

## **The Tower House School Charitable Foundation**

(A Company Limited by Guarantee)

Incorporated in England and Wales No. 03345004

Registered Charity No. 1068844

### **GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

For the year ended

**31 August 2018**



# **The Tower House School Charitable Foundation**

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**for the year ended 31 August 2018**

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# The Tower House School Charitable Foundation

## REFERENCE AND ADMINISTRATION

for the year ended 31 August 2018

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<b>Trustees</b>	JP A Forsyth C Pike	Dec'd June 2018
<b>Governors</b>	Jamie Forsyth Zoe Parish Alex Wilson Nick Woods Andy Sutch Prof. Claire Hogg	Dec'd June 2018 resigned November 2017  appointed March 2018
<b>Headmaster:</b>	G Evans	
<b>Bursar &amp; Clerk to Governors:</b>	A Pomfret	
<b>Company registered number:</b>	03345004	
<b>Charity registered number:</b>	1068844	
<b>Registered Office:</b>	188 Sheen Lane East Sheen London SW14 8LF	
<b>Bankers:</b>	National Westminster Bank 341 Upper Richmond Road West East Sheen London SW14 8QP	
<b>Auditors:</b>	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	
<b>Investment Managers</b>	Rathbone Brothers Plc 8 Finsbury Circus London EC2M 7AZ	

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

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### Objectives and activities

Tower House School's aim as an educational charity for children is to benefit the public by providing a first class education independent of the State system. We are a mixed ability school and we aim for the highest quality of academic tuition and the development of wider sporting, artistic and social skills in all our pupils. We offer an environment where each pupil can develop and fulfil his potential, in order to help build self-confidence and inculcate a lifelong desire to contribute to the wider community. Objectives are set up in accordance with the whole school development plan.

The Foundation has continued seeking to act as a good citizen in the local community and elsewhere. The school maintains a close liaison between parents/guardians, teachers, the governing body as well as other local charities/organisations that can benefit from the school's facilities'.

In setting our objectives and planning our activities, our Governors give full weight to the Charity Commission's guidance on public benefit in the context of charities such as Tower House.

Ongoing and future objectives of the school are to:-

- Maintain the schools' same high level of academic performance and sports achievements with the present 10:1 pupil/teacher ratio. Ensuring all leavers attend their senior schools of choice.
- Expand the teaching of Performing Arts and extend performances and opportunity to participate to the wider community.
- Maintain the expertise of teaching staff, with succession-planning and continual professional development – staff professional development through externally provided courses and by professional learning teams set up 'in house'.
- Continue to develop and resource the Special Educational Needs Department to ensure the appropriate level of support for both the talented and gifted and those with specific learning difficulties. Provide 1 on 1 assistance where necessary. This is particularly true of pupils with special physical needs including those who are partially sighted.

To develop a scheme of work which addresses the pupils' wellbeing. Such a scheme to be integrated into the PSHE curriculum and its efficacy measured using a pupil survey in due course.

- Further develop the extensive Residential Trip Programme allowing pupils to experience different lifestyles and traditions, to face challenges and to see how in the future they may be able to contribute to the different aspects of society.
- Further develop liaison with environmental agencies to enable voluntary work to be carried out in the community.
- Facilitate wider community access to the school's facilities and staff expertise.
- Fully explore the possibility of Tower House teachers sharing their skills and expertise with local state sector schools.
- Continue to develop and resource the Sports Department, and extend the opportunity for boys to experience a wide range of Sports and Physical Development e.g. Yoga.

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

- Roll out and implement Assessment strategies for Senior School and Junior School – these should include an investment in online assessment models leading to standardized scores for national comparison.
- Further increase the numbers of boys learning musical instruments and participating in ensembles – including specialist ensembles such as 'woodwind'.

The Governors are mindful of the need to consider activities for the wider Public Benefit, although the priority is still to ensure that pupils already at the School should be able to continue and complete their education at the School. They continue to keep abreast of legal developments, taking particular note of any guidance on general public benefit issued by the Charity Commission. Although the financial climate is showing signs of improvement, the Governors continue to consider ways to benefit the wider community within the financial constraints affecting the school.

As part of the education of its pupils the school encourages them to offer service and philanthropy as part of the privileged education that they enjoy.

This includes arranging fund raising for local, national and international charities which in the past year has raised a combined figure of over £13,000 distributed to the following charities:-

The Poppy Appeal  
London Air Ambulance  
Soldiers Charity  
Me Too  
Sports Relief  
Comic Relief  
Save the Children  
WaterAid  
Railway Children  
Help for Heroes  
Christchurch  
MacMillan Cancer Care  
St. John Ambulance  
Cancer Research UK  
The Western Front Way  
St. Wilfrids Hospice  
The Feel Good Bakery  
The Richmond Foodbank

In addition to the various fund raising activities the school organises, the older boys also enjoy a close relationship with various environmental agencies, particularly The Friends of Palewell Common.

In the autumn term food baskets are distributed to the Richmond Food Bank. Local residential homes/day centre residents are frequently invited into the school to enjoy music recitals and other drama/musical events. The school choir also visits local residents.

The school hall is made available free of charge to local charities such as MacMillan Cancer Care, Members of East Sheen Society (MESS), drama groups who work with children, and also to local musicians for sound recording. A wide variety of afterschool and holiday clubs run throughout the year and are where possible open to children in the local area. These include:- sports, art, pottery, drama, film making.

The governors are continuing to identify ways in which they can make the facilities available to the local community and particularly to under privileged children and groups.

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

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### Key Management Personnel

The key management personnel of the school is made up as follows:-

#### Trustees

Charles Pike

Jamie Forsyth (Dec'd June 2018)

#### Governors

Alex Wilson

Jamie Forsyth (Dec'd June 2018)

Alex Wilson

Nick Woods

Andy Sutch

Prof. Claire Hogg (appointed March 2018)

#### Senior Management Team (SMT)

Gregory Evans - Headmaster

Alison Pomfret – Bursar & Clerk to Governors

Ben Peyton – Deputy Head

Lesley Barnett – Head of Pre Prep

Justin Ryan – Director of Studies

The Trustees and Governors are responsible for the overall management of Tower House School. Governors have the legal responsibility for ensuring that the school complies fully with the law, is solvent and complies with all the financial regulations for charities as well as with ISI, and EYFS regulations. The school should be run in accordance with its charitable objects, including public benefit. Governors set the school's vision, ethos and direction, regularly review the school's performance against targets and monitor the risks to which the charity is exposed. They are responsible for ensuring that proper measures are taken by the school to mitigate all risks, by safer recruitment and child protection, compliance with health and safety and insurance. They are responsible for the Trustee structure. Governors have a duty to keep in mind the interests of pupils, staff and parents as well as those of the community. The Board of Governors meet formally at least 3 times per year. Governors also have specific responsibilities, such as safeguarding and child protection, special educational needs, health and safety and education. This aids governors to attain an in depth knowledge of issues affecting the school within their area of responsibility. They can also create links with the relevant staff in school. Governors are welcome and encouraged to visit the school at any time to observe lessons or audit their area of responsibility. Relevant training for governors is promoted and provided. The trustees and governors give their time voluntarily and are not remunerated.

Sadly Jamie Forsyth, who was a long standing and valued Trustee and Governor of the school, died in June of 2018. He is much missed. The school is reviewing suitable candidates to take on the role of Trustee and Governor.

### Selection, Appointment, and Induction of Governors

Governors are responsible for the selection, safe recruitment and appointment of new Governors. The aim is to achieve a balanced board, with individuals with an educational, legal, business, financial, property and marketing backgrounds. All Governors complete a selection process, which requires the submission of a CV, a meeting with a senior Governor and a meeting with the Head. Every Governor has an enhanced DBS check. Each appointment is made/ratified by the full Board for period of 3 years. The school arranges for all new governors to receive a thorough induction in child protection and in the

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

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compliance and fiduciary duties of governance. New Governors visit the school in order to meet the key personalities and to gain an insight into the curriculum and to meet groups of pupils.

All new Governors receive a briefing pack on appointment that contains:

- The Governing Instrument
- List of fellow Governors and their contact details
- Dates of meetings for the ensuing year
- Minutes of most recent meetings
- AGBIS/ISC "Guidelines for Governors"
- School staff list
- The School Development Plan
- The School's Risk register
- The School's Conflict of Interest Policy
- The School Calendar and list of functions
- A list of School policies
- The most recent school accounts

The day to day management of the school is delegated to the Head, Deputy Head and Bursar, supported by the other members of the Senior Management Team. All members of the Senior Management Team are placed on the appropriate scale point of the Tower House School leadership pay scale, which is derived from the IAPS (Independent Prep Schools Association) Guide to Salaries. The remuneration for the Head and Bursar is reviewed annually by the governing body. The Head and Bursar review the pay for the other members of the SMT annually, also. Delivery of the School's charitable vision and purpose is primarily dependent upon key management personnel and as is the case with most schools, staff costs are the largest single element of our charitable expenditure.

### Review of Achievements and Performance

There has been a significant overhaul of staff professional development and the school is now very much a learning community. Prompted by a middle manager undertaking a post graduate course – Professional Learning Teams (PLTs) meet regularly to formulate strategies to improve teaching. The bedrock of all the new initiatives is pedagogical research - PLTs share reading suggestions in cluster groups concentrating on similar objectives.

Once again all Year 8 pupils achieved places at their chosen schools. These include both boarding and day schools, in the area and further afield. Academic benchmarks were exceeded again this year. 100% success rate at Common Entrance.

Sporting achievements have been numerous this year; with excellent results in all three main sports (Football, Rugby and Cricket). Specialist professional sports coaches have continued to be utilised for both Rugby and Cricket, with great success. One of our pupils received the offer of a Sports Scholarship from four different schools – allowing him to take his pick!

Music continues to develop under the guidance of a dynamic Director of Music. The Senior Choir now accounts for 80% of the pupils who are eligible to join and they have enjoyed performing for the School community and beyond. The recent addition of strings and woodwind ensembles shows the diversity of musical talents and potential performances. Two of our pupils were awarded Music Scholarships to their senior schools.

# **THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION**

## **TRUSTEES REPORT**

For the year ended 31 August 2018

Drama productions continue to set new standards and this year THS performed a stage production of The Lord of the Rings. High standards do not preclude inclusivity – on average, 70% of pupils who are eligible to audition will be given parts in the play.

The school has employed some staff over the last year – all of whom have had a very positive impact on the overall environment and ultimately the pupils' learning.

These include:

Very experienced Head of Department added to the English Department

One to One learning assistant for pupils with severe learning difficulties.

The school has acquired the adjacent site with a view to expand and improve facilities.

### **Negative factors that affected the achievement of objectives and how future plans have been affected:**

Physical space continues to be the greatest impairment to smooth operations and it undoubtedly impacts on the development of the pupils both physically and academically

Despite achieving an academic scholarship this past year – the school is acutely aware that smaller group tuition would enable more pupils to be stretched whilst other pupils require additional support.

Staff recruitment can be problematic / difficult. Replacing a Head of English required 3 no. recruitment trawls – the eventual appointee, although excellent, was a result of reaching out to agencies. Many factors can explain this: competitors may be paying more; limited scope for career progression at THS etc. However, it is clear that the cost of living locally / commuting is a deciding factor. Staff accommodation / subsidy may be the answer.

### **Projected plans for the future:**

To improve facilities to both develop the educational experience for pupils and to retain and attract the highest caliber of staff.

The newly acquired site adjacent to the school will be developed after consultation with the Local Authority and in conjunction with architects experienced within the educational sector to provide improved facilities for pupils and staff.

### **Fees, Bursaries and Hardship Fund**

The fees are inclusive of all residential and curriculum related trips costs and also lunch, to ensure that the highly beneficial trips and excursions are open to all.

To assist the school to attract and retain high calibre staff, we offer a fees discount scheme to staff that enroll their children at our school. The Governors of Tower House School are committed to broadening access to the school by offering to eligible parents/guardians means-tested financial support with the payment of schools fees. Bursaries may be awarded in the form of a discount of up to 100% on tuition fees payable, depending on the financial, compassionate or other pertinent circumstances of applicants.

Bursary awards are subject to repeat testing of parental means each year and may be varied upwards or downwards, depending on parental circumstances, compassionate or other pertinent considerations.

Requests for financial support usually fall into two categories:



# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

- New applicants to the school, where a place has been offered but parents/guardians are unable to fund the tuition fees.
- Existing pupils where a change in parents/guardians' circumstances has resulted in difficulty in meeting tuition fees and may result in the child being withdrawn part way through a stage of education.

Information provided by the School alerting the parents/guardians of potential pupils to the possibility of gaining means-tested financial support with the payment of schools fees is included in:

- The School prospectus.
- The School website.
- The local press by means of advertisements.

### Awards 2017-18

Fee reduction for staff with children at Tower House School      £21,000

**Total**      **£21,000**

### Principal Risks and Uncertainties

Category	Description	Control Procedures
Operational	Safeguarding Issue	<p>All staff DBS checked, together with strict Safer Recruitment procedures (Head, Deputy Head, Chair of Governors and Safeguarding Governor all trained in safe recruitment)</p> <p>All staff attend Child Protection Level 2 training at least once every 3 years DSL and Deputy DSL attend Level 3 training course every 2 years</p> <p>All visitors escorted and badged Access through front door via intercom CCTV coverage should be extended All unscheduled visitors challenged Encourage culture of awareness in all site staff, including facilities and security to challenge children leaving the site. Lockdown procedures developed and practiced</p> <p>Whistle blowing procedure</p>

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

Legal and Regulatory	Non-compliance leading to serious inspection and press issues	<p>Appointment of Compliance Manager to audit current regulatory compliance and ensure that all processes are adhered to</p> <p>Responsibility for all areas of School operations assigned to individual SMT members</p> <p>Information sources identified and monitored</p> <p>Policies and practices regularly updated with rolling reviews at all school staff meetings</p> <p>Governors review and agree major changes to regulatory policies</p>
Competition	The opening of a free school or primary school in the area	<p>Maintenance of high standards of curricular and extra-curricular provision together with continuous improvement of facilities (eg. junior school refurb/extension)</p> <p>Profile and understand beneficiary needs</p> <p>Use market place analysis to establish future funding requirements and/or threats to business</p> <p>Strategic marketing, publication of the schools excellent ISI Inspection report, and constant high performance of our boys in all areas of education; academic, music, sport, drama</p>

### Financial Revenue and Reserves

The financial statements for the year ended 31 August 2018 are set out in pages xx to xx including the Statement of Financial Activities and the Balance Sheet. The Trustees are of the opinion that the balance sheet position is satisfactory.

The principal funding source is the parents of the children it educates. All income of the school is applied for educational purposes, in line with its Objectives.

During the year income amounted to £2,747,042 (2017 £2,550,472), an increase of 7.7% which has primarily been due to fees increases, and a full school. Expenditure this year amounted to £2,314,735 (2017 £2,346,922), a decrease of 1.37%, which has enabled the School to continue to provide the high level of education to pupils, and to continue to provide the excellent extra-curricular activities that are included in the tuition fees and therefore available to all, e.g. educational residential trips to support the learning of; French, Geography, History, Science, Sport and personal development/confidence building.

After taking into account investment gains of £61,035 (2017 £158,472) overall the charity made a surplus of £493,342 (2017 £362,022) which will be used to fund future capital works and maintain and develop the School's buildings, to ensure the School can continue to operate at full or near full capacity for the foreseeable future.

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

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### **Increase in Teachers Pension Contributions Next Year**

Contrary to indications that the Teachers' Pension Scheme (TPS) employer contributions for 2019-20 would be set at 19.1%, we have been advised that the figure from September 2019 will be 23.6%. This increase will have a profound and damaging effect on the finances of schools and will threaten the viability of some as the cost of the increased contributions will have to be absorbed within the school's financial plan. We were given no indication of the magnitude of the new contribution rates which came "out of the blue". Maintained schools will receive funding support in 2019-20; independent schools will not.

ISBA, in conjunction with ISC, has commissioned an immediate actuarial review of the conclusions reached by the government actuaries to challenge the formulae in the regulations and other underlying assumptions. They have also engaged solicitors to look at a possible legal challenge to the process followed. We await the outcome, but in the meantime will have to make a provision in our 2019/20 Budget.

### **Reserves Policy**

Primarily reserves are held to enable the continuity of services and activities that we undertake.

Reserves are held for the following reasons:

- to handle any sudden reduction in income
- to handle fluctuations in the market value of the investment portfolio
- to cover for other key risks crystalizing resulting in unplanned expenditure
- to take advantage of unexpected opportunities

In considering the level of reserves that should be held, we test the policy level against various scenarios to ensure adequate levels of reserves are held. The Trustees review what an adequate level of reserves is regularly. Currently set level of free reserves at £780k

### **Investment Policy**

The School has an investment portfolio managed by one of the UK's leading investment managers; Rathbones Investment Management. Surplus funds are transferred to expand the portfolio when sufficient funds have accrued in the schools bank account to warrant a long term approach to investment. A further £400,000 was transferred this year for investment. The objectives of the School's investment policy are to ensure the creation of sufficient income and capital growth to enable funds to be used for the continued improvement of education of children and major capital projects, such as the development of the recently acquired 190 Sheen Lane site. The current valuation of these funds is £2,251,616. Investment Income for this year is £61,405 (2017 £40,583). £74,414 is held in the cash account awaiting suitable investment. The investments have performed soundly this year, and the Board are confident that the School can expect a positive return on the money invested over the anticipated period of investment. The Board reviews the portfolio regularly and the investment manager is invited to present to the Board annually.

# THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION

## TRUSTEES REPORT

For the year ended 31 August 2018

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### Trustees responsibilities' statement

The Trustees (who are also Directors of Tower House School for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees 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 trustees 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 then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees 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.

### Disclosure of information to auditors


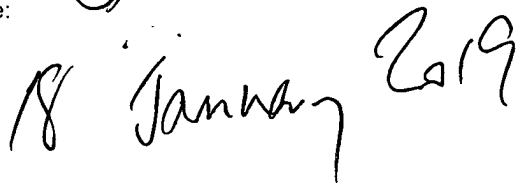
In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

On behalf of the board

C Pike  
Trustee  
Date:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION**  
For the year ended 31 August 2018

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## **Opinion**

We have audited the financial statements of The Tower House School Charitable Foundation ('the company') for the year ended 31 August 2018 which comprise of the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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 requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION**

For the year ended 31 August 2018

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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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- [the strategic report and the] trustees' annual 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TOWER HOUSE SCHOOL CHARITABLE FOUNDATION**

For the year ended 31 August 2018

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Kingston Smith LLP*

Shivani Kothari (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

*28th January 2019*

# The Tower House School Charitable Foundation

## STATEMENT OF FINANCIAL ACTIVITIES

(including the income and expenditure statement)

for the year ended 31 August 2018

	Notes	Unrestricted funds £	Total 2018 £	Total 2017 £
<b>INCOME FROM:</b>				
<b>Charitable Activities</b>				
School fees	3	2,586,502	<b>2,586,502</b>	2,446,846
Other educational income	4	98,835	<b>98,835</b>	62,819
<b>Investments</b>				
Investment Income		61,405	<b>61,405</b>	40,583
<b>Voluntary sources</b>				
Grants and donations	5	300	<b>300</b>	-
<b>Total income and endowments</b>		<u>2,747,042</u>	<u><b>2,747,042</b></u>	<u>2,550,248</u>
<b>EXPENDITURE ON:</b>				
<b>Costs of raising funds</b>				
Investment management fees		15,605	<b>15,605</b>	10,555
Interest and other costs		20,447	<b>20,447</b>	23,249
<b>Charitable activities</b>				
Education	6	2,278,683	<b>2,278,683</b>	2,312,894
<b>Total expenditure</b>	6	<u>2,314,735</u>	<u><b>2,314,735</b></u>	<u>2,346,698</u>
<b>Net operating income/(expenditure)</b>		432,307	<b>432,307</b>	203,550
Net gains on investments	12	61,035	<b>61,035</b>	158,472
<b>Net income/(expenditure)</b>		493,342	<b>493,342</b>	362,022
<b>Net movement in funds</b>		493,342	<b>493,342</b>	362,022
Fund balances brought forward	19	4,097,181	<b>4,097,181</b>	3,735,159
Fund balances carried forward		<u>4,590,523</u>	<u><b>4,590,523</b></u>	<u>4,097,181</u>

The statement of financial activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The accompanying notes form part of these financial statements.



# The Tower House School Charitable Foundation

## BALANCE SHEET

as at 31 August 2018

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	11	3,875,033	3,901,486
Investments	12	<u>2,251,616</u>	<u>1,796,823</u>
		<b>6,126,649</b>	<b>5,698,309</b>
<b>CURRENT ASSETS</b>			
Debtors	13	120,485	59,664
Cash at bank and in hand		<u>808,063</u>	<u>776,269</u>
		<b>928,548</b>	<b>835,933</b>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(688,272)</u>	<u>(563,704)</u>
<b>NET CURRENT ASSETS</b>		<u><b>240,276</b></u>	<u><b>272,229</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,366,925</b>	<b>5,970,538</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	<u>(1,776,402)</u>	<u>(1,873,357)</u>
<b>NET ASSETS</b>		<u><u><b>4,590,523</b></u></u>	<u><u><b>4,097,181</b></u></u>
<b>FUNDS</b>			
Unrestricted funds	19	<u><b>4,590,523</b></u>	<u><b>4,097,181</b></u>
		<u><u><b>4,590,523</b></u></u>	<u><u><b>4,097,181</b></u></u>

Approved and authorised for issue by the Board of Trustees on 18th January 2019 and signed on their behalf by:

C Pike  
Chairman of the Board of Trustees



The accompanying notes form part of these financial statements.  
Company Number: 03345004

# The Tower House School Charitable Foundation

## CASHFLOW STATEMENT

for the year ended 31 August 2018

CASH FLOW STATEMENT	Notes	2018 £	2017 £
Net cash inflow from operating activities	23	509,625	334,362
Cash flows from investing activities:			
Interest received		61,405	40,583
Interest paid		(20,447)	(23,249)
Proceeds from sale of investments		176,914	159,543
Payments to acquire fixed assets		(41,993)	(1,475,578)
Payments to acquire investments		(570,672)	(474,008)
Net cash outflow from investing activities		<u>(394,793)</u>	<u>(1,772,709)</u>
Financing:			
Loans received		-	1,750,000
Loans repaid		(83,036)	(447,934)
Net cash outflow from financing activities		<u>(83,036)</u>	<u>1,302,066</u>
Increase/(decrease) in cash		31,796	(136,281)
Cash and cash equivalents at the beginning of the reporting period		<u>776,267</u>	<u>912,548</u>
Cash and cash equivalents at the end of the reporting period		<u><u>808,063</u></u>	<u><u>776,267</u></u>

# **The Tower House School Charitable Foundation**

## **ACCOUNTING POLICIES**

for the year ended 31 August 2018

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### **1 ACCOUNTING POLICIES**

The Tower House School Charitable Foundation is a company limited by guarantee with registered number 03345004, incorporated and domiciled in England and Wales. Its registered office is 188 Sheen Lane, East Sheen, London, SW14 8LF.

#### **1.1 BASIS OF PREPARATION**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

As the subsidiary of the charity does not represent a material component of the Group, and the subsidiary remained dormant during the year, group accounts have not been prepared.

#### **1.2 GOING CONCERN**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The school is dependent on students applying to it and on parents to pay their fees. Long term forecasting of student numbers is difficult but work continues to raise the profile of the school and to maintain and enhance relationships with parents, feeder schools and nurseries and destination schools. The governors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the school to continue as a going concern.

As such the School can expect to be able to meet its liabilities as they fall due in the period of at least 12 months from the date of approval of these accounts. However, there can be no certainty in relation

On this basis the Governors have concluded that the School is a going concern. The financial statements do not include any adjustments that would result from the School not being able to meet its

#### **1.2 FUNDS**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

#### **1.3 INCOME RECOGNITION**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

# **The Tower House School Charitable Foundation**

## **ACCOUNTING POLICIES**

for the year ended 31 August 2018

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Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within the scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective method and dividend and rent income is recognised as the Charity's right to receive payment is established.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

School Fees are recognised within income when they become due. Fees are charged on a termly basis. Fees raised in advance are deferred until the School becomes entitled to the funds.

In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised. Refer to Trustees' report for more information about their contribution.

Income tax recoverable in relation to donation received under Gift Aid or deeds of covenant is recognised at the time of donation.

### **1.4 EXPENDITURE**

All Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is categorised under Expenditure on charitable activities, which includes all costs incurred on furthering objects of the Charity.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at the School.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance costs incurred on the Charity's educational operations, including support costs relating to the governance of the Charity apportioned to charitable activities.

# **The Tower House School Charitable Foundation**

## **ACCOUNTING POLICIES**

for the year ended 31 August 2018

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### **1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION.**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows.

Freehold property	2% on reducing balance (land element is not depreciated)
Minibus	25% on cost
Fixtures and Fittings	20% on reducing balance
Office Equipment	20% on reducing balance

### **1.6 INVESTMENTS**

That Charity has equity investments in listed and unlisted entities. Fixed asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value using the closing quoted market price or the share of the Net Asset Value of the fund (if unlisted). All gains and losses are taken to the Statement of Financial Activities as they arise.

The Statement of Financial Activities includes all net gains and losses arising on revaluation and disposals throughout the year. As investments are revalued to fair value continuously, no realised gains or losses arise.

### **1.7 DEBTORS AND CREDITORS RECEIVABLE / PAYABLE WITHIN ONE YEAR**

Debtors are recognised when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Creditors are recognised when the Charity has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

### **1.8 PROVISIONS**

Provisions are recognised when the Charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

### **1.9 LEASES**

Rentals payable and receivable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

# **The Tower House School Charitable Foundation**

## **ACCOUNTING POLICIES**

for the year ended 31 August 2018

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### **1.10 PENSIONS**

The charity contributes to three pension schemes: the Teacher's Pension Scheme, the National Employment Savings Trust and Independent Schools Pension Scheme.

Retirement benefits to employees of the Charity are provided by the Teacher's Pension Scheme ("TPS") and the Independent Schools' Pension Scheme. These are defined benefit schemes and the assets and liabilities are held separately from those of the Charity. Defined contributions retirement benefits to the employees of the Charity are also provided under the National Employment Savings Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of the pensions over employee's working lives with the Charity 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 quadrennial valuations using a prospective unit credit method. As stated in Note 19, the TPS is a multi employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period in which they relate.

The Charity participates in the Independent School's Pension Scheme (Note 19). Included in the scheme is an employer's debt which would become payable if the Charity left the scheme and this is explained in Note 19. As a multi-employer scheme within the definitions of FRS 102, none of the assets or liabilities of the scheme are included on the Charity's Balance Sheet. The pension charge represents amounts payable by the Charity to each scheme in respect of the year. Contributions are expensed as they become payable.

### **1.11 TAX**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **1.13 FINANCIAL**

The charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows.

Debtors - trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 13. Prepayments are not financial instruments.

Cash at bank - classified as basic financial instruments and is measured at fair value.

Liabilities - trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 14. Taxation and social security are not included in the financial instruments disclosures. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 2 KEY ESTIMATES & JUDGEMENTS

In the application of the company's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the Board of Trustees, the estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Critical judgements

##### *Useful economic lives*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment and note 1.5 for the useful economic lives for each class of asset.

##### *Recoverable value of fee debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

### 3 FEE INCOME

The School's activities are carried out within the UK.

	2018	2017
Gross fees	2,607,510	2,466,228
Less: Discounts	(21,008)	(19,382)
	<u>2,586,502</u>	<u>2,446,846</u>

### 4 OTHER EDUCATIONAL INCOME

	2018 £	2017 £
Extras and disbursements	6,305	6,823
Registration fees	8,100	6,900
Retained deposits	37,170	10,500
Other income	47,260	38,596
	<u>98,835</u>	<u>62,819</u>

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 5 INVESTMENT INCOME

	2018 £	2017 £
Interest receivable	4,265	2,383
Dividend income	57,140	38,200
	<b>61,405</b>	<b>40,583</b>

### 6 EXPENDITURE

	Staff costs (note 7) £	Other £	Depreciation £	Total 2018 £
Teaching	1,671,849	161,910	-	1,833,759
Welfare and catering	-	162,031	-	162,031
Premises	-	124,257	68,446	192,703
Finance and Administration	6,162	91,245	-	97,407
Governance	-	13,230	-	13,230
	<b>1,678,011</b>	<b>552,673</b>	<b>68,446</b>	<b>2,299,130</b>

	Staff costs (note 7) £	Other £	Depreciation £	Total 2017 £
Teaching	1,622,327	185,893	-	1,808,220
Welfare and Catering	-	159,514	-	159,514
Premises	-	123,837	69,712	193,549
Finance and Administration	9,652	120,519	-	130,171
Governance	-	21,440	-	21,440
	<b>1,631,979</b>	<b>611,203</b>	<b>69,712</b>	<b>2,312,894</b>

Other Governance Costs include:

	2018 £	2017 £
Auditors' remuneration		
- Audit Fees	10,950	13,020
- under provision from previous year	-	4,100
- Other Auditors remuneration	2,280	4,333



# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

<b>7 STAFF COSTS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,330,082	1,285,695
Social security costs	141,845	133,728
Other pension costs	185,934	176,262
Other staff costs	20,150	36,294
	<u>1,678,011</u>	<u>1,631,979</u>

The average monthly number of employees during the year was as follows:

	<b>2018</b>	<b>2017</b>
Teaching	23	22
Premises	1	-
Support	11	13
	<u>35</u>	<u>35</u>

The number of employees

£60,000 in the year was as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
	<u>3</u>	<u>3</u>

Pension contributions for the year amounted to £40,776 (2017: £40,776) for the above employees.

Key management personnel include the Governors and the senior executives which are made up of the heads and the bursars. The total pay and benefits received by key management personnel were £451,893 (2017: £378,235).

## 8 TRUSTEES REMUNERATION AND EXPENSES

There were no Governors' remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

No governors were reimbursed any expenditure in the year (2017: £nil)

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

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### 9 PENSION COMMITMENTS

The charity contributes to three pension schemes: The Teacher's Pension Schemes ("TPS"), the Independent Schools Pension Scheme ("ISPS") and the National Employment Savings Trust ("NEST").

#### Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £153,360 (2017: £142,9456) and at the year-end nil (2017 - £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS in September 2018 to allow the Department for Education to finalise this pension scheme actuarial valuation. Early indications are that the amount employers pay towards the scheme will need to increase from April 2019 because of proposed changes to the discount rate used in the valuation.

There are also early indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

Since this statement was issued the Government Actuarial Department have indicated that the Employers contribution will in fact increase to 23.9% from 1 September 2019.

#### Independent School's Pension Scheme

Tower house school limited participates in the ISPS. The ISPS is a multi-employer defined (DB) scheme. The scheme is funded and is contracted out the state scheme.

There are four DBS structures available, namely:

Final salary with a 1/60th accrual rate

Final salary with a 1/80th accrual rate

Career average revalued earnings with a 1/80th accrual rate

Career average revalued earnings with a 1/120th accrual rate

A defined contribution (DC) benefit structure was made available from 1 September 2013

An employer can elect to operate different benefit structures for different categories of staff.

Tower House School has elected to operate a Final Salary 1/60th accrual rate benefit scheme for Category A members as at 31 August 2017

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Charity paid a joint contribution rate of 27.3% comprising employer contributions of 20.9% and members contributions of 6.4%.

As at the Balance Sheet date, there was 1 active member of the Scheme. The charity continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes and benefits are paid from the total Scheme assets. Accordingly due to the nature of the Scheme, the accounting charge for the period under section 28 of FRS 102 represents the employer contribution payable.

The pension charge in the period amounted to £14,793 (2017: £ 14,088). The pension cost charge represents the contributions payable by the Charity to the Funds in respect of the year. At year end, there were outstanding contributions of £nil (2017: £Nil). The last formal valuation of the Scheme was performed at 30 September 2014 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £110.0 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37.4million, equivalent to a past service funding level of 75%.

In 2015, the Charity was notified by the Pensions Trust of the estimated employer debt on withdrawal from the LISPS Plan based in the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for the Charity was £147,659. The Charity has also been notified that additional contributions of £2,508 + 3% p.a. will be payable for 13 years from 1 September 2016 in order to eliminate the deficit in the Plan. In accordance with the Charity's accounting policy, this expenditure has been recognised in the accounts, see notes 14 and 15.

### National Employment Savings Trust

During the year, the Charity made contributions to defined contribution schemes of £14,890 (2017: £15,506) to the National Employment Savings Trust ("NEST")

## 10 NET INCOME FOR THE YEAR

	2018	2017
	£	£
Net income is stated after charging:		
Depreciation of tangible fixed assets	68,446	69,712
Loan interest	20,447	23,249
Operating lease rentals	25,054	16,562
Auditor's remuneration		
Audit services for the school- current year	10,950	13,030
Audit services for the school- prior year under provision	-	4,100
Non-audit services	2,280	4,333

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 11 TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Total £
Cost:			
At 1 September 2017	3,949,558	796,998	<b>4,746,556</b>
Additions	-	41,993	<b>41,993</b>
At 31 August 2018	<u>3,949,558</u>	<u>838,991</u>	<u><b>4,788,549</b></u>
Depreciation:			
At 1 September 2017	170,393	674,677	<b>845,070</b>
Charge for year	35,583	32,863	<b>68,446</b>
At 31 August 2018	<u>205,976</u>	<u>707,540</u>	<u><b>913,516</b></u>
Net book value:			
At 31 August 2018	<u>3,743,582</u>	<u>131,451</u>	<u><b>3,875,033</b></u>
At 31 August 2017	<u>3,779,165</u>	<u>122,321</u>	<u><b>3,901,486</b></u>

The freehold property was formerly held at market value, following a professional revaluation performed on 24 August 2011 by Bonsor Penningtons. The Trustees have elected to preserve this value under the transitional provisions to FRS102. In the Trustees opinion, the net book value of the property is indicative of the market value as at 31 August 2018. The property's deemed cost will no longer be subject to revaluation. The buildings have an insured value of £3,713,051 (2017: £3,220,000).

Within the cost of freehold property is land totalling £2,000,000 (2017: £1,000,000) which is not depreciated.

### 12 INVESTMENTS

	Shares in group undertakings £	Listed investments £	2018 £	2017 £
Cost/valuation At 1 September 2017	100	1,796,723	1,796,823	1,323,888
Additions	-	570,672	570,672	474,006
Disposals	(100)	(176,814)	(176,914)	(159,543)
Gains/(Losses) arising from movements in valuations	-	61,035	61,035	158,472
Cost/valuation At 31 August 2018	<u>0</u>	<u>2,251,616</u>	<u>2,251,616</u>	<u>1,796,823</u>

All investments are held in the UK

The school had a trading subsidiary, Tower House School Limited, which had £100 of ordinary share capital which was wholly owned by the charity. The company was dissolved on 3 April 2018.

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 13 DEBTORS

	2018	2017
	£	£
Fees and extras	10,038	23,881
Other debtors	418	-
Prepayments and accrued income	110,029	35,783
	<u>120,485</u>	<u>59,664</u>

### 14 CREDITORS

Amounts falling due within one year:	2018	2017
	£	£
Loans	76,034	76,034
Trade creditors	14,494	25,619
Fee Deposits	41,500	32,000
Fees in advance	445,499	339,482
Other creditors	43,661	26,613
Accruals	67,084	63,856
Amount due to group undertaking	-	100

<u>688,272</u>	<u>563,704</u>
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Deferred income:	2018	2017
	£	£
Brought forward	339,482	823,270
Released in year	(339,482)	(823,270)
Received in year	445,499	339,482

<u>445,499</u>	<u>339,482</u>
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Deferred income relates to schools fees received in advance for the following term.

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 15 CREDITORS DUE AFTER ONE YEAR

	2018 £	2017 £
Amounts falling due after more than one year:		
Bank loan	1,548,221	1,631,259
Other creditors	228,181	242,098
	<u>1,776,402</u>	<u>1,873,357</u>

	2018 £	2017 £
Movement on loans		
In one year or less	76,034	76,034
Between one and two years	76,034	76,034
Between two and five years	228,103	228,103
After five years	1,244,084	1,327,122
	<u>1,624,255</u>	<u>1,707,293</u>

	2018 £	2017 £
Movement on deposits		
In one year or less	41,500	32,000
Between two and five years	228,181	242,098
	<u>269,681</u>	<u>274,098</u>

The bank loans provided to the Charity by NatWest Bank Plc are secured by a fixed and floating charge over the assets of the Charity, including the properties at 28 Sheen Gate Gardens, 188 Sheen Lane and 190 Sheen Lane, London. The loan is to be repaid over 20 years from 17 February 2017 and interest charges at 1.75% above the base rate on an offset basis.

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 16 FINANCIAL INSTRUMENTS

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Financial assets measured at fair value through profit and loss	2,251,716	1,796,823
Debt instruments at amortised cost	10,456	23,881
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>242,773</u>	<u>236,300</u>

### 17 CONTINGENT LIABILITIES

The Charity has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Independent Schools' Pension Scheme Plan base on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for the Charity was £147,659.

The charity has also been notified that additional contributions of £2,584 + 3% p.a. will be payable for 13 years from 1 September 2016 in order to eliminate the deficit in the Plan. In accordance with the Charity's accounting policy, this expenditure will be recognised in the accounts as the contributions become payable.

### 18 STATEMENT OF FUNDS

	At 1 September 2017 £	Income £	Expenditure £	Gains/ (losses) £	At 31 August 2018 £
Unrestricted funds:					
General reserve	<u>4,097,181</u>	<u>2,747,042</u>	<u>(2,314,735)</u>	<u>61,035</u>	<u>4,590,523</u>

	At 1 September 2017 £	Income £	Expenditure £	Gains/ (losses) £	At 31 August 2017 £
Unrestricted funds:					
General reserve	<u>3,735,159</u>	<u>2,550,248</u>	<u>(2,346,698)</u>	<u>158,472</u>	<u>4,097,181</u>

# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	2018 Total £
Tangible fixed assets	3,875,033	3,875,033
Investments	2,251,616	2,251,616
Current assets	928,548	928,548
Current liabilities	(688,272)	(688,272)
Long term liabilities	(1,776,402)	(1,776,402)
<b>Total net assets</b>	<b>4,590,523</b>	<b>4,590,523</b>
	Unrestricted funds £	2017 Total £
Tangible fixed assets	3,901,486	3,901,486
Investments	1,796,823	1,796,823
Current assets	835,933	835,933
Current liabilities	(563,704)	(563,704)
Long term liabilities	(1,873,357)	(1,873,357)
<b>Total net assets</b>	<b>4,097,181</b>	<b>4,097,181</b>

### 20 COMMITMENTS UNDER OPERATING LEASES

The company had outstanding commitments for future minimum lease payments under non-cancellable

	2018 Office equipment	2017 Office equipment
Due within one year	9,714	10,247
Due between two and five years	6,276	4,813
	<b>15,990</b>	<b>15,060</b>



# The Tower House School Charitable Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2018

### 21 Related Party Transaction

There are no related party transactions in the year ended 31 August 2018 or the year ended 31 August 2017.

### 22 Members liability

In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

### 23 NOTES TO THE CASHFLOW STATEMENT

	2018 £	2017 £
Reconciliation of operating result to net cash inflow from operating activities		
Net movement in funds	493,342	362,022
Gains on investments	(61,035)	(158,472)
Depreciation	68,446	69,712
Interest received	(61,405)	(40,583)
Interest payable	20,447	23,249
Profit/(Loss) on sale of Fixed Assets	-	683
Increase/(Decrease) in creditors	110,651	153,272
(Increase)/Decrease in debtors	(60,821)	(75,521)
	<u>509,625</u>	<u>334,362</u>