

Charity Registration No. 00307425

Company Registration No. 00558147 (England and Wales)

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Governors</b>	F E Dunger (Chair) C E Chaplin-Rogers P M Herring J E Hodgins C B R Howman M Le May J N Naismith A J Thould M K C Wills R P Hammond
<b>Headmaster</b>	S J Bailey
<b>Bursar</b>	C H P Gillow
<b>Charity number</b>	00307425
<b>Company number</b>	00558147
<b>Registered office</b>	Twyford School High Street Twyford Winchester Hampshire SO21 1NW
<b>Auditor</b>	Fiander Tovell LLP Stag Gates House 63/64 The Avenue Southampton Hampshire SO17 1XS
<b>Bankers</b>	Barclays Bank PLC 50 Jewry Street Winchester Hampshire SO23 8RG
<b>Solicitors</b>	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS

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**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
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**TWYFORD SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
GOVERNORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**INTRODUCTION**

The Governors of Twyford School present their Report and Financial Statements for the year ended 31 August 2016.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 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 (FRS102) (effective 1 January 2015)."

**STATEMENT OF GOVERNORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS**

The Governors (who are also directors of Twyford School for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping proper accounting records that 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

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

**CHARITABLE STATUS**

The Company is a registered charity, registered number 00307425.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charity is a company limited by guarantee, company number 00558147. The objects are set out in the Memorandum of Association dated 2 December 1955 as amended by Special Resolution on 21 November 2003, 8 December 2006 and 29 January 2009 respectively.

# **TWYFORD SCHOOL**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **GOVERNORS' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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The members of the Governing Body during the year, who are directors of the company for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of the Charities Act 2011, are disclosed on the Reference and Administrative Details on page 1 of the Governors' Report. The Governors give of their time to the School gratuitously. Governors may reclaim expenses under the terms of the Memorandum of Association.

The Governors are from a variety of professional backgrounds and skills including education, finance, property and law. The Board of Governors considers that it has the necessary combination of skills to be able to establish the general policies of the School, to monitor the effective performance of the Headmaster and Bursar and for the prudent management of the Charity.

The Articles of Association of the charitable company contain provisions which enable the Board to seek new Governors who may have relevant skills and experience and can devote time, wholly unpaid, to the affairs of the Charity and School. The Board aims to achieve an appropriate balance of skills, age and gender so that all aspects of the School are represented on the Governing Body. New Governors are supported by appropriate induction material and an initial briefing by the Chairman and Bursar. An on-going programme of training is in place for all Governors.

The Governing Body delegates responsibility for day to day management, within the Scheme of Governance and other policies and budgets set, to the Headmaster and Bursar. However, Governors are also available to assist the School's Senior Management Team with appropriate involvement in issues such as child protection, boarding, health and safety, building contract tendering, financial matters and to meet the Staff periodically. The Board is also supported by professional advisers and independent auditors.

The School is subject to inspection by the Independent Schools' Inspectorate.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects**

The objectives of the charity are to advance education by the provision in the United Kingdom of a day and/or boarding school or schools for boys and girls and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

Twyford School is a preparatory day and boarding school for boys and girls and currently educates boys and girls from three to thirteen years old.

#### **Education Policy**

Twyford School is a co-educational family-orientated school with the emphasis on good manners, high personal values and caring for others. As a Church of England school, Twyford welcomes and respects families from other faiths.

Competition and choice from other good schools offers a constant stimulus to quality, value and efficiency.

Outdoor pursuits have been developed with each year group enjoying a residential trip away from the School as part of their broader education. Families unable to pay their fees have been assisted by a small number of bursaries.

#### **Public Benefit**

We have referred to the advice contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set.

The School provides bursaries up to 100% bursaries of fees for children of parents in financial hardship.

The main beneficiaries are current pupils, but the School also undertakes educational activities for the community. In the shorter term, the majority of pupils pass on to senior schools which are also academic charities, thus benefiting from Twyford's mission as a preparatory school so that pupils can gain maximum benefit in their final school years. Twyford School benefits the wider community in several ways: Hampshire

# **TWYFORD SCHOOL**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **GOVERNORS' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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County Cricket Club in their development of girls' cricket; Twyford Cricket Club use School facilities; and local schools use the swimming pool, sports fields, sports hall and library. Joint lessons have been held with Twyford St Mary's Primary School, Kingsworthy Primary School, Droxford Primary School and Freegrounds Primary School when authors of children's books have visited. The local community have used School facilities for fundraising events over the year.

#### **STRATEGIC REPORT**

##### **Achievements and Performance**

All Year 8 pupils succeeded in meeting entry requirements to their senior schools as well as a creditable number of scholarships. In our music and drama we were as active and successful as ever, with productions for audiences for every year group from Year 4 to Year 8 enjoyed by all. More than 20 children performed alongside the professional orchestra and cast at Grange Park Opera. More than 50 musicians have performed in concerts for soloists, as well as in the Wind Band, Orchestra, and Jazz Band. Our sport is characterised by a very busy fixture list.

Our community is made up of teachers and pupils, but also of our parents. They have continued to support the school very strongly, and the Governors and staff are most appreciative of the Twyford Parents Association (TPA) Committee and all those who have given their time, energy and expertise to such incredible ventures as Twyford's Got Talent, Twyford Fireworks, and the Extravaganza. Through the generosity of the parent body we make a range of improvements for the benefit of pupils. The Year Representatives should also be recognised for the fantastic work they do in helping settle in new families among us. This is one of the most important and effective parts of the TPA operation.

##### **Financial Review**

99% (99% in 2015) of our revenue expenses in the year and all of our capital expenditure were spent on education. Governance costs have been maintained at less than 1% of school operating costs and the Governors act on a pro bono basis. Fees paid by parents are calculated to recover these revenues and capital costs, taking one year with another. The overall surplus over revenue costs was £1,025,059 (2015 - £1,124,777). This has enabled the School to continue to fund its major capital expenditure programme under the School's development plan, without recourse to borrowing.

The governors consider pupil numbers and fee income to be the key performance indicators. The School roll averaged 400 for 2015/16. Measures are being taken to maintain healthy pupil numbers in the long term. Educational fees were 2.5% higher than the prior year. The Board considers income levels to be adequate given the current development of the school.

In the opinion of the Governors the financial position of Twyford School is currently sound.

##### **Reserves**

It is the Governors' policy to maintain reserves that will permit them to maintain and develop the School's facilities for the purpose of enhancing over time its ability to meet its long term charitable objectives. To that end, the Governors seek to ensure that there are sufficient reserves to afford reasonable protection to the charity in the context of current and anticipated commitments and exposure to external and/or internal risks. The Governors review the reserves position regularly.

The free reserves are monitored termly by reference to cash flows projected to the end of the academic year and then for a further five years, with the objective of scheduling major expenditure for the School as early as possible within the funds available. Sufficient current assets are held to meet the school's short term liabilities. Most of the unrestricted reserves are represented by fixed assets, especially the School's land and buildings, as shown on the balance sheet, financed by the charity's capital.

The specific objects of restricted funds are explained in the notes to the accounts and none of the restricted funds are limited by their objects. Surpluses are reinvested to improve the School's resources. The Governors' investment powers are governed by the School's Articles of Association. These permit funds to be invested in such investments, securities or property as may be thought prudently suitable to the charity's short and long term needs.

**TWYFORD SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
GOVERNORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The level of free reserves at 31 August 2016 was £2,390,231 (2015 : £1,285,685). This included an 'operational reserve' of £1 million which equates to approximately half a term's fees and a Capital Fund in preparation for further capital investment in facilities in future years. The Governors consider this position to be satisfactory.

**Developments**

Development of the estate has continued with the addition of new facilities and improvement of existing facilities.

**Principal risks and uncertainties**

The significant risks to which the School is exposed fall into two categories – those macro risks which are largely outside its control and those which are at least to some extent within its operational control.

The main external macro risks are derived from a potential fall in pupil numbers from a significant reduction in the affordability of private education due to the economic climate.

The School's principal financial instrument is cash. The credit risk associated with cash is limited as the counterparties have reasonable credit ratings. The School has maintained a positive cash position throughout the year and the exposure to liquidity risk is considered to be minimal.

The School is therefore as well protected from exposure to risk as is possible for a school of this size.

**Plans for future periods and strategic planning**

Our strategy remains to offer top class education and to continue to develop and upgrade our facilities.

We will continue to be fundraising for further improvement in facilities and also to support the funding of places for children from poorer backgrounds.

It remains the policy not to incur debt for new developments.

**OTHER MATTERS**

**Governors' Indemnity Insurance**

The School has purchased Governors' indemnity insurance through HSBC Insurance Brokers Limited to provide cover up to £2 million.

**Investment Powers**

The charity's investment powers are governed by the Memorandum of Association. This permits funds not immediately required to be invested in such securities and investments and in such a manner as may from time to time be determined.

**AUDITORS**

The auditors, Fiander Tovell LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board of Governors at its meeting on  
and signed on its behalf by:

*26<sup>th</sup> Apr 2017*

F E Dunger  
Chair

*Finia Dunger*

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF TWYFORD SCHOOL**

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We have audited the financial statements of Twyford School for the year ended 31 August 2016 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Governors and auditor**

As explained more fully in the statement of governors' responsibilities set out on pages 1 - 4, the Governors, who are also the directors of Twyford School for the purposes of company law are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

**TWYFORD SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF TWYFORD SCHOOL**

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**Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Annual Report (including Strategic Report) for the financial year for which the accounts are prepared is consistent with the accounts.

**Paul Meacher FCA (Senior Statutory Auditor)  
for and on behalf of Flander Tovell LLP**



**Flander Tovell LLP  
Chartered Accountants  
Statutory Auditor**

*26<sup>th</sup> Apr 2017*

Stag Gates House  
63/64 The Avenue  
Southampton  
Hampshire  
SO17 1XS

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	2015 £
<b><u>Income and endowments from:</u></b>			
Donations and legacies	3	59,203	261,074
Charitable activities	4	6,514,032	6,079,144
Investments	5	14,890	12,666
Other income (non primary purpose)	6	13,270	30,721
<b>Total income and endowments</b>		<b>6,601,395</b>	<b>6,383,605</b>
<b><u>Expenditure on:</u></b>			
Charitable activities	7	5,574,076	5,256,184
Other	11	2,260	2,644
<b>Total resources expended</b>		<b>5,576,336</b>	<b>5,258,828</b>
<b>Net income for the year/ Net movement in funds</b>		<b>1,025,059</b>	<b>1,124,777</b>
Fund balances at 1 September 2015		9,151,229	8,026,452
<b>Fund balances at 31 August 2016</b>		<b>10,176,288</b>	<b>9,151,229</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

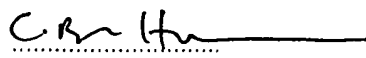
**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	12		7,983,357		8,028,344
<b>Current assets</b>					
Stocks	14	-		2,088	
Debtors	15	229,368		185,546	
Short term bank deposits		698,201		706,716	
Cash at bank and in hand		2,544,161		1,284,929	
		3,471,730		2,179,279	
<b>Creditors: amounts falling due within one year</b>	16	(1,081,499)		(893,594)	
<b>Net current assets</b>			2,390,231		1,285,685
<b>Total assets less current liabilities</b>			10,373,588		9,314,029
<b>Creditors: amounts falling due after more than one year</b>	17		(197,300)		(162,800)
<b>Net assets</b>			10,176,288		9,151,229
<b>Income funds</b>					
<u>Unrestricted funds</u>					
Designated funds	19	210,000		210,000	
General unrestricted funds		9,966,288		8,941,229	
			10,176,288		9,151,229
			10,176,288		9,151,229

The accounts were approved by the Governors on

26<sup>th</sup> Apr 2017

  
F E Dunger (Chair)  
Trustee

  
C B R Howman  
Trustee

Company Registration No. 00558147

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25		1,435,958		1,526,220
<b>Investing activities</b>					
Purchase of tangible fixed assets		(208,405)		(864,697)	
Proceeds on disposal of tangible fixed assets		8,274		500	
Interest received		14,890		12,666	
<b>Net cash used in investing activities</b>			(185,241)		(851,531)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			1,250,717		674,689
Cash and cash equivalents at beginning of year			1,991,645		1,316,956
<b>Cash and cash equivalents at end of year</b>			<u>3,242,362</u>		<u>1,991,645</u>

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1 Accounting policies**

**Charity information**

Twyford School is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Twyford School, High Street, Twyford, Winchester, Hampshire, SO21 1NW.

**1.1 Accounting convention**

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charitable company is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These accounts for the year ended 31 August 2016 are the first accounts of Twyford School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

**1.2 Going concern**

At the time of approving the accounts, the Governors have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the governors' continue to adopt the going concern basis of accounting in preparing the accounts.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the Governors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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

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

**1.4 Incoming resources**

School fees receivable comprise unrestricted funds of gross termly fees receivable less allowances made.

Boarding and Tuition Fees are included within the Financial Statements on an accruals basis. Amounts invoiced in advance are deferred and carried forward within creditors and accruals, whilst amounts due but not yet received in the year are shown within debtors and prepayments.

Donations and gifts are included within income on a receivable basis.

Additional school activities and other income is included on a receivable basis.

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

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1 Accounting policies**

**(Continued)**

Interest receivable on sums invested in bank deposit accounts is recorded gross. The Charity is not liable to tax on this income.

**1.5 Resources expended**

Resources expended are accounted for on an accruals basis. Irrecoverable VAT is included within the expenditure to which it relates.

Expenditure is analysed into such categories as to reasonably enable the user to gain an appreciation of the Charity's expenditure during the year.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include external audit, legal advice and costs linked to the strategic planning of future developments.

Liabilities are recognised within the financial statements in respect of all expenditure for which the entity has a measurable obligation, be it constructive or legal, at the balance sheet date. Any expenditure which is committed to, but not measurable at this time, is disclosed within the notes to the financial statements as a contingent liability.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property & improvements to property	equal annual instalments over 25 or 100 years
Equipment	equal instalments over 4 years
Fixtures and fittings	equal instalments over 4 years
Motor vehicles	equal instalments over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Freehold property is included in the accounts at historical cost. The Governors have decided to provide depreciation on the total cost of freehold property with no reduction in depreciable amount to reflect either the carrying value of land or the residual value of the property. To offset this, depreciation is provided over an extended period of 100 years and the property is reviewed for impairment on an annual basis. There is a continuing programme of maintenance to maintain the value of the property, and market value is considered to be in excess of net book value.

Assets under construction are stated at cost, being the total cost incurred to date with no depreciation being charged until the asset comes into full use.

Tangible fixed assets are stated at cost, being purchase price, less accumulated depreciation. A lower limit of £1,000 applies to individual items that are capitalised.

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1 Accounting policies**

**(Continued)**

**1.7 Impairment of fixed assets**

At each reporting end date, the charitable company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**1.8 Stocks**

Stocks are valued at the lower of cost, being purchase price, and net realisable value. The cost of books and teaching material is expended in the year of purchase as the realisable value once purchased is considered to be immaterial.

Stock is valued based on a first in, first out basis.

**1.9 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.10 Financial instruments**

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**TWYFORD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1 Accounting policies**

**(Continued)**

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

**1.11 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

**1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The main pension fund relating to teachers is organised through the Department for Education and Skills. Although this is a defined benefit scheme it is, like other multi-employer Government schemes, accounted for as a defined contribution scheme, as it is not possible to identify the assets and liabilities of the scheme that are attributable to the School.

All other pension arrangements are defined contribution schemes where the assets of the schemes are held separately from those of the School in an independently administered fund.

In all cases the pension cost charge represents contributions payable by the School to the fund.

**1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

**2 Critical accounting estimates and judgements**

The charity has not been required to apply any critical accounting estimates or judgements about the carrying amount of assets and liabilities within the accounts.

**3 Donations and legacies**

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	59,203	-	59,203	261,074

In the prior year, restricted donations of £212,500 were received. All donations in the current year are classified as unrestricted.

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**4 Charitable activities**

	2016	2015
	£	£
School fees receivable	6,276,405	5,868,387
Additional school activity	219,824	198,657
Ancillary income	17,803	12,100
	<u>6,514,032</u>	<u>6,079,144</u>

In both the current and prior year, this income is classified as unrestricted.

The entirety of the brought forward fees paid in advance of £399,658 has been released to incoming resources during the year.

**5 Investments**

	2016	2015
	£	£
Bank interest received	<u>14,890</u>	<u>12,666</u>

Investment income was unrestricted in both the current and comparative periods.

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**6 Other income (non primary purpose)**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net gain on disposal of tangible fixed assets	36	500
Other income	52	5,252
Rental and hiring	11,121	12,986
Commission payable	-	414
Solar Panels	2,061	11,569
	<u>13,270</u>	<u>30,721</u>

In both the current and prior year, this income is classified as unrestricted.

**7 Charitable activities**

	<b>Teaching</b>	<b>Welfare</b>	<b>Premises</b>	<b>Support</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>(see note 8)</b>	<b>2016</b>	<b>2015</b>
				<b>£</b>	<b>£</b>	<b>£</b>
Staff costs	2,926,118	140,002	115,165	386,591	3,567,876	3,402,979
Depreciation	146,481	-	98,673	-	245,154	217,696
Other	476,915	354,231	698,574	126,683	1,656,403	1,581,079
	<u>3,549,514</u>	<u>494,233</u>	<u>912,412</u>	<u>513,274</u>	<u>5,469,433</u>	<u>5,201,754</u>
Share of governance costs (see note 8)	-	-	-	104,643	104,643	54,430
	<u>3,549,514</u>	<u>494,233</u>	<u>912,412</u>	<u>617,917</u>	<u>5,574,076</u>	<u>5,256,184</u>

In both the current and prior year, all expenditure is classified as unrestricted.

Operating lease rentals included within the above comprise £24,223 (2015: £22,750) in respect of plant and machinery and £27,176 (2015: £9,295) in respect of other assets.

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**8 Support costs**

	2016 £	2015 £	Basis of allocation
Audit fees of charitable company	12,600	12,180	Charitable activities
Audit fees of other advisory services	1,036	3,704	Charitable activities
Legal and professional	40,107	21,834	Charitable activities
Consultancy	50,900	16,712	Charitable activities
	<u>104,643</u>	<u>54,430</u>	

**Support costs**

	2016 £	2015 £	
Staff costs	386,592	420,727	Charitable activities
Training	5,414	-	Charitable activities
General expenses	26,045	16,306	Charitable activities
Stationery	11,354	12,906	Charitable activities
Postage	5,109	3,608	Charitable activities
Telephone	16,375	14,728	Charitable activities
Marketing and development	47,802	69,507	Charitable activities
Bad debt	14,583	-	Charitable activities
	<u>513,274</u>	<u>537,782</u>	

**9 Governor costs**

No governor received remuneration within the year (2015: £Nil). No governors received reimbursed expenses during the current or prior year.

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**10 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	<b>Total</b>		<b>Full time equivalents</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Teaching and support	81	79	68	61
Administration / miscellaneous	14	16	10	13
Grounds and maintenance	5	5	4	4
Domestic	7	7	1	5
Matron's department	5	6	4	3
	<u>112</u>	<u>113</u>	<u>87</u>	<u>86</u>

**Employment costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,002,585	2,902,028
Social security costs	257,321	223,837
Other pension costs	307,970	277,114
	<u>3,567,876</u>	<u>3,402,979</u>

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
£90,001 - £100,000 in the year	1	1
£70,001 - £80,000 in the year	1	1

In addition pension contributions totalling £16,200 (2015: £13,589) were made in respect of the above employees.

**11 Other**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Financing costs	2,260	2,644
	<u>2,260</u>	<u>2,644</u>

In both the current and prior year, other costs are classified as unrestricted.

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**12 Tangible fixed assets**

	Freehold property & improvements to property	Assets under construction	Equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2015	8,458,896	40,408	1,043,780	123,569	59,467	9,726,120
Additions	733	16,160	85,561	105,951	-	208,405
Disposals	-	-	(12,180)	-	-	(12,180)
Transfer	56,568	(56,568)	-	-	-	-
At 31 August 2016	8,516,197	-	1,117,161	229,520	59,467	9,922,345
<b>Depreciation and impairment</b>						
At 1 September 2015	752,440	-	789,952	95,917	59,467	1,697,776
Depreciation charged in the year	84,881	-	133,085	27,188	-	245,154
Eliminated in respect of disposals	-	-	(3,942)	-	-	(3,942)
At 31 August 2016	837,321	-	919,095	123,105	59,467	1,938,988
<b>Carrying amount</b>						
At 31 August 2016	7,678,876	-	198,066	106,415	-	7,983,357
At 31 August 2015	7,706,456	40,408	253,828	27,652	-	8,028,344

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<b>13</b>	<b>Financial instruments</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	74,361	134,819
		<u></u>	<u></u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	511,984	591,742
		<u></u>	<u></u>
<b>14</b>	<b>Stocks</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Kitchen supplies	-	2,088
		<u></u>	<u></u>
	No significant amount of stock was held at the year end.		
<b>15</b>	<b>Debtors</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>		
	Trade debtors	3,738	43,060
	Other debtors	4,227	42,832
	Prepayments and accrued income	221,403	99,654
		<u></u>	<u></u>
		229,368	185,546
		<u></u>	<u></u>
	Impairment losses recognised on trade debtors totalled £14,584 (2015: £nil).		
<b>16</b>	<b>Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Other taxation and social security	74,146	64,994
	Trade creditors	145,140	254,505
	Other creditors	14,100	10,400
	Accruals and deferred income	848,113	563,695
		<u></u>	<u></u>
		1,081,499	893,594
		<u></u>	<u></u>
<b>17</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Other creditors	197,300	162,800
		<u></u>	<u></u>

Included in other creditors due after more than one year are returnable deposits to the amount of £137,400 (2015: £147,400) which are due after more than five years.

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**18 Retirement benefit schemes**

**Teachers' Pension Scheme**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £284,156 (2015: £250,057) and at the year-end £nil (2015 - £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

**Defined contribution schemes**

For support staff, £23,814 (2015: £27,057) was paid to separate defined contribution schemes, the IAPS Pension Scheme run by Scottish Widows and the People's Pension Scheme. All non-teaching staff are eligible to join these pension schemes. At the year end there were unpaid pension contributions of £395 (2015: £1,239).

**19 Designated funds**

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 September 2015 £	Movement in funds		Balance at 31 August 2016 £
		Incoming resources £	Resources expended £	
All weather Pitch	160,000	-	-	160,000
Emergency repair fund	50,000	-	-	50,000
	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>210,000</u>

i) The All Weather Pitch fund is a fund set aside by the Governors for the replacement of the all-weather pitch surface. During the year £nil (2015: £20,000) was transferred into the fund from general funds.

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**19 Designated funds**

**(Continued)**

ii) The emergency repair fund is a fund set aside by the Governors in case funding is required for emergency repair work to the school.

Transfers between funds are utilised by the Governors in order to allocate monies for future expenditure to specific projects or for specific purposes.

**20 Analysis of net assets between funds**

	Unrestricted Funds £	Designated Funds £	Total £
Fund balances at 31 August 2016 are represented by:			
Tangible assets	7,983,357	-	7,983,357
Current assets/(liabilities)	2,180,231	210,000	2,390,231
Long term liabilities	(197,300)	-	(197,300)
	<u>9,966,288</u>	<u>210,000</u>	<u>10,176,288</u>

**21 Operating lease commitments**

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2016 £	2015 £	Other 2016 £	Other 2015 £
Within one year	19,105	4,000	34,167	25,254
Between two and five years	76,420	3,000	94,558	86,486
In over five years	58,998	-	-	-
	<u>154,523</u>	<u>7,000</u>	<u>128,725</u>	<u>111,740</u>

**22 Capital commitments**

There were no capital expenditure commitments (2015: £nil) as at the balance sheet date.

**23 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel, is as follows.

	2016 £	2015 £
Aggregate compensation	<u>231,912</u>	<u>229,616</u>

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**24 Control**

Twyford School is under the control of the Governors, as detailed in the Governors' Report.

<b>25 Cash generated from operations</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Surplus for the year	1,025,059	1,124,777
Adjustments for:		
Investment income recognised in profit or loss	(14,890)	(12,666)
Gain on disposal of tangible fixed assets	(36)	(500)
Depreciation and impairment of tangible fixed assets	245,154	217,696
Movements in working capital:		
Decrease in stocks	2,088	405
(Increase)/decrease in debtors	(43,822)	35,204
Increase in creditors	222,405	161,304
<b>Cash generated from operations</b>	<b>1,435,958</b>	<b>1,526,220</b>