

COLFE'S SCHOOL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

**Company Number: 5352523
Registered in England**

Charity Registration Number: 1109650

**COLFE'S SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2018**

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COLFE'S SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
YEAR ENDED 31 AUGUST 2018

GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

The Governors of Colfe's School ("the School") are the School's charity trustees under charity law and the directors of the charitable company limited by guarantee. The members of the Governing Body who served in office as Governors during the year and subsequently are detailed below.

		1	2	3	4	5
Mr M P E Pellereau	(Chairman)	•	•	•	•	•
Mr A B Strong	(Deputy Chairman)	•	•		•	•
Dr D R E Abayasekara				•		
Mr A Barrow	(Master of the Leathersellers' Company (until 18 July 2018))					
Mrs J A Bradley		•	•		•	
Mr M J Bradley-Russell	(Master of the Leathersellers' Company (from 18 July 2018))					
Prof A B Brueggemann				•		
Mrs B W Canham				•	•	
Mr D G Coulson			•			•
Mr J B Guyatt				•	•	
Mr T N Lister		•			•	
Mr C D Ramsey				•		
Mr J P K Russell		•				
Mr D B Sheppard						
Mr M G Williams		•			•	
Mr S M G Williams				•		

- 1 - Member of the Finance and General Purposes Committee
- 2 - Member of the Estates Committee
- 3 - Member of the Education Committee
- 4 - Member of the Risk Management Committee
- 5 - Member of the Health, Safety and Security Committee

During the year the activities of the Governing Body were carried out through five committees. The membership of these committees is shown above for each Governor.

Except in the case of the Governors who are appointed on an ex-officio basis, service on the Board is for a term of three years. Retiring Governors can be re-elected provided that no Governor serves for a period in excess of twelve years unless a resolution is passed by the Board of Governors granting a final three year term.

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GOVERNORS, OFFICERS AND ADVISERS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

OFFICERS (key management personnel currently and throughout the year)

Mr R F Russell	Headmaster
Mrs J E Lerbech	Bursar, Company Secretary and Clerk to the Governors
Mrs D F Graham	Deputy Head
Miss C M Macleod	Head of Junior School

PRINCIPAL ADDRESS AND REGISTERED OFFICE

Horn Park Lane, London, SE12 8AW

AUDITORS

Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH, UK

BANKERS

HSBC Bank plc, 100 Old Broad Street, London, EC2N 1BG

INSURANCE BROKERS

Marsh Brokers Limited, Education Practice, Capital House, 1-5 Perrymount Road, Haywards Heath, West Sussex, RH16 3SY

SOLICITORS

Farrer & Co, 66 Lincoln's Inn Fields, London, WC2A 3LH

Lewis Silkin, 5 Chancery Lane, London, EC4A 1BL

Veale Wasbrough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

WEBSITE

www.colfes.com

COLFE'S SCHOOL

ANNUAL REPORT OF THE GOVERNORS

YEAR ENDED 31 AUGUST 2018

The members of Colfe's School Governing Body present their Annual Report for the year ended 31 August 2018 under the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006, together with the audited financial statements for the year. The financial statements consolidate the accounts of Colfe's School ("the School"), Colfe's Educational Foundation ("the Foundation") and Colfe's Leisure Services Ltd ("CLS"), a wholly owned subsidiary of the School. The School is the corporate trustee of Colfe's Educational Foundation.

REFERENCE AND ADMINISTRATIVE INFORMATION

Originally established by John Glyn in 1574, Colfe's School was re-founded in 1652 by Reverend Abraham Colfe, Vicar of Lewisham. When Reverend Colfe died in 1657 he took the enlightened step of entrusting the School to the Worshipful Company of Leathersellers' in the City of London. Today the School principally provides coeducational day education for children from a wide range of backgrounds in its Junior (ages 3-11) and Senior (ages 11-18) Schools. Colfe's Leisure Services Limited, the trading subsidiary, offers sports and leisure facilities for the benefit of the local community as well as the School.

Details of the Governing Body, together with the School's officers and principal advisers, are given on pages 1 and 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The School is governed by its Articles of Association last amended on 5 May 2015. The Articles of Association forbid the distribution of any income, which is to be applied solely towards the objects of the company.

Governing Body

Under the Articles of Association, the members of the Board of Governors are the Directors and Charity Trustees of Colfe's School. When complete, this body comprises fifteen persons, being the Master of the Leathersellers' Company (ex-officio), eight others nominated by the Leathersellers' Company and six co-optative governors.

Each Governor is elected to hold office for three years after which they may be considered for re-election. Normally the maximum period of service is twelve consecutive years although in a special circumstance a governor may serve a final three year term if approved by a resolution of the Governors.

Recruitment and Training of Governors

When determining the appointment of Governors, the Board and the Leathersellers' Company look to ensure a mix of skills and select new Governors taking into account the knowledge, qualifications and experience of each candidate. The Head, Bursar and wider staff provide new Governors with induction training which introduces them to the workings of the School and also the Company as a registered charity and they are encouraged to attend training workshops run by a number of organisations, including AGBIS (the Association of Governing Bodies of Independent Schools). Continuing Governors are also encouraged to attend relevant training courses to keep them up to date on key issues. An annual governor training day is held at the School.

Organisational Management

The members of the Governing Body, as the charity trustees, are legally responsible for the overall management and control of the School. They meet four times a year as a full Board to determine

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ANNUAL REPORT OF THE GOVERNORS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

the general policy of the School and review its overall management and control. The work of implementing most of their policies is carried out by the following sub-committees:

- The Education Committee, which is chaired by Mr S Williams, met three times in the year. The Education Committee, reporting directly to the Governing Body, actively considers educational and pastoral policy and performance.
- The Finance and General Purposes Committee, which is chaired by Mr A Strong, met four times during the year. The Committee, which reports directly to the Governing Body, scrutinises revenue, the budget and capital expenditure in addition to receiving reports from the Estates committee and on any other non-educational aspect of the School. The Committee also finalises the audited financial statements and annual report for approval by the Governing Body.
- The Estates Committee, which was chaired by Mrs J Bradley, met three times in the year. Reporting to the Finance and General Purposes Committee, the Estates Committee supervises and monitors capital building projects and the maintenance of the School and Foundation estate.
- The Risk Management Committee, which is chaired by Mr M Williams, met twice in the year. The Committee monitors all strategic risks facing the School and reports directly to the Governing Body.
- The Health, Safety and Security Committee, which is chaired by Mr M Pellereau, met twice in the year. The committee, which reports directly to the Governing Body, is tasked with scrutinising the health, safety and security procedures and mechanisms within the School.
- The Strategic Planning Group, which is chaired by Mr M Pellereau, and to which all governors are invited to attend, met once in the year. Working closely with those in key management positions, the Committee is responsible for the development and monitoring of the School strategic plan.

The day to day management of the School is delegated to the Headmaster and key management personnel. They are also supported by their Senior Management teams and wider senior staff. The Headmaster and the Bursar attended all meetings of the Governing Body and subcommittees. All Governing Body meetings are also attended by the Deputy Head and Junior School Head. Various members of the Senior Management Team attended governor and subcommittee meetings during the year. The Chairman receives the minutes of Senior Management Team meetings and attends in person regularly.

The remuneration of the Headmaster and Bursar is set by the Board, with other key management remuneration being determined by the Headmaster. The overarching policy objective is to provide appropriate incentives to encourage enhanced performance and reward key management 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 through anonymous benchmarking surveys, to ensure that the School remains sensitive to the broader issue of pay and employment conditions elsewhere. The School aims to offer competitive salaries, subject to experience, ensuring that there is scope for rewarding excellence. Delivery of the School's charitable vision and purpose is primarily dependent on key management personnel and staff costs overall are the largest single element of charitable expenditure.

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ANNUAL REPORT OF THE GOVERNORS (CONTINUED)
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Group Structure and relationships

On 1 September 2005, all the activities and net assets of Colfe's Educational Foundation were transferred to Colfe's School, with the exception of permanent endowment funds, restricted funds and freehold land and buildings. On the same date, Colfe's School was appointed the sole trustee of Colfe's Educational Foundation and ownership of Colfe's Leisure Services Limited (Company Registration No. 2586190 registered in England) was transferred to Colfe's School from Colfe's Educational Foundation.

On 24 August 2006, Colfe's School and Colfe's Educational Foundation were granted a Uniting Direction by the Charity Commission, directing that Colfe's Educational Foundation be treated as forming a part of Colfe's School for the purposes of registration and accounting. The sole member of Colfe's School is the Worshipful Company of Leathersellers.

Colfe's Leisure Services Limited is a wholly owned non-charitable trading subsidiary. The trading activities of Colfe's Leisure Services primarily comprise membership and hire revenue from letting the school campus and sports facilities when not in use by the School.

Through its sole member, the Leathersellers' Company, the School is associated indirectly with many charitable bodies including the Leathersellers' Company Charitable Fund from which it received grants totalling £300,000 during the year ended 31 August 2018 (2017: £312,500). Colfe's Charitable Trust, registered charity number 275447, is run independently of the school and by its own Board of Trustees, made a donation of £77,219 during the year (2017: £75,705).

Other Relationships

The Headmaster is a member of the Headmasters' and Headmistresses' Conference whilst the School is a member of the Independent Schools' Bursars' Conference. Both memberships permit the sharing of expertise and experience across the independent sector which ensures the School remains abreast of current developments and ideas in the independent sector. The School is also a member of the Association of Governing Bodies of Independent Schools and the Independent Association of Prep Schools.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs.

Investment policy and objectives

The School's investment objectives are to maximise total return at an acceptable level of risk, which should maintain a % return higher than inflation, balancing the current and future needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives the School's investments are managed to maintain diversification across a range of asset classes in order to produce an appropriate balance between risk and return. An investment property is also held from which income rental is received and regularly reviewed. The investment strategy and policy is monitored by the Finance and General Purpose Committee, as is investment performance, which is reported below, within the Strategic Report.

Charity Governance Code

The Governing body take their governance responsibilities seriously and aim to have a governance framework that is fit for purpose, compliant and efficient. In 2017 the new Charity Code of

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Governance was launched, with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. Our review found we apply the code with a few exceptions, and are satisfied that our governance framework is robust and fit for purpose.

Fundraising Practice

The Governing Body is aware of the Code of Fundraising Practice and the advice and recommendations contained therein. The School is not currently engaged in fundraising activities beyond maintaining contact with alumni and those that have indicated that they have remembered the unrelated charity, Colfe's Charitable Trust, in their wills. The School is in the preparatory stages of exploring an appeal to raise funds in support of future bursary provisions. The School has no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The School's Objects, as set out in the Articles of Association are the advancement of education for the benefit of the public by the provision and conduct of a day school for boys and girls in or near the London Borough of Lewisham and, in so far as it is incidental or ancillary to the advancement of education, such other purposes for the benefit of the local community as shall be exclusively charitable.

In furtherance of these Objects for the benefit of the public the School has established and administers bursaries, scholarships and other benefactions, and acts as the trustee and manager of property, endowments, bequests, and gifts given or established in pursuance of these Objects. The Board is mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011. In this connection the Board has monitored closely the guidance on public benefit produced by the Charity Commission together with its supplementary guidance on fee-charging.

Intended impact

Within its charitable Objects, the School aims to achieve its objectives in ways that are consistent with the Christian principles of its founder Abraham Colfe, ensuring the safeguarding of all pupils, maintaining the financial stability of the School providing public benefit.

Aims

The School's aims for the public benefit are:

- to promote excellence in all areas and to develop each pupil's abilities and character to the full;
- to provide innovative academic teaching which adds value and fosters learning and scholarship of the highest quality together with a wide range of cultural, sporting and extra-curricular activities;
- to nurture an awareness of spiritual and moral values amongst its pupils in accordance with the Christian principles of the Founder, Abraham Colfe;
- to maintain a balanced community of children from varied backgrounds within the context of an academically selective school; and
- to promote a purposeful and disciplined atmosphere in which boys and girls are encouraged to achieve their full potential, staff can find vocational fulfilment in their careers and all can use their talents for the greater good of the community and society as a whole.

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Primary objectives

The key objectives of the School to fulfil these aims are:

- to provide an educational experience which is consistent with its stated aims and philosophy and which is recognised for its excellence within a learning culture in which pupils are encouraged to aim high and work systematically towards the achievement of their goals;
- to maintain and improve the performance of its pupils in public examinations (especially at A and GCSE levels) so as to enhance the academic reputation of Colfe's, whilst maintaining the strength of the School's cultural, sporting and co-curricular activities;
- to ensure that all pupils who leave the Senior School are prepared and equipped to meet the challenges and opportunities which they will face on entering the wider world;
- to ensure that the aspirational culture of the school is reflected in all parts of the school. In achieving this objective, the Junior School also aims to become an important source of good quality pupils for Colfe's Senior School;
- to develop a distinctive learning culture within the whole school to promote mental strength and resilience;
- to attract and retain key members of staff;
- to continue our improvement of the fabric of the school estate in the context of providing enhanced facilities in which to deliver and achieve our educational objectives;
- to provide a clear, simple and effective governance and management structure capable of taking timely decisions and allocating necessary resources appropriately;
- to provide the necessary administrative and logistical framework to meet the needs of pupils and staff alike; and
- to be the coeducational independent day school of choice in South East London.

The aims and objectives set for Colfe's Leisure Services are to facilitate the achievement of the School's aims and objectives as above.

Strategies to achieve the primary objectives

To achieve these objectives the School continues to pursue its strategy of investing in its broad educational proposition, its staffing and its infrastructure.

In terms of the educational proposition, our objective is to improve the academic performance of the school without sacrificing its inclusiveness, social mix, or its broad educational experience or our commitment to pastoral care. The School continues to focus on strengthening our offer in the sixth form level. High performance in the sixth form will help strengthen the School's academic standing, drive improved academic performance through the School and increase the attractiveness of the School to parents. This strategy is supported by our work with state schools across Lewisham and links with a range of individual schools including the Leathersellers' Federation. The continued development of the Leathersellers' Scholarship Programme to allow up to 12 students in each of the sixth form years to benefit from free places will enable students and schools to benefit from access to our sixth form and will be a source of high performers at that level.

To support this broad educational proposition our staffing strategy is to recruit and retain teachers of high calibre. In the Senior School we will continue to recruit bright and capable graduates and train them through our successful in-house teacher training programme. We will invest in the continuing professional development of our existing staff to maintain and improve high standards of teaching. We intend to remain competitive in the market for attracting new teachers.

Investment in our infrastructure is also a necessary part of our strategy. A site master plan has been approved by governors for implementation over the next decade. This exercise has

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identified a number of exciting areas for development or refurbishment, subject to funding, over the next decade. The first project, involving improvements to the entrance and façade of the Senior School, was completed in December 2016. The second project, involving the linking of the two junior school buildings and the creation of a new reception, classroom, offices and meeting space is under construction.

In addition we will continue to utilise our facilities commercially through Colfe's Leisure Services.

Principal activity

The School's principal activity, as specified in the Articles of Association, is the advancement of education. The School continues to fulfil its principal activity with much success. The school roll for 2017/18 averaged 1,146 (2016/17: 1,123) pupils with 695 in the senior school (2016/17: 675) and 451 in the junior school (2016/17: 448). This is a record number for the school. The School continues to gain in popularity with in excess of 1,155 pupils currently on roll. Waiting lists for the Junior School are exceptionally strong and record numbers have registered to sit the 11+ Senior School entrance examination for each of the past three years. This results in the resolve to maintain and build upon the high standards and successes for which the School is known.

Public Benefit

Colfe's School remains committed to the aim of providing public benefit in accordance with its founding principles. The governors have complied with the duty prescribed in the Charities Act 2011 to have due regard to guidance published by the Charity Commission, including public benefit guidance.

As a former state grammar school, Colfe's attaches great importance to widening participation and playing a full part in the life of its local community. Abraham Colfe, our Founder, was Vicar of St Mary's Church in Lewisham during the period of the English Civil War. The School maintains an active link with St Mary's Church in Lewisham and Father Hall is the school Chaplain. We still attach great value to our historic links with the Borough of Lewisham, as well as with Greenwich. Both boroughs contain a high proportion of low-income families.

Colfe's School is a charitable company and seeks to benefit the public through the pursuit of its stated aims. Our fees are set at a level to ensure the financial viability of the School whilst being consistent with our aim of providing first-class education to boys and girls.

The Promotion of Education

In accordance with our objects, we provide education to children 'in or near the London Borough of Lewisham'. During the year, Colfe's School educated an average of 1,146 children between the ages of 3 to 18. All of these children reside in the UK and they experience an above average level of educational training. The School has a broad curriculum and seeks to ensure that all children reach their academic potential. We believe that access to our educational services is vital to our success and that our successful outcomes must be shared by the local communities that use our facilities.

Bursaries and Scholarships

The awarding of bursaries for the needy is a measurable means of providing public benefit. The Governing Body takes the view that bursaries awarded to those who would not otherwise be able to afford the fees are important, but not to the exclusion of the much wider benefit that the school provides within the community. Those pupils who attend our school and who receive financial support contribute to the school community in a variety of ways, and so the benefit is not purely to these pupils but to the whole School and, in some cases, to the wider community.

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The Governors view means-tested bursaries and scholarships as an important means of helping children from families who would otherwise not be able to afford the fees to access the education we offer. As a matter of policy, Colfe's School provides access to children from less affluent backgrounds. Bursaries are available to candidates who would otherwise be unable to attend the school due to financial circumstance, provided that such candidates pass the entrance examination and demonstrate a high level of academic potential. The awards range from 10% to 100% remission of fees. Our scholarships are awarded on the basis of the individual's educational and extra-curricular potential and are usually awarded as a fixed remission amount (approximately 10% to 50%) and can be supplemented further by a bursary.

During the year, Colfe's School has provided means tested bursaries to 86 children, to the value of £874,910 maintaining the increase in means tested awards in recent years (2016/17: 85 children to the value of £846,440). 119 pupils received a bursary or combined bursary and scholarship of 50% or more including 30 children who benefited from a fully funded place. 12% of the senior school pupils receive a means tested award and 63% of the sixth form received either a bursary or scholarship. It is important to note that a number of pupils who currently benefit from academic scholarships, which are awarded for up to five years, would otherwise be prevented from attending the school for financial reasons. Where possible new awards are now made as means-tested scholarships. A limited number of non-means tested scholarships will continue to be awarded each year. The parents of pupils receiving these scholarships have the option of taking an honorary scholarship to release additional money for the means-tested funds.

The School is particularly grateful to the Leathersellers' Company Charitable Fund which has granted the School £1,000,000 to be spent on fully funded bursaries over a five year period. The first of these bursaries were awarded to pupils joining the sixth form in September 2014. The Leatherseller's Company have approved a further grant of £750,000 to extend this scheme once the initial funds have been fully expended.

Relationship with Local Schools

Schools with which we have regular contact include (percentage of pupils eligible for free school meals in brackets): Conisborough College (26.3%), Deptford Green School (28.2%), Trinity School (13.5%), Prendergast Ladywell School (21%) and Prendergast Vale School (19.5%). Our work with these schools continues to evolve and includes:

- A member of staff is responsible for outreach and has half of their timetable dedicated to this work.
- Colfe's teachers run regular enrichment activities in Latin, Modern Foreign Languages, Science, Mathematics and debating which are attended by pupils and staff from local schools.
- Pupils from our partner school joined our own year 10 students for a joint trips to Oxford and Cambridge Universities.
- Our Leathersellers' Scholarship Programme is now in its sixth year and we currently have 22 sixth form pupils from local 11-16 state schools attending Colfe's on these fully funded places.

Additionally Colfe's Sixth Form students visit St James' primary school in Southwark to provide support in key curriculum areas including Maths and English. 34% of St James' pupils qualify for free school meals.

The School also participates in the governance of a number of local state schools:

- The Headmaster serves on the Governing Board of the Leathersellers' Federation which comprises three state comprehensive schools;

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- The Headmaster was appointed by the Secretary of State as a member of the Interim Executive Board of Deptford Green School to support it out of special measures (achieved in July 2014). In June 2015 he became Chair of the school's Teaching and Learning Committee having previously chaired the Resources Committee.
- The Deputy Head serves as a governor of Conisborough College.

Other Areas of Public Benefit

We see Colfe's School as part of a wider community. We are delighted to be able to assist the community when suitable opportunities arise. Charitable events enjoy a high profile throughout the school year and all pupils have numerous opportunities to contribute to a wide range of projects. Colfe's School has a longstanding partnership with a school in The Gambia. The objectives of the school partnership are to further the development of Kotu Senior Secondary School and to provide a safe and responsible opportunity for Colfe's pupils to gain first-hand experience of life in a developing country.

Where possible Colfe's School makes facilities available to adults and children in the community and there have been numerous examples of this throughout the year. In particular, the School's Horn Park sports ground, in conjunction with Colfeian Grounds Ltd, provides a community sports club that is available to young people and other members of the local community. A number of local primary schools also make use of our swimming pool.

Volunteers

The Parents and Friends Association (PAFA), and Old Colfeians helped with fundraising and social and cultural activities. The Board continues to be extremely grateful for PAFA's continuing and valuable support to the School.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of achievements and performance for the year

The School's consistently excellent performance in public examinations was maintained again this year with 80% of A level exams graded A* to B (2017: 84%), 47% at A* or A (2017: 44%) and 10% at A* (2017: 8%). This was the first year that a number of our GCSE entries were graded on the new 9-1 system. For subjects receiving these grades 61% of exams were graded 9-7 (broadly A*/A), and 95% graded 9-5 (broadly A*-C). For subjects still receiving traditional grades the proportion of A*/A grades at GCSE was 64% with 99% of subjects graded A*-C.

The School continued to build upon its success in recruiting pupils from a wide range of feeder schools including both state and independent schools. Record numbers sat the 11+ entrance examination in January 2017. Demand for places in the Junior School remains exceptionally strong with waiting lists at all main points of entry.

The attainment of excellent academic achievement at Colfe's School did not prejudice achievements on the sports field or in a wide range of cultural activities. The School has a policy of sport for all, celebrating participation as well as the notable successes of the first teams. Rugby, soccer, hockey, netball and cricket teams continued to perform at a high level, making good progress in regional and national competitions, as well as in traditional fixtures. The Arts remained high profile. Drama's major productions, Romeo and Juliet and The 39 Steps and various GCSE and A Level examination performances were well received. Junior productions included Hansel and Gretel, Angel Express and Baubles. The Music department held a number of successful concerts throughout the year. In the Art department our students continue to produce

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outstanding work, a sample of which was presented at our art exhibitions. Inter-House competition has thrived with students contesting over 40 different events over the course of the school year.

Investment Performance

At the year-end, the School's long term investments, combining the listed and property investments, totalled £3.5million. The overall total investment return was 3.8% over the year which is a satisfactory result given the continuing difficulties in generating risk appropriate investment returns. No investments were realised and no new investments were undertaken during the year. The Governors are satisfied that the investments have performed in line with their policy.

FINANCIAL REVIEW

Results for the year - Colfe's School

As a charity, the parents of the school have the reassurance that all of the income of the School must be applied for educational purposes. As an educational charity we enjoy various privileges such as tax exemption on educational activities and on our investment income, and are entitled to an 80% reduction on our business rates on the property we occupy for our charitable purposes. The financial benefits we receive from these tax exemptions are all applied for educational purposes and indirectly help us to maintain our bursary policies and community links.

The income of the School and its subsidiary, Colfe's Leisure Services Ltd, derives from school fees and other income streams in the form of fees paid for the public use of the sports centre and other facilities, donations, and from investments. The funds generated are for the unrestricted use by the Governors in the furtherance of the School's objectives, except for those funds generated from certain Prizes and Bequests Fund investments whose application is restricted to the uses specified by the original bequests, and donations and grants received for specific purposes.

The net income of the School and its subsidiary for the year amounted to £807,000 after net realised and unrealised investment gains of £162,000. The total consolidated funds of the School thus increased from £17,363,000 as at 31 August 2017 to £18,170,000 as at 31 August 2018. More details are provided in the Consolidated Statement of Financial Activities on page 18 and the Consolidated Balance Sheet on page 19.

The Governors consider the financial position of the School and its subsidiary to be satisfactory.

Results for the year - Colfe's Leisure Services Limited

Colfe's Leisure Services Limited (CLS) is a wholly owned trading subsidiary of Colfe's School. It continues to operate the Newton Sports Centre providing sports and leisure facilities to pupils of Colfe's School and also to the general public through the Roebuck Club. Its income for the year was £518,000 (2017: £507,000), with a net profit of £155,369 (2017: £2,000). No dividend was paid by the Company. A donation of £155,000 will be payable by CLS to the school in respect of this profit made (2017: £200,000). Net assets at 31 August 2018 amounted to £397,000 (2017: £242,000).

Reserves Level and Policy and Financial Viability

The School's reserves policy is to maintain sufficient unrestricted income reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall. It is the policy of the Governing Body to retain sufficient reserves to allow:

- the continuing operations of the School;
- the replacement of its tangible fixed assets as they end their useful working lives;
- continuous assistance to pupils of the School by awarding bursaries and scholarships; and

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- the enhancement and expansion of the School's facilities from time to time.

The School relies on the readily realisable investments (valued at £3.3m at the year-end) as adequate cover for the School's longer-term capital expenditure commitments and any longer-term financial obligations – including the deficit recovery contributions on the School's defined benefit staff pension scheme that under FRS102 are accrued as a liability (£166,000).

Unrestricted net assets, excluding long term liabilities, of the School amount to £3.8 million which approximates to almost four months running costs for the School. This is within the policy that such reserves should be at least three months of running costs. Long term liabilities of £2.3million comprise bank loan repayments and a provision for the pension scheme deficit recovery contributions.

PRINCIPAL RISKS AND UNCERTAINTIES

The importance of Health, Safety and Security is the principal concern for risk management and the School is ever mindful of the need to provide a safe environment for its pupils, staff and visitors. Risks are wide ranging from educational visits and outdoor pursuits to infrastructure and fire. An enormous range of activities are offered and facilitated by the School and the associated risks of all activities are minimised by thorough planning and risk assessment.

The Governing Body considers the affordability of fees by parents across the independent sector and the economic turbulence of recent years to be a significant risk faced by the School. The Governing Body is also mindful of the additional risks arising from the economic uncertainty arising from Brexit. Additional costs will arise from increases in employer pension contributions for teaching staff. Continued threats to the independent sector include the potential for the abolition of the charitable business rate relief and the potential for the VAT to be applied to school fees. Although the School is currently experiencing an unprecedented number of applications and pupil numbers are at an all-time high there is no room for complacency. The Governing Body is mindful of the ability of our parents to pay fees when determining the fee increase each year.

The Governing Body of Colfe's School is responsible for the management of the risks faced by the School. Detailed consideration of the risks faced by Colfe's School is delegated to the Risk Management Committee, who met twice during the year. Risks are identified, assessed and controls established. A review of Colfe's School's risk management processes is undertaken on a bi-annual basis. The key controls used by Colfe's School include:

- a. Formal agendas for all meetings of the Governing Body and Committees;
- b. Detailed terms of reference for all Committees;
- c. Comprehensive strategic planning, budgeting and management accounting;
- d. Established and identifiable organisational structure and reporting lines;
- e. Comprehensive formal written policies and the monitoring of these policies;
- f. Clear authorisation and approval levels;
- g. Vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the School, the Governing Body is satisfied that the major risks identified have been adequately mitigated where necessary and to the extent reasonably possible. It is recognised that systems can only provide reasonable but not absolute assurance that the major risks have been adequately managed.

COLFE'S SCHOOL
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

FUTURE PLANS

The School's Strategic Plan was approved by the Governors in March 2017 which covered the 2017/18 academic year. The key future plans for the School remain:

- to provide an educational experience which is consistent with its stated aims and philosophy and which is recognised for its excellence within a learning culture in which pupils are encouraged to aim high and work systematically towards the achievement of their goals;
- to maintain and improve the performance of its pupils in public examinations (especially at A and GCSE levels) so as to enhance the academic reputation of Colfe's, whilst maintaining the strength of the School's cultural, sporting and extra-curricular activities;
- to ensure that all pupils who leave the Senior School are prepared and equipped to meet the challenges and opportunities which they will face on leaving Colfe's;
- to ensure that the aspirational culture of the School is reflected in all parts of the School. In achieving this objective, the Junior School will continue to be an important source of pupils for the Senior School;
- to develop a distinctive learning culture within the whole school to promote mental strength and resilience; and
- to continue, through focussed improvement, to ensure that the School estate is a safe and attractive environment that is conducive to learning.

These aims underpin development plans which have been developed for each of the areas of the School so that the School continues to enhance its ability to provide a first-class education to its pupils.

COLFE'S SCHOOL
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Governing Body (who are also the directors of Colfe's School for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards)

Company law requires the Governing Body to prepare financial statements for each financial year. Under that law the Governing Body have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the Governing Body must not approve the financial statement unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governing Body are required to:

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

The members of the Governing Body are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Relevant Audit Information

Insofar as each of the Governors at the date of approval of this report is aware, there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each member of the Governing Body has taken all the steps that he or she should have taken as a member of the Governing Body in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Governing Body of Colfe's School on 19 March 2019, including, in their capacity as company directors, approving the Directors' and Strategic reports contained therein, and signed on its behalf by:



M P E Pellereau
Chairman of the Governing Body

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

Independent Auditor's Report to the Members of Colfe's School

Opinion

We have audited the financial statements of Colfe's School for the year ended 31 August 2018 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2018 and of the group's 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 group 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or 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 trustees are responsible for the other information. The other information comprises the information included in the 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.

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' 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:

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group's or 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 trustees

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

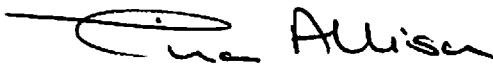
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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: www.frc.org.uk/auditorsresponsibilities. 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.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date 11 April 2019

COLFE'S SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted Funds	Freehold Property Funds	Endowed Funds	Total Funds	Total Funds
	Notes	£'000	£'000	£'000	£'000	2018 £'000	2017 £'000
INCOME AND EXPENDITURE							
Income from :							
Charitable activities							
School fees	2	14,870	-	-	-	14,870	14,218
Other educational & ancillary activities	4	1,774	-	-	-	1,774	1,776
Other trading activities							
Colfe's Leisure Services Ltd	3	518	-	-	-	518	507
Investments	8d	106	29	-	-	135	118
Donations & Legacies (restricted)		-	391	-	-	391	441
Total Income		17,268	420	-	-	17,688	17,060
Expenditure on :							
Raising funds							
Colfe's Leisure Services Ltd	6a	322	-	-	-	322	264
Charitable activities							
Provision of education	6b	16,310	5	340	66	16,721	15,828
Total expenditure		16,632	5	340	66	17,043	16,092
Net income / (expenditure) before investment and actuarial gains / (losses)		636	415	(340)	(66)	645	968
Pension scheme actuarial gains / (losses)	15	23	-	-	-	23	20
Net investment gains	8	116	1	-	22	139	157
Net income / (expenditure)		775	416	(340)	(44)	807	1,145
Transfers between funds	12	(657)	(386)	1,043	-	-	-
Net movement in funds		118	30	703	(44)	807	1,145
Fund balances at 1 September 2017		1,306	889	11,755	3,413	17,363	16,218
FUND BALANCES at 31 August 2018	12	1,424	919	12,458	3,369	18,170	17,363

There is no difference between the net expenditure or income above and the historical cost equivalent. All of the group's activities are in respect of continuing operations.

Net income under the Companies Act 2006 excludes investment gains and losses on endowed funds and is therefore £860k for the year (2017: £1,109k)

The notes on pages 21 to 39 form part of these accounts.

COLFE'S SCHOOL
BALANCE SHEETS
AS AT 31 AUGUST 2018

		Group		Colfe's School	
	Notes	2018 £'000	2017 £'000	2018 £'000	2017 £'000
FIXED ASSETS					
Tangible Fixed Assets	7	16,602	15,615	16,601	15,612
Investment assets	8	3,608	3,469	4,005	3,711
		<u>20,210</u>	<u>19,084</u>	<u>20,606</u>	<u>19,323</u>
CURRENT ASSETS					
Debtors	9	355	322	381	516
Cash at bank and in hand		<u>3,977</u>	<u>3,942</u>	<u>3,520</u>	<u>3,477</u>
		4,332	4,264	3,901	3,993
CREDITORS: due within one year	10	<u>(4,033)</u>	<u>(3,118)</u>	<u>(3,998)</u>	<u>(3,086)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>299</u>	<u>1,146</u>	<u>(97)</u>	<u>907</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,509	20,230	20,509	20,230
LONG TERM LIABILITIES					
Creditors due after one year	11	<u>(2,339)</u>	<u>(2,867)</u>	<u>(2,339)</u>	<u>(2,867)</u>
TOTAL NET ASSETS		<u>18,170</u>	<u>17,363</u>	<u>18,170</u>	<u>17,363</u>
Represented by :					
ENDOWED FUNDS	12a	3,369	3,413	3,369	3,413
FREEHOLD PROPERTY FUND	12b	12,458	11,755	12,458	11,755
RESTRICTED FUNDS	12c	919	889	919	889
UNRESTRICTED FUNDS					
General funds		<u>1,424</u>	<u>1,306</u>	<u>1,424</u>	<u>1,306</u>
TOTAL FUNDS	12	<u>18,170</u>	<u>17,363</u>	<u>18,170</u>	<u>17,363</u>

Total net income for the School for the year to 31 August 2018 was £686,000

Approved by the Board of Governors of Colfe's School on 19 March 2019
and signed on its behalf by:

Governor
Matthew P E Pellereau



Governor
Andrew B Strong



The notes on pages 21 to 39 form part of these accounts.

COLFE'S SCHOOL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

		2018 £'000	2017 £'000
Net cash flow from operating activities			
Net cash provided by operating activities	A	2,250	1,273
Cash flows from investing activities	B	(1,711)	(1,035)
Cash flows from financing activities	C	(504)	(348)
Change in cash and cash equivalents in the year		35	(110)
Reconciliation of net cash flow to movement in net funds :			
Cash and cash equivalents at 1 September 2017		3,942	4,052
Cash and cash equivalents at the end of the year	D	3,977	3,942
A Reconciliation of net movements in funds to net cash provided by operating activities			
Net movement in funds (as per the statement of financial activities)		807	1,145
Depreciation charge		859	850
Increase in Debtors		(33)	(68)
Increase / (Decrease) in creditors		774	(505)
Loan Interest		140	157
Investment income		(135)	(118)
Net investment (gains) / losses		(139)	(157)
Pension scheme losses / (gains)		(23)	(20)
Profit on disposal of fixed assets		-	(11)
Net cash provided by operating activities		2,250	1,273
B Cash flows from investing activities			
Proceeds from sale of tangible assets		-	11
Proceeds from sale of investments		-	-
Purchase of tangible fixed assets		(1,846)	(1,164)
Investment income		135	118
Net cash used in investing activities		(1,711)	(1,035)
C Cash flows from financing activities			
Repayments of borrowing		(504)	(348)
Cash inflows from new borrowing		-	-
Net cash (used in) / provided by financing activities		(504)	(348)
D Cash and cash equivalents			
Cash at bank and in hand		3,977	3,942

Note

Charity law requires separate administration of the cashflows on endowed and other restricted funds of the charity. This constraint has not adversely affected group cashflows as stated above.

The notes on pages 21 to 39 form part of these accounts.

**COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

I ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the 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. In preparing the financial statements, the Governors have considered whether the accounting policies required by the standard require the restatement of information.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 13.

On 24 August 2006 the Charity Commission issued a Uniting Direction directing that Colfe's Educational Foundation should be treated as forming part of Colfe's School for the purposes of registration and accounting. References to Colfe's School therefore refer to the aggregated results of Colfe's School and Colfe's Educational Foundation. The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

The accounts present the consolidated statement of financial activities (SOFA), the consolidated cash flow statement and the consolidated and Charity balance sheets comprising the consolidation of the School and with its wholly owned subsidiary Colfe's Leisure Services Ltd. No separate SOFA has been presented for the Charity alone, as permitted by Section 408 of the Companies Act 2006 as the results of its subsidiary are separately identified in the Consolidated SOFA and the related Note 3.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 4 February 2005 (company number: 1109650) and registered as a charity on 24 May 2005 (charity number: 5352523)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

I. ACCOUNTING POLICIES (continued)

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

I.1 Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarship, bursaries granted by the College against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

I.2 Investment income

Income from investments, interest on deposits and rental income are accounted for on an accruals basis. Membership subscriptions to the sports and leisure centre relating to future accounting periods are carried forward as deferred income within creditors.

I.3 Donations, legacies, grants and other voluntary incoming resources

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

Donations and legacies for the School's general purposes are accounted for as unrestricted and are credited to the general reserve. Where the donor has imposed trust law restrictions, income is credited to the relevant restricted fund and endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention to be permanent or not. Gifts in kind are valued at estimated open market value at the date of gift, and in the case of assets for retention or consumption, at the value to the School in the case of donated services or facilities.

I.4 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure attributed to more than one cost category in the SOFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying asset, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning, for its future development, internal and external audit fees, any legal advice for Colfe's School Governors and the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory financial statements and satisfying public accountability.

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

I. ACCOUNTING POLICIES (continued)

Intra-group income and expenses between the School and its subsidiaries are excluded from trading income and expenditure.

I.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised in the School and Colfe's Leisure Services Limited. Care however is taken to be consistent in considering whether to capitalise similar items that may fall below this threshold.

I.6 Depreciation

Depreciation is provided at the following rates in order to write off the expenditure on each asset over its estimated useful life. No depreciation is provided on freehold land.

Buildings	on cost at 2% to 10% p.a.
Temporary buildings & fixtures	on cost at 6.67% to 20% p.a.
Gymnasium and sports equipment	on cost at 20% to 33.3% p.a.
Furniture and equipment	on cost at 10% to 33.3% p.a.
Motor vehicles	on cost at 33.3% p.a.
Major refurbishments	on cost at 6.67% to 10% p.a.

I.7 Investments

Quoted investments are stated in the Balance Sheet at market value. Investment properties are stated in the Balance Sheet at market value as assessed by the Governors, having taken professional advice.

Realised and unrealised gains and losses are included in the Statement of Financial Activities in the year to which they relate and are calculated by reference to the market value at the beginning of the year. Realised and unrealised gains and losses on investments are reflected in the funds to which they relate.

The unquoted investment in Colfe's Leisure Services Limited is included in the financial statements at the value of net assets, as shown by the financial statements.

I.8 Fund accounting

Endowed Funds

These are funds which have been endowed for a particular purpose where the capital must remain intact. Permanent endowments are those where the capital must remain indefinitely. In certain cases, restrictions as to the use of income are in place.

Freehold Property Fund

The Freehold Property Fund represents the net book value of the land and buildings of Colfe's Educational Foundation

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

I. ACCOUNTING POLICIES (continued)

Restricted Funds

Restricted Funds are subject to donor-imposed conditions or have been raised for a particular purpose. Restrictions may apply to the capital sums alone or to the capital and income generated from them. The Governors are bound by the restrictions and may not vary them.

Unrestricted Funds

General Funds are available to the Governors for unrestricted use, subject to law, and the Articles of Association.

Where general funds have been set aside for a particular purpose by the Governors they are termed 'designated funds'. The designation may be removed at any time at the Governors' discretion.

I.9 Pension costs

Retirement benefits to employees of the School are provided through two pension schemes, on defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

The Teachers' Pension Scheme

This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS 102, the School accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

Growth Plan

This is a defined contribution group personal pension plan with TPT Retirement Solutions (formerly The Pension's Trust). Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

For deficit recovery contributions, the present value of the expected future contributions is recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability. More detail is provided in note 15.

I.10 Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

Colfe's School is exempt from corporation and income tax on its charitable activities by virtue of its status as a registered charity. Colfe's Leisure Services Limited is subject to corporation tax and the charge for the year is based on the profit or loss for the period as adjusted for disallowable and non-taxable items and after taking account of losses brought forward.

1.12 Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provisions is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

At the balance sheet date the School held financial assets at amortised cost of £3,608k (2017 £4,083). Financial assets at fair value through income or expenditure of £4,127k (2017 £3,469k) and financial liabilities at amortised cost of £5,458k (2017: £5,544k)

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

2 SCHOOL FEES

Unrestricted Funds
2018 2017
£'000 £'000

The School's fee income comprised:

Gross fees	17,212	16,437
Less: Total bursaries, grants and allowances	<u>(2,342)</u>	<u>(2,219)</u>
	<u>14,870</u>	<u>14,218</u>

3 SUMMARY INFORMATION

The results and balance sheets of the two charities, Colfe's School and Colfe's Educational Foundation, and the subsidiary company, Colfe's Leisure Services Limited (CLS) are summarised below:

	School	Foundation	CLS	Adjustments	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income	17,153	330	518	(313)	17,688	17,060
Expenditure	(16,692)	(301)	(363)	313	(17,043)	(16,092)
Net investment gains / (losses)	272	22	-	(155)	139	157
Pension scheme (losses) / gains	23	-	-	-	23	20
Net movement in funds	<u>756</u>	<u>51</u>	<u>155</u>	<u>(155)</u>	<u>807</u>	<u>1,145</u>
Tangible fixed assets	1,812	14,790	-	-	16,602	15,615
Investments	<u>3,287</u>	<u>718</u>	<u>-</u>	<u>(397)</u>	<u>3,608</u>	<u>3,469</u>
Total Fixed Assets	<u>5,099</u>	<u>15,508</u>	<u>-</u>	<u>(397)</u>	<u>20,210</u>	<u>19,084</u>
Current assets	15,312	851	470	(12,301)	4,332	4,264
Current liabilities	<u>(3,998)</u>	<u>(12,262)</u>	<u>(74)</u>	<u>12,301</u>	<u>(4,033)</u>	<u>(3,118)</u>
Net Current Assets	<u>11,314</u>	<u>(11,411)</u>	<u>396</u>	<u>-</u>	<u>299</u>	<u>1,146</u>
Total Assets less Current Liabilities	16,413	4,097	396	(397)	20,509	20,230
Long term creditors	(2,339)	-	-	-	(2,339)	(2,887)
Total net assets	<u>14,074</u>	<u>4,097</u>	<u>396</u>	<u>(397)</u>	<u>18,170</u>	<u>17,343</u>

Colfe's School owns the whole of the share capital of Colfe's Leisure Services Limited, which provides sports and leisure facilities for the School and for the public, during non-school hours, via its Roebuck Club.

CLS expenditure includes £12,687 (2017: £11,345) management charge from the School and includes £29,000 (2017: £29,000) in respect of facility charges paid to the Foundation

A donation of £155,369 will be payable by CLS to the School (2017 : £200,601)

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	
		2018	2017
		£'000	£'000
4	OTHER INCOME		
Other educational activities			
	Examination Fees	81	85
	Registration fees	55	43
	Outdoor Pursuits and Educational visits	290	435
	Other income	124	80
		<u>550</u>	<u>643</u>
Other ancillary activities			
	Catering Income	562	546
	Wraparound care	182	152
	Other school trips	344	252
	Other income	136	183
		<u>1,224</u>	<u>1,133</u>
	Total Other Income	<u>1,774</u>	<u>1,776</u>
5	STAFF COSTS	2018	2017
		£'000	£'000
Total staff costs comprised:			
	Wages and salaries	8,873	8,254
	Social security costs	928	844
	Pension contributions	1,144	1,087
		<u>10,945</u>	<u>10,185</u>
The average number of employees in the year was:			
	School	266	250
	Subsidiary	43	44
		<u>309</u>	<u>294</u>

Neither Colfe's School Governors nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the School or any connected organisation apart from reimbursed Governors' travelling and accommodation expenses of £6,103 (2017: £6,006). The number of Governors claiming travel and accommodation expenses was 6 (2017: 6)

The number of higher paid employees was:		2018	2017
		No.	No.
Taxable emoluments band:			
	£60,000 - £70,000	12	9
	£70,000 - £80,000	1	3
	£80,000 - £90,000	3	-
	£100,000 - £110,000	1	1
	£180,000-£190,000	1	1
		<u>18</u>	<u>14</u>
The number with retirement benefits accruing in			
	- Defined Benefit Schemes	<u>18</u>	<u>14</u>

Aggregate employee-benefits for key management personnel including pension contributions total £979,328 in 2017-18 (2017 : £853,062). These emoluments also include accommodation benefits, There were termination payments totalling £74k in 2017/18 (2017 : £0)

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

6 ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £'000	Other costs £'000	Depreciation £'000	2018 Total £'000	2017 Total £'000
(a) Costs of raising funds					
Trading costs of the subsidiary	253	67	2	322	264
(b) Charitable activities					
Teaching	8,674	1,302	280	10,256	9,677
Other activities	-	1,548	-	1,548	1,622
Buildings depreciation	-	-	406	406	414
Premises	781	1,510	171	2,462	2,323
Support costs of schooling	1,237	797	-	2,034	1,757
Governance cost	-	10	-	10	35
School's operating costs	10,692	5,167	857	16,716	15,828
Awards and prizes	-	5	-	5	-
	10,692	5,172	857	16,721	15,828
Total expenditure	10,945	5,239	859	17,043	16,092

Governance costs include auditor's remuneration for audit services of £23k (2017: £22k).

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

7 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Assets under Construction £'000	Motor Vehicles £'000	Furniture & Equipment £'000	School Total £'000	Furniture & Equipment £'000	Subsidiary Total £'000	Group Total £'000
Cost								
1 September 2017	24,867	25	56	2,836	27,784	170	170	27,954
Additions	326	717	12	791	1,846	-	-	1,846
Disposals	-	-	-	(315)	(315)	-	-	(315)
31 August 2018	25,193	742	68	3,312	29,315	170	170	29,485
Depreciation								
1 September 2017	10,232	-	48	1,892	12,172	167	167	12,339
Charge for year	406	-	12	439	857	2	2	859
Disposals	-	-	-	(315)	(315)	-	-	(315)
31 August 2018	10,638	-	60	2,016	12,714	169	169	12,883
Net book values								
31 August 2018	14,555	742	8	1,296	16,601	1	1	16,602
31 August 2017	14,635	25	8	944	15,612	3	3	15,615

HSBC have taken a charge over the land and buildings of the Horn Park Lane site as security for the 10 year loan facility which assisted in financing the 6th form centre.

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

8 INVESTMENTS

	2018 £'000	2017 £'000
Market value:		
Listed investments	8a 2,858	2,819
Investment Property	8b 750	650
Group total	<u>3,608</u>	<u>3,469</u>
At fair value		
Investment in Subsidiary	8c 397	242
School total	<u>4,005</u>	<u>3,711</u>

Group unrealised gains on investments included above:

8a Listed Investments

	£'000
Market value at 1 September 2017	2,819
Net unrealised gains	39
Market value at 31 August 2018	<u>2,858</u>
Historic cost at 31 August 2018	<u>1,704</u>

All listed investments are held in unit trusts or common investment funds.

8b Investment Property

	£'000
Market value at 1 September 2017	650
Unrealised Gain on investment	100
Market value at 31 August 2018	<u>750</u>
Historic cost at 31 August 2018	<u>413</u>

8c Investment in Subsidiary

	£'000
Fair value	
At 1 September 2017	241
Profit for the year	156
At 31 August 2018	<u>397</u>

Colfe's Leisure Services will make a gift aid donation of £156k to Colfe's School in 2019 - the basis of accounting has changed from an accrual of this in the year to recognition on payment of the donation.

8d Investment income comprises:

	Unrestricted Funds	Restricted Funds	2018 Total £'000	2017 Total £'000
Quoted investments	92	28	120	114
Bank deposits	14	-	14	3
Property Investment	1	-	1	1
Total 2018	<u>107</u>	<u>28</u>	<u>135</u>	<u>118</u>
Total 2017	<u>90</u>	<u>28</u>		<u>118</u>

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

9 DEBTORS

	Group		Colfe's School	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts due from subsidiary company	-	-	38	214
School fees	71	60	71	60
Trade debtors	33	41	29	28
Sundry debtors	46	40	46	40
Prepayments	205	181	197	174
	355	322	381	516

10 CREDITORS DUE WITHIN ONE YEAR

	Group		Colfe's School	
		<i>Restated</i>		<i>Restated</i>
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amount due to subsidiary company	-	-	-	-
Bank loan	505	365	505	365
Trade creditors	531	67	526	66
Taxation and social security	400	426	392	420
Other creditors and accruals	839	449	817	424
Pupil Deposits (see note 11)	1,223	1,215	1,223	1,215
Pension deficit recovery payments (note 15)	21	20	21	20
Fees received in advance	514	576	514	576
	4,033	3,118	3,998	3,086

11 CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Colfe's School	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Pension deficit recovery payments (note 15)	145	169	145	169
Bank loan	2,194	2,698	2,194	2,698
	2,339	2,867	2,339	2,867

Included within the bank loan balance above are amounts due in more than 5 years totalling £543,860 (2017: £1,048,860). The loan is for a term of 10 years starting in October 2014 at an interest rate of 4.84%, and is secured by a charge over the land and buildings of the Horn Park Lane site.

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

12 NET ASSETS/(LIABILITIES) OF THE FUNDS OF COLFE'S SCHOOL AND GROUP

Colfe's School's net assets belong to the various funds as follows:

	Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Liabilities £'000	Fund Balance 2018 £'000
Endowment funds	2,839	530	-	-	3,369
Freehold Property fund	12,458	-	-	-	12,458
Restricted funds	-	189	730	-	919
Unrestricted funds	1,304	3,286	(827)	(2,339)	1,424
Colfe's School	16,601	4,005	(97)	(2,339)	18,170
Colfe's Leisure Services Limited	1	(397)	396	-	-
Group	16,602	3,608	299	(2,339)	18,170

	Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Liabilities £'000	Fund Balances 2017 £'000
Endowment funds	2,905	508	-	-	3,413
Freehold Property fund	11,755	-	-	-	11,755
Restricted funds	-	188	701	-	889
Unrestricted funds	952	3,015	206	(2,867)	1,306
Colfe's School	15,612	3,711	907	(2,867)	17,363
Colfe's Leisure Services Limited	3	(242)	239	-	-
Group	15,615	3,469	1,146	(2,867)	17,363

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

12a ENDOWED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2017 £'000	Expenditure £'000	Investment Gains £'000	Balance at 31 August 2018 £'000
Endowments:				
Property	2,905	(66)	-	2,839
Prizes and other bequest funds	508	-	22	530
Total	3,413	(66)	22	3,369
	<i>1st September 2016 £000</i>	<i>£000</i>	<i>£000</i>	<i>31st August 2017 £000</i>
Property	2,971	(66)	-	2,905
Prizes and other bequest funds	472	-	36	508
Total	3,443	(66)	36	3,413

The prizes and other bequest funds are permanent endowments which have been made from time to time by benefactors of the Foundation. The income arising is to be used for specific or general purposes of the Foundation, as specified by the endowments.

12b FREEHOLD PROPERTY FUND: MOVEMENTS IN THE YEAR

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Fund Transfers £'000	Balance at 31 August 2018 £'000
Freehold property fund	11,755	-	(340)	1,043	12,458
	<i>2016 £000</i>				<i>2017 £000</i>
Freehold property fund	11,434	-	(348)	669	11,755

The Freehold Property Fund represents the net book value of the land and buildings of the School and Foundation. The root of title to the properties held by the Foundation is the Will of Abraham Colfe dated 7 September 1656, probate of which was granted on 25 January 1659.

The freehold property is a mixture of that remaining out of the original endowment or acquired from the proceeds of part or all of the endowed land and that acquired since 1659 out of general funds. The Governors are unable to identify the land and buildings acquired out of the original endowment.

Where restricted or unrestricted funds have been expended on additions to freehold land and buildings, a transfer is made from the relevant fund.

COLFE'S SCHOOL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

12c RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Fund Transfers £'000	Investment Gains £'000	Balance at 31 August 2018 £'000
Grants and Donations	18	391	(5)	(386)	-	18
Prizes and other bequest funds	871	29	-	-	1	901
	<u>889</u>	<u>420</u>	<u>(5)</u>	<u>(386)</u>	<u>1</u>	<u>919</u>
	2016 £'000	£'000	£'000	£'000	£'000	2017 £'000
Grants and Donations	10	441	(26)	(407)	-	18
Prizes and other bequest funds	832	28	-	-	11	871
	<u>842</u>	<u>469</u>	<u>(26)</u>	<u>(407)</u>	<u>11</u>	<u>889</u>

Prizes and other bequest funds comprise accumulated undistributed income from endowed funds

Where funds are used for scholarships or bursaries these are shown as transfers from the restricted funds to unrestricted funds.

13 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2018 the charity had aggregate annual commitments under non-cancellable operating leases as set out below.

	Group		Colfe's School	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due :				
Within one year	89	62	85	58
Due within 2 - 5 years	138	153	138	153
Due in more than 5 years	-	-	-	-
	<u>227</u>	<u>195</u>	<u>223</u>	<u>191</u>

COLFE'S SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017

14b CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURE BY FUND TYPE

		Unrestricted Funds	Restricted Funds	Freehold Property Funds	Endowed Funds	Total Funds	Total Funds
	Notes	£'000	£'000	£'000	£'000	2017 £'000	2016 £'000
INCOME AND EXPENDITURE							
Income from :							
Charitable activities							
School fees	2	14,218	-	-	-	14,218	12,920
Other educational & ancillary activities	4	1,776	-	-	-	1,776	1,656
Other trading activities							
Colfe's Leisure Services Ltd	3	507	-	-	-	507	494
Investments	8d	90	28	-	-	118	126
Donations & Legacies (restricted)		-	441	-	-	441	234
Total Income		16,591	469	-	-	17,060	15,430
Expenditure on :							
Raising funds							
Colfe's Leisure Services Ltd	6a	264	-	-	-	264	305
Charitable activities							
Provision of education	6b	15,388	26	348	66	15,828	15,203
Total expenditure		15,652	26	348	66	16,092	15,508
Net income / (expenditure) before investment and actuarial gains / (losses)		939	443	(348)	(66)	968	(78)
Pension scheme actuarial gains / (losses)	15	20	-	-	-	20	(54)
Net Investment gains	8	110	11	-	36	157	204
Net income / (expenditure)		1,069	454	(348)	(30)	1,145	72
Transfers between funds	12	(262)	(407)	669	-	-	-
Net movement in funds		807	47	321	(30)	1,145	72
Fund Balance brought forward at 1 September 2016 as previously stated		499	842	14,405	472	16,218	16,146
Adjustment in respect of the Endowed Property		-	-	(2,971)	2,971	-	-
FUND BALANCES at 31 August 2017	12	1,306	889	11,755	3,413	17,363	16,218

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

15 PENSION SCHEMES

Teaching Staff

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions to the TPS of £1,542,695 (2017 £1,455,563) and at the year end 2018 £130,227 was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions 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%.

Support Staff

TPT Retirement Solutions (formerly the Pensions Trust) – The Growth Plan

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

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

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

The Group paid contributions at the rate of 14.1% or 10% dependent on the employee, during the accounting period. Under current service members paid contributions at the optional rates of 6% or 7% during the accounting period. Auto-enrolment was implemented on 1 April 2014 which gave the additional option for members to pay a rate of 1% with a Group contribution of 1%. Support staff are required to notify the group if they do not wish to join this pension scheme. In addition, the School paid contributions totalling £22,137 (2017 : £21,438) in respect of the past service deficit.

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

As at the balance sheet date there were active 90 members (2017: 94) of the Plan employed by the Group and contributions paid during the year were £215,847 (2017: £193,000). The Group continues to offer membership of the Plan to its employees.

A full actuarial valuation for the scheme was carried out as at 30th September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 Apr 2016 – 30 Sept 2025	£12,945,440 p.a payable monthly and increasing by 3% each on 1 st April
From 1 April 2016 – 30 Sept 2028	£54,560 p.a payable monthly and increasing by 3% each on 1 st April

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

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

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

Present Value of Provision

	31 August 2018 £000	31 August 2017 £000	31 August 2016 £000
Present Value of Provision	<u>166</u>	<u>189</u>	<u>209</u>

Reconciliation of Opening & Closing Provisions

	2018 £000	2017 £000
Provision at start of period	189	209
Unwinding of the discount factor (interest expense)	2	2
Deficit contribution paid	(22)	(21)
Remeasurements - impact of any change in assumptions	(3)	(1)
Remeasurements - amendments to the contribution schedule		
Provision at the end of period	<u>166</u>	<u>189</u>

Income and Expenditure Impact

	2018 £000	2017 £000
Interest expense	2	2
Remeasurements - impact of any change in assumptions	(3)	(1)

Assumptions

	31st August 2018 % per annum	31st August 2017 % per annum	31st August 2016 % per annum
Rate of discount	1.68	1.2	1.08

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The Group has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2016. As of this date the estimated employer debt for the Group was £806,658 (30 September 2015: £716,577).

COLFE'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

16 CONTROLLING ENTITY AND CONNECTED PARTY TRANSACTIONS

The School is controlled by its sole member, The Leathersellers' Company which is entitled to nominate eight of the fifteen Governors. The Master of the Company is also a Governor (ex officio).

Colfe's Leisure Centre (CLS) (company number 02586190) is a subsidiary of Colfe's School. During the year there were payments made from CLS of £62,557 to Colfe's School in respect of payroll recharges and payments from Colfe's School to CLS of £5,399 in respect of goods and services paid for by the school. At the year end there was an intercompany debtor balance in the school of £38,129, (2017: £213,258) which included a charitable donation from CLS to the School of £205,563.

The School is indirectly associated with a number of charities for which the Leathersellers' Company acts as a trustee or appoints some of the trustees. Of these, Colfe's Charitable Trust, which raises monies for the benefit of the School, made grants to the School of £77,219 (2017: £75,900) in the year; and the Leathersellers' Company Charitable Fund made a grant to the School of £300,000 (2017: £312,500). As at 31 August 2018, an amount of £27,567 was due from Colfe's Charitable Trust (2017: £27,125).

The School is not aware of any related party transactions with its Governors.

17 CAPITAL COMMITMENTS

At 31 August 2018 the group had outstanding capital commitments of £1,245,000 (2017 : nil).