

**TOWER HOUSE SCHOOL LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED**  
**31 AUGUST 2013**

**REGISTRAR  
OF COMPANIES**

WEDNESDAY



A10 \*A331DIQG\* #324  
05/03/2014  
COMPANIES HOUSE



**MHA MacIntyre Hudson**  
GLOBAL EXPERTISE NATIONAL EXPERIENCE LOCAL EXCELLENCE\*

# **TOWER HOUSE SCHOOL LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The board of directors</b>	J P A. Forsyth A Hirst
<b>Board of governors</b>	J P A Forsyth A Hirst B Humber A Wilson
<b>Company secretary</b>	J P A Forsyth
<b>Registered office</b>	188 Sheen Lane London SW14 8LF
<b>Bursar</b>	Ms A Pomfret
<b>Auditor</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
<b>Bankers</b>	Barclays Bank Plc Corporate Banking Centre Onslow Hall Richmond Upon Thames Surrey TW9 1WB

# **TOWER HOUSE SCHOOL LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31 AUGUST 2013**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 August 2013

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of a pre preparatory and preparatory school. Surplus profits arising are covenanted to the parent company, The Tower House School Charitable Foundation, together with Gift Aid donations paid during the year.

### **DIRECTORS**

The directors who served the company during the year were as follows

J P A Forsyth  
A Hirst

### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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# TOWER HOUSE SCHOOL LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 AUGUST 2013

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In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors 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

### DONATIONS

During the year the company made the following contributions

	2013 £	2012 £
Charitable donations	<u>421,736</u>	<u>356,661</u>

### AUDITOR

MHA MacIntyre Hudson is deemed to be re-appointed under section 487(2) of the Companies Act 2006

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office  
188 Sheen Lane  
London  
SW14 8LF

Signed by order of the directors



J P A FORSYTH  
Company Secretary

Approved by the directors on 10/02/14

# **TOWER HOUSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOWER HOUSE SCHOOL LIMITED**

**YEAR ENDED 31 AUGUST 2013**

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We have audited the financial statements of Tower House School Limited for the year ended 31 August 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 company's shareholders 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 company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

# TOWER HOUSE SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOWER HOUSE SCHOOL LIMITED *(continued)*

YEAR ENDED 31 AUGUST 2013

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### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements


### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

12 February 2014

  
CHRISTOPHER SUTTON FCA  
Senior Statutory Auditor  
For and on behalf of  
MHA MACINTYRE HUDSON  
Chartered Accountants  
& Statutory Auditor

# TOWER HOUSE SCHOOL LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 AUGUST 2013

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	Note	2013 £	2012 £
<b>TURNOVER</b>		<b>2,151,693</b>	<b>2,098,326</b>
Operating costs		<b>(1,499,221)</b>	<b>(1,533,266)</b>
<b>GROSS PROFIT</b>		<b>652,472</b>	<b>565,060</b>
Administrative expenses		<b>(670,702)</b>	<b>(584,863)</b>
<b>OPERATING LOSS</b>	<b>2</b>	<b>(18,230)</b>	<b>(19,803)</b>
Interest receivable		<b>1,123</b>	<b>797</b>
Interest payable and similar charges		<b>(13,439)</b>	<b>(14,777)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(30,546)</b>	<b>(33,783)</b>
Tax on loss on ordinary activities		<b>—</b>	<b>—</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(30,546)</b>	<b>(33,783)</b>

All of the activities of the company are classed as continuing

The notes on pages 8 to 17 form part of these financial statements.

# TOWER HOUSE SCHOOL LIMITED

## BALANCE SHEET

31 AUGUST 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	3	1,993,719	1,753,769
<b>CURRENT ASSETS</b>			
Debtors	4	553,717	540,214
Cash at bank and in hand		258,815	502,286
		<u>812,532</u>	<u>1,042,500</u>
<b>CREDITORS: Amounts falling due within one year</b>	5	<u>(1,350,345)</u>	<u>(1,253,108)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(537,813)</u>	<u>(210,608)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,455,906</u>	<u>1,543,161</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	6	<u>(665,102)</u>	<u>(721,811)</u>
		<u>790,804</u>	<u>821,350</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10	100	100
Revaluation reserve	11	590,725	590,725
Other reserves	11	3,657	3,657
Profit and loss account	11	196,322	226,868
<b>SHAREHOLDERS' FUNDS</b>		<u>790,804</u>	<u>821,350</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 10/02/14, and are signed on their behalf by



J P A. FORSYTH  
Director

Company Registration Number 0755170

The notes on pages 8 to 17 form part of these financial statements.



**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

**Turnover**

The turnover shown in the profit and loss account represents services supplied during the year and is recognised in the profit and loss for the period to which it relates

**Depreciation**

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	- 2% on cost (land element not depreciated)
Motor Vehicles	- 25% on cost
Computer Equipment	- 20% on reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

**Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator.

Contributions to the ISPS Pension Scheme are charged to the Profit and Loss Account in the period to which they relate.

# TOWER HOUSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 1. Accounting policies *(continued)*

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Going concern

The financial statements have been prepared under the going concern concept. The parent company has indicated that it is prepared to provide such support as is necessary to enable the company to meet its liabilities as they fall due, over a period of at least twelve months from the date of approval of these financial statements.

### 2. Operating loss

Operating loss is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of owned fixed assets	47,025	47,892
Profit on disposal of fixed assets	(1,500)	—
Auditor's fees	9,861	9,418
Operating lease payments - Other	15,210	8,148

### 3. Tangible fixed assets

	Freehold Property £	Motor Vehicles £	Equipment £	Total £
<b>COST OR VALUATION</b>				
At 1 September 2012	1,622,201	14,094	646,540	2,282,835
Additions	255,416	—	31,559	286,975
Disposals	—	(14,094)	—	(14,094)
<b>At 31 August 2013</b>	<b>1,877,617</b>	<b>—</b>	<b>678,099</b>	<b>2,555,716</b>
<b>DEPRECIATION</b>				
At 1 September 2012	12,000	14,094	502,972	529,066
Charge for the year	12,000	—	35,025	47,025
On disposals	—	(14,094)	—	(14,094)
<b>At 31 August 2013</b>	<b>24,000</b>	<b>—</b>	<b>537,997</b>	<b>561,997</b>
<b>NET BOOK VALUE</b>				
<b>At 31 August 2013</b>	<b>1,853,617</b>	<b>—</b>	<b>140,102</b>	<b>1,993,719</b>
At 31 August 2012	1,610,201	—	143,568	1,753,769

**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

**3. Tangible fixed assets (continued)**

The company's freehold property was valued on 24 August 2011 by Bonsor Penningtons, Chartered Surveyors at its open market value. In the directors' opinion, the valuation of £1.6 million is indicative of the market value as at 31 August 2013. The company operates a policy of revaluing the freehold property every five years.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2013 £	2012 £
<b>Net book value at end of year</b>	<b><u>1,853,617</u></b>	<b><u>1,610,201</u></b>
<b>Historical cost</b>	<b><u>1,223,875</u></b>	<b><u>968,459</u></b>
<b>Depreciation:</b>		
At 1 September 2012	213,633	194,708
Charge for year	<u>24,478</u>	<u>18,925</u>
At 31 August 2013	<u>238,111</u>	<u>213,633</u>
<b>Net historical cost value:</b>		
At 31 August 2013	<u>985,764</u>	<u>754,826</u>
At 1 September 2012	<u>1,010,242</u>	<u>773,751</u>

**4. Debtors**

	2013 £	2012 £
Trade debtors	521,882	503,510
Other debtors	1,545	—
Prepayments and accrued income	<u>30,290</u>	<u>36,704</u>
	<u>553,717</u>	<u>540,214</u>

**5. Creditors: Amounts falling due within one year**

	2013 £	2012 £
Bank loans	67,244	65,847
Trade creditors	50,825	32,806
Amounts owed to group undertakings	383,595	320,573
Other creditors including taxation and social security		
Payments received on account	738,484	720,198
PAYE and social security	30,537	—
Other creditors	17,161	17,428
Accruals and deferred income	<u>62,499</u>	<u>96,256</u>
	<u>1,350,345</u>	<u>1,253,108</u>

**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**6. Creditors: Amounts falling due after more than one year**

	2013 £	2012 £
Bank loans and overdrafts	524,352	591,416
Other creditors	140,750	130,395
	<u>665,102</u>	<u>721,811</u>

The bank loans provided to the company by Barclays Bank Plc are secured by a fixed and floating charge over the assets of the company, including the properties at 28 Sheen Gate Gardens and 188 Sheen Lane, London

Included within creditors falling due after more than one year is an amount of £208,105 (2012 £275,168) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

**7. Pensions**

The School participates in the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government would be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme - Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

On 31 January 2013, the Department for Education published the outcome of the consultation on further contributions increases that will apply to members of the TPS in the financial year 2013-14 as well as the removal of provisions governing scheme valuations and cap and share arrangements. A revised eight tier salary and employee contribution rate structure has been introduced from 1 April 2013 with employee rates varying between 6.4% and 11.2%. Employer contributions will continue for this period at the current rate 14.1%.

On 25 April 2013 the Public Service Pensions Act 2013 was enacted and provides the arrangement for managing the future TPS costs, including a requirement for scheme regulations which must set an employer cost cap which will be required to be in accordance with Treasury directions.

In light of the new arrangements for setting contribution rates the Government has concluded that there is now no need to carry out the currently suspended TPS actuarial review or the cap and share processes.

**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**7. Pensions (continued)**

**ISPEN Pension Scheme**

Tower House School Limited participates in the ISPEN Pension Scheme. The ISPEN Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to 31 August 2006. From September 2006 there are three benefit structures available, namely:

- Final salary with a 1/60th accrual rate
- Final salary with a 1/80th accrual rate
- Career average revalued earnings with a 1/80th accrual rate

An employer can elect, to operate different benefit structures for different categories of staff.

Tower House School Limited has elected to operate a Final Salary 1/60th accrual rate benefit scheme for Category A members as at 31 August 2013.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the company paid a joint contribution rate of 24.5% comprising employer contributions of 18.1% and member contributions of 6.4%.

As at the balance sheet date there was 1 active member of the Scheme. The company continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £119.4 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £41.8 million, equivalent to a past service funding level of 74%.

**TOWER HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

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**7. Pensions (continued)**

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £138.4 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £54.6 million, equivalent to a past service funding level of 72%. Annual funding updates of the Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the Scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation, the notes relate to the formal actuarial valuation as at 30 September 2011.

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

	% pa
- Investment return pre retirement	7.0
- Investment return post retirement - non pensioner	4.2
- Investment return post retirement - pensioner	4.2
- Rate of salary increase	3.0 for 2 years then 4.4
<b>Pension Increases</b>	<b>% pa</b>
- Limited price indexation (5% cap)	2.4
- Limited price indexation (3% cap)	2.0
- Limited price indexation (2.5% cap)	1.9
- Rate of price inflation	2.4

The valuation was carried out using the SAPS (Self Administered Pension Schemes) all pensioners, year of birth, mortality table using the Long Cohort projection with long term improvement rates of 1.5% per annum for males and 1.25% per annum for females. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-Pensioners	25.6	27.0
Pensioners	23.3	25.0

**TOWER HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

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**7. Pensions (continued)**

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 <sup>th</sup> accrual rate	24.5 prior to 1 September 2013, then 19.5
Final salary with a 1/80 <sup>th</sup> accrual rate	20.2 prior to 1 September 2013, then 14.6
Career average revalued earnings with a 1/80 <sup>th</sup> accrual rate	Employer 13.5 prior to 1 September 2013, then 9.4 Member Age-related (age divided by 10)
Career average revalued earnings with a 1/200 <sup>th</sup> accrual rate	9.5 from 1 September 2013

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £54.6 million would be dealt with by the payment of deficit contributions of £3.47 million per annum from 1 September 2013 to 31 August 2016. From 1 September 2016 to 31 August 2026, deficit contributions of £3.34 million per annum will be required. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

The employer and employee contribution rates for 2013 will be 14.1% and 6.4% of pensionable salaries respectively.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 5.0% (prior to 1 September 2013) to reflect the higher costs of a closed arrangement. From 1 September 2013, the additional employer contribution loading will be 3.2%.

A small number of employers are required to contribute at a different rate to reflect the amortisation of surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into The Independent Schools' Pension Scheme.

New employers joining the Scheme pay contributions at the joint future service contribution rate; this rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable.

New employers also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership. This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between the ISPEN Pensions Committee and the Scheme Actuary.

**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**7. Pensions *(continued)***

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an ongoing funding basis, by 31 August 2026.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). In relation to the 30 September 2011 valuation, the Regulator has confirmed that he does not intend to take any Scheme Funding Action.

Following a change in legislation in September 2005 there is potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

The total pension charge for the year includes contributions payable to both schemes of £140,043 (2012: £143,975).



**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**8. Commitments under operating leases**

At 31 August 2013 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within 2 to 5 years	<b><u>16,477</u></b>	<b><u>8,535</u></b>

**9. Related party transactions**

During the year, the company entered into the following transactions with The Tower House School Charitable Foundation ("the Foundation") in which both the directors of the company have an interest as they are also trustees of that charity

Expenses of £2,053 (2012 £1,934) have been paid on the Foundation's behalf which are repayable

Gift aid donations amounting to £421,736 (2012 £356,661) were paid during the year to the Foundation by Tower House School Limited

At the year end £383,595 was owed to the Foundation (2012 £320,573)

**10. Share capital**

**Authorised share capital:**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
100 Ordinary shares of £1 each	<b><u>100</u></b>	<b><u>100</u></b>

**Allotted, called up and fully paid:**

	<b>2013</b>		<b>2012</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
100 Ordinary shares of £1 each	<b><u>100</u></b>	<b><u>100</u></b>	<b><u>100</u></b>	<b><u>100</u></b>

**TOWER HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**11. Reserves**

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	590,725	3,657	226,868
Loss for the year	—	—	(30,546)
Balance carried forward	<u>590,725</u>	<u>3,657</u>	<u>196,322</u>

**12. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £434,200 (2012 £36,713)

**13. Ultimate parent company**

The company's ultimate parent and controlling party is The Tower House School Charitable Foundation, a charity and company limited by guarantee, registered in England and Wales