

Charity Registration No. 529538

Company Registration No. 00898078 (England and Wales)

AYSGARTH SCHOOL TRUST LIMITED
GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

AYSGARTH SCHOOL TRUST LIMITED

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AYSGARTH SCHOOL TRUST LIMITED

COMPANY INFORMATION **YEAR ENDED 31 AUGUST 2018**

Charity number	529538
Company number	00898078
Principal address and registered office	Aysgarth School Trust Limited Newton-Le-Willows Bedale North Yorkshire DL8 1TF
Chairman of the Governing Body	J M P D Stroyan Esq (resigned 1 January 2018) P J S Thompson Esq (appointed 1 January 2018)
Key management personnel	
Headmaster	R J Morse Esq
Bursar	A M Francis Esq
Deputy head	P R Barlow Esq
Assistant head	P J Southall Esq
Company Secretary	Mrs L M Hoskyns-Abrahall
Bankers	Barclays Bank Plc 31 High Row Darlington Co Durham DL3 7QS
Solicitors	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB
Auditors	UHY Calvert Smith LLP Chartered Accountants Statutory Auditors 31 St Saviourgate York YO1 8NQ
Investment Managers	Brewin Dolphin Time Central Gallowgate Newcastle upon Tyne NE1 4SR

AYSGARTH SCHOOL TRUST LIMITED

REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

1. REFERENCE AND ADMINISTRATIVE INFORMATION

1.1 School status

Aysgarth School Trust Limited ('the School') is a company limited by guarantee and not having a share capital. The School was incorporated on 14 February 1967. The School is a registered charity (RCN 529538).

1.2 Governors

The Governors are the directors of the School for the purposes of company law and those who held office during the year were as follows:

P J S Thompson Esq (Chairman of the Governing Body)
J L Bourne-Arton Esq
Mrs M A Bowring
R J Brooksbank Esq
D J C Faber Esq
Mrs R J Falkingham (resigned 15 July 2018)
Mrs S Guthe (appointed 21 December 2017)
J B Hawkins Esq (resigned 30 June 2018)
B M L Hoskyns-Abrahall Esq
The Hon W Kay-Shuttleworth Esq
T E J Nolan Esq
W J Roe Esq
J M P D Stroyan Esq (resigned 1 January 2018)
M C Wallace Esq
C York Esq

No member of the Governing Body is eligible for appointment to a salaried office or any other benefit in money or money's worth from the School save that a Governor possessing specialist skills or knowledge required by the School may be paid reasonable charges for work of that nature done by him or her or his or her firm.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1 Governing Document

The School is governed by its Memorandum and Articles of Association which are periodically reviewed by the Governors.

2.2 Appointment of Trustees and Term of Office

Governors are recruited by the members of the Governing Body on the basis of nominations from School contacts and existing Governors. A sub-committee of the Governors, chaired by the Chairman, is convened as and when a vacancy arises to make recommendations to the Governing Body. The Governing Body seeks to ensure a mix of skills and selects new Governors on the basis of experience, competence and specialist skills to ensure the Board is well balanced. Governors are initially appointed for a five year term which is renewable. Exceptionally, Governors can be asked to continue in their post beyond a second five year term.

AYSGARTH SCHOOL TRUST LIMITED

REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

2.3 Governor Training

New Governors are provided with formal induction training by the Chairman of the Governors, the Headmaster and the Bursar. All Governors are given the opportunity to attend specialist training courses such as those provided by AGBIS (Association of Governing Bodies of Independent Schools), ISBA (Independent Schools Bursar's Association) and IAPS (Independent Association of Preparatory Schools). In particular, all Governors have attended safeguarding training. Presentations were given at Governors' meetings on the relevant issues arising out of the training.

2.4 Governors' Meetings

The Board of Governors meets once a term. In addition, the Board holds an annual strategy meeting. The Clerk to the Governors prepares the agenda and circulates papers for each of these meetings and keeps a minute of the meetings. Governors' meetings are split into two parts. Part I deals with Governor only business. Part II deals with all other business and is attended by the Headmaster, the Bursar, the Deputy Headmaster, and the Assistant Headmaster.

2.5 Sub-Committees

The Governors have established sub-committees in order to consider certain matters in greater detail and report back to the Board. These committees are the Finance & General Purposes Committee, the Strategy and Marketing Committee, the Education & Pastoral Committee, the Bursary Committee and the Remuneration Committee. Individual Governors are also appointed to be responsible for Risk Management, Special Educational Needs, Health & Safety, Safeguarding/Child Protection and the Pre-Prep.

2.6 Risk Management

The Governors review the risks faced by the School together with the systems in place to monitor and mitigate those risks on a regular basis, at least annually. The risks are categorised under a number of headings in a report entitled 'Risk Assessment Management'. This report sets out the probability of risks occurring and the impact on the School in the event that the specific risk is realised. It also confirms the relevant control procedures that are in place, the individuals responsible, the monitoring process and any recommended action. This report is reviewed in detail by the Headmaster, the Bursar and one designated Governor before being discussed by the Finance & General Purposes Committee and then finally by the Board.

2.7 Remuneration

Key management personnel remuneration is agreed by the Remuneration Committee and is set at a commercial rate in relation to the sector and location.

2.8 Operational Management

The day to day running of the School is delegated to the Headmaster, to the Bursar and to the Senior Management Team.

AYSGARTH SCHOOL TRUST LIMITED

REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

3. OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES

3.1 Charitable Objects and Aims

The School's Objects, as set out in its Memorandum of Association, are to carry on the undertaking of Aysgarth School and to acquire and carry on in the United Kingdom any other school or schools for the education of children.

The Governors give careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplemental guidance on public benefit in relation to the advancement of education and on fee-charging. The School is very involved in seeking wider benefits for the public in line with its educational objectives.

Aysgarth School aims to provide an inspiring and relevant education of the highest standard to prepare its pupils to thrive at major public schools and beyond. This is measured by the Governors by reference to academic achievement; the development of other abilities such as sport, creative, musical and such other talents that help to boost confidence and self belief; the development of character and personal skills such as independence, leadership, interpersonal skills, self awareness and team working; the understanding and practice of the Christian faith and values as well as respect for other or no faiths; and an appreciation of how pupils can contribute to the community and the opportunity to do so.

3.2 Objectives for the year

The Governors' main objectives for the year were (i) to enhance the education of the pupils by striving to achieve the highest possible educational experience, (ii) to raise further funds for the Aysgarth Foundation so enabling expenditure on renewing and improving the infrastructure of the School and the development of the long term means tested bursary fund and (iii) to develop collaborative working arrangements with other charities and educational bodies to provide access to our schooling for those who cannot come to the School.

3.3 Principal Activities

The School is comprised of a boarding prep school for boys aged 8 to 13 and a mixed pre-prep department for children aged 3 to 8. It is situated in the Yorkshire Dales and has a capacity of approximately 170 boys in the Prep school and 70 children in the Pre-Prep. The size of the School and its geographical location limit the number of children who can benefit from its services. The availability of scholarships and bursaries, and the lack of academic selection, are designed to ensure that the pupils at the School are drawn from a wide cross-section of society.

3.4 Academic Attainment

For the last 17 years all pupils have reached their desired senior school, a number achieving scholarships or other awards (a record 22 awards offered in 2018), and most go on to academically selective senior schools. The vast majority of pupils leaving the School achieve excellent results at GCSE and A Level before heading to University; due in part to the sound foundations established at the School.

3.5 General Review of the Year

The number of boys in the prep school averaged 163 with 168 boys in the summer term and the Pre Prep reached 29 children in the summer term with a further 22 children in the Nursery.

AYSGARTH SCHOOL TRUST LIMITED

REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

From an academic perspective, all candidates passed Common Entrance to their first choice schools and the school achieved notable success during regional and national academic competitions (for instance the UKMT Junior maths challenge and the Townsend Warner history competition).

With regard to senior school scholarships, a record 22 scholarships were offered and, whilst some of these were not taken up, the tally of awards accepted was as follows:

- Basil Hume Sport and DT Scholarship to Ampleforth
- Basil Hume Sport Scholarship to Ampleforth
- Basil Hume Sport Scholarship to Ampleforth
- Academic Scholarship to Barnard Castle
- Music Exhibition to Eton
- King's Scholarship to Eton
- Art Scholarship to Harrow
- Flower and Gower Award to Harrow
- Sport Scholarship to Merchiston Castle
- All Rounder Scholarship to Oakham
- Academic Scholarship to Oundle
- Headmaster's award to Sedbergh
- DT Scholarship to Shrewsbury
- Music Scholarship to Shrewsbury
- Academic Scholarship to St. Peter's
- Music Scholarship to St. Peter's
- Thring Scholarship to Uppingham
- Thring Scholarship to Uppingham

This is the highest number of awards since the school's inception in 1877

Boarding at the school remains in a healthy position; Aysgarth is the only all boys boarding prep school north of Oxford and it continues to buck the national trend of a decline in boarding.

Sport continues to thrive and the excellent coaching, combined with the impressive facilities is of great benefit to the pupils. The provision for sport in the Pre-Prep has been extended and this will benefit the pupils in the short, medium and long term. Notable sporting achievements have included a strong showing at the National Cross Country Championships at Shrewsbury School, the preparatory schools national tennis championships at Repton School and the Under 13 rugby team remaining unbeaten on their regular circuit and tour to Scotland. An impressive number of boys achieve regional and county honours and, equally importantly, every pupil, that is able to, represented the school in the major sports.

We continued to develop the musical and dramatic elements of the curriculum and piano recitals, school concerts, lectures, year group productions and school plays peppered the calendar; each year group performs a play and the senior production of 'The Hobbit' took place in the spring term. The activity programme continues to grow thanks to the professionalism and enthusiasm of the staff and the boys can choose from almost 50 activities throughout each term.

We are working extremely hard to develop the pupils' ability to make the most of their opportunities and to understand how they can be of service to others. This is implemented in many ways but predominantly via the Aysgarth values:

- To love and care for our neighbours as ourselves
- Make the most of our talents:
- Be courageous in all we do

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REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

4. PUBLIC BENEFIT

4.1 Provision of Education

The School's key public benefit is delivered through the provision of education for pupils through Pre-Prep and Prep schools. The School is committed to broadening access to the School by offering eligible parents / guardians means-tested financial support with the payment of school fees.

The education of the children in the School at the expense of the parents will have saved the Treasury over £1million during the year, assuming a cost of £6,000 per annum per pupil to educate a child in the state system.

4.2 Widening Access

The total value of means-tested bursaries awarded by the School in the year was £207,138 representing 5.5% of the Prep school fee income. 20 pupils were assisted with means-tested bursaries to enable them to attend the School. This included the Aysgarth School Foundation Bursary recipients.

Eight pupils from UK Armed Forces families received remissions amounting to a further £16,220.

Scholarships amounting to £15,910 have also been awarded to 5 pupils to recognise special abilities and enable access.

The School welcomes pupils from all backgrounds. To admit a prospective pupil the School needs to be satisfied that the pupil will benefit from the education and develop to the best of their potential and in line with the general standards achieved by their peers in the school. Entrance tests and assessments may be undertaken to satisfy the School and the parent that the potential pupil can cope with the pace of learning and benefit from the education provided.

An individual's ethnicity, race, religion or disability do not form any part of the School's assessment process. The School is committed to the provision of equal opportunities and an environment that is free from any form of discrimination. Reasonable adjustments can be made to meet the needs of staff or pupils who are, or become, disabled.

The School has a special educational needs department which enables children with learning difficulties to attend the School.

4.3 Sharing Facilities and Expertise

The School's facilities are made available to various local organisations and groups. These arrangements allowed the community to come in to and benefit from the School. Most teachers and non-teaching staff attended training courses to maintain and enhance their skills, the cost of which was funded by the School.

4.4 Contributing to the Community

The School is involved in fundraising activities which raised over £1,936 for various charities. In addition, the main fundraising event, the MacMillan Cancer Support concert at which the School's choirs sing in Ripon Cathedral, raised over £35,000. This year the beneficiaries included Save the Children, the Richmond food bank, Cardiac Risk in the Young and the Jinja Education Trust. With the help of the Archbishop of York we were able to provide a second donation of school uniforms and sports kit to Kapeka Orphanage in Kampala, Uganda and we also supported the Canford village school in India through the provision of sports kit and pupils exchanging letters. The pupils were involved in understanding the purpose and needs of the charities and helping to raise funds.

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REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

The School arranges and hosts events for local primary schools and nurseries such as academic challenges, sports fixtures and theatre productions (transport arranged if required). We have tried to develop these relationships throughout the year although it is important to note that the primary schools are not naturally inclined to enter into these arrangements enthusiastically. Aysgarth will, of course, continue to work to develop these relationships and events.

The School contributes to the St Patrick's and St Gregory's churches financially and outside groups occasionally use the School's facilities.

The School is very grateful for the work and time of the many volunteers who have worked with the School during the year. Without the help of these volunteers, many of whom have been drawn from the parent body, it would not have been possible to have achieved so much during the year.

Where possible, school also tries to support its staff in their own charitable offerings. Aysgarth staff charitable work includes governing at local schools, supporting parish councils, offering support at local primary schools, supporting local sports clubs, coaching at local and regional sports clubs, supporting local music groups and churches.

5. OUR FINANCES

5.1 Trading Performance

The School's trading activities generated a surplus of £255,098 (2017: £242,680) before contributions from the Foundation as shown in the Statement of Financial Activities on page 13. The cash generated from operating activities was £832,975 (2017: £531,698) as shown in note 1 to the cashflow on page 16. This has enabled the School to fund its ongoing programme of improvements. The School's finances remain in a strong position with a positive cash balance throughout the year. A small piece of land was sold in Newton le Willows raising £43,000 after legal fees.

5.2 Reserves and Investment Policy

Note 21 to the Financial Statements summarises the movements in funds during the year.

It is the policy of the Governors to seek to generate a modest surplus of income over expenditure each year to safeguard the future of the School and to provide funds for a programme of continuous refurbishment and improvement of School properties. The level of the School's reserves is reviewed regularly to ensure it falls in line with the School's budgetary requirements as well as providing for future planned developments.

All surpluses generated by the School are reinvested in the provision of education for children and in the School's infrastructure.

The Governors have reinvested the surplus funds generated by the School's operations during the year. Capital expenditure, mainly on improvements to the buildings and facilities, amounted to £374,584 (2017 £178,846). Over the past five years the School has invested £1,470,677, an average of £295,103 per year.

Bank overdraft facilities are in place to ensure that, in the absence of free reserves, adequate resources are available to cover temporary working capital requirements.

Investments have been made during the year with Brewin Dolphin in line with good governance as determined by the Foundation Trustees and School Governors. All investment has been done for the future benefit of the School. All capital invested has been done after considering the portfolio risk in conjunction with professional advice at the time of investment.

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REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

5.3 The Aysgarth Foundation

The Aysgarth Foundation was established in May 2008 to provide funds to enable the School to provide future means-tested bursaries and to help fund major capital projects. It is established as a separate designated fund under the umbrella of the School and is managed by a committee of trustees made up of some Governors and selected individuals who bring additional expertise to the running of the Foundation.

The School pays for the staff costs of running the Foundation, but other costs incurred are charged to the Foundation. Funds raised in the last financial year amounted to a net £253,361 including £239,349 donated by the Leveson-Gower Trust. The School is very grateful for the generosity of the donors and the assistance provided by many of the parents, Governors and Foundation Trustees in the fundraising activities. Since its establishment, the Foundation has raised over £1,300,000 net of fundraising costs.

5.4 Future plans

The School remains fully committed to continuing to provide each and every child who attends Aysgarth with the highest quality, well balanced education. Highly qualified and dedicated staff remain central to this aim and we will continue to drive academic excellence at every opportunity. It is hoped that the ongoing investment in staff and facilities will also benefit children outside of the immediate Aysgarth community: In addition to the various theatrical performances, academic challenges and sporting fixtures that we already host, we will be seeking to further develop our relationship with local primary schools as well as working to extend and improve the contact with JET.

Developments are currently underway to establish the feasibility of constructing two new sports pitches on land already owned by the School. Current and future reserves are planned to fund this development.

6. STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also the directors of Aysgarth School Trust Limited for the purposes of company law) are responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

AYSGARTH SCHOOL TRUST LIMITED

REPORT OF THE GOVERNING BODY YEAR ENDED 31 AUGUST 2018

The Governors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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. In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Governing Body of Aysgarth School Trust Limited, including, in their capacity as company directors, approving the Report of the Governing Body and Strategic Reports contained therein, and signed on their behalf:

P J S Thompson Esq (Chairman of the Governing Body)


Date:

5th NOVEMBER 2018

AYSGARTH SCHOOL TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYSGARTH SCHOOL TRUST LIMITED

Opinion

We have audited the financial statements of Aysgarth School Trust Limited (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018, and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

AYSGARTH SCHOOL TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYSGARTH SCHOOL TRUST LIMITED

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the governing body for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the governing body has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the governing body.

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

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

Responsibilities of governors

As explained more fully in the governors' responsibilities statement set out on page 8, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AYSGARTH SCHOOL TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYSGARTH SCHOOL TRUST LIMITED


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


.....
Nevil Pearce FCA (Senior Statutory Auditor)
For and on behalf of UHY Calvert Smith
LLP, Statutory Auditor
Chartered Accountants
31 St Saviourgate
York
North Yorkshire
YO1 8NQ

Date: 8 November 2018

AYSGARTH SCHOOL TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)

YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Total Funds 2018 £	Total Funds 2017 £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
School fees	2	3,612,730	-	3,612,730	3,440,865
Other educational income	3	129,754	-	129,754	123,280
Other trading activities					
Trading income	4	47,859	-	47,859	49,223
Investments					
Investment income	5	1,919	224	2,143	50
Donations and legacies					
Donations	6	10,315	256,258	266,573	197,281
Other incoming resources	7	50,974	-	50,974	9,856
Total incoming resources		3,853,551	256,482	4,110,033	3,820,555
EXPENDITURE ON					
Raising funds					
Fundraising costs of donations	11	-	2,897	2,897	46,387
Trading costs	11	23,294	-	23,294	20,673
Financing costs	11	(56)	-	(56)	1,051
Charitable activities	11	3,575,215	-	3,575,215	3,359,876
TOTAL EXPENDITURE	11	3,598,453	2,897	3,601,350	3,427,987
Net gains/(losses) on investments		-	5,625	5,625	-
Net incoming and expenditure before transfers		255,098	259,210	514,308	392,568
Transfers between funds	21	68,654	(68,654)	-	-
NET INCOME		323,752	190,556	514,308	392,568
Other recognised gains/(losses):					
Pension scheme actuarial gains/(losses)	25	423	-	423	138
Net movement in funds for the year		324,175	190,556	514,731	392,706
Fund balances at 1 September 2017		4,611,934	217,635	4,829,569	4,436,863
FUND BALANCES AT 31 AUGUST 2018		4,936,109	408,191	5,344,300	4,829,569

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 17 to 34 form part of these financial statements.

AYSGARTH SCHOOL TRUST LIMITED
Company Registration No. 00898078 (England and Wales)

BALANCE SHEET
YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Total Funds 2018 £	Total Funds 2017 £
FIXED ASSETS					
Tangible assets	15	4,813,906	-	4,813,906	4,614,416
Investments	16	-	244,974	244,974	-
		4,813,906	244,974	5,058,880	4,614,416
CURRENT ASSETS					
Stocks	17	34,208	-	34,208	31,757
Debtors	18	174,691	-	174,691	192,702
Cash at bank and in hand	19	817,027	166,366	983,393	765,132
		1,025,926	166,366	1,192,292	989,591
CURRENT LIABILITIES					
Creditors payable within one year	20	(878,882)	(3,149)	(882,031)	(746,194)
NET CURRENT ASSETS/(LIABILITIES)		147,044	163,217	310,261	243,397
TOTAL ASSETS LESS CURRENT LIABILITIES					
		4,960,950	408,191	5,369,141	4,857,813
LONG TERM LIABILITIES					
Creditors payable after one year		-	-	-	-
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY		4,960,950	408,191	5,369,141	4,857,813
Net pension liability	25	(24,841)	-	(24,841)	(28,244)
NET ASSETS		4,936,109	408,191	5,344,300	4,829,569
REPRESENTED BY:					
Unrestricted funds:					
General	21	4,936,109	-	4,936,109	4,611,934
Designated	21	-	408,191	408,191	217,635
		4,936,109	408,191	5,344,300	4,829,569

Approved by the Board on 5/11/2018 and signed on its behalf by:



**P J S Thompson Esq (Chairman of the
Governing Body)**



B M L Hoskyns-Abrahall Esq (Governor)

AYSGARTH SCHOOL TRUST LIMITED

CASH FLOW STATEMENT **YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash from operating activities	1	832,975	531,698
Cash flows from investing activities:			
Interest received		2,143	50
Interest paid		56	(1,051)
Payments to acquire listed investments		(239,349)	-
Payments to acquire tangible fixed assets		(374,584)	(215,705)
Net cash from investing activities		(611,734)	(216,706)
Cash flows from financing activities:			
Bank loan repaid		-	(64,811)
Pension fund liability repaid		(2,980)	(3,202)
Net cash from financing activities		(2,980)	(68,013)
(Decrease)/increase in cash and cash equivalents		218,261	246,979
Cash and cash equivalents at the beginning of the year	2	765,132	518,153
Cash and cash equivalents at the end of the year	2	983,393	765,132

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE CASH FLOW STATEMENT YEAR ENDED 31 AUGUST 2018

1. Reconciliation of changes in resources to net inflow from operating activities

	2018 £	2017 £
Net income and (expenditure)	514,308	392,568
Depreciation charges	175,094	152,600
(Increase)/decrease in stocks	(2,451)	(4,191)
(Increase)/decrease in debtors	(6,976)	(10,474)
Increase/(decrease) in creditors	160,824	194
(Gain)/loss on investments	(5,625)	-
Interest received	(2,143)	(50)
Interest payable	(56)	1,051
Net cash inflow from operating activities	832,975	531,698

2. Analysis of cash and cash equivalents

	At 31/08/18 £	At 31/08/17 £
Cash at bank and in hand	983,393	765,132
	983,393	765,132

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The accounts of the School 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. These financial statements are drawn up on the historical cost accounting basis.

The School 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 governors have considered the financial position and trading projections of the school, and have a reasonable expectation that the school has adequate resources to continue to trade into the foreseeable future. The school therefore continues to adopt the going concern basis in preparing the financial statements.

The principal accounting policies of the School are set out below.

1.2 Incoming resources

Fees receivable are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions.

Donations subject to specific wishes of the donors are taken to restricted funds where those wishes are legally binding on the Governors.

The Aysgarth School Foundation has been set up to raise funds to enable the School to provide means-tested bursaries and help to fund major capital projects. Monies received are treated as designated funds rather than restricted funds, unless the appeal documentation restricts the use of the monies raised or donors specifically restrict the use of the donation.

1.3 Resources expended

Expenditure is allocated to expense headings, either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings:

- With an expected life over 50 years - Nil
- With an expected life under 50 years - over estimated useful life, straight line basis

Plant, implements - 20%, straight line basis

Computers - 33.33%, straight line basis

School furnishings - 20%, straight line basis

Motor vehicles - 25%, reducing balance basis

Where the Governors consider that the expected useful life is in excess of 50 years and the carrying value in the financial statements is not more than the estimated recoverable amount, no depreciation is charged and, in accordance with FRS 102, the Governors have and will continue to carry out annual reviews of impairment.

Assets under construction are not depreciated. Once construction is complete they are transferred to the relevant fixed asset category and depreciated in line with the relevant depreciation policy.

Items costing less than £1,000 are written off as an expense.

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the revenue account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 Stock

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

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES

1.7 Pensions

The School participates in the Teachers' Pensions scheme, which is an unfunded Government scheme, which provides benefits based on final pensionable pay. The funds of the scheme are separate from the School, although the School's share of the schemes cannot be identified as the scheme is a multi-employer scheme, and so the pension costs are accounted for on the basis of contributions payable. The School also contributes to other defined contribution pension schemes for non-teaching staff.

The School participates in a pension scheme the Pensions Trust Growth Plan which is, in most respects, 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. The School's share of the pension fund deficit is recognised as a liability at the balance sheet date. Interest costs charged on the liability are recognised as expenditure in the Statement of Financial Activities (SOFA). Actuarial remeasurements are recognised as other gains and losses in the SOFA. More detail is given in note 25.

1.8 Investments

Investments which comprise listed investments within a managed portfolio are stated in the balance sheet at their market value with annual gains and losses on revaluation being accounted for in the Statement of Financial Activities.

1.9 Financial Instruments

Investments and the recognised pension scheme liability are stated in the balance sheet at their market value with annual gains and losses on revaluation being accounted for in the Statement of Financial Activities. All other financial assets and liabilities are measured at amortised cost.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

2 CHARITABLE ACTIVITIES - SCHOOL FEES

	2018	2017
	£	£
Gross fees	4,048,913	3,962,763
Less: Bursaries, scholarships and remissions	(436,183)	(521,898)
	3,612,730	3,440,865

3 CHARITABLE ACTIVITIES - OTHER EDUCATIONAL INCOME

	2018	2017
	£	£
Learning support tuition fees	15,003	17,251
Overnight stays	66,414	58,889
Registrations	2,209	2,120
Music extras	2,553	2,658
Pre prep events	2,036	898
Other income	41,539	41,464
	129,754	123,280

4 OTHER TRADING ACTIVITIES

Trading income is income arising from the use of School facilities.

5 INVESTMENTS

	2018	2017
	£	£
Bank interest receivable	2,143	50

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

6 DONATIONS AND LEGACIES

	2018	2017
	£	£
Unrestricted general donations		
Sundry donations	10,315	1,006
	10,315	1,006
Unrestricted designated donations		
Aysgarth School Foundation	256,258	196,275
	266,573	197,281

7 OTHER INCOMING RESOURCES

	2018	2017
	£	£
Sundry other income	7,708	9,856
Profit on sale of land	43,266	-
	50,974	9,856

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

8 EXPENDITURE

		2018 £	2017 £
Charitable activity expenditure includes:			
Auditors' remuneration	audit fees	4,200	4,200
	non audit fees	8,400	8,354
Depreciation	owned assets	175,094	152,600
Operating lease charges		6,604	6,672
Bank loan interest		(374)	731

9 STAFF COSTS

		2018 £	2017 £
Total staff costs comprises:			
Wages and salaries		1,778,501	1,741,232
Social security costs		167,133	166,134
Pension contributions		217,140	219,660
		2,162,774	2,127,026

		2018 £	2017 £
Aggregate employee benefits (including employers pension contributions) of key management personnel			
		325,730	299,349

Number of employees:

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Teaching staff and administrative staff	45	47
Household staff and groundsmen	21	21
	66	68

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

9 STAFF COSTS CONTINUED

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

	2018 Number	2017 Number
£60,000 - £70,000	2	-
£100,001 - £110,000	1	1

10 GOVERNORS

None of the Governors (or any persons connected with them) received any remuneration during the year.

The Governors who have children at the School are charged fees in accordance with the School's normal fee structure and remissions policy. Parent Governors do not vote on fee issues. Scholarships and bursaries totalling £nil (2017: £11,910) were awarded to the grandchild of a Governor attending the School.

In accordance with normal commercial practice the School has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The annual premium was £678 (2017: £381).

Travel expenses of £219 were re-imbursed to 1 Governor (2017: 1 was re-imbursed a total of £601).

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

11 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs (note 9) £	Other costs £	Depreciation £	2018 Total £	2017 Total £
Costs of generating funds					
Fundraising costs of donations	-	2,897	-	2,897	46,387
Trading costs	-	23,294	-	23,294	20,673
Financing cost (note 12)		(56)		(56)	1,051
Resources expended on generating funds	-	26,135	-	26,135	68,111
Charitable activities					
Teaching	1,632,338	142,514	30,982	1,805,834	1,779,833
Welfare	112,747	415,442	10,569	538,758	494,931
Premises	184,530	438,857	133,543	756,930	680,312
Support	233,159	232,354	-	465,513	396,925
School operating costs	2,162,774	1,229,167	175,094	3,567,035	3,352,001
Grants, awards and prizes	-	8,180	-	8,180	7,875
Resources expended on charitable activities	2,162,774	1,237,347	175,094	3,575,215	3,359,876
Total resources expended	2,162,774	1,263,482	175,094	3,601,350	3,427,987

Governance costs of £4,419 (2017: £4,801) are included in support costs, as noted above.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

12 FINANCING COST

	2018	2017
	£	£
Bank loan interest	(374)	731
Pension scheme financing cost	318	320
	(56)	1,051

13 TAXATION

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

14 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

Comparative figures in the Statement of Financial Activities are all unrestricted.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

15 TANGIBLE FIXED ASSETS

	Freehold property £	Assets under construction £	Plant, equipment £	Computer equipment £	School furnishings £	Motor vehicles £	Total £
Cost							
At 1 September 2017	4,971,793	104,831	596,721	243,089	196,355	71,645	6,184,434
Additions	159,091	117,289	30,107	33,968	19,954	14,175	374,584
Disposals	-	-	-	(63,877)	-	-	(63,877)
Reclassification	222,120	(222,120)	-	-	-	-	-
At 31 August 2018	5,353,004	-	626,828	213,180	216,309	85,820	6,495,141
Depreciation							
At 1 September 2017	569,446	-	533,848	228,452	170,642	67,630	1,570,018
Charge for the year	111,421	-	28,685	19,872	10,569	4,547	175,094
Disposals	-	-	-	(63,877)	-	-	(63,877)
At 31 August 2018	680,867	-	562,533	184,447	181,211	72,177	1,681,235
Net book value							
At 31 August 2018	4,672,137	-	64,295	28,733	35,098	13,643	4,813,906
Net book value							
At 31 August 2017	4,402,347	104,831	62,873	14,637	25,713	4,015	4,614,416

All assets are used for charitable purposes.

Included in the cost of freehold property is £3,563,080 (2017: £3,563,080) which is not depreciated.

The insured value of the School's buildings is £20m.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

16 INVESTMENTS

Market value	Listed Investments £
Additions	239,349
Revaluation	5,625
Valuation at 31 August 2018	244,974
Valuation at 31 August 2017	-

17 STOCKS

	2018 £	2017 £
Clothing	34,208	31,757

The Governors have determined that, apart from School uniform, no stock with material realisable value was held at the year end.

18 DEBTORS

	General funds £	Designated funds £	Total 2018 £	Total 2017 £
Fee debtors	67,519	-	67,519	72,752
Prepayments and accrued income	107,172	-	107,172	119,950
	174,691	-	174,691	192,702

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

19 CASH AT BANK AND IN HAND

	General funds £	Designated funds £	Total 2018 £	Total 2017 £
Current accounts	9,810	-	9,810	8,404
Business premium account	803,409	-	803,409	473,378
Aysgarth School Foundation accounts	-	166,366	166,366	280,855
Cash	3,808	-	3,808	2,495
	817,027	166,366	983,393	765,132

20 CREDITORS: DUE WITHIN ONE YEAR

	General funds £	Designated funds £	Total 2018 £	Total 2017 £
Trade creditors	230,662	3,149	233,811	145,417
Taxes and social security costs	41,570	-	41,570	42,824
Pension contributions	26,013	-	26,013	27,751
Accruals and deferred income	152,811	-	152,811	197,505
Fees received in advance	427,826	-	427,826	332,697
	878,882	3,149	882,031	746,194

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

21 FUNDS

	Balance at 1 September 2017 £	Movement in funds Incoming resources £	Resources expended £	Investment gain / (loss)	Pension scheme Actuarial gain / (loss) £	Transfers £	Balance at 31 August 2018 £
General funds	4,611,934	3,853,551	(3,598,453)	-	423	68,654	4,936,109
Designated funds							
Aysgarth School Foundation	217,635	256,482	(2,897)	5,625	-	(68,654)	408,191
	4,829,569	4,110,033	(3,601,350)	5,625	423	-	5,344,300

The Aysgarth School Foundation has been set up to raise funds for bursaries to enable families, who cannot afford it, to give their children an Aysgarth education. Furthermore to allow the School to make the investments necessary to ensure Aysgarth remains one of the country's leading prep schools, whilst enhancing what makes it distinctive.

Monies received are treated as designated funds unless the appeal documentation restricts the use of the monies raised or donors wishes specifically restrict the use of the donation, in which case monies received are treated as restricted funds. Expenditure is transferred to general funds from designated funds in the period in which it is incurred.

Comparatives for movements in funds

	Balance at 1 September 2016 £	Movement in funds Incoming resources £	Resources expended £	Investment gain / (loss)	Pension scheme Actuarial gain / (loss) £	Transfers £	Balance at 31 August 2017 £
General funds	4,194,470	3,624,280	(3,381,600)	-	138	174,646	4,611,934
Designated funds							
Aysgarth School Foundation	242,393	196,275	(46,387)	-	-	(174,646)	217,635
	4,436,863	3,820,555	(3,427,987)	-	138	-	4,829,569

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Designated £	Total 2018 £	Total 2017 £
Fixed assets	4,813,906	244,974	5,058,880	4,614,416
Net current assets/(liabilities)	147,044	163,217	310,261	243,397
Long term liabilities	-	-	-	-
Net pension liability	(24,841)	-	(24,841)	(28,244)
	4,936,109	408,191	5,344,300	4,829,569

23 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2018 the School had total commitments under non-cancellable operating leases of equipment as follows:-

	2018 £	2017 £
Expiry date:		
Within one year	3,620	6,606
Within two and five years	151	3,771
	3,771	10,377

24 CAPITAL COMMITMENTS

At 31 August 2018 the School had capital commitments as follows:

	2018 £	2017 £
Expenditure contracted for but not provided in the accounts	-	128,000

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

25 PENSION SCHEMES

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £188,756 (2017: £192,504).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

25 PENSION SCHEMES - continued

Pensions Trust's 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 valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 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)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

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.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS **YEAR ENDED 31 AUGUST 2018**

25 PENSION SCHEMES - continued

Pensions Trust's Growth Plan - continued

PRESENT VALUES OF PROVISION

	Period Ending 31 August 2018 (£s)	Period Ending 31 August 2017 (£s)	Period Ending 31 August 2016 (£s)
Provision at start of period	24,841	28,244	31,264

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 August 2018 (£s)	Period Ending 31 August 2017 (£s)
Provision at start of period	28,244	31,264
Unwinding of the discount factor (interest expense)	318	320
Deficit contribution paid	(3,298)	(3,202)
Remeasurements - impact of any change in assumptions	(423)	(138)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	<u>24,841</u>	<u>28,244</u>

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 August 2018 (£s)	Period Ending 31 August 2017 (£s)
Interest expense	318	320
Remeasurements – impact of any change in assumptions	(423)	(138)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	<u>22,161</u>	<u>20,870</u>
Costs recognised in income and expenditure account	<u>22,056</u>	<u>21,052</u>

*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.

AYSGARTH SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

25 PENSION SCHEMES - continued

Pensions Trust's Growth Plan - continued

ASSUMPTIONS

	31 August 2018 % per annum	31 August 2017 % per annum	31 August 2016 % per annum
Rate of discount	1.68	1.20	1.08

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.

26 RELATED PARTIES

During the year there were no transactions with related parties other than those identified in note 9 Staff costs and note 10 Governors.