

Sussex House School

(A company limited by guarantee and not having share capital)

Report and financial statements

For the year ended 31 August 2016

Company registration number: 02884794 (England and Wales)

Charity registration number: 1035806 (England and Wales)

Reference and administrative details of the charitable company, its trustees and advisors

Trustees	A B Badenoch J A Crewe M A J Goedhuis N P Kaye
Board of Governors	J A Crewe (Chairman) A B Badenoch J M Elias N M Gayner M A J Goedhuis P D Hargreaves P P A Lagrange
Registered Company number	02884794 (England and Wales)
Registered Charity number	1035806 (England and Wales)
Headmaster	N P Kaye
Bursar	A M Bennett
Independent auditor	WMT - Chartered Accountants 45 Grosvenor Road St Albans Hertfordshire AL1 3AW
Registered Office	68 Cadogan Square London SW1X 0EA
Website	www.sussexhouseschool.co.uk
Bankers	Barclays Bank plc Level 27 1 Churchill Place London E14 5HP

Sussex House School

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Trustees' report

for the year ended 31 August 2016

The trustees (who are also directors of Sussex House School Limited for the purposes of company law and trustees for the purposes of charity law) present their statutory report for the year ended 31 August 2016 under the Companies Act 2006, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Companies Act 2006 and the charitable company's memorandum and articles of association and have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102). The report has been prepared in accordance with Part 8 of the Charities Act 2011.

Reference and administrative information

Sussex House School ("the School") is a registered charitable company founded in 1994, charity number 1035806 and company number 02884794. The liability of the members is limited by guarantee to an amount not exceeding £5.

The School is of a Church of England denomination under the Designation of Schools having a Religious Character (Independent Schools) (England) Order 2004.

Structure, governance and management

Governing document

The charitable company is governed by its memorandum and articles of association which were last amended on 10 March 1994.

Trustees

The trustees, who are also directors of the charitable company, who have held office for the whole of the year and to the date of this report, are as follows:

A B Badenoch
J Crewe
M A J Goedhuis
N P Kaye

Trustee appointment and training

New trustees will be appointed in accordance with the Articles of Association following lengthy consultation and consideration by the existing trustees who must be satisfied regarding their eligibility. Existing trustees retire by rotation each year.

Any new trustees will be inducted into the workings of the School, and also of the company as a registered charity by the Headmaster. Prospective trustees will be provided with a memorandum of the legal responsibilities and duties of trustees and are invited to familiarise themselves with CC3 "The Essential trustee: What we need to know" published by the Charity Commission and "The Appointment and Education of Charity Trustees" published by the Institute of Chartered Secretaries and Administrators plus copies of the charitable company's financial statements and minutes of previous trustees' meetings.

Organisational management

The trustees meet six times a year to determine the general policy of the charitable company and review its overall management and control, for which they are legally responsible. When determining policies, the trustees seek input from the Board of Governors which also meets at least three times a year. The day-to-day running of the School is delegated to the Headmaster and the Staff Senior Management Team.

Trustees' report

for the year ended 31 August 2016

Relationships and involvement with the local community and other organisations

A significant proportion of the School's donations are raised as a result of the efforts of the School's Activities Committee which is managed by the parents of boys and staff at the School. The two main fundraising activities each year are the Christmas Fair and the Summer Auction.

The School is a member of IAPS which acts for the promotion and maintenance of preparatory school standards generally.

The School co-operates with various churches, including St Simon Zelotes, Milner Street, and pupils are involved in three concerts a year as part of the Music Society Programme of St. Mary Magdalene Church Little Venice, and other local charities and societies. The School is also closely involved with the Asra Hawariat School in Addis Ababa, Ethiopia to which a proportion of the monies raised from the School Christmas Fair is donated each year.

Related party transactions

N P Kaye is a trustee of the Asra Hawariat School Addis Ababa, Ethiopia and of the St Mary Magdalene Music Society. Details of transactions with these related parties are set out in note 18 to the financial statements.

Bursary policy

Bursaries are available to those prospective pupils who meet the School's entry requirements, or current pupils, and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk. In assessing means the School takes a number of factors into consideration including family income, investments and savings and family circumstances.

Risk management

The Trustees identify and assess the major risks to which the Charity is exposed, and how these are appropriately managed. The major risks identified being an adverse impact on the reputation of the school, changes to the regulatory, legislative and inspection regime, and financial risk. To mitigate these risks, among other actions, the Trustees, with assistance from the Governors and the Staff Senior Management Team, ensure that a high quality education is provided, ensure that a robust set of policies, procedures and risk assessments are maintained, develop financial management, monitor the effectiveness of the system of internal controls and other viable means, including insurance cover where appropriate. Trustee Indemnity insurance is in place.

Objects, aims, objectives and principal activities (including public benefit)

The primary objective of the charitable company, as set out in its memorandum and articles of association, is promoting and providing for the advancement of education of children and adults by the provision of one or more schools, tutorial colleges and other establishments.

The Trustees have had regard to the guidance on public benefit published by the Charity Commission, and in particular to its supplementary public benefit guidance on advancing education and on fee charging when exercising their powers and duties, in particular when setting fees charged by the School and identifying the benefits provided by the charitable company in relation to its aims.

Trustees' report

for the year ended 31 August 2016

Objects, aims, objectives and principal activities (including public benefit) (continued)

Although the School has an entry test, due to the large number of applications for places, the policy is to measure potential as well as a pupil's current performance so that priority is given to children who will benefit from not only the academic programme on offer at the School, but also the specialities of certain areas of creativity, notably Music, Art and Acting. The School has never restricted entry to a potential pupil because of the pupil's parents' inability to pay the fees. The School has never asked for a pupil to be removed from Sussex House due to a change in parents' financial circumstances. The geographical location of a pupil's home, their ethnicity, race or existence of a disability are quite irrelevant to the School's selection procedure. Although the School has an official Church of England affiliation, a family or child's religious affiliation is not taken into account when places are offered and boys of all religions and denominations or none are welcomed equally.

Strategic aim and intended effect

The School's strategic aim is to reach its annual objective which is the attainment of the highest academic levels whilst allowing pupils to benefit from the School's extensive extra-curricular programme. This enables the School to develop its pupils' abilities and academic potential, awaken and develop their wider interests in life and prepare them for the senior school of their own and their parents' choice.

Objectives for the year

The trustees' main objective for the year continued to be to educate all the School's pupils to at least the same high standard achieved by the School in previous years, so that they will fully benefit from their chosen senior school for the completion of their education in due course. The strategy to achieve this is to maintain a high teacher-to-pupil ratio and to tailor the education of each pupil to suit their individual needs. In addition the trustees aim to continue providing support in respect of the provision of means tested bursaries and to continue to develop links with the local community and other organisations.

Principal activity

The School continues to operate as a day school for 8-13 year-old boys, educating them to a high standard and so enabling them to move on to a suitable senior school for the completion of their education.

Review of achievements and performance for the year (including public benefit)

Operational performance of the School

It has been another fulfilling year for the School with members of the sixth form succeeding in gaining entry to the Schools of their choice. In addition the sheer volume and variety of literary, drama, art, musical and sporting events along with many school trips, has provided our pupils with the opportunity to develop their creative and sporting skills.

Trustees' report

for the year ended 31 August 2016

Review of achievements and performance for the year (including public benefit) (continued)

Bursaries, donations and sponsorships

There were 3 bursaries awarded for 2015-2016 which continue into the current year. The School continues to seek pupils who will benefit from the School's bursary provision.

During the year the School supported one Ethiopian student with funds of £19,269 (2015: £6,785) to enable him to continue with his university education at St Mary's University in Addis Ababa, and to provide him with accommodation.

Donations to the Asra Hawariat School Addis Ababa, Ethiopia arising from the School's Christmas Fair, which was organised by the School's Activities Committee, amounted to £1,482 (2015: £1,884), as certain parents made sizeable donations directly.

Relationships with the Local Community and other organisations

The Malcolm Arnold Preparatory Free School

The School is a strategic partner in the development of the Malcolm Arnold Preparatory Free School, which is committed to reflecting aspects of the educational and creative approach of Sussex House School. The school is based in Northampton. Sussex House has been sharing expertise at many levels and Nicholas Kaye our Headmaster, has been advising the school.

Fencing

The School has a considerable tradition of achievement in this sport, having produced a very large number of national champions over the past 20 years.

Music

The School contributed to the funding of three major events of the St Mary Magdalene Music Society based at St Mary Magdalene Church, at a cost of £23,445 (2015 : £16,829). Members of the public attend and form part of the Chorus and Orchestra in these events and the large audiences contain many members of the public who have no other association with Sussex House. Events this year include Requiem by Saint-Saëns (November 2015), 'Italian Serenade' evening (February 2016) and 'Singers and Soloists' concert (May 2016).

Sussex House Choir sang carols at a variety of local venues, including local churches and hotels.

Church

Sussex House takes part in various events at its local church, St Simon Zelotes, Milner Street, SW3. The School contributed £2,500 (2015: £2,500) towards the upkeep of the church, and contributed £1,000 to particular appeals. The School has also maintained its strong link with St Mary Magdalene Church, Rowington Close, Little Venice, W2.

Trustees' report

for the year ended 31 August 2016

The Asra Hawariat School, Addis Ababa

Sussex House has formed a strong link with this school in Addis Ababa. The Asra Hawariat School exists to provide education for 1,500 Ethiopian children who would not otherwise have the means to attend school. The school is funded by the Asra Hawariat School Fund based in the UK and no children pay to attend. A generous contribution from funds raised at the annual Sussex House Christmas Fair was donated to the Asra Hawariat School Fund and as a result of the link many parents have made generous separate donations to that school.

The trustees have continued to review the School's activities including revenue and financial, human and physical resources as part of their duties to monitor and ensure that the School's charitable objects and the public benefit are achieved most effectively.

Financial review and results for the year

The School's expenditure exceeded income by £6,752 during the year (2015: £48,159), which reflects the ongoing investment in school facilities made from restricted funds. The School received income of £3,498,422 (2015: £3,299,586) during the year as a result of charging for tuition and related activities. In addition, the School received donations to the newly formed Music Fund of £22,993, donations to the Arts and Sports Fund of £200,421 (2015: £83,503) and to the ICT Upgrade Fund, donations of £33,678 (2015: £88,763). There were donations of £15,000 (2015: £14,000) for the Ethiopia fund, £6,482 (2015: nil) for the Asra Hawariat School fund and unrestricted donations of £12,882 (2015: £166,450).

Expenditure on School operating costs was £3,730,931 (2015: £3,653,757) with a further £65,890 (2015: £47,027) of expenditure incurred in relation to bursaries and donations.

The major upgrade of ICT which began during the summer of 2015 was completed, with £32,700 of capital expenditure financed from the ICT Upgrade Fund. The refurbishment and re-equipping of the Music School was undertaken this year, at a cost of £19,993 from the new Music Fund.

The year has also seen continued refurbishment and re-equipping of the School with a further £18,561 (2015: £31,350) of capital expenditure being incurred. There continues to be an increase in the number of pupils registering for attendance at the School and a considerable increase in the numbers actually sitting the January admission examination and seeking entry to the School.

Reserves policy

The School's unrestricted funds at the end of the year were £351,947 (2015: £343,654), and restricted funds were £487,055 (2015: £507,130). Whilst sufficient for the School's immediate needs, total reserves of £839,002 (2015: £850,284) are below the level of £1,265,607, or one term's expenditure, which the trustees consider practicable and achievable on an ongoing basis to cover the risks and uncertainties of operating as an independent educational establishment.

The policy is therefore to continue to build up reserves until that level is reached, subject to the prior demands of further capital expenditure to equip the School with up-to-date facilities needed to maintain the standard of education currently provided.

Trustees' report

for the year ended 31 August 2016

Remuneration Policy

The key management personnel of the School are the Headmaster and the Staff Senior Management Team. Their remuneration is set by the Trustees.

Investment policy and objectives

There are no restrictions on the charitable company's absolute powers of investment. The trustees' policy continues to be to put any surplus cash on a special deposit account. Deposit account interest of £191 (2015: £323) was received during the year.

Future plans

The major project for the coming year is the investment in drama and musical production equipment.

The School's key objectives remain to maintain the number of pupils at the present level and to pursue the same objectives as reported above for this year.

Statement of trustees' responsibilities in respect of the financial statements

The trustees (who are also directors of Sussex House School for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 proper accounting records that 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' report

for the year ended 31 August 2016

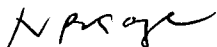
Each of the trustees of the charitable company confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the trustees and signed on their behalf by



N P Kaye
Secretary

Date: // th May 2017

Independent auditor's report to the members of Sussex House School

for the year ended 31 August 2016

We have audited the financial statements of Sussex House School for the year ended 31 August 2016, on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 6, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Sussex House School
for the year ended 31 August 2016

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' annual report.

WMT

Elizabeth Irvine (Senior Statutory Auditor)
For and on behalf of WMT - Chartered Accountants
Statutory Auditors
45 Grosvenor Road
St Albans
Hertfordshire
AL1 3AW

Date: *12th May 2017*

Statement of financial activities (including income and expenditure account)

For the year ended 31 August 2016

	Notes	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Income from charitable activities:	2						
School fees		3,441,698	—	3,441,698	3,262,703	—	3,262,703
Registration fees		23,420	—	23,420	22,025	—	22,025
Income from generated funds:							
Donations		12,882	278,574	291,456	166,450	186,266	352,716
Interest receivable		191	—	191	323	—	323
Other income		33,304	—	33,304	14,858	—	14,858
Total income		3,511,495	278,574	3,790,069	3,466,359	186,266	3,652,625
Expenditure on charitable activities:	3						
- Teaching costs		2,493,054	165,101	2,658,155	2,440,157	200,060	2,640,217
- Premises		555,243	16,661	571,904	527,722	—	527,722
- Support costs		377,084	—	377,084	364,238	—	364,238
- Depreciation and amortisation		26,520	92,236	118,756	24,228	73,881	98,109
- Bank charges and bad debts		5,032	—	5,032	23,471	—	23,471
- Bursaries		14,244	—	14,244	—	10,540	10,540
- Donations		26,995	24,651	51,646	29,702	6,785	36,487
Total expenditure		3,498,172	298,649	3,796,821	3,409,518	291,266	3,700,784
Net income/(expenditure) for the year		13,323	(20,075)	(6,752)	56,841	(105,000)	(48,159)

The notes on pages 13 to 23 form part of the financial statements.

Statement of financial activities (including income and expenditure account)

For the year ended 31 August 2016

	Notes	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Net income/(expenditure) for the year		13,323	(20,075)	(6,752)	56,841	(105,000)	(48,159)
Depreciation on revaluation of tangible fixed assets		(5,030)	—	(5,030)	(5,029)	—	(5,029)
Net movement in funds		8,293	(20,075)	291,456	51,812	(105,000)	(53,188)
Fund balances at 1 September		343,654	507,130	850,784	291,842	612,130	903,972
Fund balances at 31 August	11,12	351,947	487,055	839,002	343,654	507,130	850,784

The net incoming resources for the year derive from the continuing operations of the charitable company.

The notes on pages 13 to 23 form part of the financial statements.

Balance sheet

for the year ended 31 August 2016

	Notes	£	2016 £	2015 £
Fixed assets:				
Tangible assets	6		1,047,589	1,098,923
Listed investments	7		124	124
			<u>1,047,713</u>	<u>1,099,047</u>
Current assets:				
Debtors	8	135,517		93,283
Cash at bank		<u>383,988</u>		<u>438,644</u>
		519,505		531,927
Creditors: amounts falling due within one year	9	<u>(513,341)</u>		<u>(559,070)</u>
Net current (liabilities)/assets			<u>6,164</u>	<u>(27,143)</u>
Total assets less current liabilities			1,053,877	1,071,904
Creditors: amounts falling due after more than one year	10		<u>(214,875)</u>	<u>(221,120)</u>
Net assets			<u>839,002</u>	<u>850,784</u>
Represented by:				
Reserves:				
Restricted funds	11		487,055	507,130
Unrestricted funds	12		351,947	343,654
Total funds			<u>839,002</u>	<u>850,784</u>

Under Companies Act 2006, s454, on a voluntary basis the Trustees can amend these financial statements if they subsequently prove to be defective.

Approved and authorised for issue by the trustees and signed on their behalf by:



N P Kaye
Trustee

Date: 11 May 2017

The notes on pages 13 to 23 form part of the financial statements.

Notes to the financial statements

for the year ended 31 August 2016

1 Accounting policies

Basis of preparation

Sussex House School is a public benefit entity under the Financial Reporting Standard 102 (FRS 102). The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings, and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The charitable company, being a qualifying entity under FRS 102 as it is a small entity, has also adopted the following disclosure exemptions: - the requirement to present a statement of cash flows and related notes.

FRS 102 transition: Impact of the first time adoption of SORP 2015

The charitable company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014. As a result its accounting policies have been reviewed to ensure they meet the requirements of SORP 2015. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on reserves or profit or loss.

However, the allocation of income and expenditure between Statement of Financial Activities (SOFA) categories has been reviewed and updated to better reflect the activities of the charitable company as well as re-allocating Governance costs to Support costs. This re-allocation has also been made to the 2015 comparative values to ensure the accounts are prepared on a comparable basis.

Income

All income is recognised when the charitable company is legally entitled to the income, when it is probable that the income will be received and when the amount receivable can be measured with sufficient reliability.

Fees

Fees consist of charges invoiced for the School year ending August 31 for tuition and registration. Fees received for education to be provided in future years are deferred to future periods.

Expenditure

All expenditure (including irrecoverable VAT) is recognised when a liability is incurred and has been classified under headings that aggregate all costs related to the category.

Charitable activities costs comprise all operating expenditure incurred to enable the charitable company to fulfil its charitable aims. These include both costs that can be allocated directly, and those of an indirect nature which are necessary to support charitable activities.

Costs of generating funds are those incurred in attracting voluntary donations.

Notes to the financial statements

for the year ended 31 August 2016

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets costing £300 or more are capitalised. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 50 years
Leasehold property and improvements	-	over the lease term
Furniture and equipment	-	over 4-10 years

No depreciation is charged on freehold land.

Listed investments

Listed investments are shown at market value.

Financial instruments

The charitable company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as debtors and creditors.

Financial instruments are initially measured at transaction value. They are assessed at the end of each reporting period for objective evidence of impairment, and if found, an impairment loss is recognised.

Cash at bank

Cash at bank comprises cash at bank and in hand.

Debtors

Short term debtors are measured at transaction price, less any impairment losses.

Creditors

Short term creditors are measured at the transaction price.

Deposits

Deposits refundable against final term's fees are treated as a long term liability except to the extent that they are due to be repaid within one year of the balance sheet date in which case they are recorded as a current liability. Forfeited deposits are taken to income.

Pensions

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the School by the Scheme Administrator. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the School. In accordance with FRS 102 the Scheme is accounted for as a defined contribution scheme and contributions are accounted for when advised as due by the Scheme Administrator.

Contributions to the NEST Pension Scheme are at the level required under current workplace pension legislation.

Notes to the financial statements

for the year ended 31 August 2016

1 Accounting policies (continued)

Leasing commitments

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

Fund accounting:

Restricted funds

Restricted funds comprise donations given for a specific purpose and their use is therefore subject to specific restrictions imposed by donors.

Expenditure incurred in fulfilling the objective of each fund is charged against the fund balance and deducted from the expenditure category in the charitable company's Statement of Financial Activities. Where the expenditure relates to a fixed asset, an amount is set aside in restricted funds related to that fixed asset and an annual depreciation charge is made against the restricted fund until such time as that asset is fully depreciated.

Unrestricted funds

Unrestricted funds comprise accumulated surpluses and deficits and are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company.

Judgements

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The nature of estimation means the actual outcomes could differ from those estimates. There are no judgements made that have a significant effect on the amounts recognised in the financial statements.

Going concern

The trustees are not aware of any material uncertainties regarding going concern.

2 Income

Income represent fees charged in respect of tuition, other related activities and registration fees. Donations include those amounts donated to specific restricted funds and unrestricted donations along with any tax refund received under Gift Aid. Incoming resources also includes interest receivable and any gains in value of investments.

Notes to the financial statements

for the year ended 31 August 2016

2 Income (continued)

The donations received during the year comprised:

	Restricted funds £	Unrestricted funds £	2016 Total £	2015 Total £
Arts and Sports Fund	200,421	—	200,421	83,503
ICT Upgrade Fund	33,678	—	33,678	88,763
Music Room Fund	22,993	—	22,993	
Asra Hawariat School Fund	6,482	—	6,482	
Ethiopia Fund <i>student support</i>	15,000	—	15,000	14,000
Other	—	12,882	12,882	166,450
	<u>278,574</u>	<u>12,882</u>	<u>291,456</u>	<u>352,716</u>

3 Expenditure

(a) This is stated after charging:

	2016 £	2015 £
Staff costs (note 4)	2,050,179	1,982,546
Governance costs – Auditor’s remuneration	7,500	7,500
– other governance costs	857	832
Depreciation of owned fixed assets	118,756	98,109
Operating lease rentals – plant and machinery	1,389	591
– land and buildings	225,468	219,889

(b) Remuneration of trustees

No trustees received any remuneration in respect of their services during the year (2015: £nil). No trustee received any reimbursement of expenses during the year (2015: £nil).

Mr N P Kaye, who is a trustee is also the school’s headmaster and his remuneration (excluding pension contributions) including benefits, was £129,486 (2015: £124,282) and is included in the staff costs. In addition, the School has made employer contributions to the Government’s Teachers’ Pension Defined Benefits Scheme (note 14) for the benefit of Mr N P Kaye of £19,181 (2015: £15,706).

(c) Indemnity insurance

The School has purchased indemnity insurance to indemnify the School for up to £1,000,000 from loss arising from the neglect or default of its trustees, employees or agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part at a cost of £857 (2015: £832).

Notes to the financial statements

for the year ended 31 August 2016

3 Expenditure (continued)

(d) Support Costs

	2016	2015
	£	£
Wages and salaries	218,141	169,481
Computer costs	65,568	53,701
Bursarial and office expenses	31,583	67,138
Insurance (non-buildings)	27,429	24,914
Other support costs	34,363	49,004
	<u>377,084</u>	<u>364,238</u>

4 Staff costs

	2016	2015
	£	£
Wages and salaries	1,676,488	1,648,647
Social security costs	167,590	163,546
Other pension costs (note 14)	206,101	170,353
	<u>2,050,179</u>	<u>1,982,546</u>

Of the above £1,832,038 (2015: £1,813,065) is included in teaching costs and £218,141 (2015: £169,481) is included in support costs in the Statement of financial activities.

The average monthly number of employees during the year was as follows:

	2016 FTE	2016 No.	2015 FTE	2015 No.
Teaching staff	34	44	35	49
Administration	6	6	5	5
	<u>40</u>	<u>50</u>	<u>40</u>	<u>54</u>

Ex-gratia payments totalling £3,500 (2015: £30,000) were paid to staff leaving during the year.

The total of key management personnel compensation was £504,547 (2015: £482,997).

The number of employees whose remuneration exceeded £60,000 and to whom retirement benefits are accruing under defined benefit schemes (note 14) are set out below:

	2016 No	2015 No
£60,001 - £70,000	6	4
£70,001 - £80,000	2	3
£90,001 - £100,000	—	—
£110,000 - £120,000	1	1
	<u>1</u>	<u>1</u>

Notes to the financial statements

for the year ended 31 August 2016

5 Taxation

The School is a registered charity and therefore is not liable to income tax or corporation tax or income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

6 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Furniture & equipment £	Total £
Cost/valuation:				
At 1 September 2015	917,091	443,254	632,727	1,993,072
Additions	19,537	1,240	51,675	72,452
Disposals	—	—	—	—
At 31 August 2016	<u>936,628</u>	<u>444,494</u>	<u>684,402</u>	<u>2,065,524</u>
Depreciation:				
At 1 September 2015	250,026	197,888	446,235	894,149
Provided during the year	27,851	25,902	70,033	123,786
Disposals	—	—	—	—
At 31 August 2016	<u>277,877</u>	<u>223,790</u>	<u>516,268</u>	<u>1,017,935</u>
Net book value:				
At 31 August 2016	<u>658,751</u>	<u>220,704</u>	<u>168,134</u>	<u>1,047,589</u>
At 1 September 2015	<u>667,065</u>	<u>245,366</u>	<u>186,492</u>	<u>1,098,923</u>

All fixed assets owned are used for direct charitable purposes.

The charitable company has adopted a policy of not revaluing its tangible fixed assets. The book value of freehold land and buildings is based on a valuation by Gerald Eve, Chartered Surveyors on November 26 1999 at open market value in accordance with The Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. This valuation of £700,000 has been incorporated in these financial statements with subsequent additions being included at cost.

The historical cost of freehold land and buildings included above at a valuation of £936,628 was £685,106 and the aggregate depreciation thereon would be £209,266.

7 Listed investments

The charitable company holds 372 shares in Lloyds Banking Group plc (2015: 372 shares) which is recorded at its market value of £124 on August 31 2016 (2015: £124).

Notes to the financial statements

for the year ended 31 August 2016

8 Debtors

	2016 £	2015 £
Fees receivable	27,770	7,352
Prepayments and accrued income	103,077	68,687
Other debtors	4,670	—
Fencing club loan	—	17,244
	<u>135,517</u>	<u>93,283</u>

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Deposits refundable within one year	47,750	35,500
Payments for school fees received on account	301,623	330,130
Expense creditors	61,390	98,117
Taxation and social security costs	41,531	36,582
Other creditors	26,372	36,845
Accruals	34,675	21,896
	<u>513,341</u>	<u>559,070</u>

Other creditors includes an amount of £26,372 (2015: £22,923) in respect of contributions due to pension schemes.

Notes to the financial statements

for the year ended 31 August 2016

10 Creditors: Amounts falling due after more than one year

	2016 £	2015 £
School fee deposits	<u>214,875</u>	<u>221,120</u>

11 Restricted funds

(a) The income funds of the School include restricted funds comprising the following balances:

	Capital Expenditure fund £	Arts and Sports fund £	ICT Upgrade fund £	Music fund £	Asra Hawariat School fund £	Ethiopia Fund £	Total £
At 1 September 2015	468,356	22,047	3,810	—	—	12,917	507,130
Incoming resources:							
Donations received	—	200,421	33,678	22,993	6,482	15,000	278,574
Resources expended:							
Capital expenditure	53,891	(16,899)	(32,700)	(4,292)	—	—	—
Depreciation	(92,236)	—	—	—	—	—	(92,236)
School activities	—	(165,101)	(960)	(15,701)	—	—	(181,762)
Asra Hawariat student	—	—	—	—	—	(19,269)	(19,269)
Asra Hawariat School	—	—	—	—	(5,382)	—	(5,382)
Transfers	—	—	—	—	—	—	—
At 31 August 2016	<u>430,011</u>	<u>40,468</u>	<u>3,828</u>	<u>3,000</u>	<u>1,100</u>	<u>8,648</u>	<u>487,055</u>

(b) The Capital Expenditure Fund represents amounts used to purchase fixed assets for the School, from funds raised specifically for such a purpose, and also the annual depreciation charge each year on those assets.

The Arts and Sports Fund has been used partly to fund fixed assets in the past but is to maintain and develop the School's creative, musical, theatrical and sporting activities, with much of its funds being generated by the School's Christmas Fair.

During the year, a new ICT Upgrade Fund was established to improve the ICT facilities for pupils, with funds being substantially generated by the Christmas Fair and the summer term Auction.

The Music Fund was also established during the year, to improve music teaching facilities.

A donation to establish a Bursary Fund was received in a prior year for the support of existing or future pupils of the School, which has been fully expended.

The School also operates funds to support Asra Hawariat School and a university student in Ethiopia.

Notes to the financial statements

for the year ended 31 August 2016

12 Unrestricted funds

These funds comprise:

	2016 £	2015 £
Revaluation reserve	182,914	187,944
Accumulated surplus	169,033	155,710
	<u>351,947</u>	<u>343,654</u>

The revaluation reserve arose on the revaluation of the freehold land and buildings in 1999, less the depreciation released to the Statement of financial activities.

The remaining unrestricted resources arise principally from the School's day-to-day operations.

13 Analysis of net assets between funds

The fund balances at 31 August 2016 are represented by:

	Restricted funds £	Unrestricted funds £	Total £
Fixed assets	430,011	617,702	1,047,713
Current assets	57,044	462,461	519,505
Current liabilities	—	(513,341)	(513,341)
Creditors: Amounts falling due after one year	—	(214,875)	(214,875)
Total net assets	<u>487,055</u>	<u>351,947</u>	<u>839,002</u>

Unrealised gains included above:

	Restricted funds £	Unrestricted funds £	Total £
Unrealised gains at 1 September 2015	—	187,944	187,944
Realised in the year	—	(5,030)	(5,030)
Unrealised gains at 31 August 2016	<u>—</u>	<u>182,914</u>	<u>182,914</u>

Notes to the financial statements

for the year ended 31 August 2016

14 Pensions

Teachers' Pensions

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £203,967 (2015: £169,579) and at the year end, the amount due to the scheme was £26,148 (2015: £22,709).

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

Under the definitions set out in section 17 of Financial Reporting Standard 102, the TPS is a multi-employer pension scheme. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, it has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charitable company has set out above the information available on the scheme.

Other Pensions

Pension contributions are also paid to a contributory pension scheme for the benefit of non-teaching staff. In May 2015 the School started its auto-enrolment pension scheme with NEST for the benefit of all non-teaching staff. The assets of this scheme are held separately from those of the School in independently administered funds.

All pension contribution costs are recognised in the statement of financial activities as they become payable. The pension charge for the year includes contributions payable to NEST of £2,879 (2015: £774) and at the year end the amount due to the scheme was £223 (2015: 214).

Notes to the financial statements

for the year ended 31 August 2016

15 Capital commitments

There were capital commitments for items contracted for but not provided in the financial statements amounting to £nil (2015: £25,224).

16 Other financial commitments

The future minimum lease payments due to the end of the relevant leases are as follows:

	Land and buildings 2016 £	Land and buildings 2015 £
Operating leases which expire:		
Within one year	5,490	5,490
Greater than 5 years	1,319,200	1,513,200
	<u>1,324,690</u>	<u>1,518,690</u>

17 Financial Instruments

	2016 £	2015 £
Financial assets that are debt instruments	<u>57,465</u>	<u>35,098</u>
Financial liabilities	<u>377,562</u>	<u>405,978</u>

Financial assets measured at amortised cost comprise fees receivable, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise deposits, expense creditors, pension contributions and expense accruals.

18 Related party transactions

N P Kaye is a trustee of the St Mary Magdalene Music Society which organises an annual series of recitals and concerts at St Mary Magdalene Church, Rowington Close, Little Venice, London W2. The School's pupils, parents and staff participate in three concerts a year which are sponsored by the charitable company but are also open to the general public. During the year the charitable company incurred expenditure on events at St Mary Magdalene Church of £32,978 (2015: £22,829) and received contributions of £9,533 (2015: £6,000) from the St Mary Magdalene Music Society towards this expenditure.

There were no donations to the charitable company from the Trustees.

19 Limitation of liability

The members of the charitable company guarantee to contribute an amount not exceeding £5 to the assets of the charitable company in the event of a winding up.