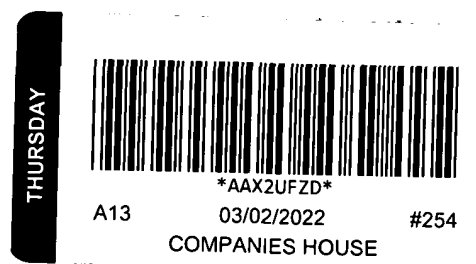


Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
Annual report
For the year ended 31 August 2021

Charity number - 517523
Registered Number - 2010493



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Contents

Directors and Advisors for the Year Ended 31 August 2021	1
Reference and Administrative Information	3
Structure, Governance and Management	3
Objects, Aims, Objectives and Activities	6
Strategic Report	8
Overview of the year	8
Achievements and Performance	9
Fundraising Performance	11
Financial Review	11
Principal Risks and Uncertainties	12
Plans for the Future	14
Statement of Accounting and Reporting Responsibilities	15
Independent Auditor's Report to the Members of Queen Margaret's School, York Limited	16
Statement of Financial Activities for the Year Ended 31 August 2021	20
Balance Sheet as at 31 August 2021	21
Cash Flow Statement for the Year Ended 31 August 2021	22
Notes to the Cash Flow Statement for the Year Ended 31 August 2021	23
Accounting Policies	24
Notes to the Financial Statements for the Year Ended 31 August 2021	28

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2021

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

Mrs C J Bayliss (External Relations Committee) (until July 2021)

Mr T W Burt (Business Committee) (from July 2021)

Business Committee

Mr N F H Corner (Chairman) (Retired July 2021)

Mr M Stripe (Chairman from July 2021)

Mr T W Burt (appointed March 2021)

Mr J D Hoddinott

External Relations Committee

Dr E J Peart (Chairman)

Mrs C J Bayliss

Mr N W G Blythe (appointed September 2020)

Mrs A M Morley (Retired July 2021)

Mrs C H Stoker (Resigned September 2021)

Education Committee

Mrs C D Granger (Chairman)

Mr J Forster (appointed March 2021)

Mr R J Morse

Pastoral Committee

Mrs S A King (Chairman)

Ms C A Fairley

The Hon Mrs A L Forbes

Officers of the School

Head	Mrs S J Baillie BA (Hons) Leicester PGCE
Senior Deputy Head	Mr L Fox MA (Rostock)
Bursar	Mrs E S Raper BSc (Nottingham) ACA
Clerk to the Governors	Mr DT 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 2021 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 a total two terms of three years each and will, as a matter of practice, place his or her resignation at the disposal of the Chairman at the end of his or her first three year term.

Recruitment and Training of Governors

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

During the course of the year, in anticipation of the planned retirement of Caroline Bayliss from the Chairmanship of the Board in July 2021, the Board sought to recruit an experienced business leader with demonstrable enthusiasm for girls' only private education and was delighted to appoint Mr Terry Burt to the Board with his appointment as Chairman of the Board taking effect from Speech Day 2021.

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

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

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. Over the year to 31 August 2021 however the Board has met both as a full Board and in sub-committees (in addition to the routine meetings of the Committees as outlined above) on seven occasions as the School has responded to the various challenges posed by the global COVID-19 pandemic.

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 girls' Discipline Policies. It has responsibility for ensuring that the premises and accommodation at the School are of a high standard and for all aspects of the School's boarding provision including food and weekend activities. During the year the Pastoral Committee was chaired by Sue King who also assumes special responsibility for safeguarding.

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

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

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on termly and annual budgets and monitoring performance. It considers planned capital expenditure and advises on this issue to the Board. It is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. The Business Committee was chaired during the year by Nigel Corner until his retirement on Speech Day 2021 and he has been succeeded in that post by Matt Stripe.

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

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.

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

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

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

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

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 and by involving pupils in the charitable endeavours in the Parish.

One of the many ill-effects of the continued impact of the COVID-19 pandemic was the almost complete cessation of such direct cross community activity within our local region as we have striven to make the school a COVID safe environment. It is satisfactory to report that over the period since the start of the current year we have once again been able to provide affordable sharing of our facilities to an increasing number of local young persons' organisations including swimming clubs (where there is a significant pent up local demand for pool time following prolonged periods when there was no general access to swimming pools) 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 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 also in circumstances where there is more than one girl from a family in the School.

In furtherance of our intention that a significant part of our increasing accessibility will include transformational awards of support we have maintained our support of two pupils with 100%+ bursaries in association with the Royal National Springboard Foundation. We have resolved that, as they move on from the School at the completion of their courses, we will work with the Foundation to identify two further pupils who would benefit from a QM education who can be supported on the same basis in the coming year and thereafter.

Overwhelmingly, 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 £484,000 (2020: £458,000) this benefited 28 (2020: 32) girls throughout the School.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

STRATEGIC REPORT

We must first acknowledge the grief and enduring sadness felt across the whole school community following the sudden death of a sixth form pupil in the Autumn term of 2021. Issy was a House Captain and a beloved member of the school. Our sympathies remain with her family and all who loved her.

OVERVIEW OF THE YEAR

Queen Margaret's continues to be an outstanding school, recognised as excellent in all categories in our most recent full inspection. Our pupils are happy and successful by any measure, recording the best 2021 examination results at GCSE and A Level of any all girls' school in the region. Although limited by the restrictions imposed to control COVID-19 during the year, our pupils represented QM in the finals of national school sporting competitions and participated in a wide range of sports, playing in high quality orchestras and ensembles and involved themselves with enthusiasm in the outstanding co-curricular activities available.

The year was once more very challenging from an operational perspective, with activities significantly curtailed in the Autumn term by COVID-19 mitigations and with the School once more operating remotely for the greater part of the Spring Term with the consequent reversion to furlough for many support staff and with the constant challenge of staff absences as COVID affected staff members or their dependents.

During the Spring Term the Board entered into and concluded discussions with the teaching staff that resulted in agreement that, with effect from September 2021, the School has withdrawn from the Teachers' Pension Scheme for new members of staff with existing members of that scheme who have chosen to remain members of it agreeing to a variation to their contracts of employment that has the effect, by means of an agreed formulaic adjustment to their salaries, of effectively limiting the employer's contribution to 16% from September and into the future. The Board remains very grateful to the teaching staff for the way in which members approached these important changes and we wish to record our particular thanks to the staff representatives for their careful and painstaking work.

Research conducted on our behalf during the year showed that while those who know of QM view the School very positively, for a surprising number QM is simply something that they are not aware of. Over the course of the year we have worked in close partnership with a strategic, creative and digital agency based in the heart of the North East with the aim of bringing to life what makes QM stand out so that we can make our voice heard more widely and more clearly in a busy arena and demonstrate to a wider audience of parents and their daughters that QM is the best place for their girls to be educated. That work is on-going but it has already borne fruit and is impacting significantly on the way we promote the School and on the response to that.

As we approached the final third of the year it became clear that, once more, the School would not have the benefit of the income that we were expecting under an agreement with a summer school as the pandemic continued to cause difficulty with international travel. This together with the impact of the pandemic on recruitment inevitably placed a strain on budgets and impacted adversely on projected outcomes. As detailed later in this report, the School is implementing a detailed strategic plan which will deliver financial security and growth into the future.

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

Academic

The achievements of our pupils in the classroom is a matter of immense pride to the Board, our staff, our parents and pupils. In a challenging environment the process that was applied in arriving at the grades awarded to our pupils in 2021 was stringent and, in every case, was based on an evidenced appraisal of the pupil's work and progress. Our staff engaged fully in a robust process of training to equip themselves fully for the process that they had to apply. Our pupils' achievements in what were particularly testing times reflect great credit on them and their teachers and it is worthy of note that the School compares very favourably in academic performance with all other schools in the region outperforming the vast majority.

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

- 100% pass rate with 77% of all entries gaining A*-A grades and 95% of all entries gaining A*-B grades
- 92% of all girls taking A level examinations achieved three or more A*-B grades
- 78% of girls achieved AAB or higher 83% of girls achieved ABB or higher
- 58% of girls achieved 3 or more A* - A grades
- 81% of girls achieved 2 or more A* - A grades
- 72% of girls achieved at least 1 A*
- 7 girls achieved 3 or more A* grades

At GCSE our results were:

- 100% pass rate with 52% of entries gaining 9 -8 grades
- 33% of entries achieved the highest 9 grade
- 67% of entries gaining 9 -7 grades
- 57% of all girls taking GCSE examinations achieved five or more 9-7 grades
- 4 girls achieved 8 or more grade 9's

We are able to demonstrate that what happens in the classroom at QM really does add value with 97% of girls at A Level achieving on or above their GCSE based ALIS targets and their test based ALIS targets and at GCSE 94% of pupils achieved or exceeded their Yellis predictions.

Those who chose to supplement their learning by undertaking an Extended Project qualification found it a rewarding experience, with significant evidence of creative problem solving on the way.

The Academic Leadership Team that was established last year has been further strengthened by the addition of a third member to the team and all are settling well into their new roles and responsibilities. There is a continued focus on the implementation of our Education Development Plan with a review of the timing and content of parents' conferences and reports and the introduction of data based mapping of progression and value added through the CEM assessments. Both parents, pupils and teachers need to feel comfortable with a data driven approach and this work has begun with teachers, learning how to read the data and populating new approaches to collecting internal data.

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

During the three distinct periods in the year, the Autumn term when there were very limiting COVID mitigations in place, the Spring term during the greater part of which the School operated remotely and the Summer term when there was a gradual but marked relaxation of the rules the co-curricular life of the School was varied and enriching. The range available to girls extends well beyond that which might be expected from any school let alone a relatively small one.

Music and Drama were inevitably impacted but much imaginative work was done. The Performing Arts Spring Concert after the return to school was a celebration of the girls' progress, demonstrating their resilience and commitment to their art during the period of lockdown. The Drama club met weekly and junior production of *Far Above Rubies* was a triumph. We celebrated two rounds of entrants in LAMDA examinations with 100% distinction.

During the year the Queen's Society produced a programme of talks by both girls and invited speakers on an eclectic range of topics. The Duke of Edinburgh Award scheme continued with ten girls completing the gold award. Girls obtained their National Pool Lifeguard qualification. The School team in the Oxford University Computing Challenge came in the top 10% in the country in the Brebas Challenge. Two groups of LVI girls created and ran businesses through the School's internal enterprise project, QMPT (Queen Margaret's Prince's Trust) in the process raising over £5,500 for the Prince's Trust. Girls gardened, cooked, investigated Greek mythology, sang and danced. By individual and collective efforts they supported charities including Martin House, York Mind, McMillan Cancer Support and Shift MS.

Sport as ever was of great importance. In the Autumn term, when year group "bubbling" made competitive sport impossible a series of Sports Masterclasses were introduced with a new Saturday programme enabling competitive inter-year activity including Hockey, Lacrosse Netball, Badminton Rugby and football. In the Spring term the on-line sports programme was supplemented by a distance challenge during which girls ran, walked or cycled over 7,800 kilometres, enough to enable them to get to Queen Margaret's in Canada (followed by a very successful virtual visit to the school). 1 May was a landmark day with the first of a term of friendly but fiercely competitive matches and tournaments against local teams from St Peters, Ampleforth and Pocklington with the U18 Tennis team travelling further as they got to the final stages of Group One in the LTA National Championships. Individual performances in equestrian sport produced results at a high level and girls were selected to play at County Level and for National training or squads in lacrosse, hockey, eventing and rounders.

All the achievements outlined here are underpinned by the deep commitment the school has to the pastoral care of our pupils. With the negative impact of lockdowns on young people becoming increasingly apparent, the school has reacted by putting in place an enhanced programme of PSHE including external expert speakers on mental health and eating disorders and a multi-layered approach to mental health support which was recognised as sector leading when QM was awarded the Best School for Wellbeing in the 2021 independent School Awards.

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

The primary focus of our External Relations Department in 2020/2021 has been on all aspects of marketing and admissions including a developing use of digital tools and the department with the Head has taken the lead on the work with the external agency mentioned, those staff members who previously were involved in development and fundraising were permanently recruited to work on admissions. Given the significant impact of COVID-19 on our capacity to fundraise the decision was made not to recruit to fill the vacancy in development and fundraising until a later date and the work to develop the QM Foundation has been put on ice. That has inevitably impacted upon the School's fundraising performance. It is an indication of the generosity of the School's supporters that notwithstanding this donations of £24,000 were received

It is planned that, as soon as circumstances are more favourable, recruitment will take place and there will be a renewed focus on development and in particular fund raising for bursaries. The volunteers who were prepared to lead on the promotion of the QM Foundation have indicated their willingness to become involved once more when the time is right...

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.

FINANCIAL REVIEW

Results for the Year

The pandemic once more impacted on the financial results in a significant manner. The impact of the decision of a number of (mainly overseas) pupils not to join the School together with the loss for the second year of income from the use of the School's estate was mitigated by the careful control of costs and government grants. Nonetheless the net effect was that the anticipated deficit for the year increased to £896,000 including depreciation of £438,000. As reported in last year's report, in December 2021 the Bank made available a loan of £600,000 repayable over 15 years. The Bank has continued as before to act as a critical but supportive friend in their review of the results for the year and has made available the financial support needed.

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. The School's total reserves are £4.4m (2020: £5.2m); after deducting the net book value of fixed assets and restricted funds, there are free reserves of -£5.4m (2020: -£4.7m). 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

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

Following the appointment of Mr Burt, and with his guidance, over the summer of 2021 the Head and her Senior leadership team with the support of governors developed a strategic plan that will see the school grow over the next three 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. Working closely with the Bank this has required a comprehensive and detailed consideration of all aspects of the School's performance and the results consolidated in the plan. The primary indicators of our success are happy, well-educated girls who are ready to take on the world. By implementing the strategies set out in that 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 2022/2023
- 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 has made available an increase in the working capital available by way of overdraft to £2,350,000 pursuant to an agreement dated 20 October 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

As in 2020, the Board recognises the challenges that the COVID-19 pandemic has posed for the School in terms of both impact on numbers of pupils in the School and in lost revenue and increased operating costs. The Governors consider that the impact of the pandemic may continue to pose a significant hazard for the School. The Governors consider that, for example, the impact of COVID-19 taken together with the economic turbulence of previous years on the affordability of fees by parents across the independent sector will continue to pose a major risk faced by the School. The Board continues to recognise that fee increases must be firmly controlled in the years to come. The Board further recognises that the decline in the number of pupils on the School roll has been exacerbated by the pandemic and that the School will continue to face strong competition in the recruitment of pupils.

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

While the Board and indeed the country cannot predict with any certainty what the ultimate impact of COVID-19 will be on public and private finances, the School has now reasoned and reasonable grounds for optimism through its strategic plan and given the continued support of the School's Bankers. It is reasonable to assume that the very worst effects of COVID-19 on our ability to operate normally are behind us. Over the past year the Board has maintained a strong focus on the future. The work done by the Head with the external creative agency has led to a much clearer understanding of how the School is viewed in the market place and has resulted in a comprehensive overhaul of the way that the School presents itself to the world. A considerably more scientific approach to marketing and a strong focus on digital marketing is proving its worth in promoting attendance at Open Days and opportunities to visit the School. Interest from our European families has recovered strongly from the initial impact of COVID and the inconvenience in terms of visa requirements flowing from the decision of the UK to leave the EU has largely become the new norm.

Above all, the Board considers that the plan, with its carefully worked out strategic strands to secure an increase in the school roll in a measured manner, to optimise our costs (with a significant steps already having been taken to reduce cost and remove future risk by the change in relation to the Teachers' Pension Scheme), to enhance the utilisation of and right size our estate to ensure it is fit for purpose and 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 is and will 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.

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

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.

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

In the short term promotions and retirement afford an opportunity to reconsider and refresh the leadership team to support the Head in the delivery of our plans for the School. The strategic plan coupled with individual academic and departmental development plans are our route map for the coming years. We will continue with the drive to integrate the use of data as a key driver for academic progress. As indicated at the start of term we will review and revise teachers' hours of work, workload, responsibility points and allowances and review each area of support staff operations to ensure that all meet the current needs of the School effectively. There will be an acceleration of the implementation of our marketing strategy and a continued focus on improving our admissions experience to ensure that it is the best in the sector. As the strategic plan is implemented we will be reconsidering the way our estate is used to ensure that it is adapted successfully to meet the needs of the changing shape of the School, providing investment to ensure the best educational and boarding experience for pupils.

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:

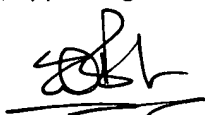
- Select the most appropriate accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material 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 [31 January 2022], including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:


Mr Terence Burt

31/1/2022
Dated

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 2021 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 2021 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: *31st January 2022*

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

				2021	2020
		Unrestricted funds	Designated funds	Restricted funds	
		£'000	£'000	£'000	Total £'000
Income from:					
Charitable activities					
School fees	1	5,554	-	-	5,554
Ancillary trading income	2	620	-	-	620
CJRS grant	2	533	-	-	533
Other trading activities					
Non-ancillary trading income	2	3	-	-	3
Investment income	2	3	10	2	15
Donations and legacies		24	-	-	24
Total incoming resources		6,737	10	2	6,749
Expenditure on:					
Costs of generating funds					
Costs of generating funds	5	122	-	-	122
		122	-	-	122
Charitable activities					
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


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 2021

Registered No: 2010493

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	8	9,582	9,867
		<u>9,582</u>	<u>9,867</u>
Current assets			
Stocks		49	37
Debtors	9	383	251
Cash at bank and in hand		4	12
		<u>436</u>	<u>300</u>
Creditors - amounts falling due within one year	10	(4,002)	(3,608)
Net current liabilities		<u>(3,566)</u>	<u>(3,308)</u>
Total assets less current liabilities		<u>6,016</u>	<u>6,559</u>
Creditors – amounts falling due after more than one year	11	(1,665)	(1,312)
Net assets		<u>4,351</u>	<u>5,247</u>
Restricted funds	16	143	141
Unrestricted funds	16	4,208	5,106
Total Funds	16	<u>4,351</u>	<u>5,247</u>

The financial statements on pages 20 to 38 were approved and authorised for issue by the board of Governors on 31/1/2022 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 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Net cash (outflow) from operations	A		(570)		(242)
Cash flow from investing activities					
Interest received		15		11	
Interest paid		(119)		(91)	
Payment for tangible fixed assets		(153)		(374)	
Net cash used in investing activities			(257)		(454)
Cash flow from financing activities					
Advance fees scheme:					
Amounts utilised and repaid		(125)		(156)	
Finance lease contracts:					
Amounts repaid		(4)		(5)	
Bank facility (repaid) / utilised		948		862	
Net cash used by financing activities			819		701
Change in cash and cash equivalents in the reporting period			(8)		5
Cash and cash equivalents at the beginning of the period			12		7
Cash and cash equivalents at the end of the period	B		4		12

Queen Margaret's School, York Limited**(A Company Limited by Guarantee)****NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021****A Reconciliation of net income to net cash flow from operating activities**

	2021	2020
	£'000	£'000
Net outgoing resources	(896)	(298)
Interest receivable	(15)	(11)
Financing costs	119	91
Depreciation charges	438	414
(Increase) / Decrease in stocks	(12)	9
(Increase) / Decrease in debtors	(132)	137
(Decrease) in creditors	(72)	(584)
Net cash (outflow) from operations	(570)	(242)

B Analysis of cash and cash equivalents

	2021	2020
	£'000	£'000
Cash at bank and in hand	4	12

C Reconciliation of net debt

	At 1 September 2020	Cashflow	At 31 August 2021
	£'000	£'000	£'000
Cash in hand, at bank	12	8	4
Bank overdraft	(989)	467	(1,456)
Bank loan <1 year	(93)	37	(130)
Bank loan > 1 year	(1,186)	444	(1,630)
	(2,256)	956	(3,212)

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 2022/2023
- Increasing surpluses thereafter
- Reduction of debt in a managed way to enable agreed investment to take place.

The strategic plan has been the subject of detailed scrutiny by the bank. In part the strategies have already being implemented and this work is the subject of regular meetings with our bank. Further the Governors and SLT are assisted by the advice of an independent expert experienced in advising boards on the delivery of such strategies. The Bank have made available an increase in the 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 2021****1. School Fees**

The School's fee income comprised:

	2021	2020
	Unrestricted	Unrestricted
	£'000	£'000
Gross fees (net of charge for bad debts)	6,210	6,810
Less: total bursaries, grants and allowances	(656)	(622)
	<u>5,554</u>	<u>6,188</u>

Scholarships, bursaries and other awards were made to 69 (2020: 72) pupils. Within this means tested bursaries totalling £484,000 were awarded to 28 pupils (2020: £458,000 to 32 pupils).

2. Other Income

	2021	2020
	Unrestricted	Unrestricted
	£'000	£'000
From charitable activities		
Extra subjects, trips and activities, fees in lieu and other extras	427	467
Use of facilities, registration fees and other miscellaneous	193	152
CJRS grant	533	532
	<u>1,153</u>	<u>1,151</u>
Other trading activities		
Lettings and other income	<u>3</u>	<u>11</u>
Investment incomes		
Transfer from unrestricted funds	12	11
Interest receivable	3	-
	<u>15</u>	<u>11</u>

3. Net Outgoing Resources

Net outgoing resources are stated after charging:

	2021	2020
	£'000	£'000
Fixed assets		
Depreciation	438	414
Auditors' remuneration		
For audit services	16	15
Operating lease charges		
Land and buildings and motor vehicles	116	120
Interest paid		
Bank interest	76	50
Transfer to restricted funds	12	11

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

4. Staff Costs

	2021	2020
	£'000	£'000
The aggregate payroll costs for the year were as follows:		
Wages and salaries	4,143	4,188
Social security costs	377	375
Pension contributions	653	641
	5,173	5,204
Aggregate employee benefits of key management personnel (including employer pension and national insurance costs)	381	404

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £18,000 (2020: £0).

The average number of employees during the year was 169 (2020: 173).

The average full time equivalent number of employees at the School	2021	2020
	Number	Number
Teaching	55	57
Welfare	53	54
Premises	11	11
Support	16	16
	135	138

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

	2021	2020
	Number	Number
£90,001 - £100,000	1	1
£80,001 - £90,000	-	-
£70,001 - £80,000	1	2
£60,001 - £70,000	2	1

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

5. Analysis of Expenditure

	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

	Staff £'000	Other £'000	Depreciation £'000	2020 Total £'000
Charitable activities				
Teaching	2,877	125	69	3,071
Welfare	1,380	350	-	1,730
Premises	321	879	345	1,545
Support costs and governance	624	623	-	1,247
Grants, awards and prizes	-	-	-	-
Costs of generating funds	5,202	1,977	414	7,593
Financing costs - interest payable	-	91	-	91
Development costs	-	15	-	15
Total expended	5,202	2,083	414	7,699

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

6. Governance Costs included in Support Costs:

	2021	2020
	£'000	£'000
Auditors' remuneration - audit services	16	15
Legal and professional fees, Governors' training and expenses	25	1
	41	16

7. Capital

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

8. Tangible Fixed Assets

	Freehold buildings	IT	Fixtures and fittings	Plant, equipment and motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or frozen* valuation					
1 September 2020	13,685	836	5,704	360	20,585
Additions	102	10	38	3	153
31 August 2021	13,787	846	5,742	363	20,738
Depreciation					
1 September 2020	4,953	508	5,037	220	10,718
Charge for the year	183	92	129	34	438
31 August 2021	5,136	600	5,166	254	11,156
Net book values					
31 August 2021	8,651	246	576	109	9,582
31 August 2020	8,732	328	667	140	9,867

Included in fixed assets are assets acquired under finance lease with a cost of £0 (2020 - £29,430) and net book value of £0 (2020 - £nil).

* 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.

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

9. Debtors

	2021	2020
	£'000	£'000
School fees and extras	228	125
Other debtors	11	10
Prepayments	144	116
	383	251

10. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Fees received in advance	985	906
Trade creditors	247	354
Taxation and social security	278	189
Final term deposits	615	817
Accruals	94	121
Other creditors	162	66
Finance lease (note 15)	0	4
Bank overdraft facility (note 12)	1,456	989
Bank loan (note 12)	130	93
Deferred Income - advance fees scheme (note 13)	35	69
	4,002	3,608

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

	2021	2020
	£'000	£'000
Bank loans (note 12)	1,631	1,187
Deferred Income – advance fees scheme (note 13)	34	125
	1,665	1,312

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

12. Bank Loans and Overdraft

The bank loans are due to be repaid as follows:

	2021	2020
	£'000	£'000
Within 1 year (note 10)	130	93
Within 1 to 5 years	523	375
Over 5 years	1,109	812
	1,762	1,280

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.

13. 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:

	2021	2020
	£'000	£'000
Within 1 year (note 10)	35	69
Between 1 and 5 years (note 11)	34	125
	69	194

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

	2021	2020
	£'000	£'000
Balance at 1 September 2020	194	350
New contracts	-	-
Payment of fees to the School	(125)	(156)
Balance at 31 August 2021	69	194

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

14. Financial Instruments

	2021	2020
	£'000	£'000
Financial assets measured at amortised cost (a)	243	146
Financial assets measured at fair value	0	0
Financial liabilities measured at amortised cost (b)	<u>(4,611)</u>	<u>(3,818)</u>
Net financial assets measured at amortised cost	<u>(4,368)</u>	<u>(3,672)</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.

15. Financial commitments

Operating lease commitments

At 31 August 2021 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

	2021	2020
	£'000	£'000
Within one year	108	114
Within two to five years	184	173
After five years	26	2
	<u>318</u>	<u>289</u>

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

Finance lease commitments

At 31 August 2021 the company had commitments under finance leases for plant and machinery which expire as follows:

	2021	2020
	£'000	£'000
Within one year	-	4
Within two to five years	-	-
	<u>-</u>	<u>4</u>

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

16. Statement of Funds

	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

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

The restricted funds are to be used in accordance with specific restrictions made by the donors. The Bursary Funds have been augmented by our first Leavers' Appeal and in addition the Chaplain's Fund has been transferred to this fund. Other restricted funds are for the benefit of the School Council and also include funds raised for the Annual Head's Appeal.

	Balance at 31 August 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2020 £'000
Restricted funds					
Bursary Funds	121	2	-	-	123
Other restricted funds	13	5	-	-	18
Total restricted funds	134	7	-	-	141
Unrestricted funds					
<i>General:</i>					
Accumulation fund	5,097	7,385	(7,699)	-	4,783
<i>Designated:</i>					
Janet Churm Bursary Fund	314	9	-	-	323
Total unrestricted funds	5,411	7,394	(7,699)	-	5,106
Total funds	5,545	7,401	(7,699)	-	5,247

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

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 2021 £'000
Restricted funds	-	143	-	143
Unrestricted funds	9,582	(3,709)	(1,665)	4,208
	9,582	(3,566)	(1,665)	4,351

	Fixed assets £'000	Net current assets/(liabilities) £'000	Long term liabilities £'000	Total 2020 £'000
Restricted funds	-	141	-	141
Unrestricted funds	9,867	(3,449)	(1,312)	5,106
	9,867	(3,308)	(1,312)	5,247

18. Pensions

During the year there were two pension schemes in operation for employees of the School. These are a defined contribution scheme for non-academic staff (the Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme. The total pension cost to the School for the year was £623,000 (2020: £641,000) 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 will be enrolled in the TPS.

Teachers' Pension Scheme ('TPS')

During the year the School participated in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £501,000 (2020: £500,000) and at the year-end £60,000 (2020 - £59,000) 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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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 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 the 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.

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

Until the cost cap mechanism review 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

Three Governors (2020: two) of the School who held office for at least part of the year had daughters enrolled at the School during the year. The arrangements for all daughters of Governors to be admitted to the School are consistent with those for all other girls who enter the School.

The spouse of one trustee has a 25% interest in the School's main supplier of heating oil, Your NRG Ltd. In the year the School purchased £135,000 (2020: £153,000) of oil on terms consistent with that available to all customers. At the year-end £3,444 (2020: £3,813) was outstanding and included in trade creditors.

No Governors received any remuneration from the School during the year. One (2020: one) Governor has received reimbursements totalling £225 (2020: £185) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

					2020
		Unrestricted	Designated	Restricted	
		funds	funds	funds	Total
		£'000	£'000	£'000	£'000
Income from:					
<i>Charitable activities</i>					
School fees	1	6,188	-	-	6,188
Ancillary trading income	2	619	-	-	619
CJRS grant	2	532	-	-	532
<i>Other trading activities</i>					
Non-ancillary trading income	2	11	-	-	11
<i>Investment income</i>	2	-	9	2	11
<i>Donations and legacies</i>		35	-	5	40
Total incoming resources		7,385	9	7	7,401
Expenditure on:					
<i>Costs of generating funds</i>					
Costs of generating funds	5	106	-	-	106
		106	-	-	106
<i>Charitable activities</i>					
Education and grant making	5	7,593	-	-	7,593
		7,593	-	-	7,593
Total expenditure	5	7,699	-	-	7,699
Net incoming/(outgoing) resources	3	(314)	9	7	(298)
Transfers between funds	16	-	-	-	-
Fund balances at 31 August 2019		5,097	314	134	5,545
Fund balances at 31 August 2020	16	4,783	323	141	5,247