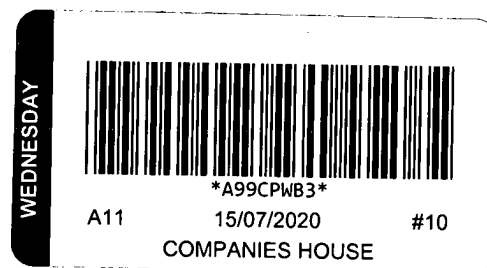


Registered Charity No. 1002212 (England and Wales)
Company Registration No. 02331296

Somerhill Charitable Trust Limited
(A company limited by guarantee)

Report and financial statements
For the year ended 31 August 2019



Somerhill Charitable Trust Limited
(A company limited by guarantee)

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Somerhill Charitable Trust Limited
(A company limited by guarantee)

Governors' report and strategic report
For the year ended 31 August 2019

The Directors of Somerhill Charitable Trust Limited (the "School"), who are also the trustees of the charity and the governors of the School (and will be referred to throughout these financial statements as the "Governors"), present their annual report and the audited financial statements of the company for the year ended 31 August 2019 and confirm they comply with the requirements of the Charities Act 2011, the trust deed, the Charities SORP (FRS 102) and the Companies Act 2006.

Constitution

The School is a charitable company incorporated under the Companies Act with company number 02331296 and charity number 1002212. The company is limited by guarantee and does not have a share capital. The liability of the members is limited to £1 each. The School's governing document is the Memorandum and Articles of Association of 29 December 1988 as amended by special resolution passed on 14 February 1991 and incorporated on 25 February 1991.

Directors, Trustees and Governors

The Board should have a minimum of three members, with no maximum unless determined at a General Meeting through an Ordinary Resolution. Each Governor has one vote.

P Braggins (resigned 30 June 2019)
P R Brooks+
P Goodyer (appointed 1 March 2019)
J C Hills*
D M Huntingford* (Chair of Governors)
J V Irvine (appointed 3 June 2019)
M A Jiskoot
K Lewis (resigned 24 January 2019)
M A Norrie*
H P Tebay+
P Thomas* (resigned 27 March 2019)
R E Verrell*
D R Walsh
C J Warner+
D Wells*

* Members of the Finance and General Purposes Committee chaired by M A Norrie

+ Members of the Education Committee, rotating chair

Somerhill Charitable Trust Limited
(A company limited by guarantee)

Governors' report and strategic report (continued)
For the year ended 31 August 2019

Professional advisers and senior leadership team

**Principal of the Schools at Somerhill and
Head of Yardley Court**

Mr D B Sinclair

Head of Derwent Lodge

Mrs H M Hoffmann

Head of Somerhill Pre-Prep

Miss L Z Humm (resigned 7th January 2019)
Mrs J Marriott (resigned 31st July 2019)
Mrs K McLauchlan (appointed 1st September 2019)

Vice Principal

Mr R M Raistrick

Bursar - The Schools at Somerhill

Mr M S Scragg (resigned 31 July 2019)

Business Manager

Mrs C Morey (appointed 7th October 2019)

Address and registered office

Somerhill
Tonbridge
Kent
TN11 0NJ

Solicitors

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Auditors

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Insurance brokers

Towergate Risk Solutions
Towergate House
Chaucer Business Park
Thanet Way
Whitstable
Kent
CT5 3FE

Bankers

Barclays Bank plc
105 High Street
Tonbridge
Kent
TN9 1DJ

National Westminster Bank Plc
130 High Street
Tonbridge
Kent
TN0 1DE

Structure, governance and management

Governing documents

The Company is governed by its Memorandum and Articles of Association of 29 December 1988. These were amended by special resolution passed on 14 February 1991 and incorporated on 25 February 1991.

Recruitment and training of governors

Governors are appointed in accordance with the Memorandum and Articles of Association filed at Companies House (and the Charity Commission) adopted in 1991. The composition of the Board of Governors is designed to offer a wide range of expertise to meet the needs of The Schools at Somerhill. Possible candidates for election as new Governors are proposed by an existing Governor and recommended by him or her through the Chair to the Board of Governors. Financial provision is made for external training courses for governors. An induction tour is given by the Chair of the Governors, or a person designated by her, to new Governors. Regular visits and inspections take place by existing Governors applicable to the relevant skills and contributions of those appointed. Trustee indemnity insurance is in place for the benefit of the Governors.

Scope of activities

The Memorandum of Association of the company restricts the trust to provision of education but permits the Governors powers to conduct a wide range of activities in support of its aims. Education is also about the personal development of the pupils as recognised by the Charity Commission in their definition of education.

Organisation and administrative structure

The Governors determine the general strategy of the schools. The Board of Governors meets as and when necessary, but certainly not less than once a term, when it receives reports from both the Finance and General Purposes Committee (F&GP) and Education Committees along with reports from the school's Senior Leadership Team. The day to day management of the schools is delegated to the Principal and the Senior Leadership Team of The Schools at Somerhill.

The Principal, in conjunction with the F&GP, the Education Committee and the Senior Management Team, prepares the Development Plan (Achievements and Performance) which is considered and reviewed by the Board of Governors on an annual basis at their meeting in the Summer.

Education Committee: This is an advisory committee designed to give guidance and assistance to the Principal and Head Teachers of the three schools. The Education Committee discusses matters specific to the education of children at The Schools at Somerhill. The Committee meets as and when necessary, but certainly not less than once a term, and reports to the Main Board.

Governors' report and strategic report (continued)
For the year ended 31 August 2019

Organisation and administrative structure

(continued)

F&GP: This committee is responsible for monitoring the management of the finances and administration of The Schools at Somerhill and, where necessary, taking appropriate action. The Committee reports to the Board of Governors and, when necessary, obtains their approval for the recommendations being made to them by this Committee. The Committee is responsible for the maintenance of the buildings, properties and estate owned by the company. Changes to the Charities Acts and Charity Commission procedures are monitored and, if appropriate, recommendations made to ensure that Somerhill Charitable Trust Limited complies with its legal responsibilities and follows best practice. The Committee meets as and when necessary, but certainly not less than once a term, and reports to the Main Board.

Aims and objectives

The Governors' aim, through The Schools at Somerhill, is to provide an all-round excellent education to boys and girls from ages 3 – 13. The company operates three sections at Tonbridge, Kent; Somerhill Pre-Preparatory School (co-educational 3 – 7), Derwent Lodge Preparatory School (girls 7 – 11) and Yardley Court Preparatory School (boys 7 – 13), known collectively as The Schools at Somerhill, operating under one DfE number.

The objectives are set to reflect the educational aims and ethos of The Schools at Somerhill. It is important that the Governors maintain and enhance the reputation of the schools through the continued success of their curricular and co-curricular programmes. In setting the objectives and planning the activities, the Governors have carefully considered the Charity Commission's general guidance on public benefit and particularly to its supplementary public benefit guidance on advancing education. Particular reference is given to a) promoting the spiritual, moral, cultural, mental and physical development of pupils and b) prepare pupils at the school for the opportunities, responsibilities and experiences of later life.

The key objectives include:

- To continue to enhance the academic curriculum offered in the three sections and maintain the continuity between each school.
- To continue to monitor and enhance the co-curricular programmes in the three sections and to improve where the need is identified.
- To continue to develop the first-class pastoral care the school provides for pupils.
- To monitor and maintain pupil numbers in the school.
- To provide continuing support to the pupils already in receipt of fee assistance through means tested financial assistance.
- To increase the access to the school from age 7 through means tested financial assistance.
- To continue to monitor and review the key policies and procedures to ensure a safe environment for employees, pupils and visitors to the schools.
- To continue to develop the links with local state schools and to open the facilities to the local community.

Governors' report and strategic report (continued)
For the year ended 31 August 2019

Risk management

The Governors consider that the principal risks and uncertainties facing the school are as follows:

- Child protection and safer recruitment
- Safeguarding and welfare of employees, pupils and visitors
- Maintenance of reputation
- Reduction in pupil numbers
- Retention of key personnel
- Imposition by Parliament of changes to charitable status and unknown consequent tax changes together with the announced increase in Teachers Pension Scheme contributions.
- Security of school buildings

The Governors review the major risks that the company faces each financial year when preparing the strategic development plan and budget. The company has developed systems and procedures to manage and monitor these risks. The key controls used by the Governors include:

- Budgeting and budget accountability
- Monitoring of pupil intake and retention
- Formal written policies including policies on the safeguarding of children and health & safety
- Authorisation procedures
- External audit of and internal identification of health & safety risks
- Appropriate training of governors, teaching and non-teaching staff
- Appropriate insurance to mitigate perceived risks

Governors' visiting days took place in 2018/19 with emphasis on educational matters, the estates and the school's finances.

Remuneration of key management personnel

The day-to-day running of the School is delegated to the Principal of The Schools at Somerhill. He is supported by other members of the School's Senior Leadership Team, as set out on page 2, and by the Senior Management Team. The remuneration of key management personnel is agreed by the Board through the school's annual budget as recommended by the F&GP Committee. It is the objective of the Board to ensure that key management personnel are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the School's success. The appropriateness of the remuneration policy is reviewed annually with reference to published salary levels of other independent schools to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Strategic report

Business review, achievements and performance

The company is principally engaged in the owning and running of three sections of the school and is a registered charity. The operation of the school is the responsibility of the Governors, who are the directors of the company, none of whom receives any remuneration. The Governors are satisfied with the results for

Governors' report and strategic report (continued)
For the year ended 31 August 2019

the year and anticipate continuing profitability in the current accounting period to provide the necessary resources for the maintenance, support and development of the educational facilities of the school.

The Schools at Somerhill remain vibrant with the current total number of pupils being 560. Pupils move on successfully to secondary education with a good number gaining scholarships. In the academic year under review, three Academic Scholarships, four Sport Scholarships, two Art Scholarships, five Drama Scholarships, two Music Exhibitions and one Design & Technology scholarship were won by Somerhill pupils. These awards show the variety of the educational achievements attained by pupils.

Somerhill prides itself on providing a wide ranging and varied education. The schools believe that enjoyment and inclusivity should go hand in hand with the setting of high standards and the pursuit of excellence. This year we have not only continued to celebrate our proud tradition of excellent academic results, but we have thoroughly enjoyed our sporting contests, been wonderfully entertained by top class musical and dramatic performances and seen our children thrive in a broad and exciting co-curricular programme which offers opportunity to all our young people. As a unique school with a 'diamond model' for our boys and girls, we have enjoyed recognising where differences exist in their approaches to learning while promoting a unified and equal approach to their broader educational experience.

The introduction of the Prep School Baccalaureate (PSB) this year has moved the curriculum to discovery-led, enquiry-based learning for our boys and girls, which sees the teacher as a facilitator to learning, not an oracle imparting academic knowledge. The skills extend more broadly into the establishment of skills for life. It is a programme of study that sits not only in the academic lessons of the school, but extends into the creative and performing arts, the practical elements of Design Technology and also onto the sports pitch and playground. This skills-based approach continues to evolve in a coherent and consistent manner through all sections of Somerhill from pre-school up.

This year the school has developed its plans to introduce an Engineering Department for the academic year 2019-2020 which will support the PSB initiative. A typical example of a Year 6 learning objective would be for pupils to study the Stanford Design thinking process to find their own innovative solutions for renewable sources of energy. The class will go through several iterations to improve their design thinking and refine their final product, considering real world constraints such as cost of production, reliability and how to integrate into existing infrastructure.

We continue to leverage the use of our wonderful grounds in which our children have enjoyed pond dipping, den building and learning about the different flora and fauna. Our continued emphasis on outdoor learning has led to plans for fully functioning outdoor learning space with composting toilets and storage facilities with the intention to extend this to all year groups.

Community links

This year has seen a significant increase in our community links by the introduction of a "Generation Gap" Club with Barnes Lodge Residential Home, author workshops with pupils from local state primary schools and sponsorship of various sporting clubs in Sevenoaks and Tonbridge. Within our school community we hosted Grandparent's Day, Parent Information sessions on handwriting, the curriculum and child protection/e-safety.

Environmental Awareness

We continue to work to become more environmentally conscious both as a school and as individuals. Both the School Council members and the Green Team extracurricular club are working toward reducing the use of plastic and wrapping, recycling of plastics and identifying opportunities for us to improve.

Music at Somerhill

Music improves academic skills, develops physical skills, boosts self-esteem, cultivates social skills and refines discipline and patience. This is why at Somerhill we consider it integral to our curriculum and have a committed staff team and a dynamic group of visiting peripatetic music teachers who deliver over 14,000 individual music lessons across all three sections of the school.

In addition, the school has a 60 plus strong school orchestra, senior and junior flute choirs, brass groups, string groups and a swing band. There is an orchestral percussion club, a clarinet and saxophone group, a guitar group, a cello group and a recorder club. The schools had strong success in ABRSM exams and Trinity College exams with pupils entering in a variety of instruments and voice up to Grade 6 standard. The schools continue to perform in both internal and external music concerts and soirees. In drama, several productions were performed during the year. These concerts, soirees and drama productions continue to reflect the vibrant and diverse talents of our pupils.

Sport at Somerhill

In sport the school continues to have great success. Across the school pupils participate in rugby, football, cricket, tennis, swimming, athletics, cross-country, netball, hockey, rounders, judo, triathlon and aquathlon. Cross Country success has continued with our boys' and girls' cross-country teams dominating local cross-country events. Cross-country at Somerhill is extremely strong with the girls in particular remaining the U11 National Prep School Cross Country Champions. In athletics the schools had success at the Kent IAPS Championship winning medals in both boys' and girls' events. At the IAPS Swimming Finals the boys achieved second place in the national finals and also retained the IAPS gold medal in the 50m breaststroke for the third year running. This year's successes included several teams in all sports remaining unbeaten and most teams having strong records against other local schools. We pride ourselves in the fact that all pupils are given the opportunity to represent their school on a regular basis.

Recent projects and plans for future development

The Governors continue to provide the necessary resources from unrestricted general funds to maintain the buildings and structures that the Trust owns, especially the Grade 1 listed Jacobean Mansion. The school continues its long-term management plan to reinstate the historic Parkland as depicted in J M W Turner's painting of Somerhill of 1811. This project is now in its sixth year of the ten-year agreement with Natural England.

Impact of COVID19 on school operations

In March 2020 the World Health Organisation declared the outbreak of Coronavirus as a global pandemic and subsequently the UK government closed all schools with effect from 23rd March 2020. Somerhill, in line with government guidance, continued to offer on-site education to the children of key workers. All other pupils being taught remotely using the school's Home Learning Program (HLP). The HLP was devised to be a flexible remote offering to parents to enable parents, many of whom were now required to work from home, to access the remote learning to suit their needs and access to IT. The HLP applied to pupils from reception to year 8 with pre-school children excluded due to their age and ability to engage in any online offering. At all times all pupils had access to an education from Somerhill.

Governors' report and strategic report (continued)
For the year ended 31 August 2019

Financial results

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Charities SORP (FRS 102).

The financial results of the School are shown on the Statement of Financial Activities. The surplus for the year has been added to reserves which will be used in furtherance of the School's charitable activities.

The School's subsidiary undertaking, Somerhill Enterprises Limited, was dormant throughout the year.

The insurance value of the School's freehold land and buildings is shown in note 8 to the financial statements and is reviewed by the Finance & General Purpose Committee annually in November.

Reserves policy

The Governors' policy on reserves is to hold sufficient liquid assets to cover short term requirements which range between £1.5 million and £2 million. At 31 August 2019 the school had total reserves of £20,251,894 (2018: £19,953,872), made up of a general fund of £7,706,239 (2018: £7,252,633) and designated funds, representing the net book value of the school mansion and grounds, of £12,545,655 (2018: £12,701,239). The school's net current assets were £4,008,129 at 31 August 2019 (2018: £3,627,767), a sum that is in excess of the target range of liquid assets but allows for some provision for future known increases in Teachers' Pension Scheme contributions and a cushion against any unknown Parliamentary changes in the company's tax status.

In addition to the school mansion and grounds (circa 150 acres), the trust owns five residential properties with an aggregate historic cost of £3.322m, a figure the directors consider to be an approximate current value. These could be liquidated without affecting the ability of the school to operate and continue to provide the excellent facilities enjoyed at present.

The Governors intend to build financial reserves so that they can continue to upgrade the facilities of the schools as necessary and to establish appropriate bursaries/financial assistance for the parents of children who could otherwise not afford independent education.

Resources

The school's assets are considered by the Governors to be sufficient to meet its obligations.

Impact of COVID19 on the School's financial position

A revised budget to the end of the academic year was prepared, based on the information known at the time including assumptions about the longevity of the lockdown, and analysed the impact on our cost base of such a closure. The school took advantage of the Coronavirus Job Retention Scheme to enable all staff to be retained in the business and reduced the fee charged to parents to represent any variable costs which were no longer chargeable and therefore unspent over the period of lockdown. In addition, the budget for 2020-21 has been amended to represent the impact of COVID19 on the business and to recognise the effect it has had on future fee increases and staff costs moving forwards.

The school was able to re-open to limited year groups from 1st June 2020, including key worker children and subsequently re-opened to all year groups from 18th June 2020. Our ability to re-open fully was made possible by the extensive site the school benefits from and has operated in line with all relevant government guidance at the time.

Governors' report and strategic report (continued)
For the year ended 31 August 2019

The governors have reviewed all financial and operational aspects of the COVID19 pandemic on the school and approved the necessary risk assessment. This situation continues to be proactively managed and reviewed by the governor committees.

Governors are satisfied the school continues to be a going concern and any negative impact of COVID 19 on the school's finances is compensated by the Trust's strong balance sheet. The reserves policy remains unchanged.

Fundraising

The company does not currently carry out any fundraising activity in order to raise funds from the general public. The Schools at Somerhill Parents' Association (SSPA) raises funds for the school, primarily from parents of pupils and other existing supporters of the Schools, to further enhance particular projects in consultation with the Principal and Heads. In 2018/19 the SSPA raised £76,061. The Governors and school are extremely grateful for the efforts of the SSPA in raising funds.

Grants

The company provides financial assistance through various non-means tested schemes.

- Scholarships - The maximum award is normally 25% of fees. The award is based on a pupil's ability.
- Teacher assistance – as part of an emphasis on attracting and retaining high calibre staff, the schools offer a discount scheme to staff members who choose to educate their children at our schools.
- Family discounts – to underline the value the Governors place on continuity for families, the schools offer sibling discounts of up to 10%.

The school provided non-means tested financial assistance of £344,347 in 2018/19 (2017/18: £340,177).

Public benefit

As a Registered Charity, the Trustees (Governors) are mindful of the company's obligation to provide public benefit through means tested bursaries, by providing access to the school's facilities and links with local maintained schools which complement its objectives to provide for the advancement of education. The school maintains a Public Benefit Register which is reviewed by the Governors each year.

It is important to the Governors that access to the education we offer is not restricted only to those who can afford our fees. A Bursary policy has been adopted by the Governors to widen access and provide means tested financial assistance through the following schemes.

- Admission Bursary – the Governors' scheme provides admission bursaries to allow for the education of boys and girls from the age of seven. The aim of these means tested bursaries is to provide access to children from families who would otherwise not be able to afford an independent school education.
- Hardship Bursary – the Governors' scheme helps those families who find themselves in altered financial circumstances. These bursaries are normally awarded for a maximum of one year and are reviewed on a termly basis.
- Tonbridge Scholars - Yardley Court Preparatory School maintains a historic link with Tonbridge School to provide up to 100% bursaries for pupils identified by Tonbridge as 'Junior Foundation Scholars' so that they may attend Years 7 and 8.

The school provided financial assistance of £128,892 in means tested assisted places in 2018/19 (2017/18: £53,958).

The school through its links with local maintained schools provided the following support:

Governors' report and strategic report (continued)
For the year ended 31 August 2019

- i. Tonbridge Grammar School – use of 10 acres of land for sports pitches, the eighth year of such support;
 - ii. Tonbridge Grammar School - occasional use of swimming pool by TGS pupils as part of their GCSE practical exam;
 - iii. Weald of Kent Grammar School – Use of grounds for Cross Country training;
 - iv. Brenchley & Matfield Primary School – weekly use of swimming pool. This link is in its tenth year and includes transportation and instruction;
 - v. Cross Country Primary Schools' event – organised by SAS for the participation of local primary schools. 26 schools attended with over 550 participants in 2017. There are races for U9 and U11 boys and girls which have been hosted by The Schools at Somerhill for the past six years;
 - vi. Capel Primary School – weekly use of swimming pool including transportation. Attended Somerhill "Book Day" including transportation. Use of transport plus drivers to drop off at Paddock Wood Station for visit to London. Donation of books;
 - vii. Hadlow Primary School – Book donations;
 - viii. Use of the Parkland by Kent Primary Schools' Cross Country League to hold a Primary Schools' cross country league match.
 - ix. Capel School – provided a governor and maintenance support
 - x. Chiddingstone Primary School – use of pool for a gala
 - xi. Hayesbrook School – use of sports facilities
 - xii. Hospice in the Weald – Christmas "Ho Ho Ho Run" and writing for patients project.
- The pupils at the school raised £5,927 for charities during the year. Pupils from the preparatory schools organise fund raising on a weekly basis. They decide, after research, which charities they wish to donate to therefore raising their awareness of both local and global issues. Charities donated to in 2018/19 varied from The Community Warehouse (food bank donations) to Cancer Research, Roald Dahl's Marvellous Children's Charity, Kent Air Ambulance, Save the Children and Hospice in the Weald to name a few. In addition the school supports the Royal British Legion Poppy Appeal.
 - The Schools at Somerhill provided free access (unless otherwise stated) to its facilities and support as follows to the local community:
 - Work experience for pupils from local maintained schools;
 - West Kent Cross Country League, Kent Cross Country League, and Tonbridge Athletics Club - use of cross country course;
 - Pembury Athletic (Youth) Football Club mini football tournament – use of parkland pitches;
 - St Stephens Church, Tonbridge – Use of grounds and buildings for church retreat;
 - St Peters Church, Tonbridge - Use of grounds and buildings for church retreat;
 - Monson Swimming Club – use of swimming pool 6 days per week covering costs only;
 - Tonbridge Archery Club – use of facilities twice a week covering costs only;
 - Southborough Wheelers – cyclo-cross training in Parkland;
 - Flutewise Trust – use of facilities for an event for local children;
 - Just Dance Ballet School – use of facilities for examinations.
-

Investment powers and investment policy

The Memorandum of Association of the School empowers the Governors to invest the monies of the School not immediately required for its purposes in such investments, securities or property as may be thought fit and within the law. The Governors will take professional advice as required.

Governors' responsibilities

The Governors are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare a financial statement for each financial year which gives a true and fair view of the state of affairs of the charitable company, the incoming resources and application of resources, including the income and expenditure of the charitable company for the accounting period. In preparing this financial statement, the trustees are required to:

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

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditor

The Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Governors has confirmed that they have taken all the steps that they ought to have taken as Governors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The Governors' Report was approved by the board of Trustees and the Strategic Report (included therein) was approved by the board of Governors in their capacity as the directors of the company at a meeting on 23 June 2020 and signed on its behalf by:



D Huntingford
Chair of the Board of Governors

Somerhill Charitable Trust Limited
(A company limited by guarantee)

Independent auditors' report to the governors and members
For the year ended 31 August 2019

Opinion

We have audited the financial statements of Somerhill Charitable Trust Limited for the year ended 31 August 2019 which comprise the statement of financial activities, balance sheet, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

Independent auditors' report to the governors and members (continued)
For the year ended 31 August 2019

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Annual Report and Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 10, the Governors (who are also 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Somerhill Charitable Trust Limited
(A company limited by guarantee)

Independent auditors' report to the governors and members (continued)
For the year ended 31 August 2019

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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.

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.

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

Saffery Champness LLP

Cara Turlington (Senior Statutory Auditor)
For and on behalf of

Saffery Champness LLP
Chartered Accountants
Statutory auditors

71 Queen Victoria Street
London
EC4V 4BE

14 July 2020

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Somerhill Charitable Trust Limited
(A company limited by guarantee)

Statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 August 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Income and endowments from:					
Charitable activities					
School fees receivable	1	7,474,225	-	7,474,225	7,464,065
Ancillary trading income	2	499,016	-	499,016	441,524
Other trading activities					
Lettings income		68,874	-	68,874	54,289
Investments		22,289	-	22,289	9,497
Donations and grants		7,584	12,231	19,815	18,087
Other income		3,500	-	3,500	-
Total income		<u>8,075,488</u>	<u>12,231</u>	<u>8,087,719</u>	<u>7,987,462</u>
Expenditure on:					
Raising funds					
Financing costs		12,660	-	12,660	10,646
Fundraising and development		78,031	-	78,031	10,805
Total deductible costs		<u>90,691</u>	<u>-</u>	<u>90,691</u>	<u>21,451</u>
Charitable activities					
Education		7,686,775	12,231	7,699,006	7,333,639
Total expenditure	5	<u>7,777,466</u>	<u>12,231</u>	<u>7,789,697</u>	<u>7,355,090</u>
Net income and net movement in funds		298,022	-	298,022	632,372
Fund balances brought forward at 1 September 2018					
		19,953,872	-	19,953,872	19,321,500
Fund balances carried forward at 31 August 2019		<u>20,251,894</u>	<u>-</u>	<u>20,251,894</u>	<u>19,953,872</u>

All activities are classed as continuing. The company had no recognised gains or losses other than the surplus for this and last year.

The notes on pages 18 to 29 form part of these financial statements.

Somerhill Charitable Trust Limited
(A company limited by guarantee)

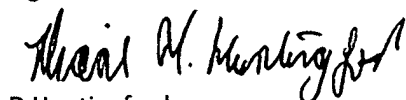
Balance sheet
At 31 August 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible fixed assets	8				
Freehold land and building			15,870,143		16,034,483
Fixtures, fittings and equipment			605,191		428,678
Motor vehicles			38,080		800
			<u>16,513,414</u>		<u>16,463,961</u>
Investments	9		100		100
			<u>16,513,514</u>		<u>16,464,061</u>
Current assets					
Debtors	10	2,174,534		2,370,037	
Cash and bank and in hand		5,387,727		4,485,927	
		<u>7,562,261</u>		<u>6,855,964</u>	
Creditors: amounts falling due within one year	11	<u>(3,554,132)</u>		<u>(3,228,197)</u>	
Net current assets			<u>4,008,129</u>		<u>3,627,767</u>
Total assets less current Liabilities			<u>20,521,643</u>		<u>20,091,828</u>
Creditors: amounts falling due after more than one year	12		<u>(269,749)</u>		<u>(137,956)</u>
Net assets			<u>20,251,894</u>		<u>19,953,872</u>
Reserves					
Unrestricted funds			<u>20,251,894</u>		<u>19,953,872</u>
Total funds			<u>20,251,894</u>		<u>19,953,872</u>

The financial statements on pages 15 to 29 were considered, approved and authorised for issue by the Board of Governors at its meeting on 23 June 2020.

The notes on pages 18 to 29 form part of these financial statements.

Signed on behalf of the Board



D Huntingford
Governor



M A Norrie
Governor

Company Registration No. 02331296

Somerhill Charitable Trust Limited
(A company limited by guarantee)

Cash flow statement
For the year ended 31 August 2019

	2019		2018
	£	£	£
Cash flows from operating activities			
Net cash provided by operating activities	1,107,454		859,407
(Note I)			
Cash flows from investing activities			
Payments for tangible fixed assets	(473,468)		(239,570)
Proceeds on sale of tangible fixed assets	3,500		-
Interest received	22,289		9,497
Net cash used in investing activities	(447,679)		(230,073)
Net cash inflow before financing	659,775		629,334
Cash flows from financing activities:			
Fees in advance scheme			
New fees in advance money	578,654		341,783
Amounts utilised	(336,629)		(240,894)
Net cash provided by financing activities	242,025		100,889
Change in cash and cash equivalents in the reporting period	901,800		730,223
Cash and cash equivalents at the beginning of the reporting period	4,485,927		3,755,704
Cash and cash equivalents at the end of the reporting period	5,387,727		4,485,927

Note I – Reconciliation of net income to net cash provided by operating activities

	2019		2018
	£		£
Net income for the reporting period	298,022		632,372
Adjustments for:			
Depreciation charges	424,015		369,289
Profit on sale of fixed assets	(3,500)		-
Interest receivable	(22,289)		(9,497)
(Increase)/ decrease in debtors	195,503		46,783
Increase/ (decrease) in creditors	215,703		(179,540)
Net cash provided by operating activities	1,107,454		859,407

Accounting policies

Year ended 31 August 2019

Basis of accounting

The accounts have been prepared in accordance with Accounting and Reporting by Charities: the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The company meets the definition of a public benefit entity under FRS 102.

The accounts are prepared in sterling which is the functional currency of the School.

Having reviewed the funding facilities available to the School together with expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Fees and similar earned income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Invoices are raised in advance of each school term; any invoices outstanding at the balance sheet date are shown as trade debtors. Any element of fees relating to future terms is treated as deferred income and included within current liabilities.

Donations, legacies, grants and other voluntary income

Donations and other voluntary income are accounted for as and when entitlement arises, the amount can be reasonably quantified, and receipt is considered probable.

Scholarships and bursaries

Scholarships are awarded on the basis of the performance of individual students. Bursaries are awarded based on financial circumstances.

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the School to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of raising funds are those costs associated with generating income from all sources other than from charitable activities.

The School undertakes the running of the school and as such education, premises and the majority of administrative expenses are treated as direct charitable expenditure. Other indirect expenditure has been classified separately.

Somerhill as a Grade 1 listed building, by virtue of the fact that it is occupied by the School, is preserved by the Charitable Trust in consultation with the local authority and Historic England.

Accounting policies (continued)
Year ended 31 August 2019

Expenditure

(continued)

Governance costs include those incurred in the governance of the School and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Tangible fixed assets

Tangible fixed assets are included at cost and are stated net of depreciation and any provision for impairment.

Assets below the value of £1,000 are not capitalised.

Depreciation is provided to write off the cost of tangible fixed assets over their useful economic lives on a straight-line basis as follows:

Land	Not depreciated
Freehold buildings	Between 0 and 50 Years
Equipment, fixtures and fittings	Between 3 and 10 years
Motor vehicles	5 years

No depreciation has been charged in relation to the School mansion and other residential buildings owned by the School as it would be immaterial due to the length of the expected useful life of the mansion and the high residual values of the residential buildings.

Financial instruments

The School only has financial assets and liabilities of a kind that qualify as basic financial instruments (i.e. debtors and creditors).

Assets and liabilities

Current assets are recognised at the lower of cost and net realisable value. Liabilities are recognised at their settlement value.

Pension schemes

Retirement benefits to the teaching employees of the school are provided by the Teachers' Pension Scheme (TPS). This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS 102, the School accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government actuary, are charged in the period in which the salaries to which they relate are payable.

The School operates a group Personal Pension Plan (defined contribution) for all other employees. The assets of the plan are held separately from those of the School. For every 1% contribution by employees the School contributes 2% with the School's minimum contribution being 6% and a maximum of 10%. Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

Accounting policies (continued)

Year ended 31 August 2019

Operating leases

Rentals paid under operating leases are charged against income as incurred.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Value Added Tax

The school is not registered for VAT. All amounts in the financial statements are shown inclusive of VAT where appropriate.

Consolidation

The School is exempt from the requirement to produce group accounts as the subsidiary is considered immaterial.

Accordingly the accounts present a view of the individual charitable company and not of the group of which it is the parent.

Reserves

Unrestricted funds are all incoming resources for the objects of the School without further specified purpose and are available as general funds.

A Property designated fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of essential school freehold land and buildings less associated bank debt.

Restricted funds are used for specific purposes determined at the time of the appeal/donation.

Corporation tax

Somerhill Charitable Trust Limited is a registered charity and as such its income and gains falling within Section 471 to 489 of the Corporation Tax Act 2010 or Section 256 of Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

Critical estimates and judgements

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In making these estimates the School makes assumptions concerning the future. The Governors do not believe that there is a significant risk of a material adjustment being made to the carrying amounts of assets and liabilities included in these financial statements within the next financial year.

Notes to the financial statements
Year ended 31 August 2019

1. School fees receivable

	2019 £	2018 £
Fees	7,947,464	7,858,200
Less:		
Scholarships, assisted places and fee discounts	(473,239)	(394,135)
	<u>7,474,225</u>	<u>7,464,065</u>

The above awards were all made to individuals. These include tuition scholarships, discretionary awards, assisted places and sibling discounts made to 232 (2018: 244) individuals.

2. Ancillary trading income

	2019 £	2018 £
Income from fundraising events	83,681	30,845
Other educational income		
Extras	404,135	397,779
Entrance and registration fees	11,200	12,900
	<u>499,016</u>	<u>441,524</u>

3. Expenditure

	2019 £	2018 £
Expenditure includes:		
Depreciation – owned assets	424,015	369,289
Operating lease rentals – equipment	104,682	108,461
Auditor's remuneration (excl VAT) - for audit	10,950	10,050
- other services	3,383	4,910
	<u></u>	<u></u>

4. Staff costs

	2019 £	2018 £
Wages and salaries	3,973,498	3,779,466
Social security costs	381,842	367,733
Pension contributions	482,633	486,883
	<u>4,837,973</u>	<u>4,634,082</u>

Notes to the financial statements (continued)
Year ended 31 August 2019

4. Staff costs

(continued)

	2019 Number	2018 Number
The average number of employees in the year was:		
Teaching	93	95
Establishment staff	14	14
Administration	21	20
	<u>128</u>	<u>129</u>

The number of employees whose gross pay and benefits (excluding pension contributions) exceeded £60,000 in the year were:

£60,000 - £70,000	1	3
£70,001 - £80,000	-	3
£80,001- £90,000	3	1
£90,000 - £100,000	1	-
£100,001- £110,000	-	1
£120,001- £130,000	1	-
	<u>1</u>	<u>-</u>

Total remuneration for key management personnel (including pension contributions) during the year amounted to £563,270 (2018: £520,131).

Following a restructuring in the year, a number of termination payments were agreed totalling £99,973 (2018: £23,850).

5. Analysis of expenditure

	Staff costs	Other	Depreciation	2019 Total	2018 Total
	£	£	£	£	£
Raising funds					
Financing costs	-	12,660	-	12,660	10,646
Fundraising events	-	78,031	-	78,031	10,805
	<u>-</u>	<u>90,691</u>	<u>-</u>	<u>90,691</u>	<u>21,451</u>
Charitable activities					
Teaching costs	3,811,034	551,965	186,368	4,549,367	4,433,194
Welfare costs	-	443,334	-	443,334	441,336
Premises costs	330,693	1,049,995	237,647	1,618,335	1,494,419
Support costs (Note 6)	696,246	375,466	-	1,071,712	942,811
Governance costs (Note 7)	-	16,258	-	16,258	21,879
	<u>4,837,973</u>	<u>2,437,018</u>	<u>424,015</u>	<u>7,699,006</u>	<u>7,333,639</u>
Total expenditure	<u>4,837,973</u>	<u>2,527,709</u>	<u>424,015</u>	<u>7,789,697</u>	<u>7,355,090</u>

Somerhill Charitable Trust Limited

Notes to the financial statements (continued)
Year ended 31 August 2019

6. Support costs

	2019	2018
	£	£
Staff costs	696,246	624,255
Other expenses	241,924	233,364
Travel expenses	55,734	45,052
Legal and professional fees	41,515	35,716
Bad debts expense	36,293	4,424
	<u>1,071,712</u>	<u>942,811</u>

7. Governance costs

	2019	2018
	£	£
Audit and statutory accounts fee	13,230	17,380
Teachers' pension scheme audit fee	1,135	1,120
Governors' indemnity insurance	1,893	3,379
	<u>16,258</u>	<u>21,879</u>

8. Tangible fixed assets

	School freehold land and buildings £	Other freehold land and buildings £	Equipment fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
1 September 2018	13,345,335	3,342,000	876,079	118,192	17,681,606
Additions	73,307	-	357,561	42,600	473,468
Disposals	-	-	(160,222)	(42,351)	(202,573)
	<u>13,418,642</u>	<u>3,342,000</u>	<u>1,073,419</u>	<u>118,441</u>	<u>17,952,502</u>
Depreciation					
1 September 2018	644,096	8,756	447,401	117,392	1,217,645
Charge for the year	228,891	8,756	181,048	5,320	424,015
Disposals	-	-	(160,222)	(42,351)	(202,573)
	<u>872,987</u>	<u>17,512</u>	<u>468,228</u>	<u>80,361</u>	<u>1,439,088</u>
Net book values					
31 August 2019	<u>12,545,655</u>	<u>3,324,488</u>	<u>605,191</u>	<u>38,080</u>	<u>16,513,414</u>
31 August 2018	<u>12,701,239</u>	<u>3,333,244</u>	<u>428,678</u>	<u>800</u>	<u>16,463,961</u>

All freehold land and buildings are valued, for insurance purposes and including contents, at £58 million (2018: £58 million). School freehold land and buildings comprises the school mansion and grounds of 150 acres and other buildings owned by the School that are used for educational purposes. Other freehold land and buildings comprises other residential properties owned by the School.

Somerhill Charitable Trust Limited

Notes to the financial statements (continued)
Year ended 31 August 2019

9. Fixed asset investments

**Shares
£**

Investment in subsidiary company

Cost and net book value

At 1 September 2018 and 31 August 2019

100

In the opinion of the Governors the aggregate value of the School's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The School holds more than 10% of the share capital of the following company:

Subsidiary undertaking	Country of registration or incorporation	Class	Shares held %
Somerhill Enterprises Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the result of this undertaking for the year ended 31 August 2019 was as follows:

		Capital and reserves £	Result for the year £
Somerhill Enterprises Limited	Dormant	<u>100</u>	<u>-</u>

10. Debtors

	2019 £	2018 £
Trade debtors	1,994,628	2,139,347
Other debtors	4,177	4,986
Prepayments and accrued income	175,729	225,704
	<u>2,174,534</u>	<u>2,370,037</u>

Notes to the financial statements (continued)
Year ended 31 August 2019

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	291,438	189,762
Other taxation and social security costs	94,094	97,610
Accruals	227,629	153,432
Deferred income	2,448,628	2,436,160
Advance fees	256,646	146,413
Other creditors	235,596	204,720
Amounts payable to subsidiary company	100	100
	<u>3,554,132</u>	<u>3,228,197</u>

Included within other creditors are amounts totalling £68,846 (2018: £63,469) in respect of outstanding pension contributions.

Deferred income relates to fees invoiced prior to year-end relating to future terms. Income deferred at 31 August 2018 was released in the year.

Advance fees

Included within creditors is an amount of £256,646 (2018: £146,413) in respect of fees received in advance, there is also a further amount of £269,749 (2018: £137,956) in respect of fees due after more than one year.

Fees paid in advance are analysed as follows:-

	2019 £	2018 £
Balance at 1 September 2018	284,369	183,480
New amounts paid	<u>578,654</u>	<u>341,783</u>
	863,023	525,263
Amounts utilised in the payments of fees	<u>(336,629)</u>	<u>(240,894)</u>
Balance at 31 August 2019	<u>526,394</u>	<u>284,369</u>

12. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Fees in advance	<u>269,749</u>	<u>137,956</u>

Notes to the financial statements (continued)
Year ended 31 August 2019

13. Other financial commitments

At 31 August 2019 the School was committed to make minimum lease payments in respect of non-cancellable operating leases as follows.

	2019	2018
	£	£
Amounts payable:		
Within one year	45,627	104,682
In two to five years	68,325	41,468
Total commitment	<u>113,952</u>	<u>146,150</u>

All leases relate to amounts payable in respect of equipment.

14. Statement of funds

	Restricted	Designated property	Unrestricted general	Total
	£	£	£	£
At 1 September 2018	-	12,701,239	7,252,633	19,953,872
Surplus/(deficit) for year	-	(155,584)	453,606	298,022
At 31 August 2019	<u>-</u>	<u>12,545,655</u>	<u>7,706,239</u>	<u>20,251,894</u>

The unrestricted general reserve represents the free funds of the School which are not designated for particular purposes.

The designated property reserve fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of school freehold land and buildings.

Restricted funds represent donations received for specific items or appeals. During the year the School received restricted funding of £12,231. This has been spent in the year on musical instruments, in accordance with the wishes of the donors and funders.

Notes to the financial statements (continued)
Year ended 31 August 2019

15. Analysis of assets between funds

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Non-current liabilities £	Total £
Unrestricted funds					
General	3,967,759	100	4,008,129	(269,749)	7,706,239
Designated fund - property	12,545,655	-	-	-	12,545,655
	<u>16,513,414</u>	<u>100</u>	<u>4,008,129</u>	<u>(269,749)</u>	<u>20,251,894</u>

16. Pension and similar obligations

Teachers' Pension Scheme

Introduction

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) (as amended) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014 (as amended). Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The pension charge for the period includes employer contributions payable to the TPS of £409,960 (2018: £415,698) and at the year-end £32,796 (2018: £35,065) was accrued in respect of employer contributions to this scheme.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 ('the Directions'). The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Directions. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation are:

- employer contribution rates set from 1 September 2019 at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 billion, and notional assets (estimated

- future contributions together with the notional investments held at the valuation date) of £196.1 billion giving a notional past service deficit of £22 billion
- a discount rate of 2.4% per annum above CPI

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Other pension schemes

The School also makes contributions to its employees' various pension schemes. The assets of the schemes are held separately from those of the School in independently administered funds. The pension costs charge represents contributions payable by the School to the funds and amounted to £77,003 (2018: £70,894). At the year-end £6,507 (2018: £6,048) was accrued in respect of employer contributions to other pension schemes.

17. Related party transactions

There were no related party transactions in the year (2018: none). No Governors received remuneration, payments for services or reimbursed expenses during the year (2018: none).

18. Post Balance Sheet Events

In March 2020 the World Health Organisation declared the outbreak of Coronavirus as a global pandemic and subsequently the UK government closed all schools with effect from 23rd March 2020. Somerhill, in line with government guidance, continued to offer on-site education to the children of key workers. All other pupils being taught remotely using the school's Home Learning Program (HLP). At all times all pupils had access to an education from Somerhill. Revised budgets have been prepared to analyse the impact on the school's finances and governors are confident the school remains a going concern and that all the necessary risk management processes have been followed, in line with government guidance, at each stage of the re-opening of the school. As of 18th June 2020, and until the end of term the school has opened its site to all year groups. Revised budgets have been approved for the academic year 2020-21.

Notes to the financial statements (continued)
Year ended 31 August 2019

19. Prior year Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £
Income and endowments from:			
Charitable activities			
School fees receivable	7,464,065	-	7,464,065
Ancillary trading income	441,524	-	441,524
Other trading activities			
Non-ancillary trading income	54,289	-	54,289
Investments	9,497	-	9,497
Donations and grants	18,087	-	18,087
Other income	-	-	-
Total income	<u>7,987,462</u>	<u>-</u>	<u>7,987,462</u>
Expenditure on:			
Raising funds			
Financing costs	10,646	-	10,646
Fundraising and development	10,805	-	10,805
Total deductible costs	<u>21,451</u>	<u>-</u>	<u>21,451</u>
Charitable activities			
Education	7,333,639	-	7,333,639
Total expenditure	<u>7,355,090</u>	<u>-</u>	<u>7,355,090</u>
Net income before transfers	632,372	-	632,372
Transfers between funds	-	-	-
Net movement in funds	632,372	-	632,372
Fund balances brought forward at 1 September 2017	<u>19,321,500</u>	<u>-</u>	<u>19,321,500</u>
Fund balances carried forward at 31 August 2018	<u>19,953,872</u>	<u>-</u>	<u>19,953,872</u>