficit for the financial year dealt with in the financial statements of the parent company was £1,041,427 (2019: surplus £804,364).

18. Subsidiary Undertakings

A. The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St David's School

Incorporated by Act of Parliament in 1846 in England

Registered charity number 312091

Trustees are common to those of the Independent Educational Association Limited

Former owner and manager of the property situated at Church Road, Ashford, Middlesex that is used by the Senior Boys' School of the Independent Educational Association Limited. The property was transferred to the Independent Educational Association Limited on 24 November 2014 at which point its main activity was discontinued.

Aggregate assets - £158,936 (2019: £158,647)

Aggregate liabilities - £Nil (2019: £Nil)

Aggregate funds - £158,936 (2019: £158,647)

Turnover for the year - £410 (2019: £1,518)

Expenditure for the year - £121 (2019: £182)

Profit for the year - £289 (2019: £1,336)

B. St David's Enterprises Limited

Incorporated in England & Wales under company registration number 5154561

100% of the issued share capital is held by The Most Honourable and Loyal Society of Ancient Britons (Welsh Girls' School) now known as St David's School

Letting to the public and various sporting organisations the facilities located at St David's School, Church Road, Ashford

The Senior Boys' School of the Independent Educational Association Limited also occupy and utilise the facilities at Church Road, Ashford during school days and various times in the evenings and at weekends

Aggregate assets - £74,796 (2019: £106,945)

Aggregate liabilities - £84,979 (2019: £106,944)

Aggregate funds - (£10,183) (2019: £1)

Turnover for the year - £0 (2019: £69,274)

Expenditure for the year - £10,184 (2019: £67,756)

Profit for the year (gift aided to parent) - £0 (2019: £1,518)

C. St James Enterprises Limited

Incorporated on 16 January 2019 in England & Wales under company registration number 11153595

100% of the issued share capital is held by the Independent Educational Association Limited

Aggregate assets - £1

Aggregate funds - £1

Turnover for the year - £12,335 (2019: £Nil)

Expenditure for the year - £372 (2019: £Nil)

Profit for the year (gift aided to parent) - £Nil (2019: £Nil)

The company assumed the handling of commercial events from St David's Enterprises Limited on 1 April 2020

The Independent Educational Association Limited

Notes to the Consolidated Financial Statements For the year ended 31 August 2020 (continued)

19. Consolidated Statement of Financial Activities – Comparative figures by fund-type

Year ended 31 August 2019

	Unrestricted Funds	Restricted Funds	Total Funds 2019
	£	£	£
Income from:			
Charitable Activities			
School fees	15,595,364	-	15,595,364
Other income	989,821	-	989,821
Other Trading activities			
Trading income	69,274	-	69,274
Other activities	24,809	-	24,809
Investments			
Investment income	6,673	35,902	42,575
Voluntary sources			
Donations and legacies	-	108,836	108,836
Other Income			
Sundry income	10,153	-	10,153
Total Incoming Resources	<u>16,696,094</u>	<u>144,738</u>	<u>16,840,832</u>
Expenditure on:			
Raising funds			
Fundraising costs	55,215	-	55,215
Investment management	-	17,711	17,711
Trading & lettings costs	66,355	-	66,355
	<u>121,570</u>	<u>17,711</u>	<u>139,281</u>
Charitable activities			
Schools and Grant making	15,679,789	110,980	15,790,769
Total Resources Expended	<u>15,801,359</u>	<u>128,691</u>	<u>15,930,050</u>
Net Incoming Resources before Transfers and gains	894,735	16,047	910,782
Gains on investments	-	2,890	2,890
Transfers between funds	840	(840)	-
Net Incoming Resources before other recognised gains and losses	895,575	18,097	913,672
Actuarial gain - IEAL	(1,711,700)	-	(1,711,700)
Actuarial gain - ISPS	(5,000)	-	(5,000)
Net (deficit)/income for the Year	<u>(821,125)</u>	<u>18,097</u>	<u>(803,028)</u>
Fund balances brought forward	20,210,086	1,799,987	22,010,073
Fund Balances Carried Forward	<u>19,388,961</u>	<u>1,818,084</u>	<u>21,207,045</u>