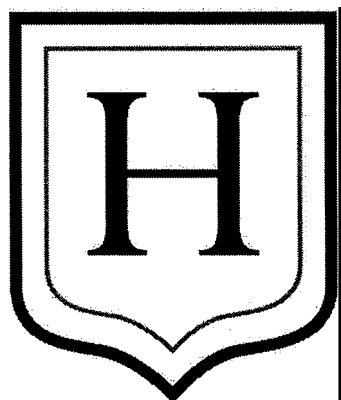


# **THE HAWTHORNS EDUCATIONAL TRUST LIMITED**

(a Registered Charity and Company Limited by Guarantee) and  
its subsidiary company operating as



# **THE HAWTHORNS SCHOOL**

## **GOVERNORS' ANNUAL REPORT AND AUDITED CONSOLIDATED ACCOUNTS**

**For the year ended 31 August 2018**

Company Registration Number-949504 Charity  
Commission Registration Number-312067  
[www.hawthorns.com](http://www.hawthorns.com)

**GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)**

Year Ended 31 August 2018

The Governors (who are also directors of the Charity for the purposes of the Companies Act) present their Annual Report, together with the Audited Accounts of The Hawthorns Educational Trust Limited (the Company) for the year ended 31 August 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities Act 2011, the Companies Act 2006, the School's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Hawthorns School was founded in 1926. The Hawthorns School Educational Trust Limited (the Trust) is a company limited by guarantee, number 00949504, and was registered at Companies House on 7 March 1969. The Trust is a registered charity, number 312067, registered at the Charity Commission on 7 May 1970. The charity is governed by its Memorandum and Articles of Association dated 7 May 1970. The charity operates The Hawthorns School, a co-educational pre-preparatory and preparatory school for pupils aged 2 to 13, in Bletchingley, Surrey.

**Governors**

The Governors, who are the directors of the Group for the purposes of company law, and are the charity trustees, for the purposes of charity law, during the year and since, were as follows:

Mrs Z S Creighton	(Chair retired 06 August 2018)
Mr BJC Dyer *	(Chair appointed 06 August 2018)
Mr LWJ Baart *	
Mr RJ Buckingham *	
Mrs S Chrysanthou	(retired 06 August 2018)
Mr SB Daniell * **	
Mr R Davey *	
Mr MJ Dockery *	
Mr JP Edwards *	
Mrs SF Hill	(retired 18 June 2018)
Mr R Kirkland *	
Ms KV Paynter *	(appointed 18 June 2018)
Mr DWJ Searle * **	(appointed 13 September 2017)
Mrs H Tongue *	(appointed 06 August 2018)
Mr M Williams	(retired 06 December 2017)

\* Governor, director and charity trustee at date of signing these accounts.

\*\* Parent of current pupil at date of signing these accounts.

## **Governing body**

Governors are elected by the governing body. At each annual general meeting the nearest number to one third of the total Governors retire and are eligible for re-election. The Governors to retire each year are those who have been longest in office since their last election.

In order to maintain a broad skill mix, Governors are selected from a wide range of professions and, in the event of particular skills being lost due to retirement; individuals with the requisite skills are approached to offer themselves for election to the governing body.

Governors derive no financial benefit from their office other than as shown in the notes to the accounts, but are reimbursed for any travel or administrative expenses. During the year no Governors had any interest in contracts or dealings with the School (see Note 20).

The Group benefits from the generous giving of their time and it is estimated that during the year over 750 hours have been spent by the Governors on governance matters.

## **Governor induction and training**

Governor induction, following appointment, comprises the review of a portfolio of documentation covering all aspects of the Group, including the most recent audited accounts, the Memorandum and Articles of Association, copies of Board Meeting Minutes, School Prospectus, recent newsletters to parents, staff lists with responsibilities, governance documentation with subcommittee details and a copy of the Charity Commission publication, 'The Essential Trustee'. Governors are expected to attend subcommittee meetings (depending on their skills; see subcommittee details below) as required and to attend termly Board Meetings. Governors are encouraged to visit the School during term time, to meet the pupils, Headmaster, Bursar and Senior Management Team. Training, after appointment, is provided by comprehensive mailing of information relevant to the School's day to day activities and by a formal training session held each year at a board meeting. The Chairman of Governors attends an outside training course run by IAPS (Independent Association of Preparatory Schools) during the first year of office. Governors are encouraged to visit the Charity Commission website for up to date information.

Key executives, professional advisers and contact information

Headmaster	Mr AE Floyd
Bursar and Company Secretary	Miss C Emmott
Senior Management Team	Mr SR Etchell, Mrs EC Forsyth, Mrs DM Edmonds, Mr SJ Walton, Mr AJ Morris and Mrs K Wyborn

The Hawthorns Educational Trust Limited

**GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)**

Year Ended 31 August 2018

Address and Registered Office	The Hawthorns Educational Trust Limited T/ A The Hawthorns School Pendell Court Bletchingley, Surrey, RH1 4QJ
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Bankers	Lloyds Bank plc 1 London Road Redhill, Surrey RH1 1ND
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Auditors	Taylorcocks (Statutory Auditors) The Courtyard Shoreham Road Upper Seeding Stevington West Sussex BN44 3TN
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School Website	<a href="http://www.hawthorns.com">www.hawthorns.com</a>
Email	<a href="mailto:office@hawthorns.com">office@hawthorns.com</a>

## **GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)**

Year Ended 31 August 2018

### **Organisational management**

The Governors determine the general policy of the Trust. The key management personnel of the School are the Governors, the Headmaster, the Bursar and the Senior Management Team. The Governors meet, as a body, at least once each term. Various sub-committees meet to deal with matters during the year as required. At the date of signing these accounts the sub-committees comprise:

#### **Education subcommittee**

R Davey (Chairman), J Edwards, K Paynter, H Tongue, the Headmaster and other senior School staff. This committee works to improve the quality of education in the School.

#### **Finance and General Purposes subcommittee**

D Searle (Chairman), L Baart, Z Creighton, B Dyer, S Daniell, M Dockery, R Kirkland, the Headmaster, the Senior Deputy Head and the Bursar. This committee covers The Hawthorns Foundation, finance, estates, staffing and general management of the School.

#### **Marketing subcommittee**

B Dyer (Chairman), the Headmaster, other School personnel as appropriate and co-opted parents. This committee deals with the marketing and presentation of the School.

#### **Health and Safety subcommittee**

M Dockery (Chairman), the Bursar and other senior School staff. This committee is responsible for agreeing health and safety policies and strategy across the School.

#### **Safeguarding & HR subcommittee**

R Buckingham (Chairman) and other senior School staff. This committee is responsible for safeguarding, recruitment, welfare and retention of employees of the School.

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.

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

The objects are set out in the Memorandum of Association as the education of girls and boys aged 2 to 13. It is the aim of the Trust, as an independent educational establishment, to lay academic, physical and moral foundations of the highest quality. These foundations will equip the School's pupils with self-confidence and a desire to contribute to the wider community and, in preparing them for the next stage of their education, will enable them to face and overcome the many challenges of life ahead.

In setting objectives and planning activities, the Governors have given due consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

## **STRATEGIC REVIEW**

### **Achievements and Performance**

The Trust has continued to operate a co-educational preparatory school for children aged from 2 to 13, including before school and after school care to assist working parents. During the year the focus has been on the continued achievement of academic performance and widening of access to the School's facilities, the continuance of Easter and Summer activity courses and holiday camps and ensuring that the facilities are put to good use when not otherwise needed.

Since its launch in 2006, The Hawthorns Foundation has continued to build a long term endowment fund to assist the School with bursary awards for children whose families could not otherwise gain access to the School. It also provides funds for specific capital projects and helps to provide for the future needs of the School.

The Trust is involved in a wide variety of charitable activities that benefit others including The Royal Marsden, Save the Children, The Children's Society and World Vision. During the year a total of £8,342 (2017: £4,854) was donated to these and other, smaller, charities.

The swimming pool, sports centre and grounds are made available, often at reduced or no charge, to local maintained schools, local church organisations, local residents, disabled people, Brownie groups and a large number of sports clubs. Activity days and holiday clubs run throughout the Christmas, Easter and Summer holidays. These are very popular with local children and approximately 70% of children attending clubs are not pupils at the School. Christmas hampers are delivered to local residents in need, pupils visit a local old people's home to perform music and Year 7 pupils help with community action activities. In alternate years the School's Woodland Trail is opened to the public under the auspices of the National Gardens Scheme programme.

Over the years the School has formed close links with several local, maintained primary schools. By way of example, pupils from Furzefield Primary Community School, have swimming lessons in the School's swimming pool every week during term time. The School makes no charge for the use of the pool. In addition, on many occasions during the year, the School loaned their minibuses to Furzefield Primary Community School, Earlswood Infant and Nursery School and Godstone School and other community groups, for various purposes, again without charge.

Efforts continue to ensure that no suitable pupil is denied an education at the School on the grounds of affordability. Accordingly, the Governors are pleased to offer means-tested bursaries (assisted places) to parents with limited income. During the year bursary awards were made to 7 pupils (2017: 10) and their value was £69,248 (2017: £87,309). In total, financial support of all kinds during the year reduced to 5.8% of gross fee income (2017: 6.4%).

## **Financial Review**

The Trust received fees and other income of £6,768,033 (2017: £6,425,800) and the consolidated net incoming resources for the year amounted to £69,203 (2017: £99,776). The results for the year include the net outgoing resources from restricted funds of £3,516 (2017: £2,465) for The Hawthorns Foundation. Total funds carried forward were £6,133,350 which includes £378,198 of restricted funds. The balance of £5,755,152 is held as unrestricted funds.

Capital expenditure has concentrated upon the conversion of the Gatton Block to house a state of the art DT, Textiles and ICT facility. The total expenditure during the year on these and many other improvements to the School facilities amounted to £309,331 (2017: £498,756). There is a plan of continuous upgrading of the School's facilities in order to keep pace with the requirements of a leading pre-preparatory and preparatory school.

### ***Investment in subsidiary***

The Trust owns 100% of the shares of its subsidiary company, The Hawthorns (Pendell Court) Limited, which in turn owns the freehold of the premises occupied by the Trust. The accounts consolidate the financial statements of both companies.

The subsidiary is a non-trading, dormant company and the latest un-audited accounts have been made up to 5 April 2018 and it is these accounts that have been used in the consolidation. Both companies are incorporated in the United Kingdom and registered in England and Wales.

### ***Reserves policy***

All unrestricted funds are used to finance building development projects and generally improve the overall facilities of the School. Donations towards specific projects are included within restricted funds. Donations to The Hawthorns Foundation are allocated to restricted funds. General donations are allocated to unrestricted funds. The Governors have assessed the assets available and the obligations of the Trust and have concluded that the assets are sufficient to meet its obligations, based on current operations and pupil numbers.

### **Plans for Future Periods**

For the year 2018/2019 the main priority will be to implement and embed the One School Strategy, identified as a key objective by the Governors. This will be a significant piece of work that will ensure the provision of a seamless and exciting education for all pupils at the School. One area of particular focus will be the revision of homework setting in all Key Stages. Around the School, year two of the five year programme of refurbishment will focus upon the development and functionality of teaching and learning areas for teachers and pupils.

The rollout of the three/five year IT Strategy is now underway, with significant network improvements planned, together with the provision of new devices for teachers and pupils to optimize teaching and learning.

The outsource of the provision of catering and cleaning took place on 1 September 2018 and there will be the establishment of the new standards within both areas, looking forward to the installation of a new kitchen in Summer 2019.

### **Principal Risks and Uncertainties**

The Governors assess the major risks to which the School is exposed, particularly relating to its operations and finances, on a regular basis. The most significant risk is considered to be a possible fall in the number of pupils attending the School. The Governors are satisfied that, overall, the systems in place, having due regard to the nature and resources of the School, adequately manage exposure to such risks.

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors, who are also the directors of The Hawthorns Educational Trust Limited for the purposes of company law, are responsible for preparing the Governors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (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 Trust and its subsidiary and of the incoming resources and application of resources, including the income and expenditure, of the group for that year. 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 SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the Governors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

## **AUDITORS**

The School's auditors Russell New Limited merged with taylorcocks in July 2018 and are now operating as taylorcocks.

A resolution proposing the re-appointment of taylorcocks as auditors to the company will be put to the annual general meeting.

This report, incorporating the Strategic Report, was approved by the Governors on 05 December 2018 and signed on behalf of the board by

BJC Dyer

**Chair of Governors**

05 December 2018

## **INDEPENDENT AUDITOR'S REPORT**

Year Ended 31 August 2018

### **Opinion**

We have audited the financial statements of The Hawthorns Educational Trust Limited (the 'charitable company') for the year ended 31 August 2018 on pages 12 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **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 charitable 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' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT**

Year Ended 31 August 2018

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 governors' annual report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- 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 directors' 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 7, 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 charitable company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT**

Year Ended 31 August 2018

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

**Mark Cummins FCCA (Senior Statutory Auditor)**  
**for and on behalf of Taylorcocks**



**Chartered Accountants**  
**Statutory Auditors**

Office: Steyning, West Sussex

Dated:

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(Including Income &amp; Expenditure Account)

Year Ended 31 August 2018

	Notes	Unrestricted Funds £	Restricted Funds £	TOTAL 2018 £	TOTAL 2017 £
<b>INCOME FROM:</b>					
<b>Donations and legacies</b>		11,182	350	11,532	17,302
<b>Charitable activities</b>					
Fees receivable	3	6,187,593	-	6,187,593	5,879,768
<b>Other trading activities</b>					
Sports Centre	4	558,450	-	558,450	518,655
Protection fees	5	10,458	-	10,458	10,075
<b>Total Income</b>		<b>6,767,683</b>	<b>350</b>	<b>6,768,033</b>	<b>6,425,800</b>
<b>EXPENDITURE ON:</b>					
<b>Raising funds</b>					
Sports Centre		508,016	-	508,016	456,294
Fundraising (The Hawthorns Foundation)		-	3,866	3,866	3,622
<b>Charitable Activities</b>					
Education		6,186,948	-	6,186,948	5,866,108
<b>Total Expenditure</b>	<b>6</b>	<b>6,694,964</b>	<b>3,866</b>	<b>6,698,830</b>	<b>6,326,024</b>
<b>NET INCOME</b>		<b>72,719</b>	<b>(3,516)</b>	<b>69,203</b>	<b>99,776</b>
<b>Transfers between funds</b>	<b>16</b>	<b>(3,866)</b>	<b>3,866</b>	<b>-</b>	<b>-</b>
<b>Net Movement in Funds</b>		<b>68,853</b>	<b>350</b>	<b>69,203</b>	<b>99,776</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		5,686,299	377,848	6,064,147	5,964,371
<b>Total funds carried forward</b>		<b>5,755,152</b>	<b>378,198</b>	<b>6,133,350</b>	<b>6,064,147</b>

This statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All activities are classed as continuing.

There are no recognised gains or losses other than those reported on the Statement of Financial Activities.

The Hawthorns Educational Trust Limited

**CONSOLIDATED BALANCE SHEET**

As at 31 August 2018

	Notes	£	2018 £	2017 £
<b>FIXED ASSETS</b>				
Tangible Assets	10		8,484,517	8,514,194
<b>CURRENT ASSETS</b>				
Debtors	12	1,609,467	1,555,721	
Cash at bank and in hand		<u>395,383</u>	<u>396,863</u>	
Total Current Assets		2,004,850	1,952,584	
Creditors, due within one year	13	<u>(3,770,076)</u>	<u>(3,752,592)</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(1,765,226)</b>	<b>(1,800,008)</b>
<b>LONG TERM LIABILITIES</b>				
Creditors, due after more than one year	14		(585,941)	(650,039)
<b>TOTAL NET ASSETS</b>			<b><u>6,133,350</u></b>	<b><u>6,064,147</u></b>
<b>Represented by</b>				
Unrestricted Fund	17		5,755,152	5,686,299
Restricted Fund	16		<u>378,198</u>	<u>377,848</u>
<b>TOTAL NET FUNDS</b>			<b><u>6,133,350</u></b>	<b><u>6,064,147</u></b>

These accounts were approved by the board on

**B J C Dyer**

\_\_\_\_\_  
**Chair**

**D W J Searle**

\_\_\_\_\_  
**Governor**

Company number 00949504.

The Hawthorns Educational Trust Limited

**COMPANY BALANCE SHEET**

As at 31 August 2018

	Notes	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible Assets	10		8,374,517		8,404,194
Investment in subsidiary	11		<u>71,534</u>		<u>71,534</u>
			<b>8,446,051</b>		<b>8,475,728</b>
<b>CURRENT ASSETS</b>					
Debtors	12	1,654,743		1,600,997	
Cash at bank and in hand		<u>395,383</u>		<u>396,863</u>	
Total Current Assets		2,050,126		1,997,860	
Creditors, due within one year	13	<u>(3,769,858)</u>		<u>(3,752,374)</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(1,719,732)</b>		<b>(1,754,514)</b>
<b>LONG TERM LIABILITIES</b>					
Creditors, due after more than one year	14		<u>(585,941)</u>		<u>(650,039)</u>
<b>TOTAL NET ASSETS</b>			<b><u>6,140,378</u></b>		<b><u>6,071,175</u></b>
<b>Represented by</b>					
Unrestricted Fund	17		5,762,180		5,693,327
Restricted Fund	16		<u>378,198</u>		<u>377,848</u>
<b>TOTAL NET FUNDS</b>			<b><u>6,140,378</u></b>		<b><u>6,071,175</u></b>

These accounts were approved by the board on

**B J C Dyer**

\_\_\_\_\_  
**Chair**

**D W J Searle**

\_\_\_\_\_  
**Governor**

Company number 00949504.

The Hawthorns Educational Trust Limited  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year ended 31 August 2018

	2018	2017
	£	£
<b>Cash flows from operating activities:</b>		
<b>Net income/expenditure for the year</b>	69,203	99,776
<b>Adjustments for:</b>		
Depreciation	339,008	318,338
Decrease/(Increase) in debtors	(53,746)	(44,598)
(Decrease)/Increase in creditors	<u>315,333</u>	<u>328,375</u>
<b>Net cash provided by/(used in) operating activities</b>	669,798	701,891
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<u>309,331</u>	<u>498,756</u>
<b>Net cash provided by/(used in) investing activities</b>	(309,331)	(498,756)
<b>Cash flows from financing activities</b>		
Repayments of borrowing	<u>64,098</u>	<u>60,695</u>
<b>Net cash provided by/(used in) financing activities</b>	(64,098)	(60,695)
<b>Change in cash and cash equivalent in the year</b>	<u>296,369</u>	<u>142,440</u>
<b>Cash and cash equivalents at the beginning of the year</b>	(516,231)	(658,671)
<b>Cash and cash equivalents at the end of the year</b>	<u>(219,862)</u>	<u>(516,231)</u>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	395,383	396,863
Overdraft facility payable on demand	(615,245)	(913,094)
<b>Total cash and cash equivalents</b>	<u>(219,862)</u>	<u>(516,231)</u>



## **NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

### **1 STATUTORY INFORMATION**

The charity is a charitable company, limited by guarantee, registered in England and Wales. The registered office, company number and charity number are detailed in the Governors' annual report.

### **2 ACCOUNTING POLICIES**

#### **Basis of preparation**

The accounts have been prepared under the Companies Act 2006 and in accordance with the Charities' Statement of Recommended Practice (SORP (FRS 102)) and Financial Reporting Standard 102.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy.

After reviewing the charity's forecasts and projections, the governors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its accounts.

#### **Group accounts**

The accounts consolidate the results of the charity and its wholly owned subsidiary The Hawthorns (Pendell Court) Limited on a line by line basis. A separate Statement of Financial Activities (including income and expenditure account) for the charity has not been presented as the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The subsidiary is a non-trading, dormant company. Its latest un-audited accounts have been made up to 5 April 2018 and it is these accounts that have been used in the consolidation.

#### **Income**

Donations received for the general purposes of the School are credited to unrestricted funds except insofar as they are incapable of financial measurement. Donations for purposes restricted by the wishes of the donor are taken to restricted funds where these wishes are legally binding on the charity.

School fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees received in advance of education to be provided in future years are held as liabilities until either taken to income in the term when used or else refunded. They are stated after deducting bursaries, scholarships and other fee remissions granted by the School.

Sports centre, rental and investment income are accounted for in the period in which they are receivable. Other incoming resources are accounted for when received.

#### **Expenditure**

Expenditure is accounted for on an accruals basis, with value added tax included within the item of expense to which it relates. Overhead and other costs not directly attributable to a particular functional activity category are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also internal and external audit, any legal advice for the Governors, and all the costs of complying with constitutional and statutory requirements, such as the cost of board and committee meetings and of preparing statutory accounts and satisfying public accountability.

Irrecoverable VAT is attributed directly to the cost to which it relates.

## NOTES TO THE ACCOUNTS

Year ended 31 August 2018

### Assets

Fixed assets are shown on the balance sheet at cost less accumulated depreciation. Current assets are shown at the lower of cost and net realisable value.

### Depreciation

Depreciation is provided on fixed assets to write off their cost over their estimated useful lives at the following rates:

Freehold and short leasehold property	2% to 10% straight line
Electrical, computer & garden equipment	20% straight line
Fixtures, fittings, tools & equipment	10% straight line

### Pension schemes

Teaching staff are members of the Teachers' Pension Scheme (TPS), a defined benefit scheme administered by the Teachers' Pension Agency. Contributions to the scheme are charged to the Statement of Financial Activities as they fall due. The Teachers' Pension Scheme is an unfunded scheme. Contributions on a "pay as you go" basis are credited to the exchequer under arrangements governed by the Superannuation act 1972. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. The school is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, under FRS 102 the scheme is accounted for as if it were a defined contribution scheme.

The School also contributes to personal pension schemes for non-teaching staff.

### Operating lease rentals

Rentals paid in respect of assets held under operating leases are taken to the Statement of Financial Activities as they fall due.

### Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments. The governors seek to use short and medium term deposits where possible to maximise the return on monies held at the bank and to manage cash flow.

### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

### Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

### Fund accounting

Unrestricted funds comprise those funds which can be used in accordance with the charitable objectives at the discretion of the Governors.

Restricted funds are those funds which can be used in accordance with the specific restrictions imposed by the donor or which have been raised by the charity for a specific purpose. The cost of raising and administering such funds is charged against the funds and the School reimburses the costs from unrestricted funds. The aim and use of each restricted fund is set out further in the notes to the accounts.

# NOTES TO THE ACCOUNTS

Year ended 31 August 2018

## Turnover

The turnover of the charity is wholly attributable to the object of the charity as stated in the Governors' Report and is earned entirely within the UK.

## Taxation

The charitable company is registered as a charity and all of its income falls within the exemptions under Part 11 of the Corporation Tax Act 2010.

Deferred taxation in the subsidiary company arising on the valuation of the freehold is not provided for as, in the opinion of the directors of the Group, the liability is unlikely to arise.

### 3 Income from Charitable Activities

	2018 £	2017 £
Gross fees	6,179,108	5,871,595
Less: bursaries, scholarships and discounts	(360,566)	(372,860)
	<u>5,818,542</u>	<u>5,498,735</u>
Extras	369,051	381,033
	<u><u>6,187,593</u></u>	<u><u>5,879,768</u></u>

### 4 Income from Other Trading Activities

	2018 £	2017 £
Sports Centre income	551,550	513,815
Other lettings and activities	6,900	4,840
	<u><u>558,450</u></u>	<u><u>518,655</u></u>

### 5 Income from Other Trading Activities

	2018 £	2017 £
Net commission receivable	<u><u>10,458</u></u>	<u><u>10,075</u></u>

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**6 Analysis of Expenditure**

	Staff Costs	Other	Depreciation	Total 2018	Total 2017
	£	£	£	£	£
<b>Cost of raising funds</b>					
Fundraising	3,866	-	-	3,866	3,622
Lettings (inc. Sports Centre exp)	361,175	146,841	-	508,016	456,294
Total cost of raising funds	<u>365,041</u>	<u>146,841</u>	<u>-</u>	<u>511,882</u>	<u>459,916</u>
<b>Charitable expenditure Education</b>					
Teaching	3,452,148	401,255	92,035	3,945,438	3,800,994
Welfare	179,550	260,594	-	440,144	414,758
Premises	198,257	423,787	246,973	869,017	781,015
Finance costs	-	48,756	-	48,756	54,590
Support and governance	470,825	412,768	-	883,593	814,751
Total charitable expenditure	<u>4,300,780</u>	<u>1,547,160</u>	<u>339,008</u>	<u>6,186,948</u>	<u>5,866,108</u>
<b>Total Expenditure</b>	<u><u>4,665,821</u></u>	<u><u>1,694,001</u></u>	<u><u>339,008</u></u>	<u><u>6,698,830</u></u>	<u><u>6,326,024</u></u>

**Analysis of support and governance costs**

	2018	2017
	£	£
Governance costs:		
Auditors' remuneration for audit services	<u>13,080</u>	<u>11,600</u>
	13,080	11,600
Support costs:		
Auditors' remuneration for non audit services	10,284	4,848
Support staff wages, national insurance and pension	470,825	457,833
Other support costs	<u>389,404</u>	<u>340,470</u>
	<u>883,593</u>	<u>814,751</u>

Net Income is stated after charging £72,304 (2017: £57,509) to operating lease rentals included within premises costs.

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**7 Comparative Statement of Financial Activities – Year Ended 31 August 2017**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
<b>INCOME FROM:</b>			
<b>Donations and legacies</b>	16,145	1,157	17,302
<b>Charitable activities</b>			
Fees receivable	5,879,768	-	5,879,768
<b>Other trading activities</b>			
Sports Centre	518,655	-	518,655
Protection fees	10,075	-	10,075
<b>Total Income</b>	<b>6,424,643</b>	<b>1,157</b>	<b>6,425,800</b>
<b>EXPENDITURE ON:</b>			
<b>Raising funds</b>			
Sports Centre	456,294	-	456,294
Fundraising (The Hawthorns Foundation)	-	3,622	3,622
<b>Charitable Activities</b>			
Education	5,866,108	-	5,866,108
<b>Total Expenditure</b>	<b>6,322,402</b>	<b>3,622</b>	<b>6,326,024</b>
<b>NET INCOME</b>	<b>102,241</b>	<b>(2,465)</b>	<b>99,776</b>
<b>Transfers between funds</b>	<b>(3,622)</b>	<b>3,622</b>	<b>-</b>
<b>Net Movement in Funds</b>	<b>98,619</b>	<b>1,157</b>	<b>99,776</b>
Fund balances brought forward	5,587,680	376,691	5,964,371
<b>Fund balances carried forward</b>	<b>5,686,299</b>	<b>377,848</b>	<b>6,064,147</b>

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**8 Staff Costs**

	2018 £	2017 £
Salaries and wages	3,874,861	3,750,181
Social security costs	354,460	353,430
Pension costs	436,500	439,244
	<u>4,665,821</u>	<u>4,542,855</u>

Number of employees whose emoluments for the year exceeded £60,000	2018	2017
£60,000 to £69,999	3	3
£100,000 to £119,999	1	1

Contributions totalling £37,349 (2017: £36,979) were made during the year to a pension scheme on behalf of the above employees.

The average monthly headcount was 169 staff (2017: 171 staff) and the average monthly number of full time equivalent employees during the year was:

	2018	2017
Teaching and teaching assistants (term time)	65	70
Others (administration, kitchen, maintenance and sports centre)	41	41
	<u>106</u>	<u>111</u>

The key management personnel of the school are detailed in the Governors' Report.

The above employment costs include settlement amounts to former employees, the terms of which are confidential.

	2018	2017
Aggregate employee benefits of key management personnel	<u>724,301</u>	<u>582,943</u>

None of the governors received any remuneration or other benefits from the school or any connected body.

**9 Operating Surplus**

	2018 £	2017 £
Included within the operating surplus for the year are the following:		
<b>Charitable Activities - Education</b>		
Operating lease rentals (inc. VAT)	72,304	57,509
<b>Governance</b>		
Auditors' fees – audit services (inc. VAT)	13,080	11,600
Auditors' fees – other services (inc. VAT)	10,284	4,848

As described in the notes to the accounts, no separate Statement of Financial Activities has been prepared for the School alone. The School contributed £69,203 (2017: £99,776) to the surplus of the Group for the year.

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**10 Tangible Fixed Assets**

The movement of tangible fixed assets was as follows:

<b>THE GROUP</b>	Freehold property	Electrical, computer & garden equipment	Fixtures, fittings, tools & equipment	TOTAL
	£	£	£	£
<b>Cost</b>				
At beginning of year	10,598,557	217,557	467,684	11,283,798
Additions	236,615	40,904	31,812	309,331
At end of year	<u>10,835,172</u>	<u>258,461</u>	<u>499,496</u>	<u>11,593,129</u>
<b>Accumulated Depreciation</b>				
At beginning of year	2,458,813	167,884	142,907	2,769,604
Charge for year	246,973	42,086	49,949	339,008
At end of year	<u>2,705,786</u>	<u>209,970</u>	<u>192,856</u>	<u>3,108,612</u>
<b>Net Book Value</b>				
At beginning of year	8,139,744	49,673	324,777	8,514,194
At end of year	<u>8,129,386</u>	<u>48,491</u>	<u>306,640</u>	<u>8,484,517</u>

<b>THE COMPANY</b>	Freehold property	Electrical, computer & garden equipment	Fixtures, fittings, tools & equipment	TOTAL
	£	£	£	£
<b>Cost</b>				
At beginning of year	10,488,557	217,557	467,684	11,173,798
Additions	236,615	40,904	31,812	309,331
At end of year	<u>10,725,172</u>	<u>258,461</u>	<u>499,496</u>	<u>11,483,129</u>
<b>Accumulated Depreciation</b>				
At beginning of year	2,458,813	167,884	142,907	2,769,604
Charge for year	246,973	42,086	49,949	339,008
At end of year	<u>2,705,786</u>	<u>209,970</u>	<u>192,856</u>	<u>3,108,612</u>
<b>Net Book Value</b>				
At beginning of year	8,029,744	49,673	324,777	8,404,194
At end of year	<u>8,019,386</u>	<u>48,491</u>	<u>306,640</u>	<u>8,374,517</u>

The freehold property shown in the accounts of the company relates to improvements made to the freehold property owned by the subsidiary company and is therefore added to freehold property in the accounts of the group. The market value of freehold properties is estimated by the Governors to be in excess of the book value at the year end.

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**11 Investment in Subsidiary**

	2018 £	2017 £
Shares at cost	71,534	71,534

The Company owns 100% of the shares of the subsidiary company The Hawthorns (Pendell Court) Limited, company number 700823, which owns the freehold of the premises occupied by the Trust. Both companies are incorporated in the United Kingdom and registered in England and Wales.

The trading results of The Hawthorns (Pendell Court) Limited for the year ended 5 April 2018 are:

Profit for the year	£ NIL	(Company was dormant)
Capital and Reserves	£64,507	

**12 Debtors**

	The Group		The Company	
	2018 £	2017 £	2018 £	2017 £
Fees Receivable	1,446,379	1,448,852	1,446,379	1,448,852
Other debtors	25,143	11,917	25,143	11,917
Prepayments	137,945	94,952	137,945	94,952
Loan to subsidiary company	-	-	45,276	45,276
<b>TOTAL</b>	<b>1,609,467</b>	<b>1,555,721</b>	<b>1,654,743</b>	<b>1,600,997</b>

**13 Creditors due within one year**

	The Group		The Company	
	2018 £	2017 £	2018 £	2017 £
Fees charged in advance	1,921,585	1,879,213	1,921,585	1,879,213
Bank loans and overdrafts	679,217	973,661	679,217	973,661
Other creditors and school fees received in advance	809,076	684,323	808,858	684,105
Accruals (Note 15)	360,198	215,395	360,198	215,395
<b>TOTAL</b>	<b>3,770,076</b>	<b>3,752,592</b>	<b>3,769,858</b>	<b>3,752,374</b>



**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**14 Creditors due after more than one year**

	The Group		The Company	
	2018	2017	2018	2017
	£	£	£	£
Long term loans	<u>585,941</u>	<u>650,039</u>	<u>585,941</u>	<u>650,039</u>
<b>Loan maturity analysis</b>				
Repayable in less than 1 year (Note 13)	63,972	60,567	63,972	60,567
Repayable in 1-2 years	67,386	63,879	67,386	63,879
Repayable in 2-5 years	225,695	213,271	225,695	213,271
Repayable in more than 5 years	292,860	372,889	292,860	372,889
<b>TOTAL</b>	<u>649,913</u>	<u>710,606</u>	<u>649,913</u>	<u>710,606</u>

The Trust has two 15 Year, fixed interest loans, each initially of £500,000. Total repayments during the year were £64,098 (2017: £60,695). The interest rate on the first loan is 5.550% pa and on the second loan is 5.275% pa.

The Trust also has a Bank overdraft facility. The loans and the overdraft are secured by a fixed and floating charge on the Group's freehold property.

**15 Advanced Fees Payment Scheme**

Parents may enter into a contract to pay the School tuition fees in advance. The money may be returned, subject to specific conditions, upon the receipt of one term's notice. Assuming pupils will remain in the School, advance fees will be applied as below:

	2018	2017
	£	£
Due within one year	177,144	140,618
Due in more than one year but less than two years	87,012	71,928
Due after more than two years but less than five years	119,880	39,956
<b>TOTAL</b>	<u>384,036</u>	<u>252,502</u>

The balance represents the accrued liability under the contracts.

The movements during the year were:	2018	2017
	£	£
Balance at beginning of the year	252,502	259,059
Amounts received during the year	323,086	155,693
Amounts credited to pupil accounts for fees	(191,552)	(162,250)
<b>Balance at end of year</b>	<u>384,036</u>	<u>252,502</u>

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**16 Restricted Fund**

The Hawthorns Foundation provides a long term fund to assist the School with bursary awards and to provide funds for specific capital projects. Donations are received predominantly from current and former parents and from Old Hawthornians.

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
The Hawthorns Foundation	377,848	350	(3,866)	3,866	378,198
<b>Designation of Fund</b>					
Bursary Fund	164,252	350	(3,866)	3,866	164,602
Capital Projects Fund	177,353	-	-	-	177,353
Endowment Fund	36,243	-	-	-	36,243
<b>TOTAL</b>	<b>377,848</b>	<b>350</b>	<b>(3,866)</b>	<b>3,866</b>	<b>378,198</b>

The School contributed £3,866 (2017: £3,622) towards the running costs of The Hawthorns Foundation.

**17 Unrestricted Fund**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
The Company	5,693,327	6,767,683	(6,694,964)	(3,866)	5,762,180
The Group	5,686,299	6,767,683	(6,694,964)	(3,866)	5,755,152

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**18 Net Assets of the Funds of the Charity and of the Group**

	Unrestricted	Restricted	Group
	£	£	£
<b>At 31 August 2018</b>			
Fixed Assets	8,484,517	-	8,484,517
Current Assets	1,626,652	378,198	2,004,850
Current Liabilities	(3,770,076)	-	(3,770,076)
Long-term Liabilities	(585,941)	-	(585,941)
	<u>5,755,152</u>	<u>378,198</u>	<u>6,133,350</u>

	Unrestricted	Restricted	Group
	£	£	£
<b>At 31 August 2017</b>			
Fixed Assets	8,514,194	-	8,514,194
Current Assets	1,574,736	377,848	1,952,584
Current Liabilities	(3,752,592)	-	(3,752,592)
Long-term Liabilities	(650,039)	-	(650,039)
	<u>5,686,299</u>	<u>377,848</u>	<u>6,064,147</u>

**19 Operating Leases**

Total lease commitments for assets held under operating leases are £108,847 (2017: £83,356)

	2018	2017
	£	£
Within one year	16,439	7,173
Between two and five years	92,408	76,183

**20 Governors' Remuneration and Interests in Contracts**

No remuneration was provided to any Governors during the year.

Mrs C Baart, the wife of a Governor, was a part time employee of the School undertaking a teaching role. Miss T Creighton, daughter of a Governor, was a casual worker in the Sports Centre. Their appointments and salaries were negotiated independently of the board of Governors and their remuneration is based on standard pay scales for their level of experience and qualifications.

## **NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

### **21 Pension Costs**

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 £383,482 (2017: £388,086) and at the year end £Nil (2017: £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 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). 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 by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent 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 currently 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 being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS in September 2018 to allow the Department for Education to finalise this pension scheme actuarial valuation. The School has been informed that the employer rate will increase from September 2019 because of proposed changes to the discount rate used in the valuation.

There are also early indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

The pension charge for the year includes contributions payable to other defined contribution schemes of £53,018 (2017: £51,158). No amounts were outstanding at the year end.

### **22 Control**

The company is limited by guarantee with no one member having overall control.

## Document Activity Report

**Document Sent**

Fri, 30 Nov 2018 09:16:06 GMT

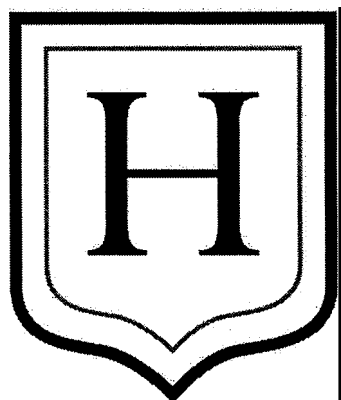
### Document Activity History

Document history shows most recent activity first

Date	Activity
Mon, 03 Dec 2018 09:49:07 GMT	Cathy Emmott viewed the document
Mon, 03 Dec 2018 09:43:34 GMT	Cathy Emmott viewed the document
Fri, 30 Nov 2018 09:16:09 GMT	Document Sent

# **THE HAWTHORNS EDUCATIONAL TRUST LIMITED**

(a Registered Charity and Company Limited by Guarantee) and  
its subsidiary company operating as



# **THE HAWTHORNS SCHOOL**

## **GOVERNORS' ANNUAL REPORT AND AUDITED CONSOLIDATED ACCOUNTS**

**For the year ended 31 August 2018**

Company Registration Number-949504 Charity  
Commission Registration Number-312067  
[www.hawthorns.com](http://www.hawthorns.com)

## **GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)**

Year Ended 31 August 2018

The Governors (who are also directors of the Charity for the purposes of the Companies Act) present their Annual Report, together with the Audited Accounts of The Hawthorns Educational Trust Limited (the Company) for the year ended 31 August 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities Act 2011, the Companies Act 2006, the School's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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

The Hawthorns School was founded in 1926. The Hawthorns School Educational Trust Limited (the Trust) is a company limited by guarantee, number 00949504, and was registered at Companies House on 7 March 1969. The Trust is a registered charity, number 312067, registered at the Charity Commission on 7 May 1970. The charity is governed by its Memorandum and Articles of Association dated 7 May 1970. The charity operates The Hawthorns School, a co-educational pre-preparatory and preparatory school for pupils aged 2 to 13, in Bletchingley, Surrey.

#### **Governors**

The Governors, who are the directors of the Group for the purposes of company law, and are the charity trustees, for the purposes of charity law, during the year and since, were as follows:

Mrs Z S Creighton	(Chair retired 06 August 2018)
Mr BJC Dyer *	(Chair appointed 06 August 2018)
Mr LWJ Baart *	
Mr RJ Buckingham *	
Mrs S Chrysanthou	(retired 06 August 2018)
Mr SB Daniell * **	
Mr R Davey *	
Mr MJ Dockery *	
Mr JP Edwards *	
Mrs SF Hill	(retired 18 June 2018)
Mr R Kirkland *	
Ms KV Paynter *	(appointed 18 June 2018)
Mr DWJ Searle * **	(appointed 13 September 2017)
Mrs H Tongue *	(appointed 06 August 2018)
Mr M Williams	(retired 06 December 2017)

\* Governor, director and charity trustee at date of signing these accounts.

\*\* Parent of current pupil at date of signing these accounts.

## **Governing body**

Governors are elected by the governing body. At each annual general meeting the nearest number to one third of the total Governors retire and are eligible for re-election. The Governors to retire each year are those who have been longest in office since their last election.

In order to maintain a broad skill mix, Governors are selected from a wide range of professions and, in the event of particular skills being lost due to retirement; individuals with the requisite skills are approached to offer themselves for election to the governing body.

Governors derive no financial benefit from their office other than as shown in the notes to the accounts, but are reimbursed for any travel or administrative expenses. During the year no Governors had any interest in contracts or dealings with the School (see Note 20).

The Group benefits from the generous giving of their time and it is estimated that during the year over 750 hours have been spent by the Governors on governance matters.

## **Governor induction and training**

Governor induction, following appointment, comprises the review of a portfolio of documentation covering all aspects of the Group, including the most recent audited accounts, the Memorandum and Articles of Association, copies of Board Meeting Minutes, School Prospectus, recent newsletters to parents, staff lists with responsibilities, governance documentation with subcommittee details and a copy of the Charity Commission publication, 'The Essential Trustee'. Governors are expected to attend subcommittee meetings (depending on their skills; see subcommittee details below) as required and to attend termly Board Meetings. Governors are encouraged to visit the School during term time, to meet the pupils, Headmaster, Bursar and Senior Management Team. Training, after appointment, is provided by comprehensive mailing of information relevant to the School's day to day activities and by a formal training session held each year at a board meeting. The Chairman of Governors attends an outside training course run by IAPS (Independent Association of Preparatory Schools) during the first year of office. Governors are encouraged to visit the Charity Commission website for up to date information.

Key executives, professional advisers and contact information

Headmaster	Mr AE Floyd
Bursar and Company Secretary	Miss C Emmott
Senior Management Team	Mr SR Etchell, Mrs EC Forsyth, Mrs DM Edmonds, Mr SJ Walton, Mr AJ Morris and Mrs K Wyborn



The Hawthorns Educational Trust Limited

**GOVERNORS' ANNUAL REPORT (incorporating a Group Strategic Report)**

Year Ended 31 August 2018

Address and Registered Office	The Hawthorns Educational Trust Limited T/ A The Hawthorns School Pendell Court Bletchingley, Surrey, RH1 4QJ
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Bankers	Lloyds Bank plc 1 London Road Redhill, Surrey RH1 1ND
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Auditors	Taylorcocks (Statutory Auditors) The Courtyard Shoreham Road Upper Seeding Steyning West Sussex BN44 3TN
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School Website	<a href="http://www.hawthorns.com">www.hawthorns.com</a>
Email	<a href="mailto:office@hawthorns.com">office@hawthorns.com</a>

## **Organisational management**

The Governors determine the general policy of the Trust. The key management personnel of the School are the Governors, the Headmaster, the Bursar and the Senior Management Team. The Governors meet, as a body, at least once each term. Various sub-committees meet to deal with matters during the year as required. At the date of signing these accounts the sub-committees comprise:

### **Education subcommittee**

R Davey (Chairman), J Edwards, K Paynter, H Tongue, the Headmaster and other senior School staff. This committee works to improve the quality of education in the School.

### **Finance and General Purposes subcommittee**

D Searle (Chairman), L Baart, Z Creighton, B Dyer, S Daniell, M Dockery, R Kirkland, the Headmaster, the Senior Deputy Head and the Bursar. This committee covers The Hawthorns Foundation, finance, estates, staffing and general management of the School.

### **Marketing subcommittee**

B Dyer (Chairman), the Headmaster, other School personnel as appropriate and co-opted parents. This committee deals with the marketing and presentation of the School.

### **Health and Safety subcommittee**

M Dockery (Chairman), the Bursar and other senior School staff. This committee is responsible for agreeing health and safety policies and strategy across the School.

### **Safeguarding & HR subcommittee**

R Buckingham (Chairman) and other senior School staff. This committee is responsible for safeguarding, recruitment, welfare and retention of employees of the School.

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.

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

The objects are set out in the Memorandum of Association as the education of girls and boys aged 2 to 13. It is the aim of the Trust, as an independent educational establishment, to lay academic, physical and moral foundations of the highest quality. These foundations will equip the School's pupils with self-confidence and a desire to contribute to the wider community and, in preparing them for the next stage of their education, will enable them to face and overcome the many challenges of life ahead.

In setting objectives and planning activities, the Governors have given due consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

## **STRATEGIC REVIEW**

### **Achievements and Performance**

The Trust has continued to operate a co-educational preparatory school for children aged from 2 to 13, including before school and after school care to assist working parents. During the year the focus has been on the continued achievement of academic performance and widening of access to the School's facilities, the continuance of Easter and Summer activity courses and holiday camps and ensuring that the facilities are put to good use when not otherwise needed.

Since its launch in 2006, The Hawthorns Foundation has continued to build a long term endowment fund to assist the School with bursary awards for children whose families could not otherwise gain access to the School. It also provides funds for specific capital projects and helps to provide for the future needs of the School.

The Trust is involved in a wide variety of charitable activities that benefit others including The Royal Marsden, Save the Children, The Children's Society and World Vision. During the year a total of £8,342 (2017: £4,854) was donated to these and other, smaller, charities.

The swimming pool, sports centre and grounds are made available, often at reduced or no charge, to local maintained schools, local church organisations, local residents, disabled people, Brownie groups and a large number of sports clubs. Activity days and holiday clubs run throughout the Christmas, Easter and Summer holidays. These are very popular with local children and approximately 70% of children attending clubs are not pupils at the School. Christmas hampers are delivered to local residents in need, pupils visit a local old people's home to perform music and Year 7 pupils help with community action activities. In alternate years the School's Woodland Trail is opened to the public under the auspices of the National Gardens Scheme programme.

Over the years the School has formed close links with several local, maintained primary schools. By way of example, pupils from Furzefield Primary Community School, have swimming lessons in the School's swimming pool every week during term time. The School makes no charge for the use of the pool. In addition, on many occasions during the year, the School loaned their minibuses to Furzefield Primary Community School, Earlswood Infant and Nursery School and Godstone School and other community groups, for various purposes, again without charge.

Efforts continue to ensure that no suitable pupil is denied an education at the School on the grounds of affordability. Accordingly, the Governors are pleased to offer means-tested bursaries (assisted places) to parents with limited income. During the year bursary awards were made to 7 pupils (2017: 10) and their value was £69,248 (2017: £87,309). In total, financial support of all kinds during the year reduced to 5.8% of gross fee income (2017: 6.4%).

## **Financial Review**

The Trust received fees and other income of £6,768,033 (2017: £6,425,800) and the consolidated net incoming resources for the year amounted to £69,203 (2017: £99,776). The results for the year include the net outgoing resources from restricted funds of £3,516 (2017: £2,465) for The Hawthorns Foundation. Total funds carried forward were £6,133,350 which includes £378,198 of restricted funds. The balance of £5,755,152 is held as unrestricted funds.

Capital expenditure has concentrated upon the conversion of the Gatton Block to house a state of the art DT, Textiles and ICT facility. The total expenditure during the year on these and many other improvements to the School facilities amounted to £309,331 (2017: £498,756). There is a plan of continuous upgrading of the School's facilities in order to keep pace with the requirements of a leading pre-preparatory and preparatory school.

### ***Investment in subsidiary***

The Trust owns 100% of the shares of its subsidiary company, The Hawthorns (Pendell Court) Limited, which in turn owns the freehold of the premises occupied by the Trust. The accounts consolidate the financial statements of both companies.

The subsidiary is a non-trading, dormant company and the latest un-audited accounts have been made up to 5 April 2018 and it is these accounts that have been used in the consolidation. Both companies are incorporated in the United Kingdom and registered in England and Wales.

### ***Reserves policy***

All unrestricted funds are used to finance building development projects and generally improve the overall facilities of the School. Donations towards specific projects are included within restricted funds. Donations to The Hawthorns Foundation are allocated to restricted funds. General donations are allocated to unrestricted funds. The Governors have assessed the assets available and the obligations of the Trust and have concluded that the assets are sufficient to meet its obligations, based on current operations and pupil numbers.

### **Plans for Future Periods**

For the year 2018/2019 the main priority will be to implement and embed the One School Strategy, identified as a key objective by the Governors. This will be a significant piece of work that will ensure the provision of a seamless and exciting education for all pupils at the School. One area of particular focus will be the revision of homework setting in all Key Stages. Around the School, year two of the five year programme of refurbishment will focus upon the development and functionality of teaching and learning areas for teachers and pupils.

The rollout of the three/five year IT Strategy is now underway, with significant network improvements planned, together with the provision of new devices for teachers and pupils to optimize teaching and learning.

The outsource of the provision of catering and cleaning took place on 1 September 2018 and there will be the establishment of the new standards within both areas, looking forward to the installation of a new kitchen in Summer 2019.

### **Principal Risks and Uncertainties**

The Governors assess the major risks to which the School is exposed, particularly relating to its operations and finances, on a regular basis. The most significant risk is considered to be a possible fall in the number of pupils attending the School. The Governors are satisfied that, overall, the systems in place, having due regard to the nature and resources of the School, adequately manage exposure to such risks.

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors, who are also the directors of The Hawthorns Educational Trust Limited for the purposes of company law, are responsible for preparing the Governors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (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 Trust and its subsidiary and of the incoming resources and application of resources, including the income and expenditure, of the group for that year. 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 SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the Governors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

## **AUDITORS**

The School's auditors Russell New Limited merged with taylorcocks in July 2018 and are now operating as taylorcocks.

A resolution proposing the re-appointment of taylorcocks as auditors to the company will be put to the annual general meeting.

This report, incorporating the Strategic Report, was approved by the Governors on 05 December 2018 and signed on behalf of the board by

BJC Dyer

**Chair of Governors**

05 December 2018

## **INDEPENDENT AUDITOR'S REPORT**

Year Ended 31 August 2018

### **Opinion**

We have audited the financial statements of The Hawthorns Educational Trust Limited (the 'charitable company') for the year ended 31 August 2018 on pages 12 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **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 charitable 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' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT**

Year Ended 31 August 2018

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 governors' annual report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- 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 directors' 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 7, 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 charitable company or to cease operations, or have no realistic alternative but to do so.



## **INDEPENDENT AUDITOR'S REPORT**

Year Ended 31 August 2018

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

**Mark Cummins FCCA (Senior Statutory Auditor)**  
**for and on behalf of Taylorcocks**



**Chartered Accountants**  
**Statutory Auditors**

Office: Steyning, West Sussex

Dated:

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(Including Income &amp; Expenditure Account)

Year Ended 31 August 2018

	Notes	Unrestricted Funds £	Restricted Funds £	TOTAL 2018 £	TOTAL 2017 £
<b>INCOME FROM:</b>					
<b>Donations and legacies</b>		11,182	350	11,532	17,302
<b>Charitable activities</b>					
Fees receivable	3	6,187,593	-	6,187,593	5,879,768
<b>Other trading activities</b>					
Sports Centre	4	558,450	-	558,450	518,655
Protection fees	5	10,458	-	10,458	10,075
<b>Total Income</b>		<b>6,767,683</b>	<b>350</b>	<b>6,768,033</b>	<b>6,425,800</b>
<b>EXPENDITURE ON:</b>					
<b>Raising funds</b>					
Sports Centre		508,016	-	508,016	456,294
Fundraising (The Hawthorns Foundation)		-	3,866	3,866	3,622
<b>Charitable Activities</b>					
Education		6,186,948	-	6,186,948	5,866,108
<b>Total Expenditure</b>	<b>6</b>	<b>6,694,964</b>	<b>3,866</b>	<b>6,698,830</b>	<b>6,326,024</b>
<b>NET INCOME</b>		<b>72,719</b>	<b>(3,516)</b>	<b>69,203</b>	<b>99,776</b>
<b>Transfers between funds</b>	<b>16</b>	<b>(3,866)</b>	<b>3,866</b>	<b>-</b>	<b>-</b>
<b>Net Movement in Funds</b>		<b>68,853</b>	<b>350</b>	<b>69,203</b>	<b>99,776</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		5,686,299	377,848	6,064,147	5,964,371
<b>Total funds carried forward</b>		<b>5,755,152</b>	<b>378,198</b>	<b>6,133,350</b>	<b>6,064,147</b>

This statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All activities are classed as continuing.

There are no recognised gains or losses other than those reported on the Statement of Financial Activities.

The Hawthorns Educational Trust Limited  
**CONSOLIDATED BALANCE SHEET**  
As at 31 August 2018

	Notes	£	2018 £	2017 £
<b>FIXED ASSETS</b>				
Tangible Assets	10		8,484,517	8,514,194
<b>CURRENT ASSETS</b>				
Debtors	12	1,609,467	1,555,721	
Cash at bank and in hand		<u>395,383</u>	<u>396,863</u>	
Total Current Assets		2,004,850	1,952,584	
Creditors, due within one year	13	<u>(3,770,076)</u>	<u>(3,752,592)</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(1,765,226)</b>	<b>(1,800,008)</b>
<b>LONG TERM LIABILITIES</b>				
Creditors, due after more than one year	14		(585,941)	(650,039)
<b>TOTAL NET ASSETS</b>			<b><u>6,133,350</u></b>	<b><u>6,064,147</u></b>
<b>Represented by</b>				
Unrestricted Fund	17		5,755,152	5,686,299
Restricted Fund	16		<u>378,198</u>	<u>377,848</u>
<b>TOTAL NET FUNDS</b>			<b><u>6,133,350</u></b>	<b><u>6,064,147</u></b>

These accounts were approved by the board on

**B J C Dyer** \_\_\_\_\_  
**Chair**

**D W J Searle** \_\_\_\_\_  
**Governor**

Company number 00949504.

The Hawthorns Educational Trust Limited

**COMPANY BALANCE SHEET**

As at 31 August 2018

	Notes	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible Assets	10		8,374,517		8,404,194
Investment in subsidiary	11		<u>71,534</u>		<u>71,534</u>
			<b>8,446,051</b>		<b>8,475,728</b>
<b>CURRENT ASSETS</b>					
Debtors	12	1,654,743		1,600,997	
Cash at bank and in hand		<u>395,383</u>		<u>396,863</u>	
Total Current Assets		2,050,126		1,997,860	
Creditors, due within one year	13	<u>(3,769,858)</u>		<u>(3,752,374)</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(1,719,732)</b>		<b>(1,754,514)</b>
<b>LONG TERM LIABILITIES</b>					
Creditors, due after more than one year	14		<u>(585,941)</u>		<u>(650,039)</u>
<b>TOTAL NET ASSETS</b>			<b><u>6,140,378</u></b>		<b><u>6,071,175</u></b>
<b>Represented by</b>					
Unrestricted Fund	17		5,762,180		5,693,327
Restricted Fund	16		<u>378,198</u>		<u>377,848</u>
<b>TOTAL NET FUNDS</b>			<b><u>6,140,378</u></b>		<b><u>6,071,175</u></b>

These accounts were approved by the board on

**B J C Dyer**

\_\_\_\_\_  
**Chair**

**D W J Searle**

\_\_\_\_\_  
**Governor**

Company number 00949504.

The Hawthorns Educational Trust Limited  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year ended 31 August 2018

	2018	2017
	£	£
<b>Cash flows from operating activities:</b>		
<b>Net income/expenditure for the year</b>	69,203	99,776
<b>Adjustments for:</b>		
Depreciation	339,008	318,338
Decrease/(Increase) in debtors	(53,746)	(44,598)
(Decrease)/Increase in creditors	<u>315,333</u>	<u>328,375</u>
<b>Net cash provided by/(used in) operating activities</b>	669,798	701,891
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<u>309,331</u>	<u>498,756</u>
<b>Net cash provided by/(used in) investing activities</b>	(309,331)	(498,756)
<b>Cash flows from financing activities</b>		
Repayments of borrowing	<u>64,098</u>	<u>60,695</u>
<b>Net cash provided by/(used in) financing activities</b>	(64,098)	(60,695)
<b>Change in cash and cash equivalent in the year</b>	<u>296,369</u>	<u>142,440</u>
<b>Cash and cash equivalents at the beginning of the year</b>	(516,231)	(658,671)
<b>Cash and cash equivalents at the end of the year</b>	<u>(219,862)</u>	<u>(516,231)</u>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	395,383	396,863
Overdraft facility payable on demand	(615,245)	(913,094)
<b>Total cash and cash equivalents</b>	<u>(219,862)</u>	<u>(516,231)</u>

## **NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

### **1 STATUTORY INFORMATION**

The charity is a charitable company, limited by guarantee, registered in England and Wales. The registered office, company number and charity number are detailed in the Governors' annual report.

### **2 ACCOUNTING POLICIES**

#### **Basis of preparation**

The accounts have been prepared under the Companies Act 2006 and in accordance with the Charities' Statement of Recommended Practice (SORP (FRS 102)) and Financial Reporting Standard 102.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy.

After reviewing the charity's forecasts and projections, the governors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its accounts.

#### **Group accounts**

The accounts consolidate the results of the charity and its wholly owned subsidiary The Hawthorns (Pendell Court) Limited on a line by line basis. A separate Statement of Financial Activities (including income and expenditure account) for the charity has not been presented as the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The subsidiary is a non-trading, dormant company. Its latest un-audited accounts have been made up to 5 April 2018 and it is these accounts that have been used in the consolidation.

#### **Income**

Donations received for the general purposes of the School are credited to unrestricted funds except insofar as they are incapable of financial measurement. Donations for purposes restricted by the wishes of the donor are taken to restricted funds where these wishes are legally binding on the charity.

School fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees received in advance of education to be provided in future years are held as liabilities until either taken to income in the term when used or else refunded. They are stated after deducting bursaries, scholarships and other fee remissions granted by the School.

Sports centre, rental and investment income are accounted for in the period in which they are receivable. Other incoming resources are accounted for when received.

#### **Expenditure**

Expenditure is accounted for on an accruals basis, with value added tax included within the item of expense to which it relates. Overhead and other costs not directly attributable to a particular functional activity category are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also internal and external audit, any legal advice for the Governors, and all the costs of complying with constitutional and statutory requirements, such as the cost of board and committee meetings and of preparing statutory accounts and satisfying public accountability.

Irrecoverable VAT is attributed directly to the cost to which it relates.

## NOTES TO THE ACCOUNTS

Year ended 31 August 2018

### Assets

Fixed assets are shown on the balance sheet at cost less accumulated depreciation. Current assets are shown at the lower of cost and net realisable value.

### Depreciation

Depreciation is provided on fixed assets to write off their cost over their estimated useful lives at the following rates:

Freehold and short leasehold property	2% to 10% straight line
Electrical, computer & garden equipment	20% straight line
Fixtures, fittings, tools & equipment	10% straight line

### Pension schemes

Teaching staff are members of the Teachers' Pension Scheme (TPS), a defined benefit scheme administered by the Teachers' Pension Agency. Contributions to the scheme are charged to the Statement of Financial Activities as they fall due. The Teachers' Pension Scheme is an unfunded scheme. Contributions on a "pay as you go" basis are credited to the exchequer under arrangements governed by the Superannuation act 1972. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. The school is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, under FRS 102 the scheme is accounted for as if it were a defined contribution scheme.

The School also contributes to personal pension schemes for non-teaching staff.

### Operating lease rentals

Rentals paid in respect of assets held under operating leases are taken to the Statement of Financial Activities as they fall due.

### Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments. The governors seek to use short and medium term deposits where possible to maximise the return on monies held at the bank and to manage cash flow.

### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

### Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

### Fund accounting

Unrestricted funds comprise those funds which can be used in accordance with the charitable objectives at the discretion of the Governors.

Restricted funds are those funds which can be used in accordance with the specific restrictions imposed by the donor or which have been raised by the charity for a specific purpose. The cost of raising and administering such funds is charged against the funds and the School reimburses the costs from unrestricted funds. The aim and use of each restricted fund is set out further in the notes to the accounts.

## NOTES TO THE ACCOUNTS

Year ended 31 August 2018

### Turnover

The turnover of the charity is wholly attributable to the object of the charity as stated in the Governors' Report and is earned entirely within the UK.

### Taxation

The charitable company is registered as a charity and all of its income falls within the exemptions under Part 11 of the Corporation Tax Act 2010.

Deferred taxation in the subsidiary company arising on the valuation of the freehold is not provided for as, in the opinion of the directors of the Group, the liability is unlikely to arise.

### 3 Income from Charitable Activities

	2018 £	2017 £
Gross fees	6,179,108	5,871,595
Less: bursaries, scholarships and discounts	<u>(360,566)</u>	<u>(372,860)</u>
	5,818,542	5,498,735
Extras	<u>369,051</u>	<u>381,033</u>
	<u><u>6,187,593</u></u>	<u><u>5,879,768</u></u>

### 4 Income from Other Trading Activities

	2018 £	2017 £
Sports Centre income	551,550	513,815
Other lettings and activities	<u>6,900</u>	<u>4,840</u>
	<u><u>558,450</u></u>	<u><u>518,655</u></u>

### 5 Income from Other Trading Activities

	2018 £	2017 £
Net commission receivable	<u><u>10,458</u></u>	<u><u>10,075</u></u>



**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**6 Analysis of Expenditure**

	Staff Costs	Other	Depreciation	Total 2018	Total 2017
	£	£	£	£	£
<b>Cost of raising funds</b>					
Fundraising	3,866	-	-	3,866	3,622
Lettings (inc. Sports Centre exp)	361,175	146,841	-	508,016	456,294
Total cost of raising funds	<u>365,041</u>	<u>146,841</u>	<u>-</u>	<u>511,882</u>	<u>459,916</u>
<b>Charitable expenditure Education</b>					
Teaching	3,452,148	401,255	92,035	3,945,438	3,800,994
Welfare	179,550	260,594	-	440,144	414,758
Premises	198,257	423,787	246,973	869,017	781,015
Finance costs	-	48,756	-	48,756	54,590
Support and governance	470,825	412,768	-	883,593	814,751
Total charitable expenditure	<u>4,300,780</u>	<u>1,547,160</u>	<u>339,008</u>	<u>6,186,948</u>	<u>5,866,108</u>
<b>Total Expenditure</b>	<u><u>4,665,821</u></u>	<u><u>1,694,001</u></u>	<u><u>339,008</u></u>	<u><u>6,698,830</u></u>	<u><u>6,326,024</u></u>

**Analysis of support and governance costs**

	2018	2017
	£	£
Governance costs:		
Auditors' remuneration for audit services	<u>13,080</u>	<u>11,600</u>
	13,080	11,600
Support costs:		
Auditors' remuneration for non audit services	10,284	4,848
Support staff wages, national insurance and pension	470,825	457,833
Other support costs	<u>389,404</u>	<u>340,470</u>
	<u>883,593</u>	<u>814,751</u>

Net Income is stated after charging £72,304 (2017: £57,509) to operating lease rentals included within premises costs.

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**7 Comparative Statement of Financial Activities – Year Ended 31 August 2017**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
<b>INCOME FROM:</b>			
<b>Donations and legacies</b>	16,145	1,157	17,302
<b>Charitable activities</b>			
Fees receivable	5,879,768	-	5,879,768
<b>Other trading activities</b>			
Sports Centre	518,655	-	518,655
Protection fees	10,075	-	10,075
<b>Total Income</b>	<b>6,424,643</b>	<b>1,157</b>	<b>6,425,800</b>
<b>EXPENDITURE ON:</b>			
<b>Raising funds</b>			
Sports Centre	456,294	-	456,294
Fundraising (The Hawthorns Foundation)	-	3,622	3,622
<b>Charitable Activities</b>			
Education	5,866,108	-	5,866,108
<b>Total Expenditure</b>	<b>6,322,402</b>	<b>3,622</b>	<b>6,326,024</b>
<b>NET INCOME</b>	<b>102,241</b>	<b>(2,465)</b>	<b>99,776</b>
<b>Transfers between funds</b>	<b>(3,622)</b>	<b>3,622</b>	<b>-</b>
<b>Net Movement in Funds</b>	<b>98,619</b>	<b>1,157</b>	<b>99,776</b>
Fund balances brought forward	5,587,680	376,691	5,964,371
<b>Fund balances carried forward</b>	<b>5,686,299</b>	<b>377,848</b>	<b>6,064,147</b>

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**8 Staff Costs**

	2018 £	2017 £
Salaries and wages	3,874,861	3,750,181
Social security costs	354,460	353,430
Pension costs	436,500	439,244
	<u>4,665,821</u>	<u>4,542,855</u>

Number of employees whose emoluments for the year exceeded £60,000	2018	2017
£60,000 to £69,999	3	3
£100,000 to £119,999	1	1

Contributions totalling £37,349 (2017: £36,979) were made during the year to a pension scheme on behalf of the above employees.

The average monthly headcount was 169 staff (2017: 171 staff) and the average monthly number of full time equivalent employees during the year was:

	2018	2017
Teaching and teaching assistants (term time)	65	70
Others (administration, kitchen, maintenance and sports centre)	41	41
	<u>106</u>	<u>111</u>

The key management personnel of the school are detailed in the Governors' Report.

The above employment costs include settlement amounts to former employees, the terms of which are confidential.

	2018	2017
Aggregate employee benefits of key management personnel	<u>724,301</u>	<u>582,943</u>

None of the governors received any remuneration or other benefits from the school or any connected body.

**9 Operating Surplus**

	2018 £	2017 £
Included within the operating surplus for the year are the following:		
<b>Charitable Activities - Education</b>		
Operating lease rentals (inc. VAT)	72,304	57,509
<b>Governance</b>		
Auditors' fees – audit services (inc. VAT)	13,080	11,600
Auditors' fees – other services (inc. VAT)	10,284	4,848

As described in the notes to the accounts, no separate Statement of Financial Activities has been prepared for the School alone. The School contributed £69,203 (2017: £99,776) to the surplus of the Group for the year.

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**10 Tangible Fixed Assets**

The movement of tangible fixed assets was as follows:

<b>THE GROUP</b>	Freehold property	Electrical, computer & garden equipment	Fixtures, fittings, tools & equipment	TOTAL
	£	£	£	£
<b>Cost</b>				
At beginning of year	10,598,557	217,557	467,684	11,283,798
Additions	236,615	40,904	31,812	309,331
At end of year	<u>10,835,172</u>	<u>258,461</u>	<u>499,496</u>	<u>11,593,129</u>
<b>Accumulated Depreciation</b>				
At beginning of year	2,458,813	167,884	142,907	2,769,604
Charge for year	246,973	42,086	49,949	339,008
At end of year	<u>2,705,786</u>	<u>209,970</u>	<u>192,856</u>	<u>3,108,612</u>
<b>Net Book Value</b>				
At beginning of year	8,139,744	49,673	324,777	8,514,194
At end of year	<u>8,129,386</u>	<u>48,491</u>	<u>306,640</u>	<u>8,484,517</u>

<b>THE COMPANY</b>	Freehold property	Electrical, computer & garden equipment	Fixtures, fittings, tools & equipment	TOTAL
	£	£	£	£
<b>Cost</b>				
At beginning of year	10,488,557	217,557	467,684	11,173,798
Additions	236,615	40,904	31,812	309,331
At end of year	<u>10,725,172</u>	<u>258,461</u>	<u>499,496</u>	<u>11,483,129</u>
<b>Accumulated Depreciation</b>				
At beginning of year	2,458,813	167,884	142,907	2,769,604
Charge for year	246,973	42,086	49,949	339,008
At end of year	<u>2,705,786</u>	<u>209,970</u>	<u>192,856</u>	<u>3,108,612</u>
<b>Net Book Value</b>				
At beginning of year	8,029,744	49,673	324,777	8,404,194
At end of year	<u>8,019,386</u>	<u>48,491</u>	<u>306,640</u>	<u>8,374,517</u>

The freehold property shown in the accounts of the company relates to improvements made to the freehold property owned by the subsidiary company and is therefore added to freehold property in the accounts of the group. The market value of freehold properties is estimated by the Governors to be in excess of the book value at the year end.

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**11 Investment in Subsidiary**

	2018 £	2017 £
Shares at cost	71,534	71,534

The Company owns 100% of the shares of the subsidiary company The Hawthorns (Pendell Court) Limited, company number 700823, which owns the freehold of the premises occupied by the Trust. Both companies are incorporated in the United Kingdom and registered in England and Wales.

The trading results of The Hawthorns (Pendell Court) Limited for the year ended 5 April 2018 are:

Profit for the year	£ NIL	(Company was dormant)
Capital and Reserves	£64,507	

**12 Debtors**

	The Group		The Company	
	2018 £	2017 £	2018 £	2017 £
Fees Receivable	1,446,379	1,448,852	1,446,379	1,448,852
Other debtors	25,143	11,917	25,143	11,917
Prepayments	137,945	94,952	137,945	94,952
Loan to subsidiary company	-	-	45,276	45,276
<b>TOTAL</b>	<b>1,609,467</b>	<b>1,555,721</b>	<b>1,654,743</b>	<b>1,600,997</b>

**13 Creditors due within one year**

	The Group		The Company	
	2018 £	2017 £	2018 £	2017 £
Fees charged in advance	1,921,585	1,879,213	1,921,585	1,879,213
Bank loans and overdrafts	679,217	973,661	679,217	973,661
Other creditors and school fees received in advance	809,076	684,323	808,858	684,105
Accruals (Note 15)	360,198	215,395	360,198	215,395
<b>TOTAL</b>	<b>3,770,076</b>	<b>3,752,592</b>	<b>3,769,858</b>	<b>3,752,374</b>

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**14 Creditors due after more than one year**

	The Group		The Company	
	2018	2017	2018	2017
	£	£	£	£
Long term loans	<u>585,941</u>	<u>650,039</u>	<u>585,941</u>	<u>650,039</u>
<b>Loan maturity analysis</b>				
Repayable in less than 1 year (Note 13)	63,972	60,567	63,972	60,567
Repayable in 1-2 years	67,386	63,879	67,386	63,879
Repayable in 2-5 years	225,695	213,271	225,695	213,271
Repayable in more than 5 years	292,860	372,889	292,860	372,889
<b>TOTAL</b>	<u>649,913</u>	<u>710,606</u>	<u>649,913</u>	<u>710,606</u>

The Trust has two 15 Year, fixed interest loans, each initially of £500,000. Total repayments during the year were £64,098 (2017: £60,695). The interest rate on the first loan is 5.550% pa and on the second loan is 5.275% pa.

The Trust also has a Bank overdraft facility. The loans and the overdraft are secured by a fixed and floating charge on the Group's freehold property.

**15 Advanced Fees Payment Scheme**

Parents may enter into a contract to pay the School tuition fees in advance. The money may be returned, subject to specific conditions, upon the receipt of one term's notice. Assuming pupils will remain in the School, advance fees will be applied as below:

	2018	2017
	£	£
Due within one year	177,144	140,618
Due in more than one year but less than two years	87,012	71,928
Due after more than two years but less than five years	119,880	39,956
<b>TOTAL</b>	<u>384,036</u>	<u>252,502</u>

The balance represents the accrued liability under the contracts.

The movements during the year were:	2018	2017
	£	£
Balance at beginning of the year	252,502	259,059
Amounts received during the year	323,086	155,693
Amounts credited to pupil accounts for fees	(191,552)	(162,250)
<b>Balance at end of year</b>	<u>384,036</u>	<u>252,502</u>

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**16 Restricted Fund**

The Hawthorns Foundation provides a long term fund to assist the School with bursary awards and to provide funds for specific capital projects. Donations are received predominantly from current and former parents and from Old Hawthornians.

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
The Hawthorns Foundation	377,848	350	(3,866)	3,866	378,198
<b>Designation of Fund</b>					
Bursary Fund	164,252	350	(3,866)	3,866	164,602
Capital Projects Fund	177,353	-	-	-	177,353
Endowment Fund	36,243	-	-	-	36,243
<b>TOTAL</b>	<b>377,848</b>	<b>350</b>	<b>(3,866)</b>	<b>3,866</b>	<b>378,198</b>

The School contributed £3,866 (2017: £3,622) towards the running costs of The Hawthorns Foundation.

**17 Unrestricted Fund**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
The Company	5,693,327	6,767,683	(6,694,964)	(3,866)	5,762,180
The Group	5,686,299	6,767,683	(6,694,964)	(3,866)	5,755,152

**NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

**18 Net Assets of the Funds of the Charity and of the Group**

	Unrestricted £	Restricted £	Group £
<b>At 31 August 2018</b>			
Fixed Assets	8,484,517	-	8,484,517
Current Assets	1,626,652	378,198	2,004,850
Current Liabilities	(3,770,076)	-	(3,770,076)
Long-term Liabilities	(585,941)	-	(585,941)
	<u>5,755,152</u>	<u>378,198</u>	<u>6,133,350</u>

	Unrestricted £	Restricted £	Group £
<b>At 31 August 2017</b>			
Fixed Assets	8,514,194	-	8,514,194
Current Assets	1,574,736	377,848	1,952,584
Current Liabilities	(3,752,592)	-	(3,752,592)
Long-term Liabilities	(650,039)	-	(650,039)
	<u>5,686,299</u>	<u>377,848</u>	<u>6,064,147</u>

**19 Operating Leases**

Total lease commitments for assets held under operating leases are £108,847 (2017: £83,356)

	2018 £	2017 £
Within one year	16,439	7,173
Between two and five years	92,408	76,183

**20 Governors' Remuneration and Interests in Contracts**

No remuneration was provided to any Governors during the year.

Mrs C Baart, the wife of a Governor, was a part time employee of the School undertaking a teaching role. Miss T Creighton, daughter of a Governor, was a casual worker in the Sports Centre. Their appointments and salaries were negotiated independently of the board of Governors and their remuneration is based on standard pay scales for their level of experience and qualifications.



## **NOTES TO THE ACCOUNTS**

Year ended 31 August 2018

### **21 Pension Costs**

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 £383,482 (2017: £388,086) and at the year end £Nil (2017: £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 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). 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 by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent 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 currently 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 being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS in September 2018 to allow the Department for Education to finalise this pension scheme actuarial valuation. The School has been informed that the employer rate will increase from September 2019 because of proposed changes to the discount rate used in the valuation.

There are also early indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

The pension charge for the year includes contributions payable to other defined contribution schemes of £53,018 (2017: £51,158). No amounts were outstanding at the year end.

### **22 Control**

The company is limited by guarantee with no one member having overall control.

## Document Activity Report

**Document Sent**

Fri, 30 Nov 2018 09:16:06 GMT

### Document Activity History

Document history shows most recent activity first

Date	Activity
Mon, 03 Dec 2018 09:49:07 GMT	Cathy Emmott viewed the document
Mon, 03 Dec 2018 09:43:34 GMT	Cathy Emmott viewed the document
Fri, 30 Nov 2018 09:16:09 GMT	Document Sent



# THE HAWTHORNS EDUCATIONAL TRUST LIMITED

## Audit Findings Report Year Ended 31 August 2018

Presented to the Governing Body and Management Team

# Contents

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4.	Internal Control Matters .....	4
5.	Audit Misstatements .....	5

## Appendix

- (i) Letter of Representation
- (ii) Financial Performance Report

YOUR CONTACTS AT TAYLORCOCKS IN CONNECTION WITH THIS REPORT ARE:

Mark Cummins – Charities & Education Partner  
markcummins@taylorcocks.co.uk

Steven Holmes – Business Services  
stevenholmes@taylorcocks.co.uk

# 1. Introduction and Coverage

## Purpose of this Report

The purpose of this report is to set out certain matters that came to our attention during the course of the audit of The Hawthorns Educational Trust Limited for the year ended 31 August 2018.

In order to comply with the provisions of International Standards on Auditing we are required to report to you our audit findings and in particular:

- Views about the qualitative aspects of your accounting practices and financial reporting;
- Unadjusted and adjusted misstatements;
- Matters specifically required by Auditing Standards to be communicated to those charged with governance (such as fraud and error);
- Expected modifications to our auditor's report;
- Material weaknesses in the accounting and internal control systems; and
- Any other relevant and material matters relating to the audit.

We consider that the audit approach adopted will provide the Governors with the required confidence that a thorough and robust audit has been carried out.

We can confirm that we anticipate no moderations to our standard auditor's report.

## Responsibilities

The Governors are responsible for preparing the Governors' Report and Financial Statements. Taylorcocks as auditors to The Hawthorns Educational Trust Limited are responsible for forming an opinion on the Financial Statements.

The School's auditors Russell New Limited merged with taylorcocks in July 2018 and are now operating a taylorcocks.

## Limitations

Our audit procedures, which have been designed to enable us to express an opinion on the Financial Statements, have included the examination of the transactions and the controls thereon of the school. The work we have done was not primarily directed towards identifying weaknesses in the school's accounting systems other than those that would affect our audit opinion, nor to the detection of fraud.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made.

To a certain extent the content of this paper comprises general information that has been provided by, or is based on discussions with, management and staff. Except to the extent necessary for the purposes of the audit, this information has not been independently verified. This report is to be regarded as confidential to the Governors and is intended for use by them and staff of the school only. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this report, or any part of it, is disclosed to a third party our consent must be obtained.

## 2. Independence

Auditing Standards require us to communicate at least once a year regarding all relationships between Taylorcocks and the school that may reasonably be thought to have a bearing on our independence.

We have reviewed our independence and confirm that Taylorcocks is independent within the meaning of regulatory and professional requirements. In particular the objectivity of our partner, Mark Cummins, and his audit team is not impaired.

Our review included consideration of whether:

- The firm is dependent on the school as a client due to the significance of the audit fee to the firm;
- The firm is owed significant overdue fees;
- There is any actual or threatened litigation between the firm and the school;
- Any benefits have been received by the audit team which are not modest;
- The firm has any mutual business interest with the school;
- Any members of the audit team have any personal or family connections with the school or Governors; and
- Independence is impaired through the provision of services other than the statutory audit.

### 3. Audit and Accounting Issues Identified During the Audit

There were no accounting and auditing issues identified during the audit process

## 4. Internal Control Matters

### 4.1 Update on Prior Year Recommendations

Sport Centre operations – Last year's control matters were concerned with the risk of misappropriation of cash due to only one person counting the cash. Although only one person continues to count the cash, cash is continuing to be reduced as people are encouraged to pay by debit and credit cards. The introduction of the booking software has also meant that all bookings are recorded and that any misappropriation of cash would be easy to spot. Although partly rectified this matter is again documented in our current year findings.

Fixed assets – Last year's control matters were regarding the capitalisation policy and the fact no full asset register was maintained. A new capitalisation policy has now been implemented. However a full asset register is not yet maintained and so is again documented in our current year findings.

### 4.2 Current Year Findings

Our findings as detailed below have been analysed into the following four categories:-

<b>HIGH</b>	<b>Critical – a fundamental risk or inefficiency identified which requires immediate action</b>
<b>MEDIUM</b>	<b>Significant – a significant rise of inefficiency identified which requires action</b>
<b>LOW</b>	<b>Minor – improvements could be made to the efficiency of the control environment</b>
<b>NOTE ONLY</b>	<b>Point of attention to the board and management</b>

Our findings can be summarised as follows:-

<b>HIGH</b>	<b>Nothing to report</b>
<b>MEDIUM</b>	<b>Sport Centre cash income – Continue to reduce the use of cash transactions by utilising the card machine and direct transfers. A second person to count the cash before the amount is stored in the safe. Ensure all bookings continue to be entered onto booking system</b>
<b>LOW</b>	<b>Fixed assets –Put together a full asset register to ensure all additions and disposals are captured, depreciation is calculated for each asset individually and to ensure insurance cover is suitable based on asset value</b>
<b>NOTE ONLY</b>	<b>Nothing to report</b>



## 4. Internal Control Matters

- Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- The matters being reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you.
- If we had performed more extensive procedures on internal controls, we might have identified more deficiencies to be reported.

# 5. Audit Misstatements

A summary of the unadjusted/adjusted misstatements identified during the course of our work is set out below.

We have not disclosed below those items that we consider to be 'clearly trivial' in the context of unadjusted misstatements. For this purpose we consider 'clearly trivial' to be any matter less than £2,774. We advised management of all these misstatements and agreed with them to make the adjustments.

	Increase or (decrease) to Surplus £	Increase or (decrease) to Net Assets £
<b>Adjusted Audit Misstatements</b>		
Surplus per management accounts	156,358	6,220,505
Accrued costs of settlements including legal fees	(87,155)	(87,155)
<b>Total effect of adjusted misstatements (reduction to surplus)</b>	<b>£69,203</b>	<b>£6,133,350</b>

	Increase or (decrease) to Surplus £	Increase or (decrease) to Net Assets £
<b>Unadjusted Audit Misstatements</b>		
Potential capital items included in expenditure	15,051	15,051
Accrued interest not included in the accounts	10,140	10,140
<b>Total net effect of unadjusted misstatements (increase to surplus)</b>	<b>£25,191</b>	<b>£25,191</b>

We approve the accounting treatment of the above adjusted and unadjusted items.

Governor \_\_\_\_\_

Date \_\_\_\_\_

On behalf of the Board of Governors

# Appendix i

## Letter of Representation

### Year Ended 31 August 2018

Taylorcocks  
The Courtyard  
Shoreham Road  
Upper Beeding  
Steyping  
West Sussex  
BN44 3TN

Dear Sirs

During the course of your audit of our Financial Statements for the year ending 31 August 2018, the following representations were made to you by management and Governors.

1. We acknowledge as Governors our responsibilities under the Companies Act 2006 for preparing Financial Statements in accordance with the applicable accounting framework (SORP 2015 - FRS102) and for making accurate representations to you as auditors.

We confirm that in our opinion the financial statements give a true and fair view and in particular that where any additional information must be disclosed in order to give a true and fair view that information has in fact been disclosed.

2. We confirm that all accounting records have been made available to you for the purposes of your audit, in accordance with your terms of engagement, and that all transactions undertaken by the school have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Governors' meetings, have been made available to you. We have given you unrestricted access to persons within the school in order to obtain evidence and have provided any additional information that you have requested for the purposes of your audit.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the Financial Statements may be misstated as a result of fraud. We have disclosed to you all instances of known or suspected fraud affecting the school involving management, employees who have a significant role in internal control or others that could have a material effect on the Financial Statements. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the school's Financial Statements communicated by current or former employees, analysis, regulators or others.
4. The school has satisfactory title to all assets and there are no liens or encumbrances on the school's assets, except for those that are disclosed in the notes to the Financial Statements.
5. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the Financial Statements all guarantees that we have given to third parties.
6. We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Financial Statements.

# Appendix i

## Letter of Representation

### Year Ended 31 August 2018

7. We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. We confirm that the school has had, at no time during the year, any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for Governors, nor to guarantee nor provide security for such matters, except as already disclosed in the Financial Statements.
9. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the Financial Statements.
10. We confirm that we are not aware of any possible or actual instances of non-compliance with those laws and regulations which provide a legal framework within which the school conducts its activities and which are central to the school's ability to conduct its activities, except as explained to you and as disclosed in the Financial Statements.
11. We confirm that the related party relationships and transactions set out below are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions:

<b>Party</b>	<b>Relationship</b>	<b>Nature of transaction</b>
Z S Creighton (resigned 06/08/2018)	Governor	Daughter a casual worker at Sport Centre
L W J Baart	Governor	Wife part time employee of school
R Buckingham	Governor	None
S Chrysanthou (resigned 06/08/2018)	Governor	None
S B Daniell	Governor	None
R Davey	Governor	None
M Dockery	Governor	None
B J C Dyer	Governor	None
J P Edwards	Governor	Reimbursement of expenses.
G M Hay	Governor	None
S F Hill (resigned 18/06/2018)	Governor	None
R Kirkland	Governor	None
K V Paynter (appointed 18/06/2018)	Governor	Reimbursement of expenses.
D W J Searle (appointed 13/09/2017)	Governor	None
H Tongue (appointed 06/08/2018)	Governor	None
M Williams (resigned 06/12/2017)	Governor	None
A E Floyd	Head	Salary & reimbursed expenses
C Emmott	Bursar	Salary & reimbursed expenses

12. We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable accounting framework (SORP 2015 – FRS102).

# Appendix i

## Letter of Representation

### Year Ended 31 August 2018

13. We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the Financial Statements, other than those already disclosed or included in the Financial Statements.
14. We confirm that the school has not contracted for any capital expenditure other than as disclosed in the Financial Statements.
15. We believe that the school's Financial Statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the school's needs. We have considered a period of twelve months from the date of approval of the Financial Statements. We believe that no further disclosures relating to the school's ability to continue as a going concern need to be made in the Financial Statements.
16. The effects of unadjusted misstatements are immaterial, both individually and in aggregate, to the Financial Statements as a whole.
17. All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.
18. We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
  - So far as each Governor is aware, there is no relevant audit information that you as auditors are unaware of; and
  - Each Governor has taken all the steps that they ought to have taken as Governor to make themselves aware of any relevant audit information and to establish that you are aware of that information.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the Governors during the course of the audit.

Yours faithfully

.....Governor

.....Date

Signed on behalf of the Board of Governors.

# Appendix ii

## Financial Performance Report

### Year Ended 31 August 2018

This financial performance report has been prepared to assist governors in understanding the school's financial performance and building up a year on year comparison. It includes some Key Performance Indicators, ones which we think are fundamental for schools. It is not a benchmarking report comparing the school to others. We have also included some commentary on the key trends from 2014 to 2018, which are detailed on page 13.

	Average Pupil Numbers including Nursery				
	534	534	532	515	540
	2018	2017	2016	2015	2014
	£	£	£	£	£
<b>SCHOOL FEES</b>					
Gross Fees	6,179,108	5,871,595	5,662,691	5,336,305	5,418,451
Bursaries and Discounts	(360,566)	(372,860)	(311,275)	(261,385)	(260,107)
Net Fees	5,818,542	5,498,735	5,351,416	5,074,920	5,158,344
Other Income from Charitable Activities – Extras	369,051	381,033	389,571	338,282	379,984
% Net Fee Increase/(Decrease)	5.8%	2.8%	5.4%	(1.6%)	6.3%
Bursaries, Scholarships and Discounts as a % of Gross Fee	5.8%	6.4%	5.5%	4.9%	4.8%
Average Net Fee Per Pupil Including Other Income	11,587	11,011	10,791	10,511	10,256

#### Key Points

- Net fee income has increased 5.8% from 2017 largely due to the general fee rate increase.
- Bursaries and discounts increased to 5.8% of gross fees. Staff discounts make up 50% of total bursaries and discounts with a further 29% being sibling discounts.
- Average net fee per pupil has increased by 5.3%, generally in line with the fee rate increase.



**Danger**

**Warning**

**Satisfactory**

# Appendix ii

## Financial Performance Report

### Year Ended 31 August 2018

	Average Pupil Numbers including Nursery				
	534	534	532	515	540
	2018	2017	2016	2015	2014
	£	£	£	£	£
<b>COSTS</b>					
Total Costs excluding Sports Centre	6,190,814	5,869,730	5,710,753	5,262,761	5,342,233
Total Teaching Staff Costs	3,452,148	3,407,775	3,355,209	3,022,936	2,990,816
Teaching Numbers	65	70	71	68	66
Average Teaching Staff Cost per Teacher	53,110	48,683	47,256	44,455	45,315
% Increase/(Decrease) in Total Teaching Staff Costs	1.3%	1.6%	11.0%	1.1%	5.0%
Total Other Costs (All Costs Excluding Teaching Staff Costs)	2,738,666	2,461,955	2,355,544	2,239,825	2,351,417
% Increase/(Decrease) in Other Costs	11.2%	4.5%	5.2%	(4.7%)	7.7%
Total Teaching Staff Costs as a % of Net Fees	59.3%	62.0%	62.7%	59.6%	58.0%
Average Cost Per Pupil	11,593	10,992	10,734	10,219	9,893

#### Key Points

- An overall 1.3% increase in staff costs due to one off costs. Teacher numbers actually reduced in year.
- Other costs have increased by 11.2% which needs monitoring.
- Teaching costs as a % of net fees has reduced on last year and is within our recommended benchmark of 55% - 60%, although we would recommend that the school looks to reduce this further and closer to 55%.
- Average cost per pupil increased by 5.5%, which reflects the 5.5% increase in total costs and no change in average pupil numbers.



**Danger**

**Warning**

**Satisfactory**

# Appendix ii

## Financial Performance Report

### Year Ended 31 August 2018

	Average Pupil Numbers including Nursery				
	534	534	532	515	540
	2018	2017	2016	2015	2014
	£	£	£	£	£
<b>SURPLUS</b>					
Net Surplus for the year	69,203	99,776	30,516	207,109	248,715
Net Surplus Before Depreciation	408,211	418,114	345,960	533,681	567,860
Net Surplus Before Depreciation as a % of Net Fees	7.0%	7.6%	6.5%	10.5%	11.0%
(Deficit)/Surplus Per Pupil Based on Average Net Fee Less Average Total Cost Per Pupil	(6)	19	57	292	363
<b>OTHER KEY PERFORMANCE INDICATORS</b>					
Cash Inflow/(Outflow) from Operating Activities	669,798	701,891	355,842	552,722	693,210
Movement in net cash for the year	296,369	142,440	(1,039,277)	(537,239)	402,146

#### Key Points

- Net surplus before depreciation % has reduced and should be aiming for in excess of 10% (and possibly closer to 15% because of borrowings).
- A deficit per pupil this year as a result of the rise in the cost base being greater than the net fee income increase.
- Cash flow movement for the year positive, helping to reduce the net debt position.



**Danger**

**Warning**





**Satisfactory**










# Appendix ii

## Financial Performance Report

### Trends and Comments for the Period 2014 to 2018

SCHOOL FEES	
	Total gross fees over the period have increased by 14%.
	Total net fees have risen by 13%.
	Level of bursaries, scholarships and discounts has fluctuated over the period between 5% and 6%.
	Average net fee per pupil has increased by 13%.

COSTS	
	Total costs have risen by 16%.
	Total teaching staff costs have increased by 15% and now represent 59% of net fees which is higher than that of 2014.
	All other costs have risen by 16%.
	The average cost per pupil has risen by 17%.

SURPLUS	
	Net surplus % has fluctuated during the period, with 2018 showing 7% compared to 2014 of 11%.
	School is reporting an average surplus per pupil based on a net income v net cost basis of £145 over the 5 year period.
	Cash generation has remained relatively strong throughout the period.