



# Annual Report and Accounts

**Reed's School**

For the year ended 31 August 2016

**Reed's School**  
**Annual report of the Trustees' for the year ended 31 August 2016**

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# **Reed's School**

## **Annual report of the Trustees' for the year ended 31 August 2016**

**Patron**  
Her Majesty The Queen

The Governors of Reed's School, who are also the Trustees of the Foundation, present their annual report for the year ended 31 August 2016 under the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Act, its Constitution and the Charities Statement of Recommended Practice on Accounting and Reporting (Charities SORP (FRS102)).

### **Principal activity**

Reed's School, based in Cobham, principally provides education for boys from the ages of 11 to 18 and girls in the Sixth Form. In the year under review, the School averaged 695 (2015: 655) pupils. Registrations for future years are healthy.

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

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

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

### **Charitable objects**

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

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

### **Aims and values**

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

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

### **Intended impact**

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

### **Public benefit**

The School provides a number of means tested bursary awards to children who have lost the support of one or both parents and who are in need of financial assistance and pastoral care to enable them to attend the School. The desired target for this is 10-15% of the pupil population and in this year there were 69 (2015: 63). In September 2016 this target has been achieved and 10.4% of the pupil population are Foundationers.



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The School continues to be heavily involved in the local community and charity work further afield. Outreach programs include:-

- Free master classes offered to local children aged 9 – 11 years;
- The use of the School's facilities by local state schools for sports days and as training facilities for local community youth teams;
- A joint Combined Cadet Force (CCF) run in partnership with a secondary state school;
- The Primary Forum initiative involving 40 state primary schools from deprived areas of Greater London. This provides enrichment activities and ideas and participating schools visit Reed's to share facilities and lessons. Over 1200 children will attend forum programmes;
- Launch Car Challenge, with an emphasis in STEM.

### Grant-making policy

Scholarships, bursaries and other awards are granted on the basis of the individual's educational potential or in accordance with the objects of the charity. Awards totalling £2.5 million were given to pupils. This included direct funding for Foundation pupils of £877k and a further £313k of funding from external supporters of the Foundation. The availability of all such awards for fee assistance is advertised on the School's website ([www.reeds.surrey.sch.uk](http://www.reeds.surrey.sch.uk)). The terms and conditions for each kind of award are available on request.

## STRATEGIC REPORT

### Achievements

The School's excellent academic performance was continued with 62% of all grades at GCSE at A\* and A. Half of the year group obtained at least 7 A\* and A grades and over 88% of all grades were at A\* to B. Reed's pupils sit the more academically rigorous IGCSEs in Science subjects and these results were again very strong, with Physics leading the way at 81% A\* and A grades. Other subjects have also achieved excellent results, most notably History, Drama, Latin, Geography, Maths and Music.

At A level a quarter of pupils gained all A\*/A grades and almost a half of all grades achieved overall were A\*/A. 46% of grades achieved were A\*/A and 75% were A\*/A/B. Four pupils successfully took up their places at Oxbridge and other top students left for Durham and other Russell Group Universities. The vast majority of pupils will attend their first choice courses and universities. The range of degree courses and institutions that the pupils will study at next year demonstrates the ability of the teachers at Reed's to identify and nurture their passions and interests including assisting with their successes in drama, art, music and sports. They leave Reed's to study a wide range of subjects including STEM subjects (Science, Technology, Engineering and Mathematics), the Social Sciences such as Geography, History and Economics, Modern Languages, Classics as well as the Arts including Drama, Music, Fine Art and Graphic Design. They will thus, make a collectively rich and varied contribution to society and in so doing will be true to the central principle of the Founder, Reverend Andrew Reed, of shaping the world they inherit and seeking to make it a better place.

The successes of the pupils have continued to add to the popularity of the School but the real measure of success is to continue to strive to identify and nurture every pupil at the School. Reed's School subscribes to independently set and assessed tests; the results of which create predictions for GCSE, AS and A-level. The School uses these predictions to assess value added performance which is carefully monitored. Once again, the 2016 results (0.78 per pupil per subject on average) have shown that Reed's pupils have exceeded their original predictions and the School has thus achieved its objective to advance each and every pupil.

### Fundraising

The Development Office, through its fundraising activities, continues to provide an important contribution to the School and its Foundation. The Development Office objectives align with the overall objectives of the School and are reviewed by the Governors and senior management within the School.

During the year, the Development Office generated £767k being £713k of donations and £54k of events income and The Friends of Reed's School (FORS) kindly donated £11k. The breakdown of donations is as follows:



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## Annual report of the Trustees' for the year ended 31 August 2016

### *Foundation funding*

Fundraising specifically to sponsor Foundation pupils and to run outreach programmes with primary and secondary schools totalled £604k, some of which is restricted giving and therefore part carried forward on the balance sheet. The Primary and Secondary Forums build links between Independent Schools, State Schools and business with the aim of raising aspirations and improving the performance of young people facing hardship.

Of this amount, £171k was raised via the Reed's School Annual Foundation Appeal with pledges for an additional £25k of pupils support. The Foundation Appeal has been held annually since 1815 and is one of the oldest continuous charitable appeals in the Country. This year's Appeal was led by Michael Kirkwood and was strongly supported by individuals, trusts and foundations, City Livery companies, other companies, as well as the greater Reed's community.

### *Endowment*

Through the Growth Fund and the Cazenove Andrew Reed Bursary Fund, the Development Office has been focussing on building the School's endowment in order to ensure the long-term sustainability of the Foundation. The total amount raised in the year for these funds was £31k.

### *Capital fundraising*

Fundraising for capital projects totalled £78k. Works will commence on the new indoor cricket centre in October 2016. The facility will contain state of the art cricket nets, additional changing facilities and a first floor reception room with viewing galleries to outdoor sports pitches. Profits generated from the lettings of the facility will go towards supporting the Foundation. The facility will also be used by the wider local community. A fundraising campaign is in place to support this.

### *Events*

Events generated revenue of £54k, the surplus from which was donated to Cardiac Risk in the Young (CRY) and the Reed's Foundation.

### *Investment performance*

Under the Act and Constitution, the endowment and other funds are permitted to be invested in property. This is represented in the accounts by freehold land, buildings and other School amenities, securities quoted on the Stock Exchange and other approved investment vehicles. The School's investments totalled £5.9m at the end of the year and generated a total return of 9.4% for the year.

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

## **FINANCIAL REVIEW**

### *Results for the year*

Net income amounted to £1.8m (2015: £1.7m) for the financial year ending 31 August 2016. All surpluses generated are used to benefit the pupils through funding better facilities and through raising further the quality of education delivered. The wholly owned subsidiary, Reed's School Enterprises Limited, contributed to the School fund, mainly through the hiring out of the School's facilities sometimes at subsidised fee rates below commercial levels. The consolidated net assets of the charity at 31 August 2016, principally land and buildings, were £22.3m (2015: £20.4m). This does not take account of the market value of the land and buildings which are included on the Balance Sheet at cost.

### *Reserves*

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

At 31 August 2016, the free reserves (excluding designated and restricted funds and tangible fixed assets, less loans to fund their purchase) were £2.5m (2015: £1.6m). This represents 11.5 (2015 7.6) weeks' expenditure.



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### PRINCIPAL RISKS AND UNCERTAINTIES

The Governors consider the main risks to the School are the future affordability of fees, the impact of Brexit on the economy and employment opportunities. The School is currently full and has taken steps to limit its future fee rises by only increasing fees in September 2016 by 2.5%. Health and Safety remains a significant area for risk management and through detailed risk assessments, planning and awareness of hazards the risks associated with those activities undertaken by pupils and staff are minimised.

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

- Formal agendas for all Board and Committee activity and timely minutes;
- Detailed terms of reference for all Committees;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and reporting lines;
- Formal written policies and their annual review;
- Clear authorisation and approval levels;
- Safeguarding as required by law for the protection of the vulnerable including annual safeguarding and child protection training for all staff;
- Following the Safer Recruitment guidelines.

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

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

### FUTURE PLANS

The annual strategic plan was approved by the Governors in November 2015 and the Headmaster provided an update to the Governors on the status of the action points at the Away Day in May 2016 and at the Annual Court in June 2016. The strategic aims were:-

- Academic progress: to embed the academic tracking system in the school to raise standards, pupil aspirations and provide stretch and challenge to pupils throughout the school;
- Academic curriculum: to provide a wider breadth of opportunity through a dynamic learning framework for pupils;
- Teaching and learning: to continue to enhance the quality of teaching and learning and to focus on digital learning and its contribution to pupils' progress;
- Pupil welfare, leadership and personal development: to provide pupils with the opportunities to further themselves throughout the academic year;
- Professional development and staff well-being: to continue to embed a professional learning community and ensure staff are highly valued;
- Foundation: to ensure that the Foundation is financially sustainable and that the target number of Foundation pupils are at the School;
- Sustainable business model: to develop a financially sustainable business model;
- Access to the wider community: to ensure that the School continue to have strong links with the community, local schools and sports clubs.



# **Reed's School**

## **Annual report of the Trustees' for the year ended 31 August 2016**

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The Foundation, the London Orphan Asylum, now Reed's School, was founded in 1813 and is registered with the Charity Commission under charity number 312008. The Patron, Members, School Officers and professional advisers are listed on pages 8 and 9. Further information on the School, including the 2015 ISI Inspection Report, is available on the School's website ([www.reeds.surrey.sch.uk](http://www.reeds.surrey.sch.uk)).

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

#### **Governing documents**

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

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

#### **Governors**

Mr Wheeler was appointed as Chairman of Governors from September 2016 following the retirement of Mr Plenderleith. Mr Wheeler will also remain in his position as Treasurer until December 2016. Mr Grenier and Mr Reed also retired as Governors. Mr Plenderleith has agreed to become a Joint President and Mr Grenier and Mr Reed have agreed to become Vice Presidents of the School. The Governors would like to thank them wholeheartedly for their invaluable support and contribution to the School over many years.

The following individuals were appointed as Vice Presidents for their service to the School from September 2016: Lord Howard of Penrith, Mr D Brown, Mr J Herbert, Mr G Martin, Mrs V McKenna, Mr R Mew, Mrs A Overstall, Mr S Popham and Mr A Wotton.

#### **Recruitment and training**

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

#### **Organisational management**

The Governors have overall responsibility for Reed's School and meet at least three times a year. The committees of the Governors of Reed's School and its wholly owned subsidiary, Reed's School Enterprises Limited (RSE Ltd), are listed on page 8.

A strategy day was held in May 2016 and the Governors discussed the masterplan for the school site, affordability, fundraising and the Foundation. A further strategy day is planned for May 2017.

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

Staff remuneration is considered each summer. The main objective is to provide the appropriate incentives to encourage enhanced performance and to reward fairly and responsibly individual contributions to the School's success. The Remuneration Committee considers and sets the remuneration for the Headmaster and Bursar after consideration of benchmarking surveys such as those provided by the Association of Governing Bodies of Independent Schools (AGBIS) and Baines Cutler Solutions.

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

#### **Group structure**

The School has a wholly owned subsidiary, Reed's School Enterprises Limited (Registered Company Number 02503013). The principal activities of the Company are the letting of sports, general and social facilities including the operation of a sports club, the sale of clothing and sportswear, and the provision of a tuck shop.



# Reed's School

## Annual report of the Trustees' for the year ended 31 August 2016

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

### Employment objectives

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

### Investment policy

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

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

### ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

The Governors confirm that:-

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

### Auditor

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

This report was approved by the Governors on 1 December 2016.



M Wheeler  
CHAIRMAN



# Reed's School Charity information

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

### Members of Reed's School

#### Joint Presidents

Mr G M Nissen CBE

Viscount Bridgeman

Mr P B Mitford-Slade OBE

#### Vice-Presidents

The Earl of Verulam  
Sir David Howard Bt  
Sir Brian Jenkins GBE  
Sir John Kemp-Welch  
The Hon Julian F Byng  
The Hon Kevin Pakenham  
Mr J Alvey CB  
Mr J D Andrewes MA FCA  
Mr P Barton DL  
Mr J Davie  
Mr R S Fidgen FRICS  
Mr JW Flecker MA

Mr TWN Guinness  
Mr D V Harvey JP  
Mr C R Hawkins  
Mr C Holdsworth Hunt  
Mr R L H Lyster  
Mr J R McMillan MA  
Mr M W P Noakes  
Mr L A Ponsonby  
Mr D E Prince MA  
Mr J B Rogers  
Mr J G Tregoning  
Mr B M Winterflood MBE

Appointed September 2015:

Mrs I M Barker MA  
Mr D Caddy FCA  
Mr D W Jarrett MA  
Mr M Loveday  
Mr A Merry FRICS  
Mrs A F Noakes  
Mr T D Page

### Governors

		1	2	3	4	5	6	7
Mr I Plenderleith CBE (Chairman)	Retired August 2016	x	x		x			
Mr M Wheeler CBE BCom FCA (Chairman/Hon Treasurer)	Appointed September 2016	x	x			x	x	
Mr U D Barnett		x	x			x	x	
Mr D R Blomfield BSc		x						
Mrs M Donald	Appointed September 2016	x	x					
Mr M A Grenier MA	Retired June 2016	x		x				
Dr A M McLean FRCP, FRCR		x				x		
Mrs L F Napier FSI		x	x					
Ms B O'Brien-Twohig MA	Retired from RSE May 2016	x	x		x			x
Mrs D M Peacock BSc (Hons)	Appointed September 2015	x		x	x			
Mr S T Poole MSc		x		x				
Mr H M Priestley MA		x	x					
Mr P D Reed	Retired June 2016	x				x		
Miss K Richardson MA		x		x		x		
Mr M Robinson BA Arch, Grad Dip RIBA		x						
Professor P J Sellin BSc PhD MInst CPhys IEEE		x		x				
Mr Benn Shepherd BA (Hons)	Appointed January 2016	x	x		x			
Mr R Stewart FCIB		x	x				x	x
Mr N D W Taunt BSc (Hons) FCA (Old Reedonians' President)		x	x					x
Mr P H H Verstage BCom (Hons)		x	x					

(1) Board of Governors, (2) Finance & Investment, (3) Education, (4) Foundation, (5) Risk Management, (6) Remuneration and (7) Reed's School Enterprises Ltd Board ("RSE")

Membership of committees of Reed's School and its wholly owned subsidiary Reed's School Enterprises Limited are shown in the table above.

**Visitor** The Lord Bishop of Guildford

## **Reed's School Charity information**

### **School Officers (key management personnel currently and throughout the year)**

<b>Headmaster</b>	Mr M W Hoskins BA MA MSc
<b>Bursar &amp; Secretary to the Governors</b>	Mrs L K Hurford BSc (Hons) ACMA
<b>School Advisers</b>	
<b>Auditor</b>	Mazars LLP Times House Throwley Way Sutton Surrey SM1 4JQ
<b>Bankers</b>	Allied Irish Bank (GB) 10 Berkeley Square London W1J 6AA
<b>Insurance Brokers</b>	AON Limited 103 Waterloo Street Glasgow G2 7BW
<b>Solicitors</b>	Goodyear Blackie Herrington Oak House Tanshire Park Shackleford Road Elstead Surrey GU8 6LB
<b>Investment Managers</b>	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
<b>Medical Officer</b>	Dr R J Draper MB ChB DA DCH DRCOG MRCP Oxshott Medical Practice Holtwood Road Oxshott Surrey KT22 OQL
<b>Charity registration number</b>	312008



## Reed's School

### Independent auditor's report to the trustees of Reed's School for the year ended 31 August 2016

We have audited the financial statements of Reed's School for the year ended 31 August 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Financial Reporting standards applicable in the UK and Republic of Ireland (FRS102).

#### Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 7, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on the financial statements

In our opinion the financial statements:-

- give a true and fair view of the state of the charity and the group's affairs as at 31 August 2016 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

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

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

Mazars LLP

Mazars LLP, Chartered Accountants and Statutory Auditor  
Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 25th January 2017

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# Reed's School

## Consolidated statement of financial activities for the year ended 31 August 2016

	Notes	Unrestricted funds		Restricted funds	2016 Total funds	2015 Total funds (restated)
		General	Designated			
		£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
<b>Donations and legacies</b>		182	-	542	724	1,431
<b>Charitable activities</b>						
School fees receivable	2	13,244	63	-	13,307	12,089
Ancillary trading income		55	-	-	55	49
<b>Other trading activities</b>						
Non-ancillary trading income		425	-	-	425	398
Other activities		284	-	-	284	363
<b>Investments</b>						-
Income from investments		116	-	76	192	159
Bank and other interest		19	-	-	19	34
<b>Total income</b>		<b>14,325</b>	<b>63</b>	<b>618</b>	<b>15,006</b>	<b>14,523</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Non-ancillary trading		(465)	-	-	(465)	(442)
Fundraising and development costs	3	(164)	-	-	(164)	(131)
Financing costs	3	(64)	-	-	(64)	(106)
<b>Charitable activities</b>						
Education and grant making	3	(12,346)	(63)	(458)	(12,867)	(11,851)
<b>Other expenditure</b>						
<b>Total expenditure</b>		<b>(13,039)</b>	<b>(63)</b>	<b>(458)</b>	<b>(13,560)</b>	<b>(12,530)</b>
<b>Net gains/(losses) on investments</b>	5	251	-	155	406	(253)
<b>Net income</b>		<b>1,539</b>	<b>-</b>	<b>315</b>	<b>1,852</b>	<b>1,740</b>
<b>Transfers between funds</b>		<b>(84)</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>1,453</b>	<b>-</b>	<b>399</b>	<b>1,852</b>	<b>1,740</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		16,309	95	4,049	20,453	18,713
<b>Total funds carried forward</b>		<b>17,762</b>	<b>95</b>	<b>4,448</b>	<b>22,305</b>	<b>20,453</b>

The notes on pages 15 to 29 form part of these financial statements.



# Reed's School

## Consolidated and Charity balance sheets at 31 August 2016

	Notes	Consolidated		Charity	
		2016 £'000	2015 £'000 (restated)	2016 £'000	2015 £'000 (restated)
<b>Fixed assets:</b>					
Tangible assets	4	16,762	16,618	16,239	16,072
Investments	5	5,891	4,857	6,313	5,279
<b>Total fixed assets</b>		<u>22,653</u>	<u>21,475</u>	<u>22,552</u>	<u>21,351</u>
<b>Current assets:</b>					
Stocks		137	109	-	-
Debtors	6	284	299	669	624
Cash at bank and in hand		4,240	4,171	4,095	4,054
<b>Total current assets</b>		<u>4,661</u>	<u>4,579</u>	<u>4,764</u>	<u>4,678</u>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	7	(2,693)	(2,771)	(2,668)	(2,746)
<b>Net current assets</b>		<u>1,968</u>	<u>1,808</u>	<u>2,096</u>	<u>1,932</u>
<b>Total assets less current liabilities</b>		<u>24,621</u>	<u>23,283</u>	<u>24,648</u>	<u>23,283</u>
Creditors: Amounts falling due after more than one year	8	(2,316)	(2,830)	(2,316)	(2,830)
<b>Total net assets</b>		<u>22,305</u>	<u>20,453</u>	<u>22,332</u>	<u>20,453</u>
<b>The funds of the charity:</b>					
Restricted income funds	10	(4,448)	(4,049)	(4,448)	(4,049)
General funds	11	(17,762)	(16,309)	(17,788)	(16,309)
Designated funds		(95)	(95)	(95)	(95)
<b>Total unrestricted funds</b>		<u>(17,857)</u>	<u>(16,404)</u>	<u>(17,883)</u>	<u>(16,404)</u>
<b>Total charity funds</b>		<u>(22,305)</u>	<u>(20,453)</u>	<u>(22,332)</u>	<u>(20,453)</u>

Approved by the Governors and authorised for issue on 1 December 2016 and signed on its behalf by:



M Wheeler  
Chairman

# Reed's School

## Consolidated statement of cash flows for the year ended 31 August 2016

	2016 £'000	2015 £'000
<b>Operating activities</b>		
Operating profit	1,852	1,740
Adjustments for:		
Depreciation of tangible assets	752	827
(Increase)/decrease in stocks	(27)	3
(Increase)/decrease in debtors	(54)	258
Increase in creditors	19	19
(Gains)/losses on investments	(406)	253
(Decrease)/increase in fees in advance	(213)	237
Net cash flows from operating activities	1,923	3,337
<b>Investing activities</b>		
Payments to acquire tangible fixed assets	(896)	(1,324)
Payments to acquire investments	(1,813)	(1,841)
Receipts from sale of investments	1,185	1,214
Net cash flows used in investing activities	(1,524)	(1,950)
<b>Financing activities</b>		
Repayment of long term creditors	(330)	(250)
Net cash flows used in financing activities	(330)	(250)
Net increase in cash and cash equivalents	69	1,137
Cash and cash equivalents at the beginning of the year	4,171	3,034
Cash and cash equivalents at end of year	4,240	4,171
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	4,240	4,171

The notes on pages 14-28 form part of these financial statements.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

### 1. Accounting policies

#### *1.1 Accounting convention*

##### *Basis of preparation*

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

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

##### *Reconciliation with previous Generally Accepted Accounting Practice*

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP (FRS102) the restatement of comparatives was required. No material restatements were required other than changes between categories on the face of the SOFA.

##### *Post balance sheet events*

The trustees have considered events post balance sheet date and concluded that there are no events that should be reported.

#### *1.2 Income*

##### *Fees and other income*

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

##### *Donations and legacies*

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

##### *Investment income*

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

#### *1.3 Expenditure*

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

# **Reed's School**

## **Notes to the financial statements for the year ended 31 August 2016**

### ***1.4 Funds***

#### ***Restricted funds***

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

#### ***Designated funds***

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

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

Tangible fixed assets are stated at cost less depreciation.

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

Land and buildings	2% p.a. straight line
Fixtures, fittings and equipment	10% p.a. straight line
Sporting facilities	5% p.a. straight line
Computer equipment	100% in year of purchase
Motor vehicles	20% p.a. straight line

### ***1.6 Investments***

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

### ***1.7 Impairment review***

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

### ***1.8 Stock***

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

### ***1.9 Financial instruments***

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

### ***1.10 Operating leases***

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



## Reed's School

### Notes to the financial statements for the year ended 31 August 2016

#### 1.11 Pension schemes

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

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

#### 1.12 Deferred taxation

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

#### 2. Charitable activities – fees receivable

	2016 £'000	2015 £'000
<b>Fees receivable consist of :</b>		
School fees	15,442	14,334
Less : total scholarships, bursaries, other awards and discounts	(2,534)	(2,406)
<b>Net fees receivable</b>	12,908	11,928
 Add back: bursaries and other awards paid for by restricted funds	 399	 161
 <b>Total school fees receivable</b>	 13,307	 12,089

Scholarships, bursaries, other awards and discounts were given to 353 pupils (2015: 315). Within this means-tested bursaries totalling £877k were awarded to 67 pupils (2015: £867k to 63 pupils).

# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

### 3. Analysis of expenditure

#### a) Total expenditure

				2016	2015
	Staff costs	Depreciation	Other costs	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Costs of raising funds</b>					
Trading costs	167	24	274	465	442
Development costs	114	-	50	164	131
Financing costs	-	-	64	64	106
<b>Total costs of raising funds</b>	<b>281</b>	<b>24</b>	<b>388</b>	<b>693</b>	<b>679</b>
<b>Charitable expenditure</b>					
<i>Education and grant making</i>					
Teaching	6,101	-	1,030	7,131	6,503
Welfare	426	-	131	558	488
Premises	295	728	1,162	2,185	2,171
Support costs and governance	1,019	-	1,495	2,513	2,497
Grants, awards and prizes (3b)	-	-	480	480	192
<b>Total expenditure - group</b>	<b>7,841</b>	<b>728</b>	<b>4,298</b>	<b>12,867</b>	<b>11,851</b>
<b>Total expended</b>	<b>8,122</b>	<b>752</b>	<b>4,686</b>	<b>13,560</b>	<b>12,530</b>

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

	2016	2015
	£'000	£'000
<b>From restricted funds:</b>		
Bursaries and other grants	458	174
<b>From unrestricted funds:</b>		
Prizes and leaving awards	22	18
<b>Total grants, awards and prizes</b>	<b>480</b>	<b>192</b>

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



# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

### c) Governance included in support costs

	2016 £'000	2015 £'000
Staff costs	30	30
Governor training	3	3
Governor expenses	1	-
Auditor's remuneration for audit services - charity	16	16
Governance costs - charity	<u>50</u>	<u>49</u>
Auditor's remuneration for audit services - subsidiary company	2	2
Governance costs - group	<u>52</u>	<u>51</u>

Neither the Governors nor persons connected with them received any remuneration or other benefits from the School or any connected organisation in either year. In 2016 one Governor (2015: no Governor) was reimbursed expenses during the year in relation to training.

Total donations received from Governors amounted to £9k (2015 £69k).

### d) Staff costs

	2016 £'000	2015 £'000
<b>Total staff costs comprised:</b>		
Wages and salaries	(9,691)	6,017
Taxes and social security costs	634	366
Pension contributions	822	694
Medical insurance premium	113	107
	<u>(8,122)</u>	<u>7,184</u>
Aggregate employee benefits of key management personnel	241	222

The average number of employees during the year was 151 (2015: 146). Calculated on a full time equivalent basis was 128 (2015: 129) of which 84 (2015: 84) were teaching staff.

Number of higher paid employees in bands of:	2016	2015
£60,001 to £70,000	19	11
£70,001 to £80,000	3	2
£80,001 to £90,000	2	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-

**Reed's School**  
**Notes to the financial statements for the year ended 31 August 2016**

**4. Tangible fixed assets**

	Land and buildings freehold	Assets in the course of construction	Charity Sporting facilities	School office and computer equipment	Motor vehicles	Charity total	Land and buildings leasehold	Subsidiary Furniture and equipment	Motor vehicles	Group consolidated total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	(restated) £'000
<b>At cost</b>										
1 September 2015	19,691	254	922	1,337	172	22,376	941	209	7	23,533
Additions	22	393	107	335	38	895	-	1	-	896
Completed in the year	285	(285)	-	-	-	-	-	-	-	-
31 August 2016	19,998	362	1,029	1,672	210	23,271	941	210	7	24,429
<b>Depreciation</b>										
1 September 2015	5,224	-	26	924	130	6,304	430	179	2	6,915
Charge for the year	399	-	50	249	30	728	19	4	1	752
31 August 2016	5,623	-	76	1,173	160	7,032	449	183	3	7,667
<b>Net book values</b>										
31 August 2016	14,375	362	953	499	50	16,239	492	27	4	16,762
31 August 2015	14,467	254	896	413	42	16,072	511	30	5	16,618

Fully written down School office and computer equipment amounting to £1.9m has been written off from opening balances.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

### 5. Investments

	Consolidated		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Investments - listed	5,891	4,857	5,891	4,857
Investments- subsidiaries	-	-	422	422
	<u>5,891</u>	<u>4,857</u>	<u>6,313</u>	<u>5,279</u>

#### a) Investment in subsidiary undertakings

The School owns 100% of the issued share capital of Reed's School Enterprises Limited, incorporated in England and Wales under company number 2503013. The principal activities of the Company are the letting of sports, general and social facilities, the operation of a sports club, the sale of clothing and sportswear, and the provision of a tuck shop. The School also owns 100% of the issued share capital (£1) of Reeds School International Ltd (RSI Ltd) incorporated in England and Wales under company number 9874554. There have been no significant transactions in RSI Ltd.

	2016 £'000	
<b>Cost</b>		
At 1 September 2015	422	
Provision against value of investment	(27)	
At 31 August 2016	<u>395</u>	
<b>Subsidiary company</b>	2016 £'000	2015 £'000
Turnover	248	237
Cost of sales	(171)	(144)
Gross profit	<u>77</u>	<u>93</u>
Other income	233	217
Administration charges	(337)	(341)
Net loss for the year before taxation	<u>(27)</u>	<u>(31)</u>
Taxation	-	-
Net loss for the year	<u>(27)</u>	<u>(31)</u>
Net assets	<u>395</u>	<u>422</u>

# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

### *b) Investments in listed securities*

At mid-market value	2016 £'000	2015 £'000
At 1 September 2015 (2014)	4,857	4,483
Additions	1,813	1,841
Disposals	(1,185)	(1,214)
Investment gains/(losses)	406	(253)
At 31 August 2016 (2015)	<u>5,891</u>	<u>4,857</u>

Other investments represent equities, fixed interest securities, hedge funds and property including investments made through Common Investment Funds. These funds are pooled investment vehicles specifically set up for charities and established under the Charities Act 2011. The historical cost of these investments is £5.2m (2015: £4.5m). The Governors have delegated day to day management of these investments to Cazenove Capital Management Limited in accordance with the School's investment policy.

The following investments each represent more than 5% of the portfolio value at 31 August 2016:

	£'000
The Equity Income Trust for Charities	1,029
Trojan Income Fund	758
Majedie Asset UK Income Fund	680
Charities Property Fund	538
Schroder Charity Equity Fund	367
M&G Global Dividend Fund	365
Vanguard FTSE UK All Share Index	296
Trojan Investment Funds	271

### 6. Debtors

	Consolidated		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	25	16	-	-
School fees and disbursements recoverable	100	117	100	117
Prepayments and accrued income	159	166	159	166
Amounts owed by subsidiary	-	-	410	341
	<u>284</u>	<u>299</u>	<u>669</u>	<u>624</u>



# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

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

	Consolidated		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	300	238	300	238
Other loans	-	19	-	19
Taxes and social security costs	322	350	320	337
Advance fees (Note 9)	1,340	1,483	1,340	1,483
Other creditors	436	402	431	396
Accruals and deferred income	295	279	276	272
	<u>2,693</u>	<u>2,771</u>	<u>2,668</u>	<u>2,746</u>

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

	Bank loans	Advance fees	Other creditors	Total
	£'000	£'000	£'000	£'000
Amounts repayable by instalments:				
In 1 to 2 years	304	130	861	1,295
In 2 to 5 years	931	43	-	974
After 5 years	47	-	-	47
At 31 August 2016	<u>1,282</u>	<u>173</u>	<u>861</u>	<u>2,316</u>
At 31 August 2015	<u>1,656</u>	<u>242</u>	<u>932</u>	<u>2,830</u>

In 2006 the School entered into a £3.5m loan agreement with Allied Irish Bank. The loan is secured by a legal charge over the School's freehold property and is repayable over 20 years. Half of the loan carried a fixed rate of interest for the first 10 years, but has now reverted to a variable rate of interest.

# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

### 9. Advance fee payments

Advance fees include the early payment of the Autumn term 2016 fees. Parents may also enter into a contract to pay to the school up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. The balance represents the accrued liability under the contracts. The movements during the year were:

	2016 £'000	2015 £'000
<b>At 1 September 2015 (2014)</b>		
Amounts falling due within one year	1,483	1,124
Amounts falling due after one year	242	365
	<hr/> 1,725	<hr/> 1,489
 New contracts	 144	 227
Early payment of Autumn term 2016 (2015) fees	1,096	1,133
Amounts utilised in payment of fees	(320)	(209)
Early payment of Autumn term 2015 (2014) fees	(1,133)	(915)
	<hr/> 1,512	<hr/> 1,725

### 10. Restricted funds

	2015 total	Income	Expenditure	Investment income	Net gains on investments	Transfer between funds	2016 total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated small funds	924	-	-	32	52	(32)	976
Growth fund	1,307	17	-	30	68	208	1,630
Cazenove Andrew Reed bursary fund	519	14	-	13	35	(13)	568
OR's syndicated fund	232	27	(15)	-	-	-	244
Capital fund	591	72	-	-	-	(78)	585
Forum fund	162	-	(34)	-	-	-	128
Other funds	314	413	(409)	-	-	-	318
 Total restricted funds	<hr/> 4,049	<hr/> 543	<hr/> (458)	<hr/> 75	<hr/> 155	<hr/> 84	<hr/> 4,448



## **Reed's School**

### **Notes to the financial statements for the year ended 31 August 2016**

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

The consolidated small funds consist of funds held for specific purposes, and are represented mainly by investments. These funds were consolidated by a deed of administration approved and sealed by the Charity Commissioners on 18<sup>th</sup> April 1991. Income arising from capital invested is included within the Unrestricted General Fund.

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

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

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

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

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

#### ***OR's syndicated fund:***

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

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

Funds for the development of future capital projects.

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

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

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

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

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

# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

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

	2015 total	Income	Expenditure	Net gains on investments	Transfer between funds	2016 total
	£'000	£'000	£'000	£'000	£'000	£'000
Charity						
General Reserves	16,309	13,943	(12,630)	251	(84)	17,788
<i>Designated Funds:</i>						
Old Reendonians Fund	95	63	(63)	-	-	95
	<u>16,404</u>	<u>14,006</u>	<u>(12,693)</u>	<u>251</u>	<u>(84)</u>	<u>17,883</u>
<b>Group</b>						
General Reserves	16,309	14,325	(13,039)	251	(84)	17,762
<i>Designated Funds:</i>						
Old Reendonians Fund	95	63	(63)	-	-	95
	<u>16,404</u>	<u>14,389</u>	<u>(13,103)</u>	<u>251</u>	<u>(84)</u>	<u>17,857</u>

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

### 12. Analysis of net assets between funds

	General Funds	Designated Funds	Restricted Funds	2016 Total
	£'000	£'000	£'000	£'000
Consolidated				
Tangible fixed assets	16,762	-	-	16,762
Investments	2,717	-	3,174	5,891
Cash at bank and in hand	2,871	95	1,274	4,240
Other net current liabilities	(2,273)	-	-	(2,273)
Creditors: amounts falling due after more than one year	(2,316)	-	-	(2,316)
Total funds	<u>17,762</u>	<u>95</u>	<u>4,448</u>	<u>22,305</u>

### 13. Capital commitments

At 31 August 2016 there were no commitments (2015 nil). The School signed a letter of intent after the year end for the construction of an indoor cricket facility that is expected to cost £2.3m.



## **Reed's School**

### **Notes to the financial statements for the year ended 31 August 2016**

#### **14. Related party transactions**

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

During the year the Company paid a management charge of £10k (2015: £10k) and a licence fee of £33k (2015: £33k) to the School.

Additionally, the School paid for the use of a swimming pool £50k (2015: £50k) and for the use of squash courts £6k (2014: £6k) to the Company.

At the balance sheet date the Company owed the sum of £410k (2015: £341k) to the School. This intercompany balance is interest free and has no fixed repayment date.

The School made a loan of £99 to its wholly owned subsidiary Reed's School International Ltd.

#### **15. Teachers' Pension Scheme**

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 £672k (2015: £554k).

##### ***Introduction***

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

##### ***The teachers' pension budgeting and valuation account***

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

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

##### **Valuation of the teachers' pension scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014*.

The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:-

- Employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

## Reed's School

### Notes to the financial statements for the year ended 31 August 2016

#### *Scheme changes*

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.



# Reed's School

## Notes to the financial statements for the year ended 31 August 2016

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

	Unrestricted funds		Restricted funds	2015 Total funds (restated)
	General	Designated		
	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>				
Donations and legacies	213	-	1,218	1,431
Charitable activities				
School fees receivable	12,031	58	-	12,089
Ancillary trading income	49	-	-	49
Other trading activities				
Non-ancillary trading income	398	-	-	398
Other activities	363	-	-	363
Investments				
Income from Investments	116	-	43	159
Bank and other interest	34	-	-	34
<b>Total income</b>	<b>13,204</b>	<b>58</b>	<b>1,261</b>	<b>14,523</b>
<b>Expenditure on:</b>				
Raising funds				
Non-ancillary trading	(442)	-	-	(442)
Fundraising and development costs	(131)	-	-	(131)
Financing costs	(106)	-	-	(106)
Charitable activities				
Education and grant making	(11,623)	(54)	(174)	(11,851)
Other expenditure				
<b>Total expenditure</b>	<b>(12,302)</b>	<b>(54)</b>	<b>(174)</b>	<b>(12,530)</b>
<b>Net losses on investments</b>	<b>(128)</b>	<b>-</b>	<b>(125)</b>	<b>(253)</b>
<b>Net income</b>	<b>774</b>	<b>4</b>	<b>962</b>	<b>1,740</b>
<b>Transfers between funds</b>	<b>375</b>	<b>(75)</b>	<b>(300)</b>	<b>-</b>
<b>Net movement in funds</b>	<b>1,149</b>	<b>(71)</b>	<b>662</b>	<b>1,740</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	15,160	166	3,387	18,713
<b>Total funds carried forward</b>	<b>16,309</b>	<b>95</b>	<b>4,049</b>	<b>20,453</b>

