

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Annual report

For the year ended 31 August 2019

Charity number - 517523

Registered Number - 2010493



**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**  
**Annual report**  
**For the year ended 31 August 2019**

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# **Queen Margaret's School, York Limited**

## **(A Company Limited by Guarantee)**

### **DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2019**

The Governors of Queen Margaret's School ("the School") are the School's charity trustees under charity law and are the directors of the charitable company, Queen Margaret's School, York Limited. The members of the Board of Governors who served in office during the year are detailed below. All served throughout the year unless otherwise indicated. All are members of the main Board and also of one of the Board's committees as indicated.

#### **GOVERNORS**

##### Chairman of the Board

Mrs C J Bayliss (Education Committee)

##### Business Committee

Mr N F H Corner (Chairman)

Mrs S A King (Until December 2018)

Mr J D Hoddinott

Mr M Stripe (appointed 25 March 2019)

##### External Relations Committee

Mrs A M Morley (Chairman)

Dr E J Peart

Mrs C H Stoker

##### Education Committee

Mrs C D Granger (Chairman)

Mr R J Morse

Mrs C J Bayliss

##### Pastoral Committee

Mrs K Preston (Chairman) (Retired December 2018)

Mrs S A King (Chairman) (From December 2018)

The Hon Mrs A L Forbes

Ms C A Fairley (From March 2019)

#### **Officers of the School**

Head	Mrs S J Baillie BA (Hons) Leicester PGCE (From 1 September 2019)
	Mrs J M Miles MA (Oxon) PGCE (Until 11 April 2019)
Acting Head	Mr L Fox MA (Rostock) (From 12 April 2019 until 31 August 2019)
Bursar	Mrs E S Raper BSc (Nottingham) ACA
Senior Deputy Head	Mr L Fox MA (Rostock)
Clerk to the Governors	Mr DT King LLB

#### **Principal Address and Registered Office**

Escrick Park  
York  
YO19 6EU

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**  
**ADVISORS**

**Auditors**

Crowe U.K. LLP  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

**Bankers**

Barclays Bank plc  
25 James Street  
Harrogate  
HG1 1QX

Yorkshire Bank plc  
46 Coney Street  
York  
YO1 1NQ

**Solicitors**

Crombie Wilkinson Solicitors LLP  
19 Clifford Street  
York  
YO1 9RJ

**Insurers**

Marsh Brokers Ltd  
Education Practice  
Capital House  
1-5 Perrymount Road  
Haywards Heath  
West Sussex  
R16 3SY

**Website**

[www.queenmargarets.com](http://www.queenmargarets.com)

# **Queen Margaret's School, York Limited (A Company Limited by Guarantee)**

The Board of Governors of Queen Margaret's School presents its Annual Report for the year ended 31 August 2019 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.

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

The School was founded in Scarborough in 1901. Until 1986 the School was part of the Woodard Foundation, in that year the School became an independent entity. It is constituted as a company limited by guarantee registered in England, No 2010493, and is registered with the Charity Commission under Charity No 517523.

Details of the members of the Board of Governors, together with the School's officers and principal advisors are set out on pages 1 and 2.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Documents**

The School's governing documents are its Memorandum and Articles of Association dated 15 April 1986 and last reviewed and updated on 12 May 2005.

### **Governing Body**

The Board of Governors is a self-appointing body. The number of Governors serving on the Board is not subject to a maximum but is required to be not fewer than three. At each Annual General Meeting ('AGM') one-third of the Board of Governors retire by rotation, with those Governors with the longest period in office since their last appointment retiring first. In addition, all new Governors appointed at or in the period since the last AGM hold office only until the next following AGM and if not reappointed at that AGM are required to vacate office at the end of the meeting.

Retiring Governors may stand for re-election for a further term in office, with no limit placed on the number of times that a Governor can be re-elected. However, the expectation in practice is that a Governor, other than the Chairman, will serve two terms only and will, in any event, place his or her resignation at the disposal of the Chairman at the end of the second term.

### **Recruitment and Training of Governors**

New members of the Board are elected on the basis of nominations from the current Governors based on the candidates' professional qualities and experience. The Board conducts regular audits of the skill sets represented on the Board to ensure that there is a balanced membership with an appropriate range of skills, interests and experience. A balance is maintained between Governors who are current parents and those who are not.

New Governors are provided with a range of information in relation to the workings of the School and the responsibilities of becoming a charity trustee. The information that is provided is a combination of official Charity Commission, Association of Governing Bodies of Independent Schools (AGBIS) and School documents. The opportunity to attend training by industry competent bodies, including AGBIS, is offered and Governors are encouraged to attend. All Governors are expected to complete AGBIS on-line training on safeguarding children. The Clerk to the Governors maintains a record of training undertaken by the Governors.

# **Queen Margaret's School, York Limited**

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### **Organisational Management**

Each Governor is made a member of one of four committees: Education, Pastoral, External Relations, and Business, with each committee having defined terms of reference. These committees meet once each term and their meetings are attended by representatives of the Senior Leadership Team (as to which see below) and other members of the School community as appropriate. The main Board meets once each term; the full Board meetings being preceded by the meetings of each of the four committees. Additional meetings may take place at the discretion of the Board.

The Education Committee is concerned with the quality of education provided at the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 are met and exceeded. The committee considers the School's academic offering and outcomes together with the provision made by the School to ensure the spiritual, moral, social and cultural development of pupils in the School. It approves the curriculum and the plan of day and sets academic targets for both results and, importantly, the value added to be achieved by the School and monitors delivery of these. It spends a similar amount of time reviewing the provision made for the pupils outside the classroom. During the year the Education Committee was chaired by Claire Granger.

The Pastoral Committee concerns itself with all aspects of pastoral care in the School, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding are met and exceeded in relation to the welfare, health and safety of the girls with a strong focus on safeguarding. It receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and girls' Discipline Policies. It has responsibility for ensuring that the premises and accommodation at the School are of a high standard and for all aspects of the School's boarding provision including food and weekend activities. During the year the Pastoral Committee was chaired by Kate Preston until December 2018 and thereafter by Sue King who has also assumed special responsibility for safeguarding. The Board would like to record its sincere thanks to Kate Preston for her unstinting service to the School and in particular for her work as Safeguarding Governor.

The External Relations Committee maintains a strong focus on such areas as the marketing of the School and ensuring that there is an efficient and effective recruitment and admissions process. The Committee has oversight of the School's delivery of its public benefit requirement. It looks to ensure that there is appropriate forward planning; that the School has a clear, deliverable Strategic Plan that is regularly reviewed and updated. It leads on areas such as alumnae relationships and relationships with friends of the School. The External Relations Committee has progressed the development of the Queen Margaret's Foundation as to which see below. The External Relations Committee was chaired during the year by Anna Morley.

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on termly and annual budgets and monitoring performance. It considers planned capital expenditure and advises on this issue to the Board. It is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. The Business Committee was chaired during the year by Nigel Corner.

Day to day running of the School is delegated to the Head supported by the Bursar, the Senior Deputy Head and the Clerk to the Governors (who is also Director of Administration and Compliance); together this group are the key management personnel. In this year they were supported by the Deputy Head (Academic), and the Directors of Boarding and External Relations; the group together making up the Head's Senior Leadership Team (SLT).

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The Board sets the salaries of the key management personnel directly. The Board sets funding levels and provides direction as to remuneration of the remainder of the staff, having regard to the overall financial position of the School, whilst leaving an element of discretion to the Head as to how individual roles are remunerated and how any funds allocated for salary increases are applied. The policy objective in doing so is one of ensuring that the School can attract and retain inspirational staff. The Board gives careful consideration to benchmarking data including appropriate comparisons with other independent schools to make sure that levels of staffing and staff remuneration do not become significantly out of line with those prevailing elsewhere.

The role of the Head and the SLT and the performance of the School staff are key to ensuring delivery of the Board's strategic vision for the School. Staff costs are, inevitably, the largest single element of the School's charitable expenditure.

### **Employment Policy**

The School's Recruitment Policy, which is available on its website, makes it clear that the School is committed to operating fair recruitment practices that will avoid discrimination on the grounds of race, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation. A transparent and open recruitment process is followed with the scope for reasonable adjustment to ensure parity of treatment for all applicants.

Bi-termly staff meetings are held at which staff members are invited to set the agenda, to facilitate open communication. Two staff representatives act as the voice of the staff room. Weekly staff briefing meetings are held each Monday in term time with the minutes of those meetings being distributed to all staff by email. Before the start of each term reports are given to staff members at a staff meeting that includes information about changes to policies, whole staff training together with the financial and economic performance of the School. This is attended and addressed by the Chairman of the Board at the start of the School year.

### **Investment Policy**

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's moneys not immediately required for its purposes in such investments, securities or property as the Governors think fit.

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

### **Charitable Objects**

The objects of the Charity as contained in the Memorandum of Association are the advancement of education generally and, in particular, the education and training of pupils at Queen Margaret's School, York. The Board has set a Strategic Plan to ensure delivery of those objects which is kept under review and appears on the School website as Strategic Plan – Our Journey to 2022.

### **WHY QUEEN MARGARET'S EXISTS**

Queen Margaret's exists to provide a holistic education, underpinned by warm-hearted pastoral care, inspiring every girl to develop and flourish in a safe and happy boarding environment, empowering her to achieve her life, academic and career aspirations.

# **Queen Margaret's School, York Limited**

## **(A Company Limited by Guarantee)**

### **OUR AIMS**

QM is a forward-thinking school for girls who aspire to be leaders in every walk of life. QM girls take advantage of our vibrant and complementary programme of studies and activities. In doing so, they will:

- Achieve excellence inside and outside the classroom
- Develop an enthusiasm for independent thought, learning and research
- Grow with emotional maturity, social awareness and respect for individuality and difference
- Forge special friendships that will stay with them for the rest of their lives
- Be interesting, well-informed, happy and confident members of the community

### **OUR VALUES**

- Commitment and Excellence
- Honesty and Openness
- Bravery and Resilience
- Kindness, Respect and Tolerance
- Friendship, Fairness and Fun

### **OUR VISION**

To be at the vanguard of girls' independent boarding education and a natural choice for girls and parents alike in the UK and beyond.

The School has a policy of making available both means tested bursaries and Head's awards to ensure that, as far as reasonably possible, girls who would benefit from a Queen Margaret's education and who will contribute to the School are able to do so.

In furtherance of this vision, the Governors, as charity Trustees, have complied with the duty set out in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

### **Principal Activity**

The School's primary activity is the provision of education to girls aged between 11 and 18 at its site at Escrick Park.

### **Public Benefit**

The outstanding academic and all-round education given to the girls attending the School is our principal charitable activity. The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School to enable them to benefit from that education amounted to £753,000 (2018: £839,000) this benefited 81 (2018: 90) girls throughout the School.

In our Strategic Plan we said that we would review our approach to bursaries and ensure that our charitable objectives are appropriate and met. The Governors have concluded that the School should be aiming to provide at least one further 100% transformational bursary to a girl who will benefit from a QM education and will contribute to the School but whose financial circumstances preclude her from doing so. To that end, the School is now in the process of gaining accreditation with an external agency that is qualified to help identify such a prospective pupil and provide her with guidance and support during her time at QM.



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As indicated above the School's policies regarding grants and bursaries enable the Governors and School to grant fee remissions for a number of reasons; as means tested bursaries, in connection with scholarships for special talent (these do not always carry a direct fee remission but will always bring with them some benefit for the recipient), to support the daughter(s) of an employee and also in circumstances where there is more than one girl from a family in the School. Overwhelmingly, the remissions are used to provide means tested bursaries that are awarded subject to and following independent scrutiny by an external organisation. The Governors are proud that Queen Margaret's is making a contribution in this way and that it is in line with or marginally more generous than the evidence indicates is the average in the independent sector.

The Governors' commitment to the provision of greater financial assistance to relieve hardship where a girl would benefit from a Queen Margaret's education, has led the Board to determine that as the Queen Margaret's Foundation develops a significant part of its role will be to raise and hold funds that will further support means tested bursaries.

The School continues to play a significant role in the community of which it forms a part, delivering a charitable benefit in addition to that achieved through the provision of bursaries. Some examples of this follow. Our local primary school is provided with free use of the School's swimming pool, theatre and chapel and are routinely invited to the School plays. A local football club for groups of children aged from under 8 up to under 14 use our new Astroturf pitch for training at a discounted rate and similar discounted arrangements are made for local swimming clubs to use the School's pool for lessons and practice. We provide discounted use of the School's equestrian facilities to enable a charity that is committed to providing life-changing experiences for disabled children and adults to use those facilities to hold a summer camp.

Staff members are encouraged to consider how they can use the School's facilities and their expertise appropriately to benefit others outside the School community. Examples of successful action include our Drama Department hosting a visit from children from an Academy School during which they watched a School production followed by a workshop provided by the Head of Drama. The department head set up North Yorkshire Drama Teacher's working party which allows Drama teachers from ten schools to work together to share good practice and to benefit from our Drama resources.

The School is committed to building on and extending this work as relationships with local schools and institutions develop.

# **Queen Margaret's School, York Limited**

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### **STRATEGIC REPORT**

#### **OVERVIEW**

In April and May 2019 the School underwent a three day combined Regulatory Compliance Inspection and Educational Quality Inspection by the Independent Schools Inspectorate (ISI). The Board expected the School to be in a position to demonstrate that it met all of the regulatory requirements set for it and was content that the Inspectors found that it does. The Board was delighted by the Inspectors' findings (in their Educational Quality Report) that the quality of the pupils' academic and other achievements at QM is excellent and that the quality of the pupils' personal development is also excellent. Excellent is the highest descriptor that the Inspectors are able to use in their headline judgments of a school. There is much in the detail of the report that highlights the excellent work that is going on both inside and outside the classroom in our School; Governors were especially pleased to note the contribution that their boarding experience makes to pupils' increasing feelings of confidence as they move through the School. The Board is proud of the report and of the School that the report describes.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **Academic**

Our aims include the aim that our pupils will achieve excellence inside the classroom and that they will develop an enthusiasm for independent thought, learning and research. The ISI Inspectors noted that pupils at QM display very positive attitudes to learning and are highly motivated to succeed because teachers and leaders have consistently high expectations of what pupils can achieve.

The very high standard of results achieved by our girls at both GCSE and A Level once more reflects the determination of our staff to deliver those goals. The headline results at GCSE are that 58% of all entries received a grade 7 or above or a grade A or A\*; this compares with a national figure for girls in England of 24%. Since 2014, there has been an increase year on year on the number of grades achieved at 8/9 and A\*, increasing from 27% of the total to 41%. 97% of the pupils who took five or more GCSEs gained at least five 9 to 4 grades.

At A level and in Pre U examinations pupils also achieved superb results. The girls achieved a 99.5% overall pass rate with 41% of girls achieving A\* to A grades (including D1 to D2 at Pre U) and 54% of all girls achieved three or more of A\* - B grades. One pupil entered the Advanced Extension Award in Mathematics this year and achieved the top mark – a Distinction.

As a result of their hard work and talent and outstanding teaching, girls obtained places at a wide range of universities to read a wide range of subjects, with, as in previous years, a significant proportion going to Russell Group universities. This year Newcastle University has proved the most popular choice (five girls) with three each going to Kings College London and the University of Exeter. Others will follow after a gap year. They all leave Queen Margaret's with the School's congratulations and warmest best wishes.

The Governors' Education Committee carries out a detailed scrutiny of the examination results and works with the Head and Deputy Head (Academic) to ensure that it has a detailed and comprehensive understanding of the performance of each academic department in the School. It sets demanding but achievable academic targets. It tracks performance against those targets and develops an understanding of the academic achievement of schools with which it would wish Queen Margaret's to be compared and considers the School's performance against the performance of those comparator schools.

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### **Outside the classroom**

Our aim is that girls also will achieve excellence outside the classroom and develop an enthusiasm for independent thought, learning and research. We can report significant success on the part of our pupils. The girls have been provided with a hugely varied programme to complement their formal learning. Over the year, 59 pupils took grade examinations in a range of musical disciplines with an impressive 71% being awarded Distinction or Merit. 26 pupils have taken examinations at the London Academy of Music and Dramatic Art (LAMDA) with over 88% of passes being achieved at Distinction or Merit. 43 girls took examinations in Tap, Modern or Ballet at the Imperial Society of Teachers of Dance and again over 88% of the grades achieved were Distinction or Merit. An EPQ is an independent research project that involves writing an essay of 5,000 words or creating a product, which might be anything from an art object to an iPhone app. Four girls completed and passed the EPQ, all achieving a high standard. Girls have achieved Extended Certificates in Professional Cookery (Leiths), Level 3 Higher Sports Leaders' qualification, Lifeguarding and AED training, Bronze Arts Awards and other qualifications and awards. 20 girls have entered for the Duke of Edinburgh's Bronze award and 31 for the Gold, the process is ongoing, and to date 35 entrants have completed their programmes successfully.

Throughout the year girls have participated in a range of trips and activities, examples include a six day adventure to Salamanca, hosting the National Council of Young Women conference, a Classics trip to London, taking part in a Physics Olympics, Chemistry Olympiad and a Maths Challenge, and a weeklong Tennis trip to Portugal.

Drama, Dance and Music flourish at Queen Margaret's. The School has been shortlisted in the Performing Arts School of the Year category of the Independent School of the Year Awards 2019. Noteworthy is the reference to the School's ability to focus on girls' individual talents as well as create group performances of the calibre and breadth more usually seen in a much larger school. Warmly received performances of *Blue Stockings* and *Hetty Feather* provided the clearest evidence of talent being nurtured to great effect. The Dance Show, *When you wish upon a Star*, a Disney dream sequence which transported the audience to a world of magic and make believe, was a perfect showcase for the variety and excellence of Dance at QM. In addition to the success in examinations noted above our musicians are provided with regular opportunities to perform both inside and outside the School.

Sport is integral to the life of QM. Queen Margaret's, once more remains the best Lacrosse school in the North East of England. Throughout the two seasons Hockey, Lacrosse, Tennis and Netball is played competitively at the highest level with matches played home or away against other schools virtually every weekend. We hosted the North Schools Lacrosse Tournament. Our U18, U15 and U13 Tennis teams competed in the Independent Schools Tennis Tournament at Eton. Girls have performed at very high levels in equestrian sports, among a range of achievements by our pupils one was selected to represent Great Britain at the FEI European Championships for Ponies in Poland. QM girls have been selected to play County Hockey and for the England Lacrosse Academy and the Regional Lacrosse Academy. We provide such a range of sporting opportunities that we are confident that sport for all can be reality at QM.

We said that we would maintain and develop the facilities and fabric of the School. We have made available capital to continue prudent investment in capital projects and in our infrastructure. We have maintained our investment in Information Technology and in the upgrading of boarding accommodation. The annexe to Carr House has been extensively refurbished to provide first class study bedrooms for Upper VI girls as Taylour Cottage. We will continue a programme to ensure that our boarding accommodation is of the highest contemporary standard. This year Carr House has been taken out of use and will undergo extensive changes. We have maintained and implemented a demanding programme of repair and maintenance to keep our built environment in the best possible condition.

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We said that we would establish and embed a culture of philanthropy within the School community to enhance facilities and infrastructure, and further support the provision of bursaries. Work has progressed steadily towards the launch of the Queen Margaret's Foundation, the purpose of which is to raise funds to support present and future generations of pupils at Queen Margaret's School and to invest in School facilities, educational programmes and to fund means tested scholarships and bursaries. We now have a team of Trustees in place to lead in that work.

### **FUNDRAISING PERFORMANCE**

The Board's focus on Development is a significant part of the School's strategy to deliver our objectives into the future. During the year, further investment was made with the aim of strengthening the links with the whole QM Family and further enhancing our fundraising capability. There are no external professional or commercial fundraising organisations used and so no monitoring processes are required. The School has not subscribed to the Fundraising Regulator but will do so as our Development activities increases. The School does adhere to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the School in relation to fundraising activity. The School takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the School's approach to fundraising activity.

As in the previous year we have carried out an Annual Fund appeal to enable the School to provide additional resources for our pupils, as a consequence of support given to that appeal we will shortly begin work to improve the facilities at Cellars for the Sixth Form. The Leaver's Appeal will shortly be closed for the year, although we did not achieve the same degree of success as last year around a further £27,000 has been added to the bursary fund. A Legacy campaign is in the course of planning.

### **FINANCIAL REVIEW**

#### **Results for the Year**

In what the Governors anticipated would be a challenging but deliverable budget, as indicated in last year's Annual Report, a result was targeted that would ensure that the School was cash generative before depreciation is taken into account. The overall result for the year being a deficit of £41,000 (2018: deficit £156,000) is in line with that objective. The Board has set the School on a trajectory towards achieving investment surpluses in the future that will contribute to the long term sustainability of the School.

#### **Reserves Level and Policy and Financial Viability**

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent boarding, educational and enrichment services to its girls. As a result, the majority of the School's reserves are invested in tangible fixed assets. The Governors' policy is to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner. In order to achieve this, the Governors are aware that future surpluses will need to be generated such that the School can meet the financing of the bank borrowings, make repayments of capital in accordance with the terms of the bank facility and fund appropriate capital expenditure to maintain and improve the School's operational environment. The Governors will continue to monitor and review their policy on reserves in conjunction with the Company's indebtedness.

The School's total reserves are £5.6m (2018: £5.6m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£4.5m (2018: -£4.3m). Since 2011 the reserves have been maintained in line with the overall policy with free reserves increasing by £0.3m. The Board is content that the approach to reserves is a reasonable response to the School's current position. The Board has determined that the School should have as a target the generation of investment surpluses of 12% over the medium to long term. Given that the School's capacity to generate fundraising surpluses is, as yet, very limited and, in the absence of investments or other sources of income that will generate a structural surplus the School will have to generate operating surpluses as the principle means of achieving that target over the coming years, supplemented by increasing

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trading surpluses in line with our strategy With that in mind, the Board has targeted an investment surplus of 5% of net fee income, increasing by 0.5% over the next five years.

The School's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the School's overall objectives. These restricted funds currently attract income in the form of interest by means of a reduction in the School's borrowing facility. The Governors, in consultation with the donors of the money where appropriate, continue to evaluate the best way to make appropriate use of these restricted funds.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be a major risk faced by the School. The Board recognises that fee increases must be firmly controlled in the years to come.

In the year 2018/2019 the average School Roll was 260 girls of whom 178 were boarders. In September 2019 the starting roll was 260 girls. This represents a departure from recent years when there has been a year on year decline in numbers. In part, the Board has attributed that decline to external difficulties in the sector and in part to changes in leadership in the School. Mrs Sue Baillie took up the Headship of the School in September 2019. Mrs Baillie has significant senior leadership experience in all girls' schools and in boarding and is ideally qualified to lead the School. The Board has reason to be confident that the trend towards a reduction in the School roll has now been arrested and that strategies are in place that will lead to a gradual increase in those numbers towards the size and shape of the School that they have determined is both desirable and achievable. Queen Margaret's will, quite deliberately, always be a small school with all of the advantages that come with that. The Board has been careful to ensure that, as far as practicable, the School's cost base reflects its size and is satisfied that the School has a vibrant and sustainable future.

However, the Board recognises that there is a risk, if matters are not effectively addressed, of failing to generate investment surpluses to provide for the long term sustainability. The Governors have a clear strategy in place to deal with this. The trajectory will be towards the Board's aim of an investment surplus (net total surplus before depreciation as a percentage of net fee income) of circa 12%. The essential features of the plan are the successful implementation of recruitment strategies, control of the cost base and the progress of steps towards generating fundraising and trading surplus.

There remain risks that are common to the sector that the Board has in mind, including the overall issue of affordability, the impact on our cost base attributable to increases already imposed in contributions to the Teachers' Pension Scheme and potential future changes to those contributions, and changes in the political environment that may result in, for example the loss of discounted business rates for charitable independent schools or the imposition of VAT on school fees.

The risks of a safeguarding failure resulting in emotional or physical harm to a pupil, of a failure of strategic direction, of inability to recruit girls to the planned shape of the School and of School data falling into the wrong hands are risks that have been identified as requiring particular focus and are to be minimised by thorough planning, risk assessment and monitoring. Health and Safety is always a significant area for risk management.

The School's approach to risk management and internal control may be summarised as follows:

- The Governors have oversight of risk management within the School as a whole
- The management of risk is a whole School responsibility
- All parties involved in the process will adopt an open and receptive approach to solving risk problems
- SLT prepares policies for Governors' approval and implements such policies as are approved by the Governors.

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Each member of SLT is responsible for fostering good risk management practice throughout the School and particularly within their area of responsibility.

The Governors will:

- Ensure the integration of risk management into the culture of the School
- Take major decisions affecting the School's risk profile or exposure, determining what types of risk are acceptable and which are not
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place which are working effectively
- Annually review the School's approach to risk management, consider how effectively or otherwise controls have been implemented, approve changes to this policy and review the Risk Register as at the date of that review
- Delegate to the Business Committee the responsibility to review the School's Risk Register each term and to provide the Governors' response to residual risk that the Business Committee does not consider it necessary to refer to the full Board.

The Business Committee will:

- Review and evaluate the key risks identified by SLT and have the review of the School's Risk Register as a standing item at each of its meetings
- Provide the Governors' response to residual risk that it is not felt necessary to refer to the full Board
- Monitor the work of internal and external audit in respect of risk, and provide the Board with termly reports on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

### **PLANS FOR THE FUTURE**

The Governors and the School continue to work through the School's Strategic Plan 2017-2022 as set out in last year's Annual Report. Annual Development Plans for the implementation of each aim are prepared and scrutinised by the appropriate Governors' Committee. Thus, for example, the Development Plan for our aim to deliver a motivating girl-focused education both inside and outside the classroom has been considered by the Education Committee and sets out a programme of actions that are designed to ensure a continued focus on delivering the highest quality education possible.

In October 2018 the Board met to consider in detail the risks and opportunities that the School faces. Given the steps that have been taken by other schools in the recent past it is worthy of being recorded that the Board is clear that Queen Margaret's can and will remain a successful girls' only full boarding school at Escrick Park long into the future.

The Board has set the SLT a series of challenges that have at their core the objective of ensuring that Queen Margaret's will remain a (relatively) small but vibrantly successful school that operates in a financially viable way by generating surpluses at a level that the Board thinks both achievable and sufficient.

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**  
**STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

The members of the Board of Governors (who are also the Directors of Queen Margaret's School, York Limited 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 Board of Governors to prepare financial statements for each financial year. Under that law the Governing Body has 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 Board of Governors members 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the members of the Board of Governors are required to:

- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board of Governors is 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Relevant Audit Information**

Insofar as each of the Directors, as members of the Board of 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 Board of Governors has taken all the steps that he or she should have taken as a member of the Board 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 Board of Governors on 2 December 2019, including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mrs Caroline Jane Bayliss

Dated 2 December 2019

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN MARGARET'S**  
**SCHOOL, YORK LIMITED**

**Opinion**

We have audited the financial statements of Queen Margaret's School, York Limited for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement 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 charitable company's affairs as at 31 August 2019 and of its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for Opinion**

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

**Conclusions Relating to Going Concern**

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

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

**Other Information**

The Governors are responsible for the other information. The other information comprises the information included in the 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.

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



## **Queen Margaret's School, York Limited (A Company Limited by Guarantee)**

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.

### **Opinion 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 Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Governors' Annual Report and Strategic 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Governors' Annual Report.

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

- Adequate accounting records have not been kept; or
- The 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 Governors**

As explained more fully in the Governors' responsibilities statement set out on page 13, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **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.

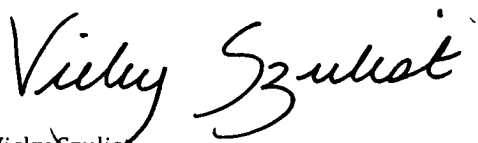
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Queen Margaret's School, York Limited (A Company Limited by Guarantee)**

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](http://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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe UK LLP**

Statutory Auditor

The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date *12th December 2019*

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**

				2019	2018
		Unrestricted funds	Designated funds	Restricted funds	
		£'000	£'000	£'000	Total £'000
<b>Income from:</b>					
<i>Charitable activities</i>					
School fees	1	6,845	-	-	6,845
Ancillary trading income	2	770	-	-	770
<i>Other trading activities</i>					
Non-ancillary trading income	2	20	-	-	20
<i>Investment income</i>	2	-	8	3	11
<i>Donations and legacies</i>		2	-	45	47
<b>Total incoming resources</b>		<b>7,637</b>	<b>8</b>	<b>48</b>	<b>7,693</b>
<b>Expenditure on:</b>					
<i>Costs of generating funds</i>					
Costs of generating funds	5	100	-	3	103
		<b>100</b>	<b>-</b>	<b>3</b>	<b>99</b>
<i>Charitable activities</i>					
Education and grant making	5	7,631	-	-	7,631
		<b>7,631</b>	<b>-</b>	<b>-</b>	<b>8,018</b>
<b>Total expenditure</b>	5	<b>7,731</b>	<b>-</b>	<b>3</b>	<b>8,117</b>
<b>Net incoming/(outgoing) resources</b>	3	<b>(94)</b>	<b>8</b>	<b>45</b>	<b>(41)</b>
Transfers between funds	15	21	-	(21)	-
Fund balances at 31 August 2018		5,170	306	110	5,586
<b>Fund balances at 31 August 2019</b>	15	<b>5,097</b>	<b>314</b>	<b>134</b>	<b>5,545</b>

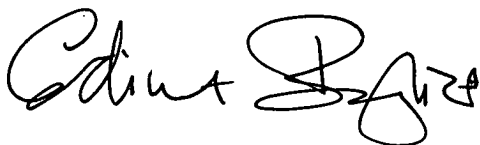
All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**  
**BALANCE SHEET AS AT 31 AUGUST 2019**

Registered No: 2010493

	Note	2019	2018
		£'000	£'000
<b>Fixed assets</b>			
Tangible assets	8	9,907	9,830
		<u>9,907</u>	<u>9,830</u>
<b>Current assets</b>			
Stocks - goods for resale		46	49
Debtors	9	387	500
Cash at bank and in hand		7	5
		<u>440</u>	<u>554</u>
<b>Creditors - amounts falling due within one year</b>	10	(3,323)	(3,116)
<b>Net current liabilities</b>		<u>(2,883)</u>	<u>(2,562)</u>
<b>Total assets less current liabilities</b>		<u>7,024</u>	<u>7,268</u>
<b>Creditors - amounts falling due after more than one year</b>	11	(1,479)	(1,682)
<b>Net assets</b>		<u>5,545</u>	<u>5,586</u>
<b>Restricted funds</b>	15	134	110
<b>Unrestricted funds</b>	15	5,411	5,476
<b>Total Funds</b>	15	<u>5,545</u>	<u>5,586</u>

The financial statements on pages 17 to 33 were approved and authorised for issue by the board of Governors on 2 December 2019 and were signed on its behalf by:



**Mrs Caroline Bayliss**

Director

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Net cash inflow from operations</b>	A		779		785
<b>Cash flow from investing activities</b>					
Interest received		11		11	
Interest paid		(97)		(92)	
Payment for tangible fixed assets		(469)		(472)	
<b>Net cash used in investing activities</b>			(555)		(553)
<b>Cash flow from financing activities</b>					
Advance fees scheme:					
Receipts from new contracts		43		250	
Amounts utilised and repaid		(180)		(272)	
Finance lease contracts:					
Receipts from new contracts		-		-	
Amounts repaid		(5)		(15)	
Bank facility (repaid) / utilised		(80)		(200)	
<b>Net cash used by financing activities</b>			(222)		(237)
Change in cash and cash equivalents in the reporting period			2		(5)
Cash and cash equivalents at the beginning of the period			5		10
Cash and cash equivalents at the end of the period	B		7		5

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**

**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**

**A Reconciliation of net income to net cash flow from operating activities**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net outgoing resources	<b>(41)</b>	(156)
Interest receivable	<b>(11)</b>	(11)
Financing costs	<b>97</b>	92
Depreciation charges	<b>392</b>	397
Decrease in stocks	<b>3</b>	3
Decrease / (Increase) in debtors	<b>113</b>	(50)
Increase in creditors	<b>226</b>	510
Net cash inflow from operations	<b>779</b>	785

**B Analysis of cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£'000</b>
Cash at bank and in hand	<b>7</b>	5

# **Queen Margaret's School, York Limited**

## **(A Company Limited by Guarantee)**

### **ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), 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.

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.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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 15 March 1986 (company number: 2010493) and registered as a charity on 13 May 1986 (charity number: 517523).

#### **Going Concern**

The business activities of the School and the major risks it faces are set out in the Governors' Report on pages 8 to 12.)

The strategies adopted by the Governors for the recruitment and retention of girls has already led to the number of girls stabilising and it is anticipated that there will now be a slow and gradual increase into the future. Further the strategies implemented to reduce and then control costs whilst delivering our aims continue. These are underpinned by the refinancing in January 2018 which allow the peaks and troughs of the School's cashflow to be accommodated, its historic debt to be repaid over a longer period and also provide access to additional working capital if required.

The Governors have targeted a gradual and sustainable increase in the School's investment surplus (as outlined in the reports on pages 8 to 12) and as part of this the School has implemented a change to the use of the School's facilities in the summer which will provide an increased trading surplus to support the operations of the School. The development of the Foundation will provide further support to the School over the medium term.

The Governors therefore have a reasonable expectation that the School will continue its business activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability. These accounts have therefore been drawn up on the basis that it is a going concern.

#### **Fees and Similar Income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds.

#### **Donations and Fund Accounting**

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 received for the general purposes of the Charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

# **Queen Margaret's School, York Limited**

## **(A Company Limited by Guarantee)**

### **Stock**

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

### **Pension Schemes**

The Company operates a defined contribution scheme for non-academic staff. Contributions are charged to the statement of financial activities in the period in which they are payable. Members of the academic staff belong to the Teachers' Pension Scheme ("TPS"), which is a multi-employer defined benefit scheme. Contributions are charged to the statement of financial activities as if the TPS were a defined contribution scheme.

### **School Buildings and Equipment**

Land is not depreciated. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount over the estimated useful economic lives, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost. Individual items which cost less than this amount will be capitalised if they are acquired as part of a larger capital project. Rates have been used in calculating depreciation have been applied as follows:

Freehold buildings and sports pitches	between 1.3% and 20%
Plant and equipment	15%
Fixtures and fittings	10%
IT	20%
Motor vehicles	25%

### **Advance Fees Scheme**

The School offers parents the opportunity to pay a lump sum in advance which is then offset against future tuition fees. A discount is received and allocated against each future term's payment in accordance with a written contract. Amounts received by the School as part of this scheme are upheld as creditor balances until the fee bill for the appropriate term is due for payment. At that point the fees due are billed to the parent and taken to income. The corresponding amount as previously purchased under the scheme is offset against the liability due and the discount as allocated is charged to the income and expenditure account.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle School fees are recorded as deferred income and allocated as current liabilities where the education will be provided in within 12 months from the reporting date and as long term liabilities where the education will be provided in subsequent years.

### **Grants and Bursaries**

Grants and bursaries are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees are treated as a reduction in those fees.

### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as is appropriate.

### **Governance Costs**

Governance costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, including audit and legal fees.



# **Queen Margaret's School, York Limited**

## **(A Company Limited by Guarantee)**

### **Expenditure**

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

### **Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

### **Fund Accounting**

Unrestricted funds are those available for use at the discretion of the Governors in furtherance of the general objectives of the Charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains are allocated to the appropriate fund.

### **Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost 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 provision 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. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the accounting policies, Trustees 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.

In the view of the Trustees, 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.

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**

**1. School Fees**

The School's fee income comprised:

	2019 £'000	2018 £'000
Gross fees (net of charge for bad debts)	7,598	7,954
Less: total bursaries, grants and allowances	(753)	(839)
Add: Scholarships, grants and bursaries paid for by restricted funds	-	5
	<b>6,845</b>	<b>7,120</b>

Scholarships, bursaries and other awards were paid to 81 (2018: 90) pupils. Within this means tested bursaries totalling £574,000 were paid to 37 pupils (2018: £670,000 to 44 pupils).

**2. Other Income**

	2019 £'000	2018 £'000
<b>From charitable activities</b>		
Extra subjects, trips and activities, fees in lieu and other extras	588	637
Use of facilities, registration fees and other miscellaneous activities	182	117
	<b>770</b>	<b>754</b>
<b>Other trading activities</b>		
Lettings and other income	20	13
<b>Investment incomes</b>		
Transfer from unrestricted funds	11	11
	<b>11</b>	<b>11</b>

**3. Net Outgoing Resources**

Net outgoing resources are stated after charging:

	2019 £'000	2018 £'000
<b>Fixed assets</b>		
Depreciation	392	397
<b>Auditors' remuneration</b>		
For audit services	15	14
<b>Operating lease charges</b>		
Land and buildings and motor vehicles	114	120
<b>Interest paid</b>		
Bank interest	54	47
Other interest	-	2
Transfer to restricted funds	11	11

# Queen Margaret's School, York Limited (A Company Limited by Guarantee)

## 4. Staff Costs

	2019 £'000	2018 £'000
<b>The aggregate payroll costs for the year were as follows:</b>		
Wages and salaries	4,138	4,491
Social security costs	384	413
Pension contributions	479	543
	<u>5,001</u>	<u>5,447</u>
Aggregate employee benefits of key management personnel (including employer pension and national insurance costs)	<u>323</u>	<u>371</u>

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £19,500 (2018: £39,567).

The average number of employees during the year was 174 (2018: 183).

The average full time equivalent number of employees at the School was:

	Number	Number
Teaching	55	67
Welfare	54	54
Premises	11	10
Support	16	17
	<u>136</u>	<u>148</u>

Number of higher paid employees with emoluments (excluding pension costs) in bands of:

	2019 Number	2018 Number
£100,001 - £110,000	-	1
£90,001 - £100,000	-	-
£80,001 - £90,000	-	-
£70,001 - £80,000	1	1
£60,001 - £70,000	3	2

**Queen Margaret's School, York Limited**  
**(A Company Limited by Guarantee)**

**5. Analysis of Expenditure**

				2019	2018
	Staff	Other	Depreciation	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Charitable activities</b>					
Teaching	2,650	207	60	2,917	3,427
Welfare	1,433	522	-	1,955	1,853
Premises	302	834	332	1,468	1,431
Support costs and governance	616	675	-	1,291	1,302
Grants, awards and prizes	-	-	-	-	5
	<b>5,001</b>	<b>2,238</b>	<b>392</b>	<b>7,631</b>	<b>8,018</b>
<b>Costs of generating funds</b>					
Financing costs - interest payable	-	97	-	97	92
Development costs	-	6	-	6	7
<b>Total expended</b>	<b>5,001</b>	<b>2,341</b>	<b>392</b>	<b>7,734</b>	<b>8,117</b>

**6. Governance Costs included in Support Costs:**

	2019	2018
	£'000	£'000
Auditors' remuneration - audit services	15	14
Legal and professional fees, Governors' training and expenses	7	2
	<b>22</b>	<b>16</b>

**7. Capital**

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the Company to meet its liabilities if called upon to do so. The members are also Governors of the company.

# Queen Margaret's School, York Limited

## (A Company Limited by Guarantee)

### 8. Tangible Fixed Assets

	Freehold buildings	IT	Fixtures and fittings	Plant, equipment and motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or frozen* valuation</b>					
1 September 2018	13,338	561	5,554	289	19,742
Additions	221	104	85	59	469
<b>31 August 2019</b>	<b>13,559</b>	<b>665</b>	<b>5,639</b>	<b>348</b>	<b>20,211</b>
<b>Depreciation</b>					
1 September 2018	4,593	379	4,790	150	9,912
Charge for the year	179	60	119	34	392
<b>31 August 2019</b>	<b>4,772</b>	<b>439</b>	<b>4,909</b>	<b>184</b>	<b>10,304</b>
<b>Net book values</b>					
<b>31 August 2019</b>	<b>8,787</b>	<b>226</b>	<b>730</b>	<b>164</b>	<b>9,907</b>
31 August 2018	8,745	182	764	139	9,830

Included in fixed assets are assets acquired under finance lease with a cost of £29,430 (2018 - £29,430) and net book value of £0 (2018 - £7,358).

\* The School has elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

### 9. Debtors

	2019	2018
	£'000	£'000
School fees and extras	201	265
Other debtors	50	83
Prepayments	136	152
	<b>387</b>	<b>500</b>

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**10. Creditors: amounts falling due within one year**

	2019	2018
	£'000	£'000
Fees received in advance	1,807	1,513
Trade creditors	187	292
Taxation and social security	87	109
Final term deposits	775	579
Accruals	163	273
Other creditors	18	45
Finance lease (note 17)	6	5
Bank overdraft facility (note 13)	40	37
Bank loan (note 13)	84	83
Deferred Income - advance fees scheme (note 14)	156	180
	<b>3,323</b>	<b>3,116</b>

**11. Creditors: amounts falling due after more than one year**

	2019	2018
	£'000	£'000
Bank loans (note 13)	1,282	1,366
Finance lease (note 17)	3	9
Deferred Income – advance fees scheme (note 14)	194	307
	<b>1,479</b>	<b>1,682</b>

**12. Financial Instruments**

	2019	2018
	£'000	£'000
Financial assets measured at amortised cost (a)	258	354
Financial assets measured at fair value	0	0
Financial liabilities measured at amortised cost (b)	(2,645)	(2,797)
Net financial assets measured at amortised cost	<b>(2,387)</b>	<b>(2,443)</b>

(a) Financial assets include cash, trade, fee and other debtors

(b) Financial liabilities include deposits, fees received in advance, trade and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

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### 13. Bank Loans and Overdraft

The bank loan is due to be repaid as follows:

	2019	2018
	£'000	£'000
Within 1 year (note 10)	84	83
Within 1 to 5 years	446	354
Over 5 years	836	1,012
	<b>1,366</b>	<b>1,449</b>

In December 2017 the School entered into new agreements with Barclays Bank plc which provided for a term loan of £1,500,000 repayable over 15 years and an overdraft facility of up to £1,700,000 which is repayable on demand and renewed annually. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%. The loan and overdraft are secured by a legal charge over the freehold property together with a debenture over all assets and undertakings of the School, both fixed and floating. The facilities were completed and the loan drawn down on 17 January 2018 at which point all monies due to Yorkshire Bank plc were repaid.

### 14. Advance Fees Scheme

Parents may enter into a contract to pay tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. On the assumption that all pupils will remain in the School until at least the expiry of their agreements, the fees purchased in advance will be applied as follows:

	2019	2018
	£'000	£'000
Within 1 year (note 10)	156	180
Between 1 and 5 years (note 11)	194	307
	<b>350</b>	<b>487</b>

The balance represents the accrued liability under the contracts. The movements during the year were:

	2019	2018
	£'000	£'000
Balance at 1 September 2018	487	509
New contracts	43	250
Payment of fees to the School	(180)	(272)
<b>Balance at 31 August 2019</b>	<b>350</b>	<b>487</b>

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## 15. Statement of Funds

	Balance at 31 August 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted funds</b>					
Bursary Funds	94	18	-	9	121
Other restricted funds	16	30	(3)	(30)	13
<b>Total restricted funds</b>	<b>110</b>	<b>48</b>	<b>(3)</b>	<b>(21)</b>	<b>134</b>
<b>Unrestricted funds</b>					
<i>General:</i>					
Accumulation fund	5,170	7,637	(7,731)	21	5,097
<i>Designated:</i>					
Janet Churm Bursary Fund	306	8	-	-	314
<b>Total unrestricted funds</b>	<b>5,476</b>	<b>7,645</b>	<b>(7,731)</b>	<b>21</b>	<b>5,411</b>
<b>Total funds</b>	<b>5,586</b>	<b>7,693</b>	<b>(7,734)</b>	<b>-</b>	<b>5,545</b>

The designated fund was received from the residuary estate of Mrs Janet Churm, an Old Margaretian. The Governors have designated its use in accordance with her wishes; that is to enable a girl currently in the School to stay who, due to a change in her parent's circumstances, would otherwise have to leave.

The restricted funds are to be used in accordance with specific restrictions made by the donors. The Bursary Funds have been augmented by our first Leavers' Appeal and in addition the Chaplain's Fund has been transferred to this fund. Other restricted funds are for the benefit of the School Council (£5,000) and also include funds raised for the Annual Head's Appeal; £21,000 of this latter fund was expended in the year on audio microphones and a quiet garden, a reflective space within the school grounds, hence this has been released to the Accumulation Fund. The quiet garden was primarily funded by a generous donation from the Old Margaretian Association.

	Balance at 31 August 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted funds</b>					
Bursary Funds	57	38	(7)	6	94
Other restricted funds	12	24	-	(20)	16
<b>Total restricted funds</b>	<b>69</b>	<b>62</b>	<b>(7)</b>	<b>(14)</b>	<b>110</b>
<b>Unrestricted funds</b>					
<i>General:</i>					
Accumulation fund	5,371	7,890	(8,105)	14	5,170
<i>Designated:</i>					
Janet Churm Bursary Fund	302	9	(18)	-	306
<b>Total unrestricted funds</b>	<b>5,673</b>	<b>7,899</b>	<b>(8,110)</b>	<b>14</b>	<b>5,476</b>
<b>Total funds</b>	<b>5,742</b>	<b>7,961</b>	<b>(8,117)</b>	<b>-</b>	<b>5,586</b>



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### 16. Analysis of Net Assets between Funds

The net assets are held for the various funds as follows:

	Fixed assets £'000	Net current assets/(liabilities) £'000	Long term liabilities £'000	Total 2019 £'000
Restricted funds	-	134	-	134
Unrestricted funds	9,907	(3,017)	(1,479)	5,411
	9,907	(2,883)	(1,479)	5,545

	Fixed assets £'000	Net current assets/(liabilities) £'000	Long term liabilities £'000	Total 2018 £'000
Restricted funds	-	110	-	110
Unrestricted funds	9,830	(2,672)	(1,682)	5,476
	9,830	(2,562)	(1,682)	5,586

### 17. Financial commitments

#### Operating lease commitments

At 31 August 2019 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

	2019 £'000	2018 £'000
Within one year	120	119
Within two to five years	274	311
After five years	28	12
	422	442

During the year further leases for land and buildings which had been due to expire were renegotiated with the landlord.

#### Finance lease commitments

At 31 August 2019 the company had commitments under finance leases for plant and machinery which expire as follows:

	2019 £'000	2018 £'000
Within one year	6	5
Within two to five years	3	9
	9	14

## **Queen Margaret's School, York Limited (A Company Limited by Guarantee)**

### **18. Pensions**

There are two pension schemes in operation for employees of the School. These are a defined contribution scheme for non-academic staff (the Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The total pension cost to the School for the year was £479,000 (2018: £543,000) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary.

The assets of the defined contribution scheme are held separately from those of the School in independently administered funds. The charge to the statement of financial activities represents contributions payable by the School to the funds.

#### **Teachers' Pension Scheme ('TPS')**

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 £335,000 (2018: £401,000) and at the year-end £41,000 (2018 - £53,000) 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 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the McCloud/Sargeant case. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

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### 19. Related Party Transactions

Two Governors (2018: five) of the School who held office for at least part of the year had daughters enrolled at the School during the year. The arrangements for all daughters of Governors to be admitted to the School are consistent with those for all other girls who enter the School.

The spouse of one trustee has a 25% interest in the School's main supplier of heating oil, Oil NRG Ltd. In the year the School purchased £179,000 (2018: £177,000) of oil on terms consistent with that available to all customers. At the year-end £3,646 (2018: £6,697) was outstanding and included in trade creditors.

No Governors received any remuneration from the School during the year. One (2018: three) Governor(s) have received reimbursements totalling £1,241 (2018: £678) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

### 20. Statement of Financial Activities for the Year Ended 31 August 2018 (incorporating an Income and Expenditure Account)

		2018			
		Unrestricted funds	Designated funds	Restricted funds	Total
		£'000	£'000	£'000	£'000
<b>Income from:</b>					
<i>Charitable activities</i>					
School fees	1	7,120	-	-	7,120
Ancillary trading income	2	754	-	-	754
<i>Other trading activities</i>					
Non-ancillary trading income	2	13	-	-	13
<i>Investment income</i>	2	-	9	2	11
<i>Donations and legacies</i>		3	-	60	63
<b>Total incoming resources</b>		<b>7,890</b>	<b>9</b>	<b>62</b>	<b>7,961</b>
<b>Expenditure on:</b>					
<i>Costs of generating funds</i>					
Costs of generating funds	5	92	-	7	99
		92	-	7	99
<i>Charitable activities</i>					
Education and grant making	5	8,013	5	-	8,018
		8,013	5	-	8,018
<b>Total expenditure</b>	5	<b>8,105</b>	<b>5</b>	<b>7</b>	<b>8,117</b>
<b>Net incoming/(outgoing) resources</b>	3	<b>(215)</b>	<b>4</b>	<b>55</b>	<b>(156)</b>
Transfers between funds	15	14	-	(14)	-
Fund balances at 31 August 2017		5,371	302	69	5,742
<b>Fund balances at 31 August 2018</b>		<b>5,170</b>	<b>306</b>	<b>110</b>	<b>5,586</b>