

**Charity Registration No. 1103321**

**Company Registration No. 05018628 (England and Wales)**

**ABBOTS BROMLEY SCHOOL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2016**

# ABBOTS BROMLEY SCHOOL LIMITED

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# ABBOTS BROMLEY SCHOOL LIMITED

## COMPANY INFORMATION YEAR ENDED 31ST AUGUST 2016

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Directors and Advisors	Mrs P A Norvall (Chairman) Mr R Mansell ACIB (Deputy Chairman) Mr S Bourne Revd S C Davis MA MIET Mrs S Goff BA (Hons) PGCE Mrs H M Graham Mr S James LLB Mr R H Knight FRICS
Secretary	Mr D R King BSc (Hons) A.A.T.
Charity No.	1103321
Company No.	05018628
Principal address and Registered Office	High Street Abbots Bromley Staffordshire WS15 3BW
Key Management Personnel Executive Head Bursar	Mrs A V Musgrave BA, Med (Mgt) FRSA Mr F P M van Driel
Auditors	Grant Thornton UK LLP Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	Lloyds Bank plc Pride Hill Shrewsbury Shropshire SY1 1DG
Solicitors	Flint Bishop & Barnett St Michaels Court St Michaels Lane Derby DE1 3HQ
Investment Advisers	UBS Wealth Management (UK) Limited 1 Curzon Street London W1J 5UB
Insurance Brokers	SFS Group Limited Crossways House 54 – 60 South Street Dorking Surrey RH4 2HQ

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016**

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The directors present their report and financial statements for the year ended 31st August 2016 and confirm they comply with the requirements of the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006.

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The charity was formed in 2004 and is registered with the Charity Commission as charity number 1103321. The charity is a limited liability company and wholly owned subsidiary of The Woodard Corporation (charity number 1096270). Directors of the Company are also Fellows (members) of the Woodard Corporation and participate in the election of its board of management and are committed to its charitable objects.

Note 34 provide details of connected charities.

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

#### **Governing Document**

The Company is governed by Articles of Association as adopted by Special Resolution dated 20 March 2013, replacing those dated 15<sup>th</sup> January 2004 amended by Special Resolution(s) dated 25<sup>th</sup> January 2006, 28<sup>th</sup> April 2009, and 23<sup>rd</sup> June 2009. They permit funds to be managed in such a manner as the directors see fit, if such powers are only exercised for the purposes of attaining the objects and in a manner which is legally charitable. The Articles of Association forbid the distribution of any property or funds, which are to be applied solely towards the promotion of the objects of the company.

#### **Governing Body**

The governors are the directors and charitable trustees of the company and comprise the governing body of Abbots Bromley School Limited and are elected to hold office for five years. The school is governed by the governing body which operates using several committees. Membership of each committee is outlined on page 14. The governing body met 4 times during the year.

#### **Recruitment and Training of Governors**

All governors are Corporate Fellows of the Woodard Corporation. Corporate Fellows are responsible for electing the Woodard Corporation Board. Governors are recruited based on nominations from school contacts and from selection when a post becomes available. The governing body look to ensure a mix of skills and select new governors based on background, competence, specialist skills and, in the case of Fellows, Christian commitment. Governors are provided with induction training by the Head, Bursar and staff and a wider programme of training events is organised by the Woodard Corporation. The school also encourages governors to attend events run by the Association of Governing Bodies of Independent Schools (AGBIS).

Where possible the governors consider that the skills and experience of the Board should comprise the following:

- A Governor with a legal background.
- A Governor with a financial/accounting background.
- A Governor with education experience.
- A Governor with senior managerial or business experience.
- A Governor with experience of equal opportunities or disability needs.
- At least one female Governor and at least one male Governor.

One Governor may have one or more of these skills.

#### **Volunteers**

Governors are volunteers providing their time for free to support the governance of the school. The school has several volunteer groups helping the school to raise funds, assisting in school events and providing other help where required.

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2016**

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### **Organisational Management**

The school is governed by the governing body which delegates work to several committees. Membership of each committee is outlined on page 14. The directors determine the general policy of the company.

Finance and General Purpose Committee – the Finance and General Purpose Committee has a remit to consider budgets, both revenue and capital, cash flow information and financial reports, including the financial statements. It also considers financial policies and the financial regulations. It makes recommendations to the governing body for approval. The Finance Committee met three times during the year.

Estates Committee – the Estates Committee develops the school's estates strategy, including capital developments and maintenance of the buildings and it makes recommendations to the governing body. It met three times during the year.

Education Committee – the Education Committee is responsible for oversight of the academic performance of the school and educational policy, making recommendations to the governing body. It met three times during the year.

Strategy Committee – the Strategy Committee makes recommendations to the governing body regarding the strategic direction of the school and is responsible for considering the strategic plan in detail. It met twice during the year.

Audit Committee – the Audit Committee is responsible for overseeing governance, internal control, and risk. It does this through consideration of audit management letters and other reports relating to governance and control of the school and reports to the governing body. It meets two times annually.

The day to day management of the company is delegated to the Executive Head and the Bursar as the key management personnel, overseeing educational, pastoral, and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the governors which provide for only significant expenditure decisions and major capital projects to be referred to the governors for prior approval.

The Executive Head oversees the recruitment of all educational staff, whilst under delegated authority the bursar oversees the recruitment of administrative and non-teaching support staff. The Executive Head and Bursar are invited to attend governors' meetings.

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

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

We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

### **Group Structure and Relationships**

The school has a wholly owned non-charitable subsidiary, Abbots Bromley Enterprises Limited, the activities and trading of which are described below. Note 34 provides details of connected charities.

The school has developed links with a wide range of organisations to ensure the widest possible access to our facilities and schooling. Through membership of GSA, ICS, BSA and ISBA and through networking with peer groups we ensure that we can attain the highest standards of quality and performance. We encourage our pupils to develop an awareness of the social context of the all-round education they receive at the school and they are engaged in several activities to enhance their understanding. We have a thriving alumni group, The Guild of St Mary and St Anne and a strong

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2016**

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parental support group, the Friends of Abbots Bromley, who are generous in supporting the work of the school and whose support we greatly appreciate. The school also benefits considerably from the generosity and support of the S Mary and S Anne Abbots Bromley Foundation, both in regards to bursaries and future fund-raising activities.

We also cooperate with many local charities in our on-going endeavours to widen public access to the schooling we can provide, to optimise the educational use of our cultural and sporting facilities and to awaken in our pupils, in the public interest, an awareness of the social context of the all-round education they receive.

### **Employment Policy**

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation, or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

### **Investment Policy and Objectives**

The company's memorandum and articles of association permit funds to be invested in such manner as the directors see fit, if such powers of investment are only exercised for attaining the objects and in a manner that is legally charitable. For the Advanced Fees Scheme, the aim is to match the return on investments with the maturation profile of the related liability to provide schooling in future years.

Investment activities are managed in line with the requirements of the Trustee Act 2000. The governors have appointed UBS Wealth Management (UK) Limited as investment manager. Our investment policy is to preserve the capital value of investments and maximise the return and income on all investments.

Aside from the prize fund which is held in interest bearing notice accounts, the investment manager has discretion about how the investments are managed within the policy parameters set by the governors. The investment targets are to preserve the real value of investments against inflation and to have a yield of 5%. Funds not invested are held on deposit to earn interest.

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

### **Charitable Objects**

The charity's objects, as set out in the Articles of Association, are to promote and extend education (including spiritual, moral, social, cultural, and physical education) in accordance with the doctrines and principles of the Church. The Church is defined as being the Church of England and churches in full communion with the See of Canterbury.

In setting our objectives and planning our activities our governors have considered the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education and on fee-charging. Abbots Bromley School Limited is a charitable trust which seeks to benefit the public through the pursuit of stated aims.

Our fees are set at a level to ensure the financial viability of the school and at a level that is consistent with our aim of providing a first-class education to all pupils. The school's charitable objectives are to promote and extend education, and these objectives are recognised as benefiting the public when pursued in the context of formal education in a body where all surplus funds are re-invested. The Woodard Corporation and all the schools it owns are charitable bodies, with no external shareholders and no possibility of making distributions, including in the form of dividends.

Our school is academically non-selective in its intake and welcomes pupils from all backgrounds. The school ensures that it can meet the educational needs of prospective pupils and that they can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion, or disability do not form part of our assessment processes.

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016**

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Our school is a part of a wider community and we are keen that our staff and pupils participate. Our school also offers a resource to support a range of educational activities for the benefit of local children attending state schools and their teachers. Our governors are committed to developing our programme of corporation and joint working with local maintained sector primary and secondary schools. The activities undertaken and the success of our programme are explained in the 'review of achievements and performance for the year' section of this report.

### **Intended impact**

Woodard schools strive for the best all round education of every aspect of everyone; they ensure high standards of religious education; and they see themselves as communities working together for the benefit of all members, and of the Church and the nation. They are strong Christian foundations which adhere to catholic belief as found in the Church, to Christian worship focused in the Eucharist, and to the care of everyone and the whole school community particularised in the ministry of the Chaplain.

### **Aims**

Abbots Bromley School Limited is a boarding and day independent school for pupils from the ages of 3 to 18. It aims to support children in reaching their potential in all areas of their activity at the school, and in the wider community. This may be in academic subjects but could just as easily be reflected in success in art, drama, sport, music, or dance. We produce 'well rounded' individuals who can make a positive contribution to society. All Woodard schools aim to provide a rounded education to help the pupils to make their way in adult life.

### **Primary objectives**

The primary objectives of Abbots Bromley School Limited to fulfil these aims are:

- to provide a stimulating learning environment in which pupils can develop their academic potential to the full;
- to provide a happy and secure pastoral environment in which pupils can learn to live together and thus foster a sense of community, respect for one other and good citizenship;
- to provide pupils with the opportunity to take advantage of a breadth of co-curricular activities to develop positively all aspects of their character;
- to provide pupils with the opportunity to take decisions based on their own judgment and to communicate those decisions appropriately and effectively;
- to provide financial support to enable children whose parents are unable to afford the full fees to benefit from an Abbots Bromley School Limited education;
- to provide a clear, simple, and effective management structure capable of taking timely decisions and allocating necessary resources appropriately, and
- to provide the necessary administrative and logistic framework to meet the needs of members of staff and pupils alike.

### **Strategies to achieve the primary objectives**

This year our focus has been on the extending the range of academic opportunities for all pupils and extending access to school facilities for the local community, further widening of access to the education provided by the schools, continuing the summer schools for overseas students (see below), which also puts the school's facilities to good educational use when not otherwise needed.

Following the parental questionnaire undertaken last year, and in line with current academic trends, we have been redesigning the curriculum to reflect the needs of a modern education. The new curriculum was introduced at the start of the academic year 2015/16, the further development of links with local primary schools in both the state and independent sectors and facilitating wider community access to our schools' facilities.

Work commenced on the long-term plan to re-organise the school site to allow a better flow for pupils circulating around the school, to help locate pupils' recreation areas so that they are near their educational activities and to assist in freeing up space to relocate the prep school into the main body

# ABBOTS BROMLEY SCHOOL LIMITED

## DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2016

of the school buildings

### Principal Activities of the Year

The principal activity of the school is the delivery of education to pupils ranging from 3 to 18 years of age. We also run several summer school activities and the school is open at other times for use by the local community. Pupil numbers at the school during the year were as follows:

	2015/2016		2014/2015	
Senior School	136	(60 boarders)	111	(32 boarders)
Preparatory School	37	(2 boarders)	48	
Pre-Preparatory School	25		9	
Total	198		168	

	2015/2016		2014/2015	
	Boys	Girls		
Senior School	9	127		111
Preparatory School	6	31		48
Pre-Preparatory School	13	12	4	5
Total	28	170	4	164

### Public Benefit

Within the objects, the school aims to create an environment to nurture children, to get the best from them and allow them to develop and fulfil their potential. We provide them with a first-class independent education and a wide range of sporting and artistic opportunities. Our public benefit aim is that all pupils will be self-confident and desire to contribute to the wider community.

In the furtherance of these aims the Abbots Bromley School governors, as the charity directors, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

Our school welcomes pupils from all backgrounds. To admit a prospective pupil, we need to be satisfied that our school will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion, or disability do not form part of our assessment processes.

Our school is a part of a wider community and we are keen that our staff and pupils participate. Our school also offers a resource to support a range of educational activities for the benefit of local children attending state schools and their teachers. Our governors are committed to developing our programme of corporation and joint working with local maintained sector primary and secondary schools. The activities undertaken and the success of our programme are explained in the 'review of achievements and performance for the year' section of this report.

Woodard and its schools provide a significant benefit to the public. The school strives to ensure that measures of public benefit are appropriate, and that significant sections of the public are not excluded from the opportunity to benefit from the education and facilities offered due to the need to pay a fee. In addition to significant provision of bursaries and other forms of financial support, the school provides a wide range of opportunities for community benefit and facilities and events are often open to all. Further detail of the public benefit offered is included in the section entitled 'review of achievements and performance for the year' below.



# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016**

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It is a key requirement of evidencing public benefit that any private benefit to individuals or elements of the charity will be incidental to the charity's objectives. An example of private benefit may be the reimbursement of travelling expenses for directors attending training courses: any private benefits to individuals or elements of Woodard are incidental to delivery of the charitable objectives.

### **Bursaries & Scholarships**

#### ***Bursaries***

The governors view our bursary awards as important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education we offer. Our bursary awards are available to all who meet our general entry requirements and are made solely based on parental means or to relieve hardship where a pupil's education and prospects would otherwise be at risk for example in the case of redundancy. In assessing means we use the methodology promulgated by the Independent Schools' Bursars Association, which takes several factors into consideration including family income, investments and savings and family circumstances for example dependant relatives and the number of siblings. Our school does not have an endowment and in funding our awards we must be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards.

The bursary awards range from 5% to 90% remission of fees. We also have a hardship fund that supplements bursary awards to pay for co-curricular activities, equipment, and school trips. Information about fee assistance through bursaries is provided to all applying to the school. We also advertise the awards each summer in the local press and at local libraries. Further details of our bursary policy and how to apply are available on our website.

This year the value of means tested bursaries totalled £86,495 and represented 3% of our gross fees. They aided 18 of our pupils, with bursary awards ranging from 10% to 83% remission of fees.

#### ***Scholarships***

The purpose of our scholarship awards is to recognise high academic potential or the ability to excel in our co-curricular activities. Our scholarships are awarded based on the individual's academic potential or evidence of exceptional abilities which will contribute to our co-curricular activities. In addition, awards may be subject to conditions imposed by the original donor.

Scholarships are awarded with a fixed remission of fees of between 10% and 20%. Where further assistance is required, scholarship awards may be supplemented by a means tested bursary. We advertise the availability of scholarship awards each summer in the local press and at local libraries. Further details of our scholarship policy are available on our website.

The school awarded scholarships to 70 pupils, based on their educational merit and potential, totalling £242,043 and representing 8% of our gross fees. Of this number, 13 also qualified for means-tested bursary support and are included in the figures relating to bursary awards.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the year because of reviews. The availability of all such awards for fee-assistance, together with the terms and conditions for each kind of award, is advertised on our website at [www.abbotsbromleyschool.com](http://www.abbotsbromleyschool.com).

#### ***Review***

The school includes details of the various concessions in the prospectuses and on the website. All parents making enquiries about possible entry are provided with a description of the criteria for bursaries and scholarships. In most cases the budget for bursaries is allocated using a "needs blind" approach as far as possible, whilst giving priority to the continuity of education of those pupils already at the school. All criteria and policies relating to concessions are kept under review and are updated when necessary.

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016**

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### **STRATEGIC REPORT**

#### **REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**

##### **The Promotion of Education**

During the year, we educated an average of 198 children between the ages of 3 and 18. The school provides a very high standard of education and this is validated in review of the academic results, our measurements of added value and through external inspection. The school offers a broad curriculum and educates children with a wide range of ability. We can demonstrate excellence in dance and music.

Parents of pupils at the school often make significant sacrifices to pay the fees. In educating over 153 UK based pupils, parents help to relieve the state of the financial burden of paying for their children's education. The saving to the public purse is estimated to have a value in the last year of £1.1m.

Unlike schools in the maintained sector, the school is unable to recover the VAT on most of the purchases that we make. During the past year, we paid an estimated £384,000 (2015: £292,000) in VAT on goods and services.

##### **Academic Results**

The educational performance of the school was excellent, as demonstrated by the public examination results. The school achieved a 90.6% pass rate at grades A to C for GCSE, of which 37.4% of exams were graded A\* or A, and at A Level 82.85% of grades were A to C, of which 65.71% of exams were graded A\* to B.

These results are well above the national average for all schools and in line with the average performance of independent schools. A very large majority move on to higher education, and achieve their first-choice destination.

Similarly, our Advanced level Value Added scores placed us amongst some of the highest performing schools in the UK.

##### **Improving Facilities**

We continue to improve facilities through constant investment in the fabric of the buildings and assets, and ambitious programmes to provide the best facilities to support teaching and learning. Abbots Bromley School continued with its ambitious refurbishment programme and during 2015/16 undertook refurbishments including installation of new boilers in the main building, upgrading bathroom facilities in St Mary's and audio-visual equipment for class rooms.

We have also invested in our boarding facilities with significant upgrade to both girls' and boys' boarding.

##### **Arts, Music, and Drama**

One of the important elements of any Woodard school is the concentration on arts, music, and drama. Abbots Bromley School is involved in all different aspects of these activities with a number providing the training necessary to pass graded exams set by national institutions.

A large number of students were awarded Musical Grade examinations in a whole host of instruments as well as LAMDA Speech and Drama awards. We have just appointed a new Director of Music at the school (September 2016) and he has proved his worth already entering the school into major musical competitions, organising a music tour and for the first time in a number of years our choir has been entered for 1000 Woodard Voices with 80+ students taking part.

We have numerous smaller ensembles, chamber groups, acapella choirs and other groupings that flourish alongside the large choirs, orchestras, wind, and jazz bands, rehearsing, and performing on a regular basis during the year e.g. House Performing Arts Competition, the Remembrance musical event in the Chapel, Carols in the Round at Christmas and the Christmas Carol Concert in St Nicholas' church.

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016**

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We stage ambitious musical and theatre productions. This year the students have performed 'The Lion, The Witch and the Wardrobe' to packed houses and every year our Annual Dance performance is fully booked for the three nights it performs.

As a Duke of Edinburgh's Award Directly Licenced Centre, Duke of Edinburgh continues to be an extremely popular extra-curricular activity all students from year 9 upwards and is well supported by the staff and students alike.

### **Sport**

The enormous range of sports offered at Abbots Bromley School reflects the importance given to sporting activity and physical education. Now that we have boys in the sixth form and preparatory school our sporting offering has been developed and includes a number of mixed gender sporting activities.

### **Significant Events**

In April 2016 Abbots Bromley School underwent a full ISI compliance inspection. The school was found to be compliant in every area and gave us a first class platform on which to build.

### **Alumni Activities**

Our Alumni association, The Guild of St Mary and St Anne, continues to flourish, holding reunions around the world.

### **Wider Education**

We provided opportunities for former pupils to come back to school to gain valuable work experience. We have also developed strong links with Keele University as one of their Senior Professors of Internationalisation has joined our Governing Body, Prof Richard Luther. Similarly we now have a member of the Governing Body from the University of Birmingham. Mrs Emily Carroll is a former lawyer and now able to advise us on matters regarding HE.

We also enabled pupils to broaden their experiences by participating in the following trips or projects: Spanish exchange; French exchange; Geography Field trip to Rome, Netball Tour to Malta and annual ski trip. In addition to these, numerous trips were held within the United Kingdom, to view historical sights and participate in cultural activities. We also hosted an international exchange of preparatory school students from China for two weeks which proved to be a valuable and enjoyable experience.

The Woodard Corporation is involved in the development of academies as part of the government's initiative. In support of this project all Woodard schools have provided support, where asked, through provision of educational expertise, professional support with regard to educational policy and other matters.

### **Community**

Through development of, and provision of access to new facilities, the school remains at the heart of the community. Facilities made open to the public include:

- The school swimming pool, which is made available to local swimming clubs and organised bodies as well as to local comprehensive schools (including the Village Swim Club and Parents & Toddlers sessions).
- Our music and dance facilities which are made available to a wide range of local music societies.
- Our sports pitches are recognised as being of high quality and are regularly used by local clubs for training.
- Our sports hall is annually used for our expanded Winter Fayre and Bazaar when local enterprises as well as school enterprises raise money for charity.
- The equestrian centre opens to other pony clubs and members of the local community and now has its own pony club accreditation.

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016**

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- The Salvation Army make use of our boarding and sport facilities as part of their summer camps.

### **Outreach**

We have good links with the Community especially Abbots Bromley Sporting Association and Abbots Bromley Neighbourhood Development Scheme.

As well as this formal partnership, we also have an informal arrangement with the local primary school in the village and students attend our Dance performances and use our facilities from time to time.

### **Charitable Activities**

Our major charity event is the SASP (South African Schools Project) and annually we send two sixth form students to work in the school that we support in South Africa. This year, one of the students from South Africa came and visited our school and boarded with us for two weeks.

Students raise funds constantly for Red Nose Day, Jeans for Genes Day and other local charities.

### **Fundraising Performance**

Significant progress has been made this year in fundraising and the ongoing work of raising voluntary funding for the school. Grants and donations totalled £55k (2015: Nil), including restricted income donations of £50k (2015: Nil).

### **Investment Performance against Objectives**

The company's investments are managed by UBS Wealth Management (UK) Limited and in the opinion of the advisers the performance has exceeded expectations, been satisfactory etc. The investment performance is measured against targets agreed with the investment advisers and performance has been satisfactory compared with the benchmark indices and markets. With movement in interest rates and a buoyant economy, an overall return of 9% was achieved exceeding the planned performance by 5%. Investments are held for the long-term and represent amounts yet to be spent on education.

## **FINANCIAL REVIEW**

### **Results for the Year**

The net outgoing resources for the year amounted to £379,539 (2015: £1,436,191) of which the operating deficit on school activities was £425,661 (2015: £1,427,163).

Although operating income for the year was up by some 17% on last year, reflecting the increase in pupil numbers throughout the school, the increase in operating expenditure by 25% resulted in a further increase in the operational deficit of 38%.

Our trading company continues to hire out Abbots Bromley School's facilities during vacations and school hours, as well as undertaking commercial activity on behalf of the school and externally. The company made a trading loss of £20,042 (2015: profit of £23,009), which compounded to the school's operating loss. Group total funds decreased by £379,539 (2015: £1,436,191) for the year, including revaluations.

# ABBOTS BROMLEY SCHOOL LIMITED

## DIRECTORS' REPORT (incorporating the Strategic Report) YEAR ENDED 31ST AUGUST 2016

	2016 £	2015 £
<b>Income</b>		
Fee income day pupils	1,716,150	1,479,665
Fee income boarders	1,330,575	945,775
Extra subjects	52,352	36,813
Flexi boarding	13,065	22,612
Government and Local Authority grants	32,706	0
Donations	54,865	50
Equestrian Centre	52,672	47,603
Investment income	19,214	18,744
Pupil bussing	35,510	26,064
Other income	6,917	5,459
Gross income	<u>3,314,026</u>	<u>2,582,785</u>
Scholarships & Exhibitions	(242,043)	(164,188)
Bursaries	(456,303)	(247,015)
Agency fees	(64,907)	(24,540)
Concessions	<u>(763,253)</u>	<u>(435,743)</u>
Net income	<u>2,550,773</u>	<u>2,147,042</u>
Trading income	62,864	152,111
Trading expenditure	(82,907)	(129,102)
Net trading (expenditure) / income	<u>(20,043)</u>	<u>23,009</u>
<b>Total income</b>	<u>2,530,730</u>	<u>2,170,051</u>
<b>Expenditure</b>		
Teaching staff	1,503,399	1,174,196
Equestrian staff	68,932	61,275
Laboratory and technical staff	31,525	25,599
Pastoral and boarding staff	254,363	173,144
Cleaning and laundry staff	137,861	97,374
Premises staff	112,121	96,948
Administrative and support staff	407,488	311,915
Staff costs	<u>2,515,689</u>	<u>1,940,451</u>
Teaching non-staff expenditure	276,764	191,501
Welfare	387,830	338,369
Premises	673,638	625,382
Administration	348,287	262,566
Financing costs	166,271	181,333
Marketing	88,896	56,606
Other expenditure	35,997	0
Non-pay costs	<u>1,977,683</u>	<u>1,655,757</u>
<b>Total expenditure</b>	<u>4,493,372</u>	<u>3,596,208</u>
<b>Operational (expenditure)</b>	<u>(1,962,642)</u>	<u>(1,426,157)</u>
<i>Reconciliation to consolidated SoFA:</i>		
Operational (expenditure)	(1,962,642)	(1,426,157)
Profit on sales of assets	1,755,835	0
Accumulated surplus on educational / non-educational trips	0	197,512
Depreciation	(218,854)	(198,518)
Increase / (decrease) in value of investments	46,122	(9,028)
<b>Net (expenditure)</b>	<u>(379,539)</u>	<u>(1,436,191)</u>

# ABBOTS BROMLEY SCHOOL LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016

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In addition to the very substantial benefits our school brings to our pupils, the local community and society through the education we offer, our bursary programme create a social asset without cost to the Exchequer.

Abbots Bromley School provides a pension to some staff under the terms of the Pensions Trust Growth Plan. Because of this pension scheme being underfunded, Abbots Bromley School is committed to contributing to a recovery plan. During the year, Abbots Bromley School made contributions to the recovery plan of £24,250 (2015: £24,744) and the recognised liability under the plan increased by £47,000, with this value being recognised in the Statement of Financial Activities. Further details can be found in note 24.

### Reserves Level and Policy, and Financial Viability

It has been the school's policy to utilise funds to ensure that high quality up-to-date facilities are provided for the benefit of pupils. The aim is to budget to provide sufficient working capital to meet the present needs and future development requirements of the school without the requirement to have recourse to sales of tangible fixed assets, or use of the school's readily realisable investments supporting unrestricted funds. Unrestricted funds decreased by £479,381 to total £3,027,165, as shown in note 26. Abbots Bromley School plans to fund longer term capital expenditure and meet long term liabilities through careful management of resources and investments and through building reserves through operations and trading. The school aims to make an overall surplus of 2% to build up to the target for free reserves.

The governors have invested substantial sums into upgrading the current school buildings in recent years and have a continuing programme of refurbishment, development, and investment to maintain excellent teaching facilities for our pupils. In common with most independent schools, and due to the having to fund their own capital investment plans, free reserves are at a negative balance illustrating the extent of the investment in our school. The school has got total reserves of (£2,483,206) at the year-end included £35,549 of endowed funds, £508,409 of restricted funds and (£3,027,165) of unrestricted funds. Fixed assets held for charity use totalled £3,039,701, leaving free reserves of (£6,066,766) (2015: negative (£5,657,741) at the year-end. The school's financial viability does not depend on income reserves but in its ability to continue to trade at a surplus on an annual basis, and on the substantial portfolio of fixed assets held for operational use.

The school endowment funds grew further during the year and the restricted funds are invested in both cash and a limited range of quoted investments.

The school's unrestricted reserves are primarily invested in tangible fixed assets which are all used for its direct charitable activities.

### PRINCIPAL RISKS AND UNCERTAINTIES

The governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risk faced by the school. Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the school is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

The governing body is responsible for the identification and management of risks. The major risks to which the charity is exposed, as identified by the directors, have been reviewed and systems or procedures have been established to manage those risks. Detailed examination of the risks and establishment of controls to mitigate them is delegated to the Executive Officers and the process is overseen by the Risk Committee on behalf of the governing body. A formal review of the risk management processes is undertaken annually.

The principal risks to which the school is exposed include those affecting protection of pupils and security and preservation of charitable assets both now and in the future. Significant risk areas:

- the market in which the school operates is highly competitive and we monitor developments in education to ensure that pupils always receive a first class, holistic and varied educational experience in our school

# ABBOTS BROMLEY SCHOOL LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016

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- we strive to ensure that all staff can work in a safe and supportive environment and policies, procedures and training in Human Resource management and Health and Safety help to ensure that the school meets expectations
- the school operates in a highly-regulated sector, including in matters of child protection, and we appoint appropriate professional advisers to ensure that we can keep up to date with all requirements; school or individual membership of bodies being the constituent associations of the Independent Schools Council also ensure that we have access to up to date information and support
- the school operates in an increasingly litigious environment and we appoint appropriate professional advisers and purchase insurance using specialist brokers and advisers to ensure that we can keep up to date with all requirements and meet all challenges
- all organisations face difficult economic conditions and directors and senior managers in the school keep abreast of economic conditions locally, nationally, and internationally to identify trends and develop plans to address issues

The key controls used by the school include:

- formal agendas and minutes for all meetings of the governing body and committees;
- terms of reference for all committees;
- comprehensive strategic planning, financial forecasting, budgeting, and management accounting;
- established and identifiable organisational structures and reporting lines which are regularly reviewed;
- comprehensive formal written policies;
- clear authorisation limits;
- vetting procedures, as required by law, for protection of the vulnerable.

The school plans strategically having regard for risk. The executive provides the governing body with regular reports which include details of the principal strategic objectives and the activity to achieve those objectives. The school also records significant achievements and updates the governing body and Woodard on short-term plans.

The strategy is discussed between the governing body and the Woodard Board and protocols have been developed and agreed which outline the relationship between the two bodies.

### Financial risk management objectives and policies

The school uses financial instruments, other than derivatives, comprising loans, cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main issues arising from the group's financial instruments are liquidity risk and interest rate risk. The school's directors adopt policies for managing each of the risks and these are summarised below:

- Liquidity risk – the school seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by negotiating adequate facilities from banks and other lenders, and partaking in pooled banking organised via the Woodard Corporation
- Interest rate risk – the school finances operations through a mixture of retained surpluses and bank and other borrowings. The exposure to interest rate fluctuations is managed by the use of both fixed and floating facilities and, in recent time, by re-negotiating the terms of a loan.

### PLANS FOR FUTURE PERIODS

The Board's current five-year strategic plan was approved in the Spring of 2015 and is reviewed on an annual basis. The key objectives of the current plan are:

1. To establish new markets for the school by undertaking specific research, so that pupil numbers can be increased to be consistently above 275 year on year.
2. At all times, to align the staffing so that we are efficient in delivery of education and to ensure that we do not have classes which are not full.

# ABBOTS BROMLEY SCHOOL LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2016

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3. To establish consistent and continuous policies on a range of matters (personnel, concessions, discipline, quality, educational standards, ethos, etc.) between the senior and junior schools over the next two years. Policies are developed by management and reviewed by the school council.
4. To establish and embed into common usage reliable measures for educational 'added value' and ensure that we improve the overall performance for each of the next three years (prior to further review of new targets) by implementing a system of peer review and internal inspections.
5. To establish links with a further 10 community organisations by the end of the academic year to August 2017 through networks established by the principal and governors.
6. To achieve a 25:75 split of girls to boys over the next two years and to maintain our level of boarding above 40% of the total pupils always by better management of the registry.
7. To widen access to the schools still further through the provision of means-tested bursaries equivalent to 200 full-fee-paying places by establishing a larger budget and improving management of awards.
8. To continue to build links with local junior schools in both the state and independent sectors by arranging a series of open days for staff and pupils and providing support for their activities.
9. To continue to build and encourage community access for educational purposes to the schools' facilities.

### DIRECTORS

The directors who served during the year, and the committees of which they are members, are:

Mrs P A Norvall (chairman)	Attends sub-committees as required
Mr R Mansell (Deputy Chairman)	Finance & General Purposes, Estates, and Marketing
Mr S Bourne	Finance & General Purposes
Revd S C Davis	Pastoral
Mrs S Goff	Education
Mrs H M Graham	Finance & General Purposes and Marketing
Mr S James	Finance & General Purposes and Estates
Mr R H Knight	Finance & General Purposes

None of the directors has any beneficial interest in the company. Abbots Bromley School buys trustees and officers' insurance on behalf of the directors.

### AUDITORS

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

### DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and



# ABBOTS BROMLEY SCHOOL LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*)** **YEAR ENDED 31ST AUGUST 2016**

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of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors of Abbots Bromley School Limited on 14 July 2017, including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mrs P A Norvall

Chair

# **ABBOTS BROMLEY SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTS BROMLEY SCHOOL LIMITED YEAR ENDED 31ST AUGUST 2016**

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We have audited the financial statements of Abbots Bromley School Limited for the year ended 31 August 2016 which comprise the consolidated statement of financial activities, the charitable company statement of financial activities, the consolidated and charitable company balance sheets, 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 FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### ***Respective Responsibilities of Directors and Auditor***

As explained more fully in the Directors' Responsibilities Statement set out on pages 14 and 15, the directors 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 Ethical Standards for Auditors.

### ***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 Financial Statements***

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 August 2016 and of the group's and charitable company's incoming resources and application of resources, including the group's and charitable company'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 Companies Act 2006.

### ***Emphasis of matter – Going concern***

- In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.c) to the financial statements concerning the group and company's ability to continue as a going concern. The group and company incurred a net deficit of £379,539 and £359,600 respectively during the year ended 31 August 2016 and, at that date, the group's liabilities exceeded its total assets by £1,019,440 and it had net current liabilities of £4,059,150. As explained in note 1.c) the group is seeking to raise funds from the sale of surplus non-academic assets and have implemented a staff restructure with the aim of achieving a balanced budget for 2017/18. These conditions, along with other matters explained in note 1.c) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# ABBOTS BROMLEY SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTS BROMLEY SCHOOL LIMITED YEAR ENDED 31ST AUGUST 2016

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### *Opinion on Other Matters Prescribed by the Companies Act 2006*

- In our opinion the information given in the Directors' Report (including the Strategic 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 by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Fiona Baldwin  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

21 July 2017

# ABBOTS BROMLEY SCHOOL LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Endow ed £	Total 2016 £	Total 2015 £
<b>Incoming resources</b>						
<b>Charitable Activities</b>						
School fees receivable	2	2,193,999	0	0	2,193,999	1,915,879
Government and Local Authority grants	3	0	32,706	0	32,706	0
Ancillary trading income	4	147,274	0	0	147,274	115,871
<b>Other trading activities</b>						
Non-ancillary trading income	5	62,887	0	0	62,887	152,111
<b>Investments</b>						
Investment income	6	1,779	16,539	897	19,215	18,744
Bank and other interest	7	154	0	0	154	68
<b>Voluntary sources</b>						
Grants and donations	8	4,865	50,000	0	54,865	50
<b>Other incoming resources</b>	9	1,755,835	0	0	1,755,835	197,512
<b>Total incoming resources</b>		<b>4,166,793</b>	<b>99,245</b>	<b>897</b>	<b>4,266,935</b>	<b>2,400,235</b>
Expenditure on:						
<b>Raising funds</b>						
Ancillary trading expenditure	10	99,657	0	0	99,657	0
Financing costs	11	170,271	0	0	170,271	181,333
Investment expenditure		5,273	0	0	5,273	0
Non-ancillary trading expenditure		82,907	0	0	82,907	129,102
<b>Total deductible costs</b>		<b>358,108</b>	<b>0</b>	<b>0</b>	<b>358,108</b>	<b>310,435</b>
<b>Charitable activities</b>						
Education and grant making	10	4,300,885	32,706	897	4,334,488	3,516,963
<b>Total expenditure</b>		<b>4,658,993</b>	<b>32,706</b>	<b>897</b>	<b>4,692,596</b>	<b>3,827,398</b>
<b>Net income and expenditure before transfers</b>		<b>(492,200)</b>	<b>66,539</b>	<b>0</b>	<b>(425,661)</b>	<b>(1,427,163)</b>
Realised gains / (losses) on investment assets	16	(2,698)	810	(4,197)	(6,085)	(276)
Unrealised gains / (losses) on investment assets	16	15,517	28,440	8,250	52,207	(8,752)
Net incoming / (outgoing) resources		(479,381)	95,789	4,053	(379,539)	(1,436,191)
Transfer between funds		0	0	0	0	0
<b>Net income and capital (outflow)</b>		<b>(479,381)</b>	<b>95,789</b>	<b>4,053</b>	<b>(379,539)</b>	<b>(1,436,191)</b>
Pension scheme actuarial losses		0	0	0	0	0
<b>Net movement in funds for the year</b>		<b>(479,381)</b>	<b>95,789</b>	<b>4,053</b>	<b>(379,539)</b>	<b>(1,436,191)</b>
Fund balances as at 1st September 2015		(2,547,784)	412,621	31,496	(2,103,667)	(667,476)
<b>Fund balances as at 31st August 2016</b>		<b>(3,027,165)</b>	<b>508,410</b>	<b>35,549</b>	<b>(2,483,206)</b>	<b>(2,103,667)</b>

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 21 to 48 form part of these financial statements.

# ABBOTS BROMLEY SCHOOL LIMITED

## CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed £	Total 2016 £	Total 2015 £
<b>Incoming resources</b>						
<b>Charitable Activities</b>						
School fees receivable	2	2,193,999	0	0	2,193,999	1,915,879
Government and Local Authority grants	3	0	32,706	0	32,706	0
Ancillary trading income	4	147,274	0	0	147,274	115,871
<b>Other trading activities</b>						
Non-ancillary trading income	5	0	0	0	0	0
<b>Investments</b>						
Investment income	6	1,779	16,539	897	19,215	18,744
Bank and other interest	7	74	0	0	74	0
<b>Voluntary sources</b>						
Grants and donations	8	4,865	50,000	0	54,865	50
<b>Other incoming resources</b>	9	1,755,835	0	0	1,755,835	197,512
<b>Total incoming resources</b>		<u>4,103,826</u>	<u>99,245</u>	<u>897</u>	<u>4,203,968</u>	<u>2,248,056</u>
Expenditure on:						
<b>Raising funds</b>						
Ancillary trading expenditure	10	99,657	0	0	99,657	0
Financing costs	11	170,271	0	0	170,271	181,333
Investment expenditure		5,273	0	0	5,273	0
Non-ancillary trading expenditure		0	0	0	0	0
<b>Total deductible costs</b>		<u>275,201</u>	<u>0</u>	<u>0</u>	<u>275,201</u>	<u>181,333</u>
<b>Charitable activities</b>						
Education and grant making	10	4,300,885	32,706	897	4,334,488	3,493,886
<b>Total expenditure</b>		<u>4,576,086</u>	<u>32,706</u>	<u>897</u>	<u>4,609,689</u>	<u>3,675,219</u>
<b>Net income and expenditure before transfers</b>		(472,261)	66,539	0	(405,722)	(1,427,163)
Realised gains / (losses) on investment assets	16	(2,698)	810	(4,197)	(6,085)	(276)
Unrealised gains / (losses) on investment assets	16	15,517	28,440	8,250	52,207	(8,752)
Net incoming / (outgoing) resources		<u>(459,441)</u>	<u>95,789</u>	<u>4,053</u>	<u>(359,600)</u>	<u>(1,436,191)</u>
Transfer between funds		0	0	0	0	0
<b>Net income and capital (outflow)</b>		<u>(459,441)</u>	<u>95,789</u>	<u>4,053</u>	<u>(359,600)</u>	<u>(1,436,191)</u>
Pension scheme actuarial losses		0	0	0	0	0
<b>Net movement in funds for the year</b>		<u>(459,441)</u>	<u>95,789</u>	<u>4,053</u>	<u>(359,600)</u>	<u>(1,436,191)</u>
Fund balances as at 1st September 2015		(2,547,798)	412,621	31,496	(2,103,681)	(667,490)
<b>Fund balances as at 31st August 2016</b>		<u>(3,007,240)</u>	<u>508,410</u>	<u>35,549</u>	<u>(2,463,281)</u>	<u>(2,103,681)</u>

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 21 to 48 form part of these financial statements.

# ABBOTS BROMLEY SCHOOL LIMITED

## CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31ST AUGUST 2016

	Notes	2016	2015
		£	£
<b>Fixed assets</b>			
Tangible assets	15	2,541,817	2,654,776
Investments	16	497,884	455,281
		<u>3,039,701</u>	<u>3,110,057</u>
<b>Current assets</b>			
Stocks	17	26,004	41,511
Debtors	18	179,201	236,612
Cash	19	90,906	69,343
		<u>296,111</u>	<u>347,466</u>
<b>Creditors payable within one year</b>	20	(4,355,261)	(4,219,700)
<b>Net current (liabilities)</b>		<u>(4,059,150)</u>	<u>(3,872,234)</u>
<b>Total assets less current (liabilities)</b>		<u>(1,019,449)</u>	<u>(762,177)</u>
<b>Long term liabilities</b>			
Creditors payable after one year	21	(1,226,657)	(1,151,390)
Provisions for liabilities	24	(237,000)	(190,000)
<b>Total net (liabilities) excluding pension liability</b>		<u>(2,483,106)</u>	<u>(2,103,567)</u>
Net pension liability		0	0
<b>Net (liabilities)</b>		<u><u>(2,483,106)</u></u>	<u><u>(2,103,567)</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	100	100
<b>Funds</b>			
Endowed funds	26	35,549	31,496
Restricted funds	26	508,410	412,621
<i>Unrestricted funds</i>			
- Designated funds	26	74,549	65,224
- General reserve	26	(3,101,714)	(2,613,008)
		<u>(2,483,206)</u>	<u>(2,103,667)</u>
<b>Equity shareholders' funds</b>		<u><u>(2,483,106)</u></u>	<u><u>(2,103,567)</u></u>

The financial statements were approved and authorised for issue by the Board on 14 July 2017 and signed on its behalf by

P Norvall

Company registration number 1103321

Chairman

The notes on pages 21 to 48 form part of these financial statements.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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### 1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year are:

#### a) Basis of Accounting

The accounts of the group have been prepared under the Companies Act 2006 and in accordance with the Statement of Recommended Practice for Charities ('SORP (FRS102)') and with applicable UK Accounting Standards. They are drawn up on the historical cost accounting basis except that property and share investments held as fixed assets are carried at fair value.

Abbots Bromley School Limited meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not clear from other sources. Actual results may differ from these estimates. Further details are provided in note 35, and in the accounting policies for depreciation of fixed assets, and for bad debts.

#### b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. Details are given below and in note 36.

At the date of transition there is a requirement to recognise the liability to contribute to a recovery plan in respect of membership of the Pensions Trust Growth Plan. More details are provided in note 31. The initial liability recognised at the date of transition was £190,000. No other restatements were required.

#### c) Going Concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the director's report on pages 2 to 15 and in the notes on pages 21 to 48. In addition, note 1 to the financial statements provides a summary of the group's accounting policies and the risks faced by the group are highlighted within the director's report.

As described in the director's report, the school is experiencing significant pressure on pupil numbers, which is extremely difficult for management and staff. Victoria Musgrave - Executive Head has successfully delivered a new school development improvement plan, which focused on improving standards throughout the school. This has been highlighted in the Independent Schools Inspectorate Regulatory Compliance Inspection Report May 2016: *"The school meets the standards in the schedule to the Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding Schools 2015 and associated requirements."* Pupil numbers have increased by 31% (from 168 pupils in 2014/2015 to 220 pupils on roll in September 2016).

The decision of the directors to increase its share of the international student market has proven to be successful. Abbots Bromley International College, which opened on 1<sup>st</sup> September 2015, is growing steadily and directors expect the international student population to increase by another 20% in 2017 (current number of international students: 45).

The directors are seeking to sell some more of the group's non-academic assets, which are deemed to be surplus to requirements, to provide additional working capital. The investments advisers have been instructed to sell the school's securities investments valued at £500k at balance sheet date to improve its cash flow position. The majority of these investments have now been sold and the sale proceeds of £389,991 have been received on 23 March 2017.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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The management team has decided to implement a staff restructure, reducing staff costs and is making efficiency savings on non-pay expenditure in 2017 to stay within the Board approved budget for financial year 2016/2017 and to achieve a balanced budget for 2017/2018.

The directors are satisfied that there are likely to be appropriate and committed financing arrangements in place and that the facilities available to the company compare favourably to the expected cash requirements as indicated by management's cash flow forecasts and budget. The group participates in the groups' banking arrangements and so shares banking arrangements with its parent and fellow schools.

The directors are satisfied in the light of the actions described elsewhere in the directors' report, the directors consider it appropriate to adopt the going concern basis in preparing the accounts based on information available and aware of the time and events expected more than a year beyond approval of the accounts have not been ignored.

The sale of non-academic assets will not affect the long-term recoverability of loans and support provided to the group is secure. The Woodard Corporation has already provided significant support through provision of assistance from the Director of Education, support from consultants, through assisting the school in seeking funding and from the provision of a long-term loan.

After making enquiries and considering the possibilities and uncertainties described above, along with the continued support of the Woodard Corporation, the directors have concluded that the group has adequate resources to continue in operational existence for the near future. For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

### **d) Group Accounts**

The financial statements consolidate the financial statements of the company, and all its subsidiary companies, charitable trusts and funds with all inter-company balances being eliminated. Entities are consolidated where Abbots Bromley School Limited exercises overall control either through ownership of shares, or through having common trustees with a common objective. Accounting policies are consistently applied between group companies.

### **e) School Fees Receivable and Similar Income**

Fees receivable and other educational income are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships, and other remissions by the school, but include contributions received from restricted funds for scholarships, bursaries, and other grants. Fees in Advance Scheme Contracts are those fees received in advance of education to be provided in future years under a specific contract. The fees are held as investments in interest bearing assets until either taken to income to match liabilities in the term when used, or else refunded. Any surplus of assets over liabilities is held within the fund as a buffer. Debts are provided for if not recovered within one term. Estimating amounts to provide against recovery of debts is a matter of judgement.

### **f) Ancillary and Non-Ancillary Trading Income**

Ancillary trading income represents amounts from activities to generate funds within the charitable objects for example, school shop sales, coaches to and from school and school trips. Non-ancillary trading income represents amounts from activities not directly related to the charitable objects, for example lettings of school facilities out of term time and rental from spare school buildings. Income from these activities is recognised in the Statement of Financial Activities when the goods are sold or services provided.

### **g) Voluntary sources, Grants, and Donations**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can reliably be quantified and the economic benefit is considered probable.

Voluntary income for general purposes is accounted for as unrestricted and is credited to the



# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, per whether the donor intends retention to be permanent or not. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the school in case of donated services or facilities.

### h) **Expenditure**

Expenditure is accrued as soon as there is a contractual obligation or a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is allocated to expense headings either on a direct cost basis or apportioned per time spent.

The irrecoverable element of VAT is included with the item of expense to which it relates. Bad debts are provided for in accordance with the group bad debt policy.

The cost of refurbishing and converting existing buildings is written-off in the year in which it is incurred except where the useful life has been extended.

### i) **Finance and Other Costs**

Other costs include amounts accrued in accordance with the terms of Fees in Advance Scheme Contracts.

### j) **Pension Costs**

The school company participates in the Teachers' Pensions scheme, which is an unfunded government scheme, and The Pensions Trust scheme, both of which provide benefits based on final pensionable pay. The funds of the schemes are separate from the company, although the company's share of the schemes cannot be identified as the schemes are multi-employer schemes, and so the pension costs are accounted for as defined contribution schemes.

The company offers membership of the Pensions Trust Growth Plan to employees other than the full-time academic staff. The Pensions Trust Growth Plan is a multi-employer pension scheme where the scheme assets are pooled for investment purposes and cannot be attributed to individual employers. Benefits are paid from the total scheme assets. It is in most respects a money purchase arrangement, but has some guarantees. Thus, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the company, though, due to the guarantees inherent in the scheme, the companies remain potentially liable for a debt on withdrawal from the scheme. In accordance with Financial Reporting Standard (FRS) 102 (section 28) therefore, the scheme is accounted for in a fashion which is like a defined contribution scheme.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as finance cost in the period in which it arises. More detail is given in notes 24 and 31.

### k) **Tangible Assets and Depreciation**

In accordance with Section 35.10 (d) of FRS102, Abbots Bromley School Limited has elected to use the carrying value of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost at the date of transition to FRS102, 1 September 2014.

Tangible assets are stated at cost less depreciation. Individual capital items, or projects, with a value greater than £2,500 are capitalised. Assets during construction are stated at cost less any provision for impairment. They are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate cost includes our own labour costs in relation to construction, and directly attributable overheads.

Where tangible assets have been acquired with the aid of specific grants they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset based on current market prices, over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings

- Variable per the building and written off over the expected useful life (see note below)

Plant and equipment

- 10% on cost

Fixtures and fittings

- 25% on cost

Computer equipment

- 25% on cost

Motor vehicles

- 25% on cost

The company has reviewed its tangible assets, which comprise land, buildings and initial fixtures and fittings. The company undertakes an annual review of all buildings assessing their useful economic life. In some cases, the useful economic life of a building is anticipated to be of considerable length, often more than 100 years. The buildings are capitalised in the financial statements at historic cost. Where the calculated depreciation charge is a material figure, it is charged in these financial statements but, where the carrying value is not more than the estimated recoverable amount and the depreciation on the building is not material to these financial statements, it has been assessed, but not charged on the basis that it is not material. The directors will continue to carry out annual assessments of the recoverable amount and the estimated useful life of all buildings and where the depreciation is a material value, it will be charged. The review is based on the directors' assessments of the market value and the future economic benefit derived from an asset versus its carrying value in the financial statements.

No depreciation is provided for in respect of investment properties in accordance with Section 16 of FRS102. Such properties are held for their investment potential and not for consumption within the business. Investment properties are stated at their fair value at the balance sheet date.

Abbots Bromley School Limited exercises judgement in selection of appropriate rates for depreciation of fixed assets, and for matters of impairment.

### **l) Financial Instruments**

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

### **m) Securities and Fees in Advance Investments**

Securities and Fees in Advance investments are carried at fair value, which is deemed to be market value as at the balance sheet date.

Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate fund per the 'ownership' of the underlying assets. Realised gains and losses are the difference between sales proceeds and opening market value where the investment was held at the beginning of the year, or sales proceeds less cost of purchase where the investment was acquired in the year. The revaluation reserve reflects the accumulated total of unrealised gains. Uninvested cash is the balance of liquid cash, held as an investment, which has not been invested in securities.

### **n) Stocks**

Stocks comprise raw materials, consumable stores and goods held for resale: they are valued at the lower of cost and net realisable value.

### **o) Leasing Commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the period of the lease whichever is the shorter. The interest element of the obligations is charged to the Statement of Financial Activities over the period of the lease. Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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Statement of Financial Activities on a straight-line basis over the lease term. Lease incentives are accounted for over the lease term on a straight-line basis.

### p) Fund Accounts

Endowment funds are subject to specific conditions by donors that the charity must maintain the capital. Endowment funds are further sub-divided into permanent and expendable, where required by the terms of the trust.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

### q) Taxation

Abbots Bromley School Limited is a registered charity and as such are exempt from income tax and corporation tax under the provisions of Section 478 of the Corporation Tax Act 2010. There is no similar exemption for VAT, which is included in expenditure or in the cost of assets as appropriate.

The school has a subsidiary company that is subject to taxes including corporation tax and VAT in the same way as any commercial organisation. The tax charged to the profit and loss account is based on the subsidiary company's profit for the year and considers tax arising because of timing differences between the treatment of certain items for tax and accounting purposes. The subsidiary company pays over all its profits to Abbots Bromley School Limited under Gift Aid and tax liabilities are kept to a minimum.

### r) Cash flow statement

The cash flows of Abbots Bromley School Limited are included in the consolidated cash flow statement of The Woodard Corporation. Abbots Bromley School Limited is exempt under the terms of Section 1 of FRS 102 from publishing a cash flow statement.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 2 Charitable activities - school fees receivable

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
The school fees income comprises					
Gross fees	2,892,345	0	0	2,892,345	2,327,082
Less: total scholarships, bursaries, etc.	(698,346)	0	0	(698,346)	(411,203)
Add back: scholarships, grants, etc. paid for by restricted funds	0	0	0	0	0
	<u>2,193,999</u>	<u>0</u>	<u>0</u>	<u>2,193,999</u>	<u>1,915,879</u>

Scholarships, bursaries and other awards were paid to 164 pupils (2015: 145 pupils). Within this, means-tested bursaries totalling £86,495 were paid to 18 pupils (2015: £86,913 to 10 pupils).

### 3 Government and Local Authority grants

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
Early Years funding	0	16,258	0	16,258	0
Special Educational Needs	0	16,448	0	16,448	0
	<u>0</u>	<u>32,706</u>	<u>0</u>	<u>32,706</u>	<u>0</u>

### 4 Charitable activities - ancillary trading income

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
Entrance fees and registrations	8,500	0	0	8,500	4,482
Equestrian centre	52,672	0	0	52,672	47,603
Extras	52,352	0	0	52,352	36,813
Fees in lieu of notice	(2,573)	0	0	(2,573)	0
Pupil bussing	35,510	0	0	35,510	26,064
Sundry other income	813	0	0	813	909
	<u>147,274</u>	<u>0</u>	<u>0</u>	<u>147,274</u>	<u>115,871</u>

### 5 Non-ancillary trading income

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
Abbots Bromley Enterprises Company Limited	62,887	0	0	62,887	152,111

### 6 Investments - investment income

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
<b>Securities investment income</b>					
Equities	1,774	16,437	907	19,118	18,744
Fixed interest	5	102	(10)	97	0
	<u>1,779</u>	<u>16,539</u>	<u>897</u>	<u>19,215</u>	<u>18,744</u>

### 7 Investments - bank and other interest

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
Bank interest	154	0	0	154	68
	<u>154</u>	<u>0</u>	<u>0</u>	<u>154</u>	<u>68</u>

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 8 Voluntary sources - grants and donations

	Unrestricted £	Restricted £	Endowed £	Total 2016 £	Total 2015 £
Guild of St Mary and St Anna	0	50,000	0	50,000	0
Other donations	4,865	0	0	4,865	50
	<u>4,865</u>	<u>50,000</u>	<u>0</u>	<u>54,865</u>	<u>50</u>

### 9 Other incoming resources

	Unrestricted £	Restricted £	Endowed £	Total 2016 £	Total 2015 £
Profit on sale of tangible assets	1,755,835	0	0	1,755,835	0
Surplus on educational and non-educational trips	0	0	0	0	197,512
	<u>1,755,835</u>	<u>0</u>	<u>0</u>	<u>1,755,835</u>	<u>197,512</u>

### 10 Analysis of expenditure

#### a) Total expenditure

	Staff costs (note 10) £	Depreciation (note 13) £	Support Costs £	Total 2016 £	Total 2015 £
<b>Costs of raising funds</b>					
Ancillary trading expenditure	68,932	0	30,725	99,657	0
Financing costs	0	0	170,271	170,271	181,333
Investment expenditure	0	0	5,273	5,273	0
Non-ancillary trading expenditure	17,054	0	65,853	82,907	129,102
<b>Total cost of generating funds</b>	<u>85,986</u>	<u>0</u>	<u>272,122</u>	<u>358,108</u>	<u>310,435</u>
<b>Charitable expenditure</b>					
<i>Education and grant making</i>					
Teaching	1,534,924	10,224	175,726	1,720,874	1,441,047
Welfare	254,363	217	394,028	648,608	375,747
Premises	250,950	208,629	676,174	1,135,753	1,007,807
School administration and governance (note 10c)	407,488	0	420,868	828,356	692,362
Grants awards and prizes (note 10b)	0	0	897	897	0
<b>Total charitable expenditure</b>	<u>2,447,725</u>	<u>219,070</u>	<u>1,667,693</u>	<u>4,334,488</u>	<u>3,516,963</u>
<b>Total expended</b>	<u>2,533,711</u>	<u>219,070</u>	<u>1,939,815</u>	<u>4,692,596</u>	<u>3,827,398</u>

#### b) Grants' awards and prizes

	Unrestricted £	Restricted £	Endowed £	Total 2016 £	Total 2015 £
<b>From endowed funds</b>					
Grants and prizes paid	0	0	897	897	0

#### c) Governance included in support costs

Abbots Bromley School Limited reimburses governors for out of pocket expenses including travel subsistence and accommodation, where a claim is made. One director was reimbursed during the year.

	Unrestricted £	Restricted £	Endowed £	Total 2016 £	Total 2015 £
Auditors' remuneration - audit fees	17,596	0	0	17,596	9,028
Auditors' remuneration - non-audit fees	0	0	0	0	0
Governors' expenses	173	0	0	173	982
Legal fees	15,510	0	0	15,510	26,444
	<u>33,279</u>	<u>0</u>	<u>0</u>	<u>33,279</u>	<u>36,454</u>

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 11 Financing costs

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
Interest payable - bank overdraft	9,736	0	0	9,736	14,984
Interest payable - Woodard Corporation	76,165	0	0	76,165	71,975
Interest payable - APB Group Limited	60,543	0	0	60,543	0
Interest payable - Lloyds Bank plc	31,054	0	0	31,054	37,080
Interest payable - financial lease	109	0	0	109	0
Bank charges	463	0	0	463	106
Provision for bad and doubtful debt	(11,799)	0	0	(11,799)	52,188
	<u>166,271</u>	<u>0</u>	<u>0</u>	<u>166,271</u>	<u>176,333</u>
Pension scheme financing cost	4,000	0	0	4,000	5,000
	<u>170,271</u>	<u>0</u>	<u>0</u>	<u>170,271</u>	<u>181,333</u>

### 12 Staff costs

	2016 £	2015 £
The aggregate payroll costs for the year were:		
Wages and salaries	2,017,744	1,614,324
Social security costs	154,005	108,292
Other pension costs	258,278	159,129
	<u>2,430,027</u>	<u>1,881,745</u>
Agency staff / contractors	103,683	90,400
	<u>2,533,710</u>	<u>1,972,145</u>

None of the governors received remuneration or other benefits form Abbots Bromley School or from any connected body.

	2016 £	2015 £
Aggregate employee benefits of key management personnel	<u>349,042</u>	<u>282,403</u>

The number of higher paid employees whose emoluments were £60,000 or more was:

	2016 No.	2015 No.
£60,001 - £70,000	3	0

The number with retirement benefits accruing:

- in Defined Contribution scheme was 2.

	2016 £	2015 £
Of which the contributions amounted to	20,217	0

- in Defined Benefit schemes was 1.

	2016 £	2015 £
Of which the contributions amounted to	6,190	0

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 12 Staff costs (continued)

The average number of persons employed by the school during the period was as follows:

	2016 No.	2015 No.
Teaching	45	35
Welfare	16	17
Premises	23	19
Support	15	14
	<u>99</u>	<u>85</u>

The number of FTE employees during the year equated to 78 (2015: 67).

### 13 Directors

None of the directors (or any persons connected with them) received any remuneration during the year. Also travel expenses of £173 (2015: £982) were reimbursed to 1 director (2015: 2 directors). No scholarships were awarded to children of directors attending the school (2015: nil).

### 14 Taxation

The company is a registered charity and therefore no liability to taxation arises on its charitable activities.

### 15 Tangible fixed assets

Group and company	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 September 2015	2,585,560	1,351,199	256,014	70,232	26,864	4,289,869
Prior year adjustment	9,999	0	0	0	0	9,999
At 1 September 2015 restated	2,595,559	1,351,199	256,014	70,232	26,864	4,299,868
Additions	0	111,786	15,332	17,585	16,200	160,903
Disposals	(54,791)	0	0	0	0	(54,791)
<b>At 31 August 2016</b>	<b>2,540,768</b>	<b>1,462,985</b>	<b>271,346</b>	<b>87,817</b>	<b>43,064</b>	<b>4,405,980</b>
<b>Depreciation</b>						
At 1 September 2015	635,854	680,224	249,712	48,539	20,764	1,635,093
Prior year adjustment	9,999	0	0	0	0	9,999
At 1 September 2015 restated	645,853	680,224	249,712	48,539	20,764	1,645,092
Charge for the year	61,024	139,125	4,639	10,224	4,059	219,071
<b>At 31 August 2016</b>	<b>706,877</b>	<b>819,349</b>	<b>254,351</b>	<b>58,763</b>	<b>24,823</b>	<b>1,864,163</b>
<b>Net book value</b>						
<b>At 31 August 2016</b>	<b>1,833,891</b>	<b>643,636</b>	<b>16,995</b>	<b>29,054</b>	<b>18,241</b>	<b>2,541,817</b>
<b>Net book value</b>						
<b>At 31 August 2015</b>	<b>1,949,706</b>	<b>670,975</b>	<b>6,302</b>	<b>21,693</b>	<b>6,100</b>	<b>2,654,776</b>

All assets are used for charitable purposes.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 16 Securities investments

	Unrestricted £	Restricted £	Endow ed £	Total 2016 £	Total 2015 £
<b>Group investments</b>					
At 1 September 2015	57,122	355,812	35,614	448,548	457,997
New money invested	0	0	0	0	425
Reinvested income	0	0	0	0	0
Amounts extracted	0	0	0	0	(845)
Investment management fees	0	0	0	0	0
Increase / (decrease) in value of investments	12,819	29,250	4,053	46,122	(9,028)
	69,941	385,062	39,667	494,670	448,549
Unallocated cash	456	2,498	260	3,214	6,732
<b>Group investments at 31 August 2016</b>	<b>70,397</b>	<b>387,560</b>	<b>39,927</b>	<b>497,884</b>	<b>455,281</b>
Investments in subsidiaries	100	0	0	100	100
<b>Company investments at 31 August 2016</b>	<b>70,497</b>	<b>387,560</b>	<b>39,927</b>	<b>497,984</b>	<b>455,381</b>
<b>Investments comprise:</b>					
UK Fixed Interest	42,691	55,651	13,972	112,314	141,957
UK Cash	456	2,498	260	3,214	6,732
UK Equity	0	314,217	25,696	339,913	260,814
Non UK Equity	27,250	15,194	0	42,444	45,778
<b>Group investments at 31 August 2016</b>	<b>70,397</b>	<b>387,560</b>	<b>39,928</b>	<b>497,885</b>	<b>455,281</b>
Investments in subsidiaries	100	0	0	100	100
<b>Company investments at 31 August 2016</b>	<b>70,497</b>	<b>387,560</b>	<b>39,928</b>	<b>497,985</b>	<b>455,381</b>

Abbots Bromley School owns all of the share capital of Abbots Bromley Enterprises Limited, a company incorporated in England and Wales. Further details are provided in note 25.

In addition to the above investments, cash balances within the Fees in Advance Scheme are included in current assets and deposits.

The main Securities Investments and Fees in Advance Scheme Investments deposits are managed for Abbots Bromley School by UBS Wealth Management (UK) Limited. All investments are managed and held in the UK.

Holdings at the year-end comprising more than 5% of the total are:

	2016 £	2015 £
Artemis Income Fund Units	58,204	54,574
iShares GBP Corporate Bond	61,320	51,480
iShares PLC FTSE 100 Fund	48,913	45,084
iShares S&P 500 SHS	42,444	33,147
J O Hambro Cap Management UK Equity Inc - Retail	62,219	61,346
M&G Investment Fund Corporate Bonds Funds	42,957	39,279
Threadneedle Investment Funds	97,579	88,469
	<b>413,636</b>	<b>373,379</b>



# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 17 Stock

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Food and drinks	0	3,935	0	3,935
Gas	0	635	0	635
Heating Oil	18,702	17,722	18,702	17,722
Equestrian	7,302	18,394	7,302	18,394
Other	0	825	0	825
	<u>26,004</u>	<u>41,511</u>	<u>26,004</u>	<u>41,511</u>

### 18 Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
School fees receivable	97,877	71,481	97,877	71,481
Trade debtors	34,613	93,445	0	0
Prepayments and accrued income	42,867	54,606	42,867	54,606
Other debtors	3,844	17,080	3,844	17,080
Amounts due from subsidiary company	0	0	81,329	118,581
	<u>179,201</u>	<u>236,612</u>	<u>225,917</u>	<u>261,748</u>

### 19 Cash at bank and in hand

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts held by commercial banks	89,884	67,360	56,448	32,191
Petty cash	1,022	1,983	1,022	1,983
	<u>90,906</u>	<u>69,343</u>	<u>57,470</u>	<u>34,174</u>

### 20 Creditors: Amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Bank loans and overdrafts	608,801	552,568	608,801	552,568
Other loans	1,107,500	1,105,000	1,107,500	1,105,000
Deposits from parents	151,219	187,425	151,219	187,425
Fees received in advance of term	131,889	0	131,889	0
Fees in Advance scheme	346,757	402,477	346,757	402,477
Trade creditors	206,663	211,899	206,663	211,899
Taxation and social security	50,135	38,916	50,135	34,003
VAT payable	5,789	0	0	0
Other creditors	17,913	79,276	17,913	76,769
Accruals	17,853	11,495	17,097	8,996
Amounts due to parent company	1,710,742	1,630,644	1,710,742	1,630,644
	<u>4,355,261</u>	<u>4,219,700</u>	<u>4,348,716</u>	<u>4,209,781</u>

Bank loans and overdrafts are secured by an unlimited all monies guarantee as part of an overdraft facility under a pooled banking arrangement organised by the Woodard Corporation. Woodard and two other subsidiaries subscribe to the pooled banking arrangement and overdraft facility with Lloyds TSB Bank plc. As a result of this arrangement Woodard and the subscribers are able to obtain borrowings at a lower rate of interest.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 20 Creditors: Amounts falling due within one year (continued)

In September 2011 the school agreed a 10 year loan with Lloyds TSB Bank plc, for the amount of £1.7 million secured against the school buildings.

The school entered into an agreement with The Woodard Corporation for a loan facility of up to a maximum aggregate amount of £1.7m on the 18th November 2013 and on the 19th June 2013 the school entered into a further agreement with The Woodard Corporation for a loan facility of up to a maximum aggregate amount of £500k. The school uses all amounts borrowed by it under the facilities to meet its cash flow. The rate of interest on each loan is 4.5% per annum above the Bank of England's base rate. On the 31st August 2014 Abbots Bromley School transferred property (Dandelion Cottages - Woodard Head Offices) to The Woodard Corporation for an amount of £775k as a repayment on the loan.

*Amounts due to parent company:*

	Group and Company	
	2016	2015
	£	£
Loan	1,525,000	1,525,000
Accumulated interest	198,319	122,153
Utilities costs	558	8,841
Other costs	175	175
	<u>1,724,052</u>	<u>1,656,169</u>
Less:		
Staff costs (note 34)	13,310	25,525
	<u>1,710,742</u>	<u>1,630,644</u>

The school entered into an agreement with APB Group for a loan facility of up to maximum aggregate amount of £100k on the 4th August 2016 and on the 10th August 2016 and also on 15th August 2016 the school entered into further agreements with the APB Group for a loan facility of up to a maximum aggregate amount of £100k. The school uses all amounts borrowed by it under the facilities to meet its cash flow. The rate of interest on each loan is 4.5% per annum above the Bank of England's base rate.

The agreement with Lloyds Bank plc is an overdraft facility of up to a maximum aggregate amount of £750k, the rate of interest on the loan is 2.5% per annum above the Bank of England's base rate.

### 21 Creditors: Amounts falling due after more than one year

	Group and Company	
	2016	2015
	£	£
Finance loan	1,000,000	1,000,000
Deposits received in advance	226,657	151,390
	<u>1,226,657</u>	<u>1,151,390</u>

The school entered into an agreement with the APB Group for a loan facility of up to maximum aggregate amount of £1.0 million on the 18th June 2015. The school uses all amounts borrowed by it under the facilities to meet its cash flow. The rate of interest on each loan is 4.5% per annum above the Bank of England's base rate.

*Deposits received in advance:*

Repayable within 1 to 2 years	63,538	41,352
Repayable within 2 to 5 years	113,919	75,088
Repayable after 5 years	49,200	34,950
	<u>226,657</u>	<u>151,390</u>

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 22 Fees in advance scheme

Parents and others may enter into a contract to pay for fixed contributions towards pupil tuition fees for a number of years in advance. The money may be returned subject to specific conditions on the receipt of notice. Assuming pupils remain in the school, fees in advance will be applied as follows:

	2016 £	2015 £
After 5 years	0	0
Within 2 to 5 years	0	10,862
Within 1 to 2 years	10,862	10,862
	<u>10,862</u>	<u>21,724</u>
Within 1 year	335,895	380,753
	<u><u>346,757</u></u>	<u><u>402,477</u></u>

### Summary of movements in liability

	2016 £	2015 £
Balance at 1 September 2015	402,477	171,426
New contracts	325,033	380,753
Repayments	0	0
Amounts used to pay fees	(380,753)	(149,702)
Amount accrued to contract as debt financing cost	0	0
	<u><u>346,757</u></u>	<u><u>402,477</u></u>
Balance at 31 August 2016		

### 23 Finance lease obligations

	2016 £	2015 £
After 5 years	0	0
Within 2 to 5 years	3,333	0
Within 1 to 2 years	3,333	0
	<u>6,666</u>	<u>0</u>
Within 1 year	1,667	0
	<u><u>8,333</u></u>	<u><u>0</u></u>

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 24 Pension scheme deficit recovery plan

#### Pension Trust Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

A full actuarial valuation for the scheme was carried out at 30 September 2011. This actuarial valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

#### Deficit contributions

From 1 April 2013 to 31 March 2013:	£13.9m per annum (payable monthly and increasing by 3% each on 1st April)
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A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

#### Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 24 Pension scheme deficit recovery plan (continued)

#### Pension Trust Growth Plan (continued)

Present values of provision	2016 £	2015 £
Provision at end of period	<u>237,000</u>	<u>190,000</u>
<b>Reconciliation of opening and closing provisions</b>	2016 £	2015 £
Provision at start of period	190,000	207,000
Unwinding of the discount factor (interest expenses)	4,000	5,000
Deficit contribution paid	(24,000)	(24,000)
Remeasurements - impact of any change in assumptions	12,000	2,000
Remeasurements - amendments to the contribution schedule	55,000	0
<b>Provision at end of period</b>	<u>237,000</u>	<u>190,000</u>
<b>Income and expenditure impact</b>	2016 £	2015 £
Interest expense	4,000	5,000
Remeasurements - impact of any change in assumptions	12,000	2,000
Remeasurements - amendments to the contribution schedule	55,000	0
Contributions paid in respect of future service *	0	0
Costs recognised in income and expenditure account	0	0

\* Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions	31 August 2016 % per annum	31 August 2015 % per annum	31 August 2014 % per annum
Rate of discount	1.08	2.25	2.55

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

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 24 Pension scheme deficit recovery plan (continued)

#### Deficit contributions schedule

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

	31 August 2016 £	31 August 2015 £	31 August 2014 £
Year 1	24,000	25,000	24,000
Year 2	25,000	26,000	25,000
Year 3	26,000	26,000	26,000
Year 4	26,000	27,000	26,000
Year 5	27,000	28,000	27,000
Year 6	28,000	29,000	28,000
Year 7	29,000	30,000	29,000
Year 8	30,000	18,000	30,000
Year 9	31,000	0	18,000
Year 10	3,000	0	0
	<u>249,000</u>	<u>209,000</u>	<u>233,000</u>

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

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

### 25 Share capital

	2016 £	2015 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

### 26 Funds

Abbots Bromley School's funds are analysed under the following headings:

#### a) Endowed funds

##### Special endowment fund

The special endowment fund of the company include a number of individual trust and prize funds set up by donors as permanent capital. The income generated is restricted to funding scholarships, bursaries, grants and prizes.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 26 Funds (continued)

The specific endowment fund is:

#### Permanent endowments

##### Prize fund

This fund comprises a number of gifts to provide prizes.

#### b) Restricted funds

##### Benefit fund

The purpose of the benefit fund, which is held in Trust by Woodard Schools (Midland Division) Limited under a declaration of trust dated 22 March 1960 and amended rules dated 5 December 1975, is to assist pupils either by contributing towards the school fees of their children or dependents or in such manner (being exclusively charitable) as the trustees consider for their benefit. The fund has been built up by voluntary contributions. The school council has the power to determine on behalf of the trustees which former pupils shall receive benefit and the nature and extent of such benefit.

##### Scholarship fund

The scholarship fund is made up of the Bridgman Bequest and the Mary & Charlotte Lowe Exhibition. The purpose of the Bridgman Bequest, which was set up from the proceeds of the sale of certain books left to the school, is to fund expenditure of the school library. The Mary & Charlotte Lowe Exhibition is a bursary fund bequeathed in 1897, the beneficiary of which is to be a girl, whose parents are residents in Abbots Bromley.

	2016 £	2015 £
Bridgman Bequest	86,969	83,837
Mary & Charlotte Lowe Exhibition	2,988	2,810
	<u>89,957</u>	<u>86,647</u>

##### Minor funds

Minor funds represents grants and donations to provide prizes for the pupils at the school. At 31 August 2016, these were:

	2016 £	2015 £
Buckle Scholarship	5,022	5,022
Millington Memorial	5,341	5,341
Woods Prize	4,319	4,319
Saren Prize	140	140
	<u>14,822</u>	<u>14,822</u>

#### c) Unrestricted funds

Unrestricted funds represents accumulated income from the school's activities and other sources that are available for the general purposes of the school.

Designated funds are represented by:

	2016 £	2015 £
Appeal fund	1,244	1,241
Bursary fund	73,305	63,983
	<u>74,549</u>	<u>65,224</u>

##### Appeal fund

The Appeal Fund is designated for special projects.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 26 Funds (continued)

#### c) Unrestricted funds (continued)

##### Bursary fund

The purpose of the Bursary Fund, which was established from the Harden Legacy and the Brenda Bowler St. Elphin's Trust, is to provide or contribute towards the provision of education at the school; scholarships, bursaries and prizes for pupils at the school; and in such other manner (being exclusively charitable) as the school council shall consider to be for the benefit of the school.

##### General reserve

Unrestricted funds are spent or applied at the discretion of the school council to further any of the charity's purposes.

*General reserve is represented by:*

	2016 £	2015 £
School's general reserve	(3,081,789)	(2,613,022)
Subsidiary's general reserve	(19,925)	14
	<u>(3,101,714)</u>	<u>(2,613,008)</u>

##### Free reserves

Free reserves are calculated as being the equity shareholders' funds per the balance sheet, less the endowed and restricted funds, less designated funds and less fixed assets held for charity use - this likely to be a negative figure.

	2016 £	2015 £
Equity shareholders' funds	(2,483,106)	(2,103,567)
Less:		
Endowed funds	35,549	31,496
Restricted funds	508,409	412,621
Less:		
Tangible assets	2,541,817	2,654,776
Investments	497,884	455,281
Free reserves	<u>(6,066,765)</u>	<u>(5,657,741)</u>



# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 27 Analysis of net (liabilities) between funds

	Unrestricted £	Restricted £	Endowed £	Total 2016 £	Total 2015 £
Tangible assets	2,541,817	0	0	2,541,817	2,654,775
Securities investments	70,397	387,560	39,927	497,884	455,281
Stocks	26,004	0	0	26,004	41,511
Debtors	175,615	3,217	369	179,201	236,612
Cash	38,347	56,409	(3,850)	90,906	69,343
Creditors payable within one year	(4,415,588)	61,224	(897)	(4,355,261)	(4,206,714)
Creditors payable after one year	(1,226,657)	0	0	(1,226,657)	(1,164,376)
Provisions for liabilities	(237,000)	0	0	(237,000)	(190,000)
	(3,027,065)	508,410	35,549	(2,483,106)	(2,103,567)
Less: share capital	100	0	0	100	100
	(3,027,165)	508,410	35,549	(2,483,206)	(2,103,667)

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 28 Summary of movements on major funds

	At 1 September 2015 £	Prior year adjustment	Incoming resources £	Resources expended £	Transfers £	Gains / (losses) £	At 31 August 2016 £
<b>Endowed - Permanent</b>							
Prize Fund	31,756	(260)	897	(897)	0	4,053	35,549
<b>Total endowment</b>	<b>31,756</b>	<b>(260)</b>	<b>897</b>	<b>(897)</b>	<b>0</b>	<b>4,053</b>	<b>35,549</b>
<b>Restricted funds</b>							
Benefit Fund	247,937	63,215	15,200	0	0	27,279	353,631
Bridgeman Bequest	65,573	18,264	1,339	0	0	1,793	86,969
Mary & Charlotte Low e Exhibition	0	2,810	0	0	0	178	2,988
Buckle Scholarship	0	5,022	0	0	0	0	5,022
Millington Memorial	0	5,341	0	0	0	0	5,341
Woods Prize	0	4,319	0	0	0	0	4,319
Saren Prize	0	140	0	0	0	0	140
Government and LA grants	0	0	32,706	(32,706)	0	0	0
Guild of St Mary and St Anne	0	0	50,000	0	0	0	50,000
Minor Funds	14,822	(14,822)	0	0	0	0	0
Revaluation Reserve	84,682	(84,682)	0	0	0	0	0
<b>Total restricted funds</b>	<b>413,014</b>	<b>(393)</b>	<b>99,245</b>	<b>(32,706)</b>	<b>0</b>	<b>29,250</b>	<b>508,410</b>
<b>Unrestricted funds</b>							
Appeal Fund	1,241	0	3	0	0	0	1,244
Bursary Fund	170,832	(106,849)	1,776	(5,273)	0	12,819	73,305
General Reserve	(2,717,211)	104,203	4,165,013	(4,653,719)	0	0	(3,101,714)
Pension Reserve	0	0	0	0	0	0	0
Revaluation Reserve	(3,299)	3,299	0	0	0	0	0
<b>Total unrestricted funds</b>	<b>(2,548,437)</b>	<b>653</b>	<b>4,166,792</b>	<b>(4,658,992)</b>	<b>0</b>	<b>12,819</b>	<b>(3,027,165)</b>
<b>Total funds</b>	<b>(2,103,667)</b>	<b>0</b>	<b>4,266,934</b>	<b>(4,692,595)</b>	<b>0</b>	<b>46,122</b>	<b>(2,483,206)</b>

Note 26 provides details of the individual funds.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 29 Commitments under operating leases

	2016	Other 2015
	£	£
<i>Expiry date:</i>		
Within 1 year	39,265	33,825
Between 2 and 5 years	48,211	57,382
After 5 years	0	5,462
	<u>87,476</u>	<u>96,669</u>

### 30 Capital commitments

At 31 August 2016, the group had capital commitments as follows:

	2016	2015
	£	£
Expenditure contracted for but not provided in the accounts	<u>44,531</u>	<u>0</u>

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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### 31 Pension Schemes

#### Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £313,700 (2015: £223,311) and at the year-end £Nil (2015 - £Nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' 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 actuarial valuation of the TPS was prepared as 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.

#### Pension Trust Growth Plan

The Company participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Abbots Bromley School paid contributions between the rates of 1.0% and 5.5% during the accounting period. Members paid contributions between the rates of 1.0% and 5.5% during the accounting period. As at the balance sheet date there were 28 active members of the Plan employed by Abbots Bromley School. Abbots Bromley School continues to offer membership of the Plan to its employees.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 31 Pension Schemes (continued)

#### Pension Trust Growth Plan (continued)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% per annum
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active / Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

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

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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### 31 Pension Schemes (continued)

#### Pension Trust Growth Plan (continued)

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2014 the total deficit calculated on the buy-out basis was £219.9m. See note 35 for further details.

### 32 Subsidiaries

The Company owns all of the share capital of Abbots Bromley School Enterprises Limited, a company incorporated in England and Wales. This company carries out trading activity on behalf of the school including commercial letting.

Abbots Bromley School Enterprises Limited had a turnover of £62,887 (2015: £152,111), loss of £19,939 (2015: profit £23,077), and therefore no gift aid could be made for the year ended 31 August 2016 (2015: gift aid of £23,077). At 31 August 2016 the company had shareholder's funds of £100 (2015: £100).

### 33 Contingent liabilities

The Company, together with two fellow subsidiaries, subscribes to a pooled banking arrangement and overdraft facility with Lloyds Bank plc. This facility is secured by an unlimited all moneys guarantee from the Woodard Corporation and the subscribers to the facility. This facility includes an omnibus letter set-off covering all monies due both present and future from the Woodard Corporation and the subscribers to the facility.

The Company has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2015. As of this date the estimated employer debt for the Company was £342,487 including Series 3 liabilities.

### 34 Related parties

The Company is wholly owned subsidiary of The Woodard Corporation, a registered charity number 1096270, which is incorporated in England and Wales. An amount of £16,115 (2015: £19,776) was paid during the year to the corporation by way of a levy to meet corporation running costs. An amount of £159,725 (2015: £154,150) was paid during the year to an employee of The Woodard Corporation to cover salary, national insurance contributions and pension costs. This is then invoiced monthly and re-paid back to the school. An amount of £13,310 (2015: £12,854) was still owing to the school at year end.

The school entered into an agreement with The Woodard Corporation for a loan facility of up to a maximum aggregate amount of £1.7m on the 18th November 2013 and on the 19th June 2013 the school entered into a further agreement with The Woodard Corporation for a loan facility of up to a maximum aggregate amount of £500k. The school uses all amounts borrowed by it under the facilities to meet its cash flow. The rate of interest on each loan is 4.5% per annum above the Bank of England's base rate. On the 31st August 2014 Abbots Bromley School transferred property (Dandelion Cottages - Woodard Head Offices) to The Woodard Corporation for an amount of £775k as a repayment on the loan.

The school entered into an agreement with the APB Group for a loan facility of up to maximum aggregate amount of £1.0 million on the 18th June 2015 and on the 4th August 2016 (£100k), 10th August 2016 (£100k) and 15th August 2016 (£100k) the school entered into further agreements with the APB Group for a loan facility of up to a maximum aggregate amount of £100k. The school uses all amounts borrowed by it under the facilities to meet its cash flow. The rate of interest on each loan is 4.5% per annum above the Bank of England's base rate.

The company also controls a subsidiary trading company, Abbots Bromley School Enterprises Limited (registered number 05181898), the results of which are detailed in note 32.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

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### 35 Accounting estimates and judgements

In preparing the financial statements, the directors are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cashflows. Accounting policies are shown at note 1 to the financial statements.

#### *Pension scheme deficit reduction payments*

As explained at note 24, there is a deficit reduction plan in place in respect of Abbots Bromley School's membership of the Pension Trust's Growth Plan. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the selection of an appropriate discount rate.

#### *Pension scheme contingent liability*

As explained at note 33, there is a contingent liability in the event that Abbots Bromley School were to withdraw its membership of the Pension Trust's Growth Plan. The independent qualified actuaries advising the Pensions Trust in respect of the contingent withdrawal liability exercise significant judgement in determining the amount of that liability. Judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 36 Consolidated Statement of Financial Activities - Comparative figures by fund type

Year Ended 31 August 2015	Unrestricted £	Restricted £	Endowed £	Total £
<b>Incoming resources</b>				
<b>Charitable Activities</b>				
School fees receivable	1,915,879	0	0	1,915,879
Government and Local Authority grants	0	0	0	0
Ancillary trading income	115,871	0	0	115,871
<b>Other trading activities</b>				
Non-ancillary trading income	152,111	0	0	152,111
<b>Investments</b>				
Investment income	21	17,389	1,334	18,744
Bank and other interest	68	0	0	68
<b>Voluntary sources</b>				
Grants and donations	50	0	0	50
<b>Other Incoming resources</b>	197,512	0	0	197,512
<b>Total incoming resources</b>	<u>2,381,512</u>	<u>17,389</u>	<u>1,334</u>	<u>2,400,235</u>
Expenditure on:				
<b>Raising funds</b>				
Ancillary trading expenditure	0	0	0	0
Financing costs	181,333	0	0	181,333
Investment expenditure	0	0	0	0
Non-ancillary trading expenditure	129,102	0	0	129,102
<b>Total deductible costs</b>	<u>310,435</u>	<u>0</u>	<u>0</u>	<u>310,435</u>
<b>Charitable activities</b>				
Education and grant making	3,509,650	6,481	832	3,516,963
<b>Total expenditure</b>	<u>3,820,085</u>	<u>6,481</u>	<u>832</u>	<u>3,827,398</u>
<b>Net income and expenditure before transfers</b>	<u>(1,438,573)</u>	<u>10,908</u>	<u>502</u>	<u>(1,427,163)</u>
Realised gains / (losses) on investment assets	(213)	(63)	0	(276)
Unrealised gains / (losses) on investment assets	1,255	(9,828)	(179)	(8,752)
Net incoming / (outgoing) resources	<u>(1,437,531)</u>	<u>1,017</u>	<u>323</u>	<u>(1,436,191)</u>
Transfer between funds	0	0	0	0
<b>Net income and capital (outflow)</b>	<u>(1,437,531)</u>	<u>1,017</u>	<u>323</u>	<u>(1,436,191)</u>
Pension scheme actuarial losses	0	0	0	0
<b>Net movement in funds for the year</b>	<u>(1,437,531)</u>	<u>1,017</u>	<u>323</u>	<u>(1,436,191)</u>
Fund balances brought forward	(1,110,253)	411,604	31,173	(667,476)
<b>Fund balances carried forward</b>	<u>(2,547,784)</u>	<u>412,621</u>	<u>31,496</u>	<u>(2,103,667)</u>



# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 37 Effect of transition to FRS102

#### Funds as at 1 September 2014 reconciliation

	Note	Group Unrestricted funds	Group Restricted funds	Group Endowed funds	Group Total funds	Charity Unrestricted funds	Charity Restricted funds	Charity Endowed funds	Charity Total funds
		£	£	£	£	£	£	£	£
Funds as at 1 September 2014 as previously stated		(903,253)	411,604	31,173	(460,476)	(903,267)	411,604	31,173	(460,490)
Provision for pension scheme deficit reduction payments	a	(207,000)	0	0	(207,000)	(207,000)	0	0	(207,000)
Holiday pay accrual	b	0	0	0	0	0	0	0	0
<b>Funds as at 1 September 2014 under the Charities SORP (FRS102)</b>		<b>(1,110,253)</b>	<b>411,604</b>	<b>31,173</b>	<b>(667,476)</b>	<b>(1,110,267)</b>	<b>411,604</b>	<b>31,173</b>	<b>(667,490)</b>

#### Funds as at 31 August 2015 reconciliation

	Note	Group Unrestricted funds	Group Restricted funds	Group Endowed funds	Group Total funds	Charity Unrestricted funds	Charity Restricted funds	Charity Endowed funds	Charity Total funds
		£	£	£	£	£	£	£	£
Funds as at 31 August 2015 as previously stated		(2,358,437)	413,014	31,756	(1,913,667)	(2,358,451)	413,014	31,756	(1,913,681)
Provision for pension scheme deficit reduction payments	a	(190,000)	0	0	(190,000)	(190,000)	0	0	(190,000)
Holiday pay accrual	b	0	0	0	0	0	0	0	0
<b>Funds as at 31 August 2015 under the Charities SORP (FRS102)</b>		<b>(2,548,437)</b>	<b>413,014</b>	<b>31,756</b>	<b>(2,103,667)</b>	<b>(2,548,451)</b>	<b>413,014</b>	<b>31,756</b>	<b>(2,103,681)</b>

# ABBOTS BROMLEY SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2016

### 37 Effect of transition to FRS102 (continued)

2014/15 Net movement in funds reconciliation	Group		Group		Group		Group Total		Charity		Charity		Charity		Charity Total	
	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Endowed funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Endowed funds	Restricted funds	Unrestricted funds	Restricted funds	Endowed funds	Charity Total funds
2014/15 Net movement in funds as previously stated																
Movement in provision for pension scheme deficit																
reduction payments	a															
Movement in holiday pay accrual	b															
	(1,455,184)	1,410	583	(1,453,191)	(1,455,184)	1,410	583	(1,453,191)								
	17,000	0	0	17,000	17,000	0	0	17,000								
	0	0	0	0	0	0	0	0								
<b>2014/15 Net movement in funds under the Charities SORP (FRS102)</b>	<b>(1,438,184)</b>	<b>1,410</b>	<b>583</b>	<b>(1,436,191)</b>	<b>(1,438,184)</b>	<b>1,410</b>	<b>583</b>	<b>(1,436,191)</b>								

#### Notes

The provision for pension scheme deficit reduction payments relates to the deficit recovery plan in respect of Abbots Bromley's membership of the Pension Trust's Growth Plan. As further explained at note 24, and in line with the Charities SORP (FRS 102), the provision shown above represents the present value of contributions payable by Abbots Bromley School that result from the terms of the deficit recovery plan in respect of the Growth Plan.

FRS 102 requires recognition of the cost of all employee benefits to which employees have become entitled during the period. This has necessitated the creation of an accrual for the value of annual leave and other holiday allowances that staff are entitled to and have carried forward from one accounting year to the next.