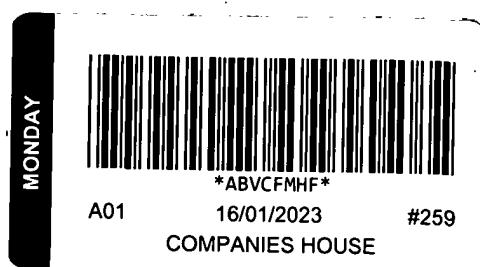


Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
Annual report
For the year ended 31 August 2022

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 2022

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Queen Margaret's School, York Limited
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DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2022

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 serve on one of one of the Board's committees as indicated.

GOVERNORS

Chairman of the Board

Mr T W Burt (Business Committee)

Business Committee

Mr M Stripe (Chairman)

Mr T W Burt

Mr J D Hoddinott

External Relations Committee

Dr E J Peart (Chairman)(Retired July 2022)

Mrs C J Bayliss (Retired July 2022)

Mr N W G Blythe (Chairman from July 2022)

Mr J Forster

Mrs S J Barker (appointed November 2022)

Education Committee

Mrs C D Granger (Chairman)

Ms C A Fairley

Mr J Forster (appointed March 2021)

Mr R J Morse (Resigned October 2022)

Pastoral Committee

Mrs S A King (Chairman)

The Hon Mrs A L Forbes

Dr E M Henney (appointed November 2022)

Officers of the School

| | |
|------------------------|---|
| Head | Mrs S J Baillie BA (Hons) Leicester PGCE |
| Senior Deputy Head | Mr L Fox MA (Rostock)(until August 2022) |
| Senior Deputy Head | Mrs C E Rhodes, BA (Hons) (Lancaster), QTS (from August 2022) |
| Bursar | Mrs E S Raper BSc (Nottingham) ACA |
| Clerk to the Governors | Mr D T King LLB |

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

Principal Address and Registered Office

Escrick Park
York
YO19 6EU

ADVISORS

Auditors

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

Bankers

Barclays Bank plc
25 James Street
Harrogate
HG1 1QX

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

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 2022 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.

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. The expectation in practice is that a Governor will serve two terms of three years each and will, as a matter of practice, place their resignation at the disposal of the Chairman at the end of their first three year term. In the overwhelming majority of instances over the past decade governors have served for six years, retiring at the last Speech Day of their second term in office.

Recruitment and Training of Governors

New members of the Board are elected on the basis of nominations made by a Nominations Committee chaired by the Chairman contributed to by 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.

During the course of the year, in anticipation of the planned retirement of Caroline Bayliss and Emma Peart, the Nominations Committee recommended the election to the Board of Dr Emma Henney and Mrs Sarah J Barker (who is an alumna of the school) and both were elected to the Board in November. Work is on-going to recruit a governor with special expertise in education following Mr Morse's appointment to take up the Headship of a school in Cornwall and his stepping down from the Board at Queen Margaret's.

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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 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.

Organisational Management

Each Governor becomes 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 expectation is that the main Board will meet once each term; the full Board meetings being preceded by the meetings of each of the four committees.

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 the 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 Clare 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. This Committee, in particular, maintains a strong focus on safeguarding pupils (whilst the Board as a whole embraces the concept that safeguarding pupils in the School is everyone's responsibility). The Committee receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and students' Behaviour 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 Sue King who also has special responsibility for safeguarding. Dr Emma Henney joined the Committee in November 2022.

The External Relations Committee maintains a focus on the marketing of the School and on ensuring that there is an efficient and effective recruitment and admissions process, this being at the heart of the school's strategic plan. 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. The Committee has oversight of the School's delivery of its public benefit requirement and monitors the granting of remissions from fees. It leads on areas such as alumnae relationships and relationships with friends of the School. The External Relations Committee was chaired during the year by Emma Peart who retired at the end of her six year term on the Board on Speech Day 2022 being succeeded by Nick Blythe. Jonathan Forster (who has a wealth of direct experience in the sector) joined the Committee in September 2022 and Mrs S J Barker in November 2022.

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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. Matt Stripe chaired the Committee during the year.

Day to day running of the School is delegated to the Head supported by the Senior Deputy Head Bursar, together this group are the key management personnel. The Clerk to the Governors also acts as an officer of the School in relation to governance matters. The Head leads the Senior Leadership Team (the SLT) in the School which is made up of the Bursar, the Senior Deputy Head, the Deputy Head (Pastoral) and the Director of External Relations

Remuneration Policy

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.

Staff meetings are held every Half-Term. A staff representative elected by the staff coordinates the setting of the agenda for those meetings in consultation with all staff members with the aim of facilitating open communication and dialogue. Weekly staff briefing meetings are held each Monday in term time to which all staff members are free to contribute 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 and the financial and economic performance of the School. The meeting at the start of the school year is attended and addressed by the Chairman of the Board.

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Investment Policy

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's monies 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.

Queen Margaret's School - Our Values

As a forward-thinking independent school, we will empower each girl to develop and flourish in her academic learning whilst making the most of all the co-curricular enrichment opportunities available here. We provide a holistic education, underpinned by warm-hearted pastoral care.

Aims of the School

QM girls take advantage of the School's 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.

Values of the School

- 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.

Activities of Queen Margaret's School

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

In considering the aims of the School the Board of Governors has, in accordance with the Charities Act 2011, given due regard to the public benefit guidance issued by the Charity Commission. The outstanding

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academic and all-round education and pastoral care given to the girls attending the School is our principal charitable activity. Increasing accessibility to that education and care is a key objective

Our place in the community

Queen Margaret's School makes a significant positive contribution to the local economy of the area between York and Selby, both through the procurement of services and goods and by virtue of our being one of the largest employers in the local area. The School values its place in the community and has worked hard to build upon its cross community relationships both by working proactively to develop positive relationships with local schools and youth organisations and to facilitate sharing sporting and cultural resources such as our Astroturf and our theatre and chapel.

We continue to offer practical support wherever possible to Escrick Primary School and to provide affordable sharing of our facilities to an increasing number of local young persons' organisations including swimming clubs, hockey, football, netball and triathlon clubs. We consider that sharing our facilities in an affordable manner has a significant and positive benefit for the local community whilst providing revenue that supports our charitable activities.

Increasing accessibility

Widening access to the many benefits of attending Queen Margaret's remains a priority for the Board. The School has limited resources from investments with which to support the School in offering financial support to pupils. However the School's policies regarding awards and bursaries enable the Governors and School to grant fee remissions for a number of reasons; as transformational bursaries to enable students who will benefit from all that the school has to offer but for whose families that is completely unaffordable the opportunity to join the school, as means tested bursaries for families who need such support, 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 finally in circumstances where there is more than one girl from a family in the School.

The School works with the Royal National Springboard Foundation who identify prospective pupils who would benefit from a QM education and will contribute to the life of the School. Two students in the Sixth Form are recipients of this 100%+ support and are flourishing in the School. In addition six other students, including one from the Ukraine, are receiving support at this level.

Additionally remissions are used to provide means tested bursaries that are awarded subject to and following independent scrutiny by an external organisation. 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 £507,000 (2021: £484,000) this benefited 32 (2021: 28) girls throughout the School.

The Governors believe that the activities reported above demonstrate a significant commitment (both financial and non-financial) to national, and local communities and clearly provide a significant level of benefit to the public

Queen Margaret's School, York Limited
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STRATEGIC REPORT

OVERVIEW OF THE YEAR

Queen Margaret's continues to be an outstanding school. Academic outcomes remain at the heart of what we do and we are proud that, for example, (despite the grading system being affected by COVID changes), our A* results at GCE level are better than those achieved by any school north of the M62 corridor. Our A Level and GCSE results continue to improve year on year and, although high quality teaching is for us a "given", it is not achieved without the dedication, expertise and professionalism of our teachers and they have our unreserved thanks for all they do.

It has been a joy to see the school return to a new normal after two years marred by pandemic lockdown and forced separation. The Dance Show in February 2022 was the first time that the school was able to celebrate the performing arts in front of a live audience for almost two years; this was followed by the spectacular whole school production of A Midsummer Night's Dream. The structure of our day facilitates a rich and varied diet of extra-curricular activities; sport, music and drama have flourished and pupils have been supported to find and follow their passions across a wide spectrum. Our tutor system reinforces our focus on the individual; tutors are able to ensure that their tutees are participating in and benefitting from all that is on offer.

Our focus on the welfare of all pupils has led to the School securing the Carnegie Mental Health award, a process that required our team to evaluate our current mental health practices, identify gaps, develop and strengthen these and work towards enhancing the emotional health of the School. The intention is that by following the steps required to secure this award schools make mental health a strategic priority and develop a positive culture that promotes mental well-being for everyone.

As reported last year, over the summer of 2021 the Head and her SLT, with the support of Governors, developed a strategic plan that was intended to see the school recover from the impact of the pandemic and grow over the succeeding years to around 300 girls; large enough to form a thriving profitable business but small enough to retain our core values of family, home and individuality. The successful implementation of the first stages of that plan resulted in the highest level of admissions to the school for over eight years with 99 new girls joining us in September 2022 so that, despite a large Upper Sixth leaving, the school pupil numbers were increased. All present indicators predict that the same level of recruitment can be achieved for September 2023 so that the projected increase in the School roll will be achieved.

Whilst we continue to closely control costs the uncertainties in our "market place" brought about by the continuing economic and political strains, rising energy costs and interest rates, other inflationary pressures and latterly the ongoing fallout from the war in Ukraine continue to impact the school and have inevitably adversely affected the financial outcome for the year. As we continue to plan for an effective financial recovery for the school, led by growth rather than cost reduction, we have reviewed our strategic plan, updating it for 2022/2023. In doing so we have worked closely with our bank, which is wholly supportive of the school and of our plans for it.

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ACHIEVEMENTS AND PERFORMANCE

Academic

The performance of those taking public examinations was, once more, an outstanding testament to the hard work of those sitting the examinations, the dedicated work that went on in the classroom and the support provided both in boarding and at home. The School continues to offer a broad curriculum with entrants in 29 examination subjects at A Level in line with our determination to offer as wide a choice as possible so as to enable every girl to follow her individual passions. We continue to demonstrate that what happens in the classroom at QM really does add value with results exceeding baseline predictions at both GCSE and A Level.

In summary, at GCE (A Level) our results were:

- 98% pass rate with 47% of all entries gaining the highly sought after A*-A and 77% of all entries gaining A*-B
- 59% of all girls taking A level examinations achieved three or more A*-B grades
- 49% of girls achieved AAB or higher
- 54% of girls achieved ABB or higher
- 22% of girls achieved 3 or more A* - A grades
- 44% of girls achieved 2 or more A* - A grades
- 68% of girls achieved at least 1 A*-A
- 1 girl achieved 3 or more A* grades

At GCSE our results were:

- 94% pass rate with 43% of entries gaining the highly sought after 9-8 grades, 25% of entries achieved the highest 9 grade
- 59% of entries gaining 9-7 grades
- 40% of all girls taking GCSE examinations achieved five or more 9-8 grades
- 53% of all girls taking GCSE examinations achieved five or more 9-7 grades
- 90% of all girls taking GCSE examinations achieved five or more 9-4 grades
- 7 of all girls achieved 6 or more grade 9's
- 5 of all girls achieved 10 or more 9-7 grades.

These excellent results have resulted in the vast majority of pupils wishing to go on to tertiary education with the vast majority of pupils achieving first choice places most at Russell Group universities.

The Academic Leadership Team is now well established and effective. There is a continued focus on the implementation of our Education Development Plan with the continued development of data based mapping of progression and value added through the CEM assessments. The curriculum has broadened further, as the School has sought to respond to the pupils' enthusiasms and to address areas where an A Level may not be the obvious path for a pupil's post-school progression. This year we have addressed what was perceived to be a gap in the curriculum with the introduction of a BTEC in Food and Nutrition and consideration is being given to an introduction of a BTEC in Music. In addition, pupils have studied Computer Science at GCSE for the past year and since September 2022 are also doing so at A level.

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Outside the Classroom

The range of extracurricular activities on offer is extensive with activities and events taking place at lunchtime, after lessons in the afternoon and into the evening. The Cantiamo choir, Orchestra, Chamber Choir offer opportunities in music and there is the opportunity to join a Funk/Soul band and a Wind band for those to whom that appeals. Sport includes swimming sessions, netball, hockey and lacrosse training with football and lifeguarding training also on offer. Drama and dance are strongly represented with very successful Dance shows and production of plays being an important part of the School calendar. The Dance show in February proved to be a celebration of the end of COVID and the production of A Midsummer Night's Dream was a triumph. Girls join gardening clubs, book clubs, badminton clubs and Science clubs. Some join the National Council of Young Women. There are Film clubs, Painting Clubs and the Model United Nations offers a valuable opportunity to debate. Girls raise money for charity and develop business and entrepreneurial skills via the Queen Margaret's Prince's trust challenge. Girls participate in the Duke of Edinburgh Award scheme with a number regularly achieving both bronze and gold awards.

Competitive Sport is of fundamental importance to the life of Queen Margaret's with Lacrosse, Hockey and Netball and Tennis are played at a high level and many girls are chosen to play and train at county level. A review of the "News" Section of our website will demonstrate that we are a small school that punches well above its weight on the playing field, on the tennis court, on the track and in the pool.

FUNDRAISING PERFORMANCE

The primary focus of our External Relations Department in 2021/2022 has been on all aspects of marketing and admissions including importantly the continued developing use of digital tools. The department, with the Head, has taken the lead on the on-going work with an external agency that has been helping us to better understand and communicate with those families who are likely to consider Queen Margaret's for their daughters. We now have a strong and effective team in place and are confident that we will see continued increased interest in the School building on last year's outstanding achievement.

Although we do not have the personnel in place to deliver a development function at present, when it was identified that the Sixth Form would benefit from a dedicated modern study space it is testament to the support that the School commands that we received £54,000 in donations (against a target of £50,000) that will enable us to furnish and equip the space that our in-house team have created. This will become "The 2022 Room" in recognition of the particular challenges that this year group faced. It is planned that, as soon as circumstances are more favourable, additional recruitment will take place and there will be a renewed focus on development and in particular fund raising for bursaries.

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 increase. The School adheres 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.

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FINANCIAL REVIEW

Results for the Year

Our strategic plan anticipated a net deficit in the year of £823,000. While many targets set out in that plan were met and exceeded, there were areas where that was not possible for reasons often outside the School's control such as a shortfall in income from use of the School's premises over the summer of circa £40,000. Additional cost control measures were implemented broadly in line with plans but with higher than anticipated implementation costs. Overall, the net effect was that the anticipated deficit for the year increased to £936,000 including depreciation of £411,000

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 has been in the past and will once again be to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner consistent with supporting the School through the present turnaround phase. The School's total reserves are £3.4m (2020: £4.4m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£5.9m (2020: -£5.4m). The Board is content that the approach to reserves is a reasonable response to the School's current position. 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 School's indebtedness. 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 trading surpluses in line with our strategy.

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.

The Head and her SLT with the support of governors have worked to develop, implement and refine a strategic plan; as noted above the target recruitment for September 2022 was 92 girls and this was achieved and exceeded with 99 girls joining us at the start of the academic year. The marketing plan underpinning the sales strategy implemented so successfully last year has been revisited and updated. Further work is underway with our marketing consultancy to continue to leverage our success in building a digital and physical presence locally and overseas. The original forecast for the year 2022/2023 was targeted at achieving cash neutrality. Where it has been possible to optimise or eliminate cost, this has largely been completed. However external factors outside the school's control including the uncertainties brought about by the continuing unexpected economic and political situation together with the war in Ukraine continue to impact the school; so that energy costs, interest rates and inflationary pressures

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taken together with the make-up of the pupil cohort achieved together with external factors outside the school's control have led to an anticipated cash negative outcome albeit at a reduced level in the current year. However when this is projected to 2023/2024 cash neutrality is planned with growing cash surpluses projected into the future.

Implementing the plan to date has required a comprehensive and detailed consideration of all aspects of the School's performance and that work continues. The primary indicators of our success remain happy, well-educated girls who are ready to take on the world. By implementing the strategies set out in our plan we will continue to deliver outstanding outcomes for our girls in a manner that simultaneously delivers the financial outcomes of:

- Cash neutrality in the academic year 2023/2024
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The plan has the support of the School's Bank which continues to provide facilities to enable the plan to be implemented. With the support of the Bank the Board also has in place support from the parent community that will ensure the School has the cash it needs to operate successfully through such pinch points in cash flow as may arise as it works its way through this year which forms a bridge to a period of recovery and continued growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board recognises that while the plan that the School has been following has resulted in a significant increase in the number of pupils recruited into the school, that has not translated fully into projected revenues and there continue to be significant challenges that the School and the sector faces. These include the continued post-COVID impact on the welfare of staff members who have had to bear a heavy burden over the past two years and the challenge of ensuring that they are appropriately remunerated. We recognise that the School will face considerable financial pressures including inflation exacerbated by the impact of the war in Ukraine, fee affordability, the increasing cost of borrowing and potential political and public approaches to the sector that may herald taxation changes. Despite the recognised inflationary pressures the Board continues to recognise that fee increases must be firmly controlled in the years to come. The Board further recognises that the steady decline in the number of pupils on the School roll in the years up to 2021 has been exacerbated by the pandemic and that the School will continue to face strong competition in the recruitment of pupils. In varying degrees these collectively pose a financial risk to the School

Going Concern

While the Board and indeed the country cannot predict with any certainty what the medium term impact of the inflationary pressures will be on the sector as whole, the School continues to have reasoned and reasonable grounds for optimism through its strategic plan and given the continued support of the School's Bankers. Notwithstanding its impact on staff members, the worst financial effects of COVID-19 are behind us. The work done by the Head with the external creative agency continues to evolve and has led to a much clearer understanding of how the School is viewed in the marketplace. Our strategy of promoting our distinctive Bespoke Boarding offer will, the evidence indicates, underpin a steady and sustained growth in uptake within a 50 mile or so radius of the School but will sit comfortably alongside our full and weekly boarding offer and that to day pupils A considerably more scientific approach to

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marketing and a strong focus on digital marketing continues to prove its worth in promoting attendance at Open Days and opportunities to visit the School. Interest from our European families has remained strong and we continue to develop new relationships that promise to enhance recruitment in those areas,

The Board considers that the updated and revised plan, with its carefully worked out strategic strands to secure an increase in the school roll in a measured manner, to optimise our costs while factoring into the anticipated operational costs the impact of inflationary pressures on a conservative assessment, to enhance the utilisation of and right size our estate to ensure it is fit for purpose and in due course to reinvigorate our development and fundraising activities will lead to the financial outcomes predicted and will deliver the School to a position where debt will be reduced and surpluses will be generated to meet the School's investment needs to secure continued growth and the financial security. We have the funding support to deliver this. Progress in the delivery of the plan continues to be carefully monitored and external support is in hand to secure its delivery.

The Board therefore considers that it is reasonable to maintain that neither the risks outlined above nor the other risks that the School faces present the School with a material uncertainty with regard to going concern.

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.
- 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 necessary to refer to the full Board.

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

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

- We will continue to refine and develop our Education development plan to ensure that we provide our pupils with every opportunity to shine academically.
- We will continue our focus on providing outstanding pastoral care.
- We will work with our marketing consultancy to continue to leverage our success in building a digital presence locally and overseas.
- We will promote Full, Weekly and Bespoke Boarding that offer outstanding opportunities to day pupils also creating a 21st century model for boarding that is financially sustainable and richly rewarding.
- We will continue our work to right size our estate and to enhance our built environment to provide the optimum facilities for pupils and staff.

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:

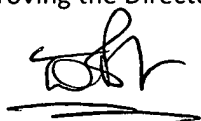
- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material 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 9 January 2023, including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mr Terence Burt

Dated: 9 January 2023

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 ('the charitable company') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 2022 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report

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

Other Information

The trustees are responsible for the other information contained within the annual report. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are Required to Report by Exception

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

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

- adequate and proper 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 Trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, the trustees 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 trustees 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Business Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, sample testing of other income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of Our Report

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



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

Crowe UK LLP

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date:

9th January 2023

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

| | | | | 2022 | 2021 |
|--|----|--------------------|------------------|------------------|--------------|
| | | Unrestricted funds | Designated funds | Restricted funds | |
| | | £'000 | £'000 | £'000 | £'000 |
| Income from: | | | | Total | Total |
| | | | | £'000 | £'000 |
| Charitable activities | | | | | |
| School fees | 1 | 5,739 | | 5,739 | 5,554 |
| Ancillary trading income | 2 | 803 | | 803 | 620 |
| Other income | 2 | 358 | | 358 | 533 |
| Other trading activities | | | | | |
| Non-ancillary trading income | 2 | 5 | | 5 | 3 |
| Investment income | 2 | 1 | 10 | 13 | 15 |
| Donations and legacies | | 53 | | 53 | 24 |
| Total incoming resources | | 6,959 | 10 | 2 | 6,971 |
| Expenditure on: | | | | | |
| Costs of generating funds | | | | | |
| Costs of generating funds | 5 | 165 | - | - | 122 |
| | | 165 | - | - | 122 |
| Charitable activities | | | | | |
| Education and grant making | 5 | 7,742 | - | - | 7,523 |
| | | 7,742 | - | - | 7,523 |
| Total expenditure | 5 | 7,907 | - | - | 7,645 |
| Net incoming/(outgoing) resources | 3 | (948) | 10 | 2 | (896) |
| Transfers between funds | 16 | - | - | - | - |
| Fund balances at 31 August 2021 | | 3,875 | 333 | 143 | 4,351 |
| Fund balances at 31 August 2022 | 16 | 2,927 | 343 | 145 | 4,351 |

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 2022

Registered No: 2010493

| | Note | 2022 £'000 | 2021 £'000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 7 | 9,308 | 9,582 |
| | | <u>9,308</u> | <u>9,582</u> |
| Current assets | | | |
| Stocks | | 87 | 49 |
| Debtors | 8 | 746 | 383 |
| Cash at bank and in hand | | 7 | 4 |
| | | <u>840</u> | <u>436</u> |
| Creditors - amounts falling due within one year | 9 | (5,016) | (4,002) |
| Net current liabilities | | <u>(4,176)</u> | <u>(3,566)</u> |
| Total assets less current liabilities | | <u>5,132</u> | <u>6,016</u> |
| Creditors – amounts falling due after more than one year | 10 | (1,717) | (1,665) |
| Net assets | | <u>3,415</u> | <u>4,351</u> |
| Restricted funds | 16 | 145 | 143 |
| Unrestricted funds | 16 | 3,270 | 4,208 |
| Total Funds | 16 | <u>3,415</u> | <u>4,351</u> |

The financial statements on pages 20 to 39 were approved and authorised for issue by the board of Governors on 9 January 2023 and were signed on its behalf by:



Mr Terence Burt

Director

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

| | Note | 2022 £'000 | 2022 £'000 | 2021 £'000 | 2021 £'000 |
|--|------|---------------|---------------|---------------|---------------|
| Net cash (outflow) from operations | A | | (611) | | (570) |
| Cash flow from investing activities | | | | | |
| Interest received | | 13 | | 15 | |
| Interest paid | | (162) | | (119) | |
| Proceeds from sale of fixed assets | | 369 | | | |
| Payment for tangible fixed assets | | (149) | | (153) | |
| Net cash used in investing activities | | | 71 | | (257) |
| Cash flow from financing activities | | | | | |
| Advance fees scheme: | | | | | |
| Receipts from new contracts | | 302 | | | |
| Amounts utilised and repaid | | (35) | | (125) | |
| Finance lease contracts: | | | | | |
| Amounts repaid | | - | | (4) | |
| Bank facility (repaid) / utilised | | 276 | | 948 | |
| Net cash used by financing activities | | | 543 | | 819 |
| Change in cash and cash equivalents in the reporting period | | | 3 | | (8) |
| Cash and cash equivalents at the beginning of the period | | | 4 | | 12 |
| Cash and cash equivalents at the end of the period | B | | 7 | | 4 |

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

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

| | 2022 | 2021 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Net outgoing resources | (936) | (896) |
| Interest receivable | (13) | (15) |
| Financing costs | 162 | 119 |
| Profit on sale of fixed assets | (358) | - |
| Depreciation charges | 411 | 438 |
| (Increase) / Decrease in stocks | (38) | (12) |
| (Increase) / Decrease in debtors | (363) | (132) |
| Increase / (Decrease) in creditors | 524 | (72) |
| Net cash (outflow) from operations | (611) | (570) |

B Analysis of cash and cash equivalents

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cash at bank and in hand | 7 | 4 |

C Reconciliation of net debt

| | At 1 September 2021 | Cashflow | At 31 August 2022 |
|-----------------------|------------------------------------|-----------------|------------------------------|
| | £'000 | £'000 | £'000 |
| Cash in hand, at bank | 4 | 3 | 7 |
| Bank overdraft | (1,456) | (406) | (1,862) |
| Bank loan <1 year | (130) | 17 | (113) |
| Bank loan > 1 year | (1,630) | 113 | (1,517) |
| | (3,212) | (273) | (3,485) |

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 2019.

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 14.

The strategies set out in the plan reported on in the Directors' Report will deliver financial outcomes of

- Cash neutrality in the academic year 2023/2024
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The strategic plan and its most recent iteration has been the subject of detailed scrutiny by the bank. The key strand of the plan has already delivered a record number of recruits for September 2022, our focus on sophisticated digital marketing continues, and all indications suggest that the required recruitment targets will be achieved for September 2023. This work is the subject of regular meetings with our bank. The Bank continues to make working capital available by way of overdraft which is sufficient to meet the requirements of the plan.

The Board considers that the School will move to a position of generating investment surpluses that will support the repayment of debt and investment in personnel and materiel as needed to secure the future of the School.

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.

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

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.

Grants received

Government grants are recognised as income in the period the related costs are incurred for which the grant is intended to compensate.

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.

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

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.

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.

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

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 2022****1. School Fees**

The School's fee income comprised:

| | 2022 | 2021 |
|--|--------------|-------|
| | £'000 | £'000 |
| Gross fees (net of charge for bad debts) | 6,548 | 6,210 |
| Less: total bursaries, grants and allowances | (809) | (656) |
| | 5,739 | 5,554 |

Scholarships, bursaries and other awards were made to 81 (2021: 69) pupils. Within this means tested bursaries totalling £507,000 were awarded to 32 pupils (2021: £484,000 to 28 pupils).

2. Other Income

| | 2022 | 2021 |
|---|--------------|-------|
| | £'000 | £'000 |
| From charitable activities | | |
| Extra subjects, trips and activities, fees in lieu and other extras | 461 | 427 |
| Use of facilities, registration fees and other miscellaneous | 342 | 193 |
| Profit on sale of tangible assets (see note 19) | 358 | - |
| CJRS grant | - | 533 |
| | 1,161 | 1,153 |
| Other trading activities | | |
| Lettings and other income | 5 | 3 |
| Investment incomes | | |
| Transfer from unrestricted funds | 13 | 12 |
| Interest receivable | 5 | 3 |
| | 18 | 15 |

3. Net Outgoing Resources

Net outgoing resources are stated after charging:

| | 2022 | 2021 |
|---------------------------------------|--------------|-------|
| | £'000 | £'000 |
| Fixed assets | | |
| Depreciation | 411 | 438 |
| Auditors' remuneration | | |
| For audit services | 18 | 16 |
| Operating lease charges | | |
| Land and buildings and motor vehicles | 110 | 116 |
| Interest paid | | |
| Bank interest | 112 | 76 |
| Transfer to restricted funds | 13 | 12 |

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

4. Staff Costs

| | 2022 | 2021 |
|--|--------------|--------------|
| | £'000 | £'000 |
| The aggregate payroll costs for the year were as follows: | | |
| Wages and salaries | 4,136 | 4,143 |
| Social security costs | 389 | 377 |
| Pension contributions | 598 | 653 |
| | 5,123 | 5,173 |
| Aggregate employee benefits of key management personnel (including employer pension and national insurance costs) | 375 | 381 |

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £31,000 (2021: £18,000).

The average number of employees during the year was 163 (2021: 169).

| The average full time equivalent number of employees at the School | 2022 | 2021 |
|---|---------------|---------------|
| | Number | Number |
| Teaching | 54 | 55 |
| Welfare | 51 | 53 |
| Premises | 11 | 11 |
| Support | 16 | 16 |
| | 132 | 135 |

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

| | 2022 | 2021 |
|--------------------|---------------|---------------|
| | Number | Number |
| £90,001 - £100,000 | 1 | 1 |
| £80,001 - £90,000 | - | - |
| £70,001 - £80,000 | 1 | 1 |
| £60,001 - £70,000 | 2 | 2 |

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5. Analysis of Expenditure

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2022 Total £'000 |
|------------------------------------|----------------|----------------|-----------------------|------------------------|
| Charitable activities | | | | |
| Teaching | 2,557 | 325 | 80 | 2,962 |
| Welfare | 1,508 | 364 | - | 1,872 |
| Premises | 300 | 931 | 331 | 1,562 |
| Support costs and governance | 758 | 588 | - | 1,346 |
| Grants, awards and prizes | - | - | - | - |
| | 5,123 | 2,208 | 411 | 7,742 |
| Costs of generating funds | | | | |
| Financing costs - interest payable | - | 162 | - | 162 |
| Development costs | - | 3 | - | 3 |
| Total expended | 5,123 | 2,373 | 411 | 7,907 |

| | Staff £'000 | Other £'000 | Depreciation £'000 | 2021 Total £'000 |
|------------------------------------|----------------|----------------|-----------------------|------------------------|
| Charitable activities | | | | |
| Teaching | 2,871 | 94 | 92 | 3,057 |
| Welfare | 1,442 | 372 | - | 1,814 |
| Premises | 264 | 791 | 346 | 1,401 |
| Support costs and governance | 596 | 655 | - | 1,251 |
| Grants, awards and prizes | - | - | - | - |
| | 5,173 | 1,912 | 438 | 7,523 |
| Costs of generating funds | | | | |
| Financing costs - interest payable | - | 119 | - | 119 |
| Development costs | - | 3 | - | 3 |
| Total expended | 5,173 | 2,034 | 438 | 7,645 |

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6. Governance Costs included in Support Costs:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Auditors' remuneration - audit services | 18 | 16 |
| Legal and professional fees, Governors' training and expenses | 1 | 25 |
| | <u>19</u> | <u>41</u> |

7. Tangible Fixed Assets

| | Freehold buildings £'000 | IT £'000 | Fixtures and fittings £'000 | Plant, equipment and motor vehicles £'000 | Total £'000 |
|----------------------------------|--------------------------------|-------------|--------------------------------------|---|----------------|
| Cost or frozen* valuation | | | | | |
| 1 September 2021 | 13,787 | 846 | 5,742 | 363 | 20,738 |
| Additions | 39 | 73 | 31 | 6 | 149 |
| Disposals | (30) | - | - | - | (30) |
| 31 August 2022 | 13,796 | 919 | 5,773 | 369 | 20,857 |
| Depreciation | | | | | |
| 1 September 2021 | 5,136 | 600 | 5,166 | 254 | 11,156 |
| Charge for the year | 177 | 80 | 127 | 27 | 411 |
| Disposals | (18) | - | - | - | (18) |
| 31 August 2022 | 5,295 | 680 | 5,293 | 281 | 11,549 |
| Net book values | | | | | |
| 31 August 2022 | 8,501 | 239 | 480 | 88 | 9,308 |
| 31 August 2021 | 8,651 | 246 | 576 | 109 | 9,582 |

* 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.

8. Debtors

| | 2022 £'000 | 2021 £'000 |
|------------------------|---------------|---------------|
| School fees and extras | 217 | 228 |
| Other debtors | 397 | 11 |
| Prepayments | 132 | 144 |
| | <u>746</u> | <u>383</u> |

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9. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Fees received in advance | 1,432 | 985 |
| Trade creditors | 254 | 247 |
| Taxation and social security | 94 | 278 |
| Final term deposits | 778 | 615 |
| Accruals | 118 | 94 |
| Other creditors | 229 | 162 |
| Bank overdraft facility (note 11) | 1,862 | 1,456 |
| Bank loan (note 11) | 113 | 130 |
| Deferred Income - advance fees scheme (note 12) | 136 | 35 |
| | 5,016 | 4,002 |

10. Creditors: amounts falling due after more than one year

| | 2022 | 2021 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Bank loans (note 11) | 1,517 | 1,631 |
| Deferred Income – advance fees scheme (note 12) | 200 | 34 |
| | 1,717 | 1,665 |

11. Bank Loans and Overdraft

The bank loans are due to be repaid as follows:

| | 2022 | 2021 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Within 1 year (note 9) | 113 | 130 |
| Within 1 to 5 years | 302 | 523 |
| Over 5 years | 1,215 | 1,109 |
| | 1,630 | 1,762 |

In December 2020 a term loan of £600,000 was secured. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 3.00% and is amortised over 15 years with a 5 year review. The term loan advanced in 2018 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 loans 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.

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12. 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:

| | 2022 | 2021 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Within 1 year (note 9) | 136 | 35 |
| Between 1 and 5 years (note 10) | 200 | 34 |
| | <u>336</u> | <u>69</u> |

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

| | 2022 | 2021 |
|----------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Balance at 1 September 2021 | 69 | 194 |
| New contracts | 302 | - |
| Payment of fees to the School | (35) | (125) |
| Balance at 31 August 2022 | <u>336</u> | <u>69</u> |

13. Financial Instruments

| | 2022 | 2021 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Financial assets measured at amortised cost (a) | 621 | 243 |
| Financial assets measured at fair value | 0 | 0 |
| Financial liabilities measured at amortised cost (b) | (4,965) | (4,611) |
| Net financial assets measured at amortised cost | <u>(4,344)</u> | <u>(4,368)</u> |

(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.

14. 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.

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15. Financial commitments

Operating lease commitments

At 31 August 2022 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Within one year | 97 | 108 |
| Within two to five years | 251 | 184 |
| After five years | 36 | 26 |
| | 384 | 318 |

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

16. Statement of Funds

| | Balance at 31 August 2021 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2022 £'000 |
|---------------------------------|--|---|---|--|--|
| Restricted funds | | | | | |
| Bursary Funds | 125 | 2 | - | - | 127 |
| Other restricted funds | 18 | - | - | - | 18 |
| Total restricted funds | 143 | 2 | - | - | 145 |
| Unrestricted funds | | | | | |
| <i>General:</i> | | | | | |
| Accumulation fund | 3,875 | 6,959 | (7,907) | - | 2,927 |
| <i>Designated:</i> | | | | | |
| Janet Churm Bursary Fund | 333 | 10 | - | - | 343 |
| Total unrestricted funds | 4,208 | 6,969 | (7,907) | - | 3,270 |
| Total funds | 4,351 | 6,971 | (7,907) | | 3,415 |

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.

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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 and also include funds raised for the Annual Head's Appeal.

| | Balance at 31 August 2020 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2021 £'000 |
|---------------------------------|--|--------------------------------|--------------------------------|---|--|
| Restricted funds | | | | | |
| Bursary Funds | 123 | 2 | - | - | 125 |
| Other restricted funds | 18 | - | - | - | 18 |
| Total restricted funds | 141 | 2 | - | - | 143 |
| Unrestricted funds | | | | | |
| <i>General:</i> | | | | | |
| Accumulation fund | 4,783 | 6,737 | (7,645) | - | 3,875 |
| <i>Designated:</i> | | | | | |
| Janet Churm Bursary Fund | 323 | 10 | - | - | 333 |
| Total unrestricted funds | 5,106 | 6,747 | (7,645) | - | 4,208 |
| Total funds | 5,247 | 6,749 | (7,645) | - | 4,351 |

17. 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 2022 £'000 |
|--------------------|-----------------------|--|-----------------------------------|------------------------|
| Restricted funds | - | 145 | - | 145 |
| Unrestricted funds | 9,308 | (4,321) | (1,717) | 3,270 |
| | 9,308 | (4,176) | (1,717) | 3,415 |

| | Fixed assets £'000 | Net current assets/(liabilities) £'000 | Long term liabilities £'000 | Total 2021 £'000 |
|--------------------|-----------------------|--|-----------------------------------|------------------------|
| Restricted funds | - | 143 | - | 143 |
| Unrestricted funds | 9,582 | (3,709) | (1,665) | 4,208 |
| | 9,582 | (3,566) | (1,665) | 4,351 |

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18. Pensions

During the year there were two pension schemes in operation for employees of the School. These are a defined contribution scheme (The Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The Queen Margaret's School Group Personal Pension Plan is for non-teaching staff and teachers who have joined the school after 1 September 2021 or who have chosen to opt out of the TPS (see below). The total pension cost to the School for the year was £598,000 (2021: £653,000) 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.

At 31 August 2021, following consultation, members of the TPS had the option of remaining in the TPS or joining a defined contribution scheme, the Queen Margaret's School Group Personal Pension Plan. The School was accepted as a Phased Withdrawal School in the TPS on 1 October 2021 and no further employees are now enrolled in the TPS.

Teachers' Pension Scheme ('TPS')

During the year the School participated in the Teachers' Pension Scheme ("the TPS") for teaching staff who were employed by the school prior to 1 September 2021 and have chosen to remain in the scheme. The pension charge for the year includes contributions payable to the TPS of £454,000 (2021: £501,000) and at the year-end £47,000 (2021 - £60,000) 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 government announced on 4 February 2021 that it intends to

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proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed 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.

19. Related Party Transactions

Four Governors (2021: three) 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.

During the year the School entered into an agreement for the sale of a freehold property to the Chairman. The sale results in a profit of £358,000 reflected in the results for the year. Subsequently the School will enter into a lease of the property on terms consistent with other leases the School holds with an unrelated party. Consent for the transactions was sought from the Charities Commission.

The spouse of one trustee has a 25% interest in the School's main supplier of heating oil, Your NRG Ltd. In the year the School purchased £272,000 (2021: £135,000) of oil on terms consistent with that available to all customers. At the year-end £8,675 (2021: £3,444) was outstanding and included in trade creditors.

No Governors received any remuneration from the School during the year. One Governor (2021: one) has received reimbursements totalling £815 (2021: £225) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

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20. Statement of Financial Activities for the Year Ended 31 August 2021 (incorporating an Income and Expenditure Account)

| | | | | | 2021 |
|--|----|--------------------------------|------------------------------|------------------------------|----------------|
| | | Unrestricted funds £'000 | Designated funds £'000 | Restricted funds £'000 | Total £'000 |
| Income from: | | | | | |
| <i>Charitable activities</i> | | | | | |
| School fees | 1 | 5,554 | - | - | 5,554 |
| Ancillary trading income | 2 | 620 | - | - | 620 |
| CJRS grant | 2 | 533 | - | - | 533 |
| <i>Other trading activities</i> | | | | | |
| Non-ancillary trading income | 2 | 3 | - | - | 3 |
| <i>Investment income</i> | 2 | 3 | 10 | 2 | 15 |
| <i>Donations and legacies</i> | | 24 | - | - | 24 |
| Total incoming resources | | 6,737 | 10 | 2 | 6,749 |
| Expenditure on: | | | | | |
| <i>Costs of generating funds</i> | | | | | |
| Costs of generating funds | 5 | 122 | - | - | 122 |
| | | 122 | - | - | 122 |
| <i>Charitable activities</i> | | | | | |
| Education and grant making | 5 | 7,523 | - | - | 7,523 |
| | | 7,523 | - | - | 7,523 |
| Total expenditure | 5 | 7,645 | - | - | 7,645 |
| Net incoming/(outgoing) resources | 3 | (908) | 10 | 2 | (896) |
| Transfers between funds | 16 | - | - | - | - |
| Fund balances at 31 August 2020 | | 4,783 | 323 | 141 | 5,247 |
| Fund balances at 31 August 2021 | 16 | 3,875 | 333 | 143 | 4,351 |