

Faculty of Queen Ethelburga's Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2019



Faculty of Queen Ethelburga's Limited

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Faculty of Queen Ethelburga's Limited

Strategic Report for the Year Ended 31 August 2019

The directors present their strategic report for the year ended 31 August 2019.

Principal activity

The principal activity of the company is that of a private school.

Fair review of the business

Despite several national newspapers publishing the significant improvement in its exam results, the Faculty of Queen Ethelburga's Limited saw a large decrease in pupils which lead to a 9% decrease in turnover. The (loss)/profit on ordinary activities before taxation was (£1,051,181) (2018 - £1,529,703). The Balance Sheet on page 7 of the financial statements shows that the company's financial position has, in terms of net assets, reduced from £1,305,824 to £221,326 as a result of the loss incurred in the year.

The company's directors believe that further key performance indicators of the company are not necessary or appropriate for an understanding of the development, performance or position of the business, and that the ones identified are the key indicators that are used by the Board to monitor the company's performance.

Both the level of business for the year and the year end financial position are considered satisfactory, in the light of the loss incurred.

Going concern

The current economic conditions present increased risks for all businesses. In response to such uncertain conditions, the directors have carefully considered these risks and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Covid 19 has presented many challenges for all business, not least with regard to the uncertain impact on the sales market in the short and medium terms. In particular, the directors of the company have considered in detail the company's forecast performance. On this basis, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Accordingly, the directors of the company have adopted the going concern basis in preparing these financial statements.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company. The company manages such risks by providing appropriate quality services to its customers.

The company's transactions are all in pound sterling and therefore there is no exposure to a movement in exchange rates.

The company is not exposed to any third party debt other than amounts due to group companies.

The company has some credit risk with customers and policies are in place to ensure the credit worthiness of all customers.

Approved by the Board on 24 August 2020 and signed on its behalf by:



C J Hall
Director

Faculty of Queen Ethelburga's Limited

Directors' Report for the Year Ended 31 August 2019

The directors present their report and the financial statements for the year ended 31 August 2019.

Directors of the company

The directors who held office during the year were as follows:

C J Hall

A K Martin

F D Martin (Resigned 11 October 2019)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Watson Buckle Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 24 August 2020 and signed on its behalf by:



C J Hall
Director

Faculty of Queen Ethelburga's Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Faculty of Queen Ethelburga's Limited

Independent Auditor's Report to the Members of Faculty of Queen Ethelburga's Limited

Opinion

We have audited the financial statements of Faculty of Queen Ethelburga's Limited (the 'company') for the year ended 31 August 2019, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss 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 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors 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 identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Faculty of Queen Ethelburga's Limited

Independent Auditor's Report to the Members of Faculty of Queen Ethelburga's Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

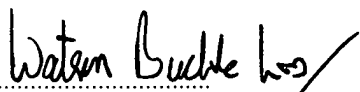
Auditor's responsibilities for the audit of the financial statements

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.

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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Padgett FCA (Senior Statutory Auditor)
For and on behalf of Watson Buckle Limited,
Statutory Auditors & Chartered Accountants
Bradford

24 August 2020

Faculty of Queen Ethelburga's Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 August 2019

	Note	2019 £	2018 £
Turnover	3	19,387,003	21,406,776
Cost of sales		<u>(9,253,679)</u>	<u>(9,595,531)</u>
Gross profit		10,133,324	11,811,245
Administrative expenses		(11,011,040)	(10,172,249)
Other operating income	4	<u>528</u>	<u>-</u>
Operating (loss)/profit	5	(877,188)	1,638,996
Interest payable and similar charges	6	<u>(173,993)</u>	<u>(109,293)</u>
(Loss)/profit before tax		(1,051,181)	1,529,703
Taxation	10	<u>(33,317)</u>	<u>(541,568)</u>
(Loss)/profit for the financial year		(1,084,498)	988,135
Retained earnings brought forward		1,305,822	1,217,687
Dividends paid		<u>-</u>	<u>(900,000)</u>
Retained earnings carried forward		<u>221,324</u>	<u>1,305,822</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

Faculty of Queen Ethelburga's Limited

(Registration number: 03252470)
Balance Sheet as at 31 August 2019

	Note	£	2019	£	£	2018	£
Fixed assets							
Tangible assets	11			9,500,218			10,390,429
Creditors: Amounts falling due within one year	12			<u>(9,034,892)</u>			<u>(8,841,805)</u>
Total assets less current liabilities				465,326			1,548,624
Provisions for liabilities	13			<u>(244,000)</u>			<u>(242,800)</u>
Net assets				<u>221,326</u>			<u>1,305,824</u>
Capital and reserves							
Called up share capital	15		2			2	
Profit and loss account	16		<u>221,324</u>			<u>1,305,822</u>	
Total equity				<u>221,326</u>			<u>1,305,824</u>

Approved and authorised by the Board on 24 August 2020 and signed on its behalf by:



C J Hall
Director

The notes on pages 8 to 18 form an integral part of these financial statements.

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Thorpe Underwood Hall

PO Box 100

Great Ouseburn

York

YO26 9SZ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company's functional and presentation currency is pound sterling.

Summary of disclosure exemptions

The company has taken advantage of the exemption to disclose certain aspects of financial instruments, transactions with key management personnel and the exemption to prepare Statement of Cash Flows in accordance with Financial Reporting Standard 102 Section 1.12.

The company has taken advantage of the exemption under Financial Reporting Standard 102 Section 33 Related Party Disclosures from disclosing transactions and balances with fellow group undertakings that are wholly owned.

Name of parent of group

These financial statements are consolidated in the financial statements of Care and Recreation Holdings Limited.

The financial statements of Care and Recreation Holdings Limited may be obtained from Crown Way, Maindy, Cardiff, CF14 3UZ.

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

All shared expenses are allocated across related companies via recharges. Recharge split percentages are calculated on an appropriate allocation basis, such as turnover, staff numbers and building usage, according to expense type.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets and their carrying amount is determined by the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The carrying amount is £9,500,222 (2018 - £10,390,429).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services to pupils in the ordinary course of the company's activities.

The company recognises revenue when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives.

If there is an indication that there has been a significant change in estimated useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Depreciation is charged as follows:

Asset class	Depreciation method and rate
Short leasehold improvements	4% straight line
Fixtures, fittings and equipment	10% - 25% straight line
Plant and machinery	4% - 25% straight line

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

The Teachers' Pension Scheme ('TPS') is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss and any subsequent reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Rendering of services	<u>19,387,003</u>	<u>21,406,776</u>

No further analysis of turnover is given as the directors consider this would be seriously prejudicial to the company.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019	2018
	£	£
Rent receivable	<u>528</u>	<u>-</u>

5 Operating loss

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	<u>1,699,661</u>	<u>1,672,777</u>

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

6 Interest payable and similar charges

	2019 £	2018 £
Interest payable on loans from group undertakings	173,993	109,293
	<u>173,993</u>	<u>109,293</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	5,646,062	6,076,668
Social security costs	522,445	549,190
Pension costs, defined contribution scheme	79,432	50,972
Pension costs, defined benefit scheme	340,831	386,863
	<u>6,588,770</u>	<u>7,063,693</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	31	35
Other departments	177	198
	<u>208</u>	<u>233</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	145,000	90,000
Contributions paid to defined contribution schemes	6,182	5,541
	<u>151,182</u>	<u>95,541</u>

During the year the number of directors who were receiving benefits was as follows:

	2019 No.	2018 No.
Accruing benefits under defined contribution schemes	2	2

9 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	13,250	12,875

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

10 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	31,500	554,300
UK corporation tax adjustment to prior periods	<u>617</u>	<u>(632)</u>
	32,117	553,668
Deferred taxation		
Arising from origination and reversal of timing differences	<u>1,200</u>	<u>(12,100)</u>
Tax expense in the income statement	<u><u>33,317</u></u>	<u><u>541,568</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
(Loss)/profit before tax	<u>(1,051,181)</u>	<u>1,529,703</u>
Corporation tax at standard rate	(199,724)	290,644
Effect of expense not deductible for tax purposes	29,097	22,044
Changes in tax rates	12	-
Over provision in prior year	617	(632)
Effect of capital allowances and depreciation	(60)	65
Depreciation on fixed assets not qualifying for capital allowances	<u>203,375</u>	<u>229,447</u>
Total tax charge	<u><u>33,317</u></u>	<u><u>541,568</u></u>

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

Deferred tax

Deferred tax assets and liabilities

	Liability £
2019	
Accelerated capital allowances	<u>244,000</u>
	Liability £
2018	
Accelerated capital allowances	<u>242,800</u>

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £(13,300) (2018 - £(300)).

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

11 Tangible assets

	Short leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 September 2018	1,297,600	4,009,496	14,760,051	20,067,147
Additions	-	3,448	934,763	938,211
Disposals	-	(128,759)	-	(128,759)
At 31 August 2019	<u>1,297,600</u>	<u>3,884,185</u>	<u>15,694,814</u>	<u>20,876,599</u>
Depreciation				
At 1 September 2018	238,561	2,247,732	7,190,427	9,676,720
Charge for the year	<u>51,904</u>	<u>194,921</u>	<u>1,452,836</u>	<u>1,699,661</u>
At 31 August 2019	<u>290,465</u>	<u>2,442,653</u>	<u>8,643,263</u>	<u>11,376,381</u>
Carrying amount				
At 31 August 2019	<u>1,007,135</u>	<u>1,441,532</u>	<u>7,051,551</u>	<u>9,500,218</u>
At 31 August 2018	<u>1,059,039</u>	<u>1,761,764</u>	<u>7,569,626</u>	<u>10,390,429</u>

12 Creditors

	2019 £	2018 £
Due within one year		
Amounts due to group undertakings	8,974,726	7,459,953
Accruals	28,666	33,982
Corporation tax liability	<u>31,500</u>	<u>1,347,870</u>
	<u>9,034,892</u>	<u>8,841,805</u>

13 Provisions for liabilities

	Deferred tax £	Total £
At 1 September 2018	242,800	242,800
Increase/(decrease) in existing provisions	<u>1,200</u>	<u>1,200</u>
At 31 August 2019	<u>244,000</u>	<u>244,000</u>

14 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £79,432 (2018 - £50,972).

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

Defined benefit pension scheme

Teachers' pension 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.

Multi-employer plans

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 School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension cost paid to the TPS in the period amounted to £340,831 (2018 - £386,863) and at the year-end £nil (2018 - £nil) was accrued in respect of contributions to this scheme.

The school has set out below the information available on the scheme.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

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

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

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

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

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

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

15 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:
All shares rank pari passu for income, capital and voting rights.

16 Reserves

Share capital

Represents the nominal value of issued shares.

Profit and loss account

Includes all current and prior periods distributable profits and losses.

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	1,670,453	1,784,532
Later than one year and not later than five years	6,495,878	6,991,407
Later than five years	<u>8,028,925</u>	<u>10,282,872</u>
	<u>16,195,256</u>	<u>19,058,811</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,047,208 (2018 - £3,136,567).

18 Commitments

Other financial commitments

The company is committed to make employer contributions into The Teachers Pension Scheme at a rate of 23.68% from 1 September 2019.

Faculty of Queen Ethelburga's Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

19 Related party transactions

Summary of transactions with other related parties

The directors have control over other related parties.

Expenditure with and payables to related parties

	Other related parties £
2019	
Receipt of services	<u>2,933,864</u>
	Other related parties £
2018	
Receipt of services	<u>3,121,852</u>

20 Parent and ultimate parent undertaking

The company's immediate parent is The Collegiate Formation Limited, incorporated in England & Wales.

The ultimate parent is Foxlow Limited, incorporated in the British Virgin Islands.

The most senior parent entity producing publicly available financial statements is Care & Recreation Holdings Limited. These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

The ultimate controlling party is not known.

21 Non adjusting events after the financial period

The Covid-19 pandemic has led to a significant shut-down of both social and economic activity in the UK and in many other countries around the globe. As a private school our main business is the provision of services to pupils within the UK and other countries. Covid-19 caused our business to close the School's site and at the time of writing it remains closed and pupils are working remotely. We have taken this opportunity to re-examine our operations and made changes to our company processes to minimize the disruption to both our employees and pupils whilst ensuring that health and safety requirements are fully adhered to.

Like many companies this pandemic has adversely affected our turnover due to lower pupil numbers. We are unable to ascertain the total financial effect at this present time as there is considerable uncertainty about how quickly pupil numbers will return to pre pandemic levels as lockdown measures are cautiously relaxed.