



Cheadle Hulme School

**Cheadle Hulme School**  
**Report and Financial Statements**  
**Year ended 31 August 2019**



**Registered Charity No. 1077017**

Company No. 03823129

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**DIRECTORS, OFFICERS AND ADVISORS**

The Cheadle Hulme School Governors are the Charity trustees and Company Directors of the Charity and Company, 'Cheadle Hulme School'. They have served in office throughout the year, except where indicated.

All Directors give their time freely and no remuneration was paid in the year. No Director or person connected with a Director received any benefit from means-tested bursaries.

During the year, the activities of the Governing Body were carried out through 6 Sub Committees. The membership of these Sub Committees is shown below for each Director.

<b>Name</b>	<b>Appointment/ resignation in year</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
Mr P R Johnson (Chair)			X	X			X
Mrs. C Boyd (Deputy Chair)		X			X		X
Mrs K Basran Membership of the Board only	Resigned 29 April 2019						
Mr M Birchall #		X					X
Mrs. J E Birkett				X		X	
Mr M Bolingbroke #							X
Mr P J Driver		X				X	
Prof K Marshall Membership of the Board only	Resigned 28 March 2019						
Dr D N Riley		X			X	X	
Mr C Roberts #			X				
Mrs. J Squire				X		X	
Mr M G Tyley			X				

- (1) Education & Pupil Progress
- (2) Operations & Infrastructure
- (3) Finance & Resources
- (4) Safeguarding, Compliance & Pupil Welfare
- (5) Nominations Committee
- (6) Strategy

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# Directors who were the parents of a pupil at the School during the year

**OFFICERS**

Mr N Smith                      Head

Mrs S Kershaw                Chief Operating Officer, Company Secretary and Clerk to the Governors

Solicitors:                      The School has used a number of specialist legal advisors during the year

Auditor:                        Crowe UK LLP  
Chartered Accountants and member of Crowe Global  
3rd floor, The Lexicon  
Mount Street  
Manchester  
M2 5NT

Bankers                         Santander UK plc  
4 St Pauls Square  
Liverpool  
L3 9SJ

Website:                        [www.cheadlehulmeschool.co.uk](http://www.cheadlehulmeschool.co.uk)

## **ANNUAL REPORT OF THE DIRECTORS**

The Directors of Cheadle Hulme School present their Annual Report for the year ended 31 August 2019 under the Charities Act 2011, including the Directors' and Strategic Reports under the Companies Act 2006, together with the audited Financial Statements for the year.

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

Cheadle Hulme School is a company limited by guarantee with no share capital, and is a registered charity under the auspices of the Charity Commission.

School Address: Claremont Road  
Cheadle Hulme  
Cheadle  
Cheshire SK8 6EF

Company No: 3823129

Charity No: 1077017

Taxation: As an educational charity, the School is eligible for a corporation tax exemption on its educational activities and investment income, provided these are applied for the School's charitable aims. The School is also entitled to an 80% reduction in business rates on the property occupied for charitable purposes. The School is, however, unable to reclaim VAT input tax on costs, as it is exempt for VAT purposes.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing documents**

The School is governed by its Articles of Association which were last amended on 15 April 2015.

### **Governing Body**

The Board of Directors is a self-appointing body comprising up to fourteen Directors. The term of office of each Director is renewable by approval of the Board after a specified period, generally of either two or three years.

### **Recruitment and training of Directors**

The Nominations Committee monitors the composition of the Board and makes recommendations to it to ensure the Board comprises members with a wide range of skills and experience. The Board seeks to ensure that at least two of the Directors are current parents of pupils attending the School.

New Directors are recruited based on their professional skills, experience and personal competence. In addition, they must have a passion for the work of the School and an understanding of education in terms of its positive impact on personal growth. Current Board members have experience in the following areas:

- Education
- Finance
- Senior Managerial/Business
- Medical
- Senior HR
- Senior Technology
- Property/Development
- Legal

As a co-educational School, the Board includes an appropriate balance of male and female Directors.

New Directors have an induction that is specially organised for them and includes meetings with the Chair, Head, Chief Operating Officer and other key personnel. The aim is to develop understanding of how the School operates, its key policies and procedures and the roles and responsibilities of Directors.

Directors are encouraged to participate in external training and are provided with regular updates of matters relevant to their role. Directors are required to update their understanding of safeguarding matters annually. In-house training is arranged as required and Directors are encouraged to observe aspects of School life on a periodic basis during normal School days. This includes monitoring how policies and procedures are implemented.

### **Organisational management**

The Directors are members of the Governing Board and, as the Charity Trustees, are legally responsible for the overall performance and control of the School (Junior and Senior). The Board meets at least five times per year and holds Away Days with the Senior Leadership Team (SLT) as appropriate. The Head, Second Master, Head of Junior School and the Chief Operating Officer attend all Board meetings.

All Sub-Committees are chaired by a Director and typically meet termly. The membership of each Sub-Committee includes between 2 and 4 Directors, key senior members of staff and other staff representatives as appropriate.

The Governing Board reviews its Sub-Committees periodically to ensure they are configured to conduct key business and support the School in its strategic aims. The current Sub-Committee structure was adopted from 1 September 2017.

The Head is responsible for overseeing all aspects of the day-to-day running of the School. The Chief Operating Officer and her team manage Financial, Estates, Information Technology and Human Resources matters. The Head is supported by the SLT, which comprises the Second Master, Deputy Head (Teaching and Curriculum), Deputy Head (Pupil Welfare), the Deputy Head (Admissions, Service and Partnerships) the Head of the Junior School, the Chief Operating Officer and the Director of Development & External Relations. The SLT has authority and responsibility for planning, directing and controlling operational and educational activities of the charity.

The protocol for setting remuneration for the Key Management Personnel and Senior Leadership Team is as follows:

- The Chair of the Board together with two other members of the Board, including the Deputy Chair, agree the Head's remuneration".
- The Chair of the Board and the Head agree the remuneration for the Chief Operating Officer.
- The Head, working with the Chair of the Board of Governors, sets the remuneration for the remaining members of SLT.

### **Group structure and relationships**

Cheadle Hulme School incorporates the Junior and Senior Schools. It has one wholly owned subsidiary, Cheadle Hulme School Enterprises Ltd, which was established on 14 May 2013 to manage the School's lettings activities which had previously been accounted for through the School's financial systems. Consolidated Financial Statements have not been prepared on the grounds that the subsidiary is not material.

The School has an ongoing relationship with the Cheadle Hulme School 150th Anniversary Bursary Trust Fund. The School's Development team raises funds for bursaries that are invested and managed by the 150<sup>th</sup> Anniversary Bursary Trust using a professional advisor. Total funds within the Trust amount to approximately £3.9M. The Chairman of the Trust is independent; but two of the Trustees are also Directors of the School. The objectives of this Trust are to enhance education at the School through the provision of a number of bursaries for pupils from a broad range of backgrounds who could not otherwise afford the fees.

The School also has an ongoing relationship with the Cheadle Hulme School Development Trust (the Trustees of which include two Directors). This manages any funds raised by the School's Development Team for large long term capital projects. The objectives of this Trust are to apply the income for the provision, improvement, construction, maintenance and development of the School property, buildings and infrastructure.

### **Employment policies**

The School is an equal opportunity employer. It has clear and transparent recruitment procedures that adhere to employment law and best practice. The School considers all job applicants equally and against predetermined criteria required for the post. The School undertakes to make all reasonable adjustments to ensure that any applicant who fulfils the criteria, can be offered an interview.

The School also meets its obligations in relation to safeguarding; meeting safer recruitment standards and undertaking any checks necessary to ensure the suitability of any staff or volunteers working with pupils.

All staff are appraised annually, and the School provides a range of internal and external training and development opportunities.

Staff wellbeing is important to the School. It provides staff coaching and mentoring for professional and personal development, operates an Employee Support Scheme; an external organisation is on hand 24/7 to provide a broad range of advice and support (personal and work-related) on a confidential basis to Cheadle Hulme School staff and holds a number of staff wellbeing events and activities throughout the year.

### **Employees with disabilities**

The School undertakes to make all reasonable adjustments to ensure that any candidate applying for a role at the School and who is deemed appointable, would be able to carry out their duties effectively.

Any members of staff who have a disability will not be disadvantaged in their opportunities for training and development. Where appropriate, specialist training or resources are made available in order to allow them to develop their skills and career opportunities.

All reasonable steps will be taken to accommodate the needs of any employee who becomes disabled during the course of their employment. This can include making adjustments to their existing employment, or through appropriate retraining and redeployment, enabling them to remain in employment with the school whenever possible.

All employees are expected to treat disabled colleagues, pupils and visitors with the same dignity and respect as their non-disabled counterparts. Any form of harassment of a person with a disability on account of their impairment is unacceptable behaviour and is potentially unlawful under the terms of the Equality Act 2010 and the Protection from Harassment Act 1997.

The School has a ten-year rolling programme of improvements within the Estates Masterplan designed to offer better access and facilities for disabled staff, pupils and visitors. This includes alterations to improve physical access and facilities for disabled pupils, staff and visitors.

### **Employee Involvement**

The School operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

The School actively consults with its employees or their representatives with the aim of taking the views of employees into account where decisions are made that are likely to affect their interests e.g. working practices, pensions and other benefits. The School involves employees in discussions regarding the development of the Strategic Plan and informs them on progress at least annually at INSET meetings. Employees are encouraged to present their suggestions and views on all elements of the School.

Communication with employees is ongoing in a variety of forms e.g. INSET days, weekly staff briefings, all staff emails, half termly Heads, all Staff meetings, team meetings, Away Days and an annual staff meeting with the Chair of Governors.

The School has a Staff Council with representatives from the different staff groups within the School. This group is consulted on different strategic challenges facing the School. Feedback from the group informs SLT thinking and action. Regular meetings are held between management and employees to allow a free flow of information and ideas.



**OBJECTIVES, AIMS AND ACTIVITIES**

Cheadle Hulme School was founded in 1855 and has been situated on its present site since 1869. The purpose of the School, at its foundation, was to educate, maintain and clothe Orphans and Necessitous Children of Warehousemen and Clerks in the Manchester area. The founders of the School declared that the School should be established and conducted on the most liberal principles and be open for the reception of children of both sexes. The wishes of the founders are maintained to this day and, as a consequence, the School has a distinct, inclusive and friendly atmosphere. This is the product of a balanced approach to academic and extracurricular excellence together with the benefit of a pastoral tradition still reminiscent of the School's former boarding heritage.

The School's ethos and aims are reviewed annually.

The School's ethos is to provide a challenging, dynamic and relevant education for all pupils, through which they prepare for and undertake positive roles in their communities and the world. Specifically, it is committed to helping every pupil to:

- fulfil their academic potential, allowing them to move successfully on to the next stage of their education
- to discover new skills and interests and develop their aptitudes so that they pursue and sustain a lifetime of activity
- to understand and engage with their altruistic responsibility
- supporting others less fortunate than themselves.

As a co-educational School, Cheadle Hulme School believes in the intellectual, personal and social value of boys and girls learning alongside one another, enhancing as it does their educational experience and preparing them most effectively for the realities of the adult world.

The School continues to value its heritage by endeavouring to support pupils whose family incomes would otherwise prevent them from accessing and benefitting from the education we offer. The School's Financial Assistance Scheme helps it to fulfil its aspiration of achieving a diverse social and ethnic mix of pupils.

The School builds upon its motto of 'in loco parentis' by providing the highest levels and quality of pastoral care. Teachers and other staff are committed to supporting the wellbeing of every pupil. Leadership, teamwork, personal responsibility and resilience are important elements of the pastoral education the pupils receive.

The School's broad and stimulating range of co-curricular activities and trips support the intellectual, physical and personal development of our pupils.

The School's aims are that each pupil:

- experiences a challenging, dynamic and relevant education which enables them to reach their full academic potential and flourish in a rapidly changing world
- develops a lifelong love of learning, is able to work effectively both independently and collaboratively and appreciates that learning extends beyond the confines of examination courses
- discovers and develops a broad and relevant set of skills and aptitudes which enables them to undertake useful and effective roles in their communities
- develops a strong set of personal values and aspires to be a positive role model
- learns to value themselves and others, appreciates difference and individuality and supports those in need.

The School uses the following to help achieve these aims:

- an approach to education which values individual effort, active engagement of every pupil, collaborative learning and deepens thinking and communication skills;
- a co-educational environment which enables boys and girls to learn, work and develop together, enabling each to inspire the other;
- a strong pastoral care system centred around the principles of well-being and which embraces social inclusivity by building upon the School's founding philanthropic values;
- a range of learning environments which develop flexible learning and the ability to respond to and thrive in a technologically sophisticated world;
- a varied, inclusive and stimulating range of co-curricular opportunities, which complement and extend the curriculum.

### **The School's Strategic Plan**

The School welcomed Neil Smith, the new Head to the School at the beginning of the academic year. During the first term he held a series of meetings with pupils, parents, former pupils (Old Waconians) and external partners to gain an insight into School life and accept feedback which will enable the School to anticipate future challenges and priorities.

The Head's reflections on the year are:

- The School has continued to attract a high number of extremely capable pupils from a diverse range of local schools. The admissions process, in particular, received positive feedback from both parents of pupils who were accepted by the School and from those who were not.
- Prospective and current parents are impressed by the range of activities on offer to pupils, in particular Sport. Success at national and regional level is impressive, however the focus on developing the right attitudes towards practice, teamwork and participation is more so.
- Music and drama make an important contribution to School life, providing significant highlights this year.
- Thinking Skills projects have continued to develop. By applying the underlying principles and reflective elements of the Extended Project Qualification, which is available to Sixth Form pupils, to Lower School projects, there has been greater expectations around what the pupils have to produce. There has been greater focus on the research process. The challenge is to ensure that independent learning is not seen purely as an addendum to the curriculum but is embedded in each subject.
- Work in raising the profile of teaching and learning amongst staff, and developing an infrastructure to make teacher reflection and development accessible and meaningful has made clear strides this year. This forms a sound basis for continued future development.
- Events such as the Contemporary Art Fair at the Manchester Convention Centre allows the School to access large numbers of potential parents and reinforce the School's brand as an innovative, creative place to study.
- Staff at CHS have a warm and positive attitude. In addition to their daily responsibilities, they provide support for a wide range of events and offer a high degree of support to pupils. Their attitude is also reflected in the quality of the site and other resources.

During the Spring and Summer terms the Head took the opportunity to review the priorities within the School's Strategic Plan. A number of focus groups comprising Staff, Pupils, Parents, Old Waconians were established and asked to review and feedback on the School's key objectives for the next 5 years. Outcomes were discussed by the Senior Leadership Team at its Away Days in October 2018 and April 2019 and at the Board of Directors Away Day in May 2019 and a new School Strategic Plan has been developed for the period 2019-2024. The key priorities for future years are set out within this report under 'Plans for the Future.'

**PUBLIC BENEFIT**

The Directors have carefully considered the Charity Commission's general guidance on public benefit, and in particular the supplementary public benefit guidance on advancing education and on fee-charging. The Directors are confident the School is meeting its public benefit requirement.

The School's commitment to fulfilling its public benefit obligations is reflected within the School's ethos, its aims and objectives in the Strategic Plan. Particular examples of the School's commitment are its Financial Assistance Scheme to widen access and in its expanding partnership and community activities.

**Financial Assistance**

The School has provided financial assistance through bursaries for many years. Our founders believed in welcoming young people from all backgrounds and we strive to remain true to that ideal today. Central to our ethos is a vibrant and diverse community of pupils, for whom financial circumstances do not stand in the way of ability and potential.

The School's main Financial Assistance Scheme is derived from current fee income. It is supplemented by income from the 150th Anniversary Bursary Trust Fund and other generous donors.

Financial assistance is awarded to pupils on application and following an assessment of parental means with awards ranging from 5% to 100% remission of fees. Financial assistance is also given to help with the costs of educational School trips, transport, uniform and equipment, in cases where a substantial award has already been made.

This year the value of all bursaries, scholarships and other awards totalled £1.446M (2017-18: £1.325M) and represented 8.8% of gross fees (2017-18: 8.5%). Within this total, the value of means-tested bursaries totalled £905K (2017-18: £940K) and represented 5.6% of gross fees (2017-18: 6%). They provided assistance to 96 pupils (2017-18: 100) of which 33 (2017-18: 34) benefitted from a full remission of fees.

The School's Foundation Scheme provides financial support to existing pupils who experience the death of a parent and whose families find themselves in extreme financial difficulty. Typically, the School supports one or two pupils in this way. This year the School has 2 Foundation pupils.

The Hardship Scheme provides short-term support to families who are not eligible for financial assistance from the School's Bursary Fund.

As part of the School's emphasis on attracting and retaining high calibre staff and diversifying the pupil population, a discount scheme is offered to staff members who choose to educate their children at Cheadle Hulme School.

**Partnerships and the Community**

The School is proud of the strong links it has with local schools, businesses and community groups. The local community are able to benefit from, participate in, and contribute to School life and it gives staff and pupils the chance to gain new experiences, see different perspectives and enrich their teaching and learning.

Since 2008, CHS has teamed up with local state primary schools to enhance their pupils' educational experience. Sixth Form pupils are at the heart of this initiative. Each year, they work with schools to provide activities for their children and act as role models to increase aspirations and improve attainment.

Many of the School's staff share their educational expertise by sitting on the Boards of Governors for local secondary and primary schools. 16 members of CHS staff are Governors of local state schools in the area. A further 18 members of staff sit on boards of local charitable organisations. Partners include Cheadle Heath Primary School, Cale Green Primary School and Lumhead Primary School and the School is committed to working with them over the next three years. In addition to the core primary partnership, the School continues to develop its relationships with Adswood Primary School and North Cheshire Jewish Primary School. The activities offered have included Music, Modern Languages, STEM activities, Drama and Sport.

The Oglesby Science Outreach programme is the cornerstone of work with local schools. Established in 2007, the programme is designed to enrich the science curriculum and develop a love of science in Year 5 pupils. CHS currently works with three schools in the Stockport area, providing access to teaching expertise, scientific equipment and laboratory facilities to enhance the science skills of both pupils and teachers. CHS STEM School was an integral part of the Bluedot Festival held at Jodrell Bank and offered a family friendly curriculum of science, technology, engineering and maths for young children aged 3-12.

As well as opening up the School's buildings and grounds to schools, charities and community groups that do not have facilities of their own. Local residents are invited to a range of events, including where they are entertained by pupils and they are given opportunities to understand more about the School and its history. Local swimmers, Scouts, cricketers and chess players are among the many community groups that make regular use of the facilities at Cheadle Hulme School. CHS's annual Heritage Day is part of the national Heritage Open Days event to celebrate the nation's vibrant culture and history.

From its earliest days, Cheadle Hulme School has had philanthropy and benevolence at its heart. Today, pupils and staff remain committed to making a difference and each year they undertake a range of events to raise vital funds for charities, both in Cheadle Hulme and further afield.

As well as supporting nominated School and House charities, pupils are encouraged to create their own events to raise funds for causes that mean something to them personally. From the annual Charity Hike to bake sales and fashion shows, charitable activities help to instil the ethos of altruism and contribution in CHS pupils.

This year the Junior School fundraised for NSPCC, Bliss, Seashell Trust and Age UK whilst the Senior School raised money for 1000 Hearts for Harry, Made from Manchester, Small Steps Foundation and CHS in The Gambia. To celebrate 150 years of the Main Building being open, everyone in the School community was invited to give 150 minutes of their time to help others. Staff and pupils undertook a range of altruistic activities, both in School and at home, and their good deeds were recognised with dedicated assemblies.

Staff also took part in this year's Manchester 10K corporate challenge to raise money for Teenage Cancer Trust in honour of pupils and former pupils who are currently battling, or have lost their battles, with cancer.

CHS has a responsibility to set a good example to its pupils and the wider community by promoting social equality, minimising its impact on the environment and striving to keep public benefit at the heart of everything it does.

Three pupils hosted 'The Gender Agenda' which explored the challenges and opportunities for change regarding gender equality in the workplace. The panel, made up of representatives from different industries covered a range of topics including the gender pay gap, being a working parent, playground politics and the nuances of networking. The event was organised by the Student Equality Society which discusses faith, sexuality, ethnicity, stereotypes and diversity, demonstrating their commitment to breaking down barriers and challenging stereotypes.

The School's Travel Plan promotes safer, healthier, greener travel and encourages pupils to walk, cycle or use public transport to get to School to reduce the impact on the local community and the environment. As part of this commitment, the School introduced a 'Park and Stride' scheme to reduce traffic congestion around school and get parents and pupils walking a few more steps every day.

The School's environmental and sustainability plan aims to raise awareness of environmental responsibilities and the impact on the world. It focuses on reducing the amount of waste produced in School, sourcing equipment and supplies from environmentally responsible sources and minimising the amount of waste sent to landfill or not recycled. Students in Year 11 held an Ethical Fashion Show to highlight the human and environmental costs of buying cheap, disposable clothes.

Through its actions and ambitions the School hopes to influence the behaviour and expectations of pupils as future global citizens and leaders and help them make a positive impact on society.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

Review of achievements and performance for the year

The School has had a successful year with pupil numbers increasing to 1,457 (2017-18: 1413).

There were 305 members of staff (2017-18: 281) including 158 teaching staff (2017-18: 146) and 147 administrative staff (2017-18: 135).

The School's Senior Leadership Team is responsible for managing the School's performance and its progress against the key strategic priorities set. The key achievements during the academic year 2018-19 are as follows:

#### **Academic**

Continuing to build on an excellent inspection report in 2017, the School has ensured that the minor improvement issues identified in that report have been implemented.

#### **Junior School**

The Junior School pupils continued to perform above national requirements. This year a new literacy subject coordinator has supported middle juniors, enhancing the library provision and usage and keeping reading high on the agenda. The focus on writing using traditional recording has also continued alongside online working. The Junior School has also been focussing on using homework more effectively to develop student reading and independent learning. Numeracy is integrated into the whole Junior School curriculum and where appropriate cross curricular links are made particularly in Science, but also in Art and DT and Topic work, where projects may involve elements of design and calculation.

The Pre-School and infant phases of the Junior School comply with the Early Years Foundation Stage (EYFS) standards for the learning, development and care of children from birth to 5 years old.

**Senior School**

Focus has been on greater challenge and rigour in questioning, that teacher expectations of pupil performance are consistently high and there are strategies in place to support pupils with special educational needs into classroom teaching. This year there has been continued integration of Learning & Support TAs in lessons to support Quality First Teaching. The whole-School academic focus was embedding and reviewing new feedback and marking policies, based upon engagement with research evidence and best practice approaches in the UK and elsewhere.

The School continued to explore opportunities for developing independent learning skills amongst its pupils. This year saw continued extension of the Extended Project Qualification (EPQ) in the Sixth Form as well as a pilot programme of the Higher Project Qualification (HPQ). Students manage their own learning by embarking on a largely self-directed project of their choosing. We are currently piloting this qualification with 38 of our current Year 10 pupils, who are studying this in addition to their GCSE curriculum.

Pupils in Years 7 and 8 were set extended research projects to complete over the summer vacation, as part of a reconfiguration of the existing Thinking Skills programme.

In addition to the introduction of the Head's Essay Prize in October 2018, a supplementary Head's Design Prize in the Spring Term 2019, pupils were generally being encouraged to enter a greater number of external essay competitions.

The CHS Scholars awards from Year 7 upwards, under the umbrella of the High Performance Programme, has been a successful initiative to motivate pupils and the School continues to use student tracking to inform teaching and intervention, ensuring that every child meets their academic potential.

All pupils are now equipped with a mobile digital device to enhance their learning and all academic departments are continuing to deepen their use of on-line learning platforms and a wide range of cloud-based resources to provide online learning materials. Teachers have been increasingly utilising on-line assessment and exploring the ability of these digital platforms to supply detailed progress feedback to pupils and parents. Pupils are using technology to share and collaborate more freely than they were previously able to do. For example, technology is being used to enhance metacognition and facilitate closer engagement with specific assessment objectives.

A significant amount of preparation work has also been undertaken to design a new and dynamic curriculum for Year 7 and Year 8 pupils, to be launched in 2020.

The Pathways Programme has continued to develop and provide pupils with specific career ambitions the skills, experiences and aspirations needed to succeed in a competitive world of work. The BTEC in Sport has also been embedded in the Sixth Form Curriculum, responding effectively to evolving expectations from parents and pupils.

In the 2019 public examinations, Cheadle Hulme School pupils achieved the very highest standards.

At GCSE level 63.6% of grades were Grade 9 to 7. At A2 level, 80.1% of pupils achieved A\* - B grades. The overall results were in line with expectations and with the excellent results achieved in recent years.

Sixth form pupils have continued to be highly successful in achieving their places on the most demanding courses at UK universities and overseas. The School is increasingly offering an education that prepares pupils for the world beyond school and university. CHS also recognises that an increasing minority of our alumni are choosing alternative options rather than university when they leave the Sixth Form.

### **Co-curricular activities**

The School has a wide ranging co-curricular programme, which remains a strength of the educational experience provided. The majority of pupils from the Junior School through to the Sixth Form engage in a diverse range of clubs, competitions and quizzes.

CHS sport has continued to grow and improve providing excellent opportunities for all pupils to enjoy and progress in sport. CHS regularly plays over a 1000 fixtures per year across ages from under 10 to under 18, and all abilities, often putting out B, C or D teams. Outstanding teaching / coaching and learning is at the heart of the School's provision, resulting in a wide variety of national, regional and local success. Sporting opportunities for girls continues to develop, with girls' cricket and girls' football noting particular successes with teams in both sports succeeding in reaching national finals for the first time.

The High Performing Programme (Year 7 -11) and Elite Sport Programme (Years 12 & 13) continue to develop and the School can now support the most able athletes to fulfil their potential in both sport and academics. CHS sport continues to be an influential member of the local community, leading many coaching sessions in local schools and clubs; using CHS facilities to host a wide range of competitions; and developing many of CHS pupils to become referees / officials and coaches.

CHS pupils also perform to a high standard in the Arts. In Music, Junior School pupils are entered for external examinations offered by LAMDA and in Music.

CHS pupils achieve very high musical standards as individuals and in ensembles. Ensembles include Concert Band, Big Band, Orchestra, Chorus and a range of smaller instrumental ensembles and choral groups. Recent achievements in Music include a pupil being selected for the Foden's National Band and the National Children's Chamber Orchestra selection.

In Drama there are two large-scale and several small-scale productions each year. Over 150 students are involved in these productions. Individual students also achieve distinction in this field.

The School has an Art2Buy scheme, an initiative that allows Old Waconians' to donate a digital image of their artwork. Funds raised from the sale of these are used to pay for artist workshops so that current pupils might benefit from the legacy of their peers. The School continues to be the only school involved in Manchester Art Fair and in 2018 over 55 pieces of art were exhibited from GCSE and A Level students. Pupils painted live over the course of the weekend. The School also participated in the Chester Arts Fair winning 'U18 student prize' and 'overall best school' as well as winning the 'U14' age category and being highly commended in 'U18' category at The Living Edge Magazine Schools Art Prize, at the Hexagon Gallery, Lowry Centre.

The Duke of Edinburgh Award has continued to be a very popular and successful activity with approximately 200 CHS pupils participating in the Award across the three levels.

Pupils from all year groups in the Senior School and some from Year 6 get involved in the Model United Nations. Each year there is a core group of Sixth Formers who form the Organising Committee for the School's conference, Model United Nations Cheadle Hulme, or MUNCH, which is one of the biggest and most prestigious MUN conferences in the country. The MUN programme also includes approximately ten away conferences per year in various parts of the country as well as MUN days, known as MiniMUNCH.

Academic competitions are also popular at CHS. Approximately 440 students take part in the national Maths Challenge on an annual basis; over 40% gaining an award during the process, with 5% achieving Gold Awards. In Modern Languages students in the Lower School compete in the Mother Tongue, Other Tongue Competition for poetry. In the Upper School many students enter the UK Linguistics Olympiad and the Chartered Institute for Linguists' Real Lives Examination. Each year CHS hosts the Modern Languages Debating Competition for sixth-form linguists. Teams also take part in local competitions in Biology and Chemistry.

The School has an increasingly successful Go team, with approximately eight tournaments a year, an annual house competition and a British GO Association league event every October. CHS pupils are coached to a very high level by expert volunteers and we can boast the British Youth GO Champion, the British Youth England Team Captain, several British Youth Team members and two British Junior Grand Prix winners. There are also opportunities to attend training camps across the country and travel abroad with the British team in Europe and as far afield as China.

### **Pastoral Care**

The School places considerable emphasis on its pastoral provision and endeavours to provide a safe and welcoming environment that is free from any form of discrimination, where everyone is valued and treated with mutual respect and equal worth. Pastoral care is designed to support the progress and development of each pupil and to build resilience in pupils to deal positively with the challenges they face.

Work has continued this year to embed the systems used to track and assess pupil physical and mental health and wellbeing and to put in place a range of interventions tailored to meet individual pupils' needs.

The Deputy Head (Pupil Welfare) is the Designated Safeguarding Lead. All staff, governors and those working directly with pupils are trained to the appropriate level in safeguarding and child protection issues to ensure that all children receive effective support and protection. Staff also undertake areas for specific training. Most recently, the pastoral leads all received Level 3 Safeguarding Training (this is the level expected for the overall safeguarding lead in a school). All Staff also receive regular update training in regard to the School's policies. For example, a recent twilight session, focused on bullying in the run up to Anti-bullying Week. Inset is also used to support safeguarding and well-being training. Staff have recently been trained in how to support those who have experienced a bereavement.

The Waconian Values of integrity, endeavour, resilience, compassion and contribution continue to underpin the pastoral curriculum and make explicit the skills that all Waconians should develop on their journey through CHS. The School has a House system with the aim of establishing a team identity and encouraging more pupils to get involved in the wide variety of competitions available.



The Waconian Programme was developed this year and the School appointed a Director responsible for ensuring that the programme is delivered across Years 7 to 11. The programme's five main topic areas are: Health (physical and mental), Study skills, citizenship, relationships and future Self. The course is designed to promote the Waconian values and help to show how embracing them will help our young people to thrive now and in the future, in all sorts of contexts. Junior School pupils have a similar programme.

Members of the Peer Mentoring Scheme, with a team of 50 Sixth Form pupils, visit Years 7 and 8 Forms weekly, offering support and guidance to the younger pupils in a range of topics.

All Year 7 pupils participate in a team building residential at the start of the year to develop positive relationships between peers and with Form Tutors and pastoral leaders.

The School makes use of distinguished external speakers to support its efforts to safeguard its young people. For example, Sharon Girling, OBE, spoke to students and parents about staying safe online.

This year the School hosted its Fourth Annual Pastoral Conference with keynote speakers Gian Power, Carole Henderson and a presentation using drama from AFTA Thought. This is just one of a number of events where the School used external speakers to facilitate inspirational and informative discussion. CHS pastoral leaders are invited to attend but this annual event attracts delegates from across the North West.

The School has close links with The Wellbeing Centre at the Priory, Clinical Psychiatrists and Clinical Psychologists which enable more complex cases to be referred more quickly to help decide on the right formulation/treatment plan for the individual.

The Student Voice led by the School Council remains a key focus and junior and senior school pupils are encouraged to discuss and provide their views on issues affecting them.

## **Fundraising**

Cheadle Hulme School employs professional fundraisers to carry out activities for fundraising purposes. All fundraisers are bound by the regulations set out by the Fundraising Regulator, of which the School is a member. This means all fundraising activity is carried out in line with the advice and regulations provided by this scheme to ensure all fundraising is carried out to a professional standard and adheres to best practice.

We employed former students as fundraisers during a two-week telephone campaigns to help make contact with and solicit donations from alumni. They received extensive training including best practice fundraising. All callers were overseen at all times by a professional fundraiser to monitor all conversations and ensure the highest standards of fundraising were maintained. Through this training and compliance with the Fundraising Regulator we also ensure that vulnerable people are protected from any intrusive fundraising. All callers are trained appropriately to look out for signs of vulnerability and to respect the decisions made by our alumni regarding fundraising. No formal complaints were received due to activities carried out by the charity.

Information about how the School uses personal data for fundraising purposes is explained within the External Relations Privacy Policy.

**Old Waconians and the Cheadle Hulme Parents' Association**

The School keeps in regular contact with its former pupils through digital communication and by hosting regular celebration events. The Old Waconians play a very important part in School life by regularly giving talks to current pupils, providing career advice, work placements and mentoring. Old Waconians donate to the Bursary Fund and other priority projects through the School's regular giving programme.

The Parents' Association is an active group of supportive parents, who raise funds to support the Junior School in a variety of ways. During 2018-19, the CHSPA donated funds for the Art Room.

**FINANCIAL****Results for the Year**

The School's priority is to remain financially sustainable and continue to invest in the School's educational infrastructure in line with the aims and objectives set out in the Ten Year Strategic Plan.

**Statement of Financial Activities**

The School's restricted funds comprise fundraising income for specific projects. The School's major appeal this year raised funds to buy equipment for the new Preschool play area. As restricted funds are allocated for particular purposes and the School cannot use them freely, they have not been included when calculating the School's Key Performance Indicators.

The School aims to make an annual surplus on its unrestricted funds, before depreciation, of between 8 - 10% of income, which is in line with the sector benchmark. This year the School achieved this target with a surplus on its unrestricted funds, before depreciation and transfers, of £1.8M (2017-18: £1.5M). This represents 11.1% of income (2017-18: 9.3%).

This year, after accounting for depreciation the Retained Surplus for the Year on unrestricted funds amounted to £971K (2017-18: £734K). This has been added to the School's unrestricted reserves, which now stand at £15M (2017-18: £13.9M).

Total unrestricted income for the year, increased by 5.7% compared to 2017-18. This reflects higher pupil numbers across both the Senior and Junior Schools, an inflationary increase in fees, higher After School Care income and higher Gift Aid income from Cheadle Hulme Enterprises Ltd. School fees continue to be the main source of funding, representing over 90% of total unrestricted income. School catering accounts for a further 5% and income from lettings to community groups and other third parties is less than 1%.

Fees are carefully reviewed annually by the Board and set at a level to ensure the financial viability of the School, and at a level that is consistent with the aim of providing a first class education to pupils. The School strives to keep fees at an affordable level by continually reviewing and revising its cost base and assessing value for money, efficiency and effectiveness. It also helps parents to meet the cost of fees by offering flexible payment options.

Total unrestricted expenditure (including depreciation) increased by 3.9%. The key areas of increase were an inflationary increase in salary costs, utilities, recruitment costs for the new Head, outsourcing aspects of marketing, pupil support, higher loan interest reflecting full drawdown of bank loans and higher depreciation.

**Balance Sheet**

The School's Net Assets have increased by £1M, which represents the surplus for the year across restricted and unrestricted funds.

This year Tangible Assets have increased to £20M net of depreciation (2017-18: £ 18.9M). £1.8M has been spent on capital projects and £529K on plant and equipment. Capital projects include the new 6th Form Centre and the new Staff Room, Plant and Equipment mainly comprises spend on IT hardware and furniture and equipment for the new spaces. These have been funded from the School's cash reserves.

Net current liabilities have increased to £1.4M. This reflects spend on capital projects and Cash at Bank and in hand has decreased to £2.7M (2017-18: £3.1M). Funds will continue to be used in future years for priority projects within the School's new Estates Masterplan.

- Creditors: Amounts falling due within one year has increased by £1M reflecting the movement of School fees in advance from Creditor greater than one year and higher trade creditors and accruals in respect of the capital projects undertaken over the summer.
- Creditors: Amounts falling due within after more than one year has decreased by £870K primarily due to the movement of School fees received in advance to Creditors due within one year.

The School has total bank loans of £3.1M. The School's pension liabilities are summarised in note 22 in the accounts.

**Cash Flow Statement**

The Net Cash Inflow from Operating Activities for the year was £2.4M (2017-18: £ 1.4M). The key area of spend of £2.3M (2017-18: £1.1M) on capital projects and IT is accounted for under 'Purchase of tangible fixed assets'. This spend has led to a negative movement in Cash and Cash Equivalents of £410K.

**Post Balance Sheet Event**

On 20th March 2020, as instructed by the UK Government in response to the Covid 19 pandemic, the School closed its site to all pupils, except those of parents who are Key Workers.

The School moved its educational provision online and commenced remote learning for all of its pupils. During the Easter holidays, staff undertook significant amounts of development work on the School's remote learning programmes and continued to review and develop them in response to feedback from parent forums and pupil, parent and staff surveys.

The School immediately mothballed the majority of its buildings to reduce running costs and only authorised essential operating spend. It accessed the Coronavirus Job Retention Scheme and furloughed 72 members of staff, primarily site based professional services staff and some of the PE team. The School's estimated savings amounted to £250,000.

The School charged full fees for the summer term, except for the Pre School where it offered a 25% reduction on the amount due for the period of closure. However, once it was able to review its financial position pre-Covid and could quantify the savings made, it offered a £300 rebate to all pupils in other year groups, pro rata for pupils in receipt of a bursary or scholarship. The School also prepared a set of 4 year projections, incorporating scenario planning, and, in light of this, it made a commitment to parents to hold fees at the current level for the 2020-21 academic year at a cost of approximately £300k to the School. The School also decided to offer deferred payment plans through the lockdown period and into the 2020-21 academic year. The estimated impact of deferred payment plans to the School's cash flow is £420k as at 31 August 2020. The School will be undertaking a review of its future budget for bursaries and hardship in light of the changed financial circumstances of a number of parents. All requests and applications for financial support of any kind are made formally using a fair and equitable predetermined process.

Currently, the projections include two capital projects commencing in 2021-22 and covering a 2 year period. The two projects will provide critically needed space should pupil numbers continue on their current upward trajectory. However, if pupil numbers reduce as a result of the impact of Covid 19, these two projects will not go ahead.

The School liaised with travel companies, its insurance brokers and parents to ensure trip refunds were maximised and returned to parents as quickly as possible.

Throughout the Covid crisis the welfare of pupils and staff has been paramount and the School offered tailored pastoral and wellbeing support where necessary. It liaised with pupils, staff and parents on a regular basis and it made all best efforts to deal with concerns directly by telephone or by using virtual meeting technology, rather than email.

### **Reserves Policy**

Total reserves amounted to £15M as at 31 August 2019 (2017-18: £14M), of which £65K (2017-18: £99k) is restricted.

The School has negative free reserves of £2.3M which is calculated by taking unrestricted reserves of £15M deducting Tangible Fixed Assets of £20.4M and adding back Loans of £3.1M. However, the School has £2.5M of School fees received in advance to offset this (as families must give a term's notice to withdraw, in reality these will not be repaid).

The School invests its reserves in maintaining its estate and in funding major building and infrastructure projects that are essential to provide an excellent pupil experience. Pupil numbers have remained strong and the School actively manages operating surpluses and cash balances so that it has sufficient funds to cover its day to day operations. Critical additional funds are raised through the activities of the Development Office.

Bank borrowings are carefully monitored and in recent years the School has been building up its cash reserves and using them to part fund a number of significant capital projects. The School has a net current liability position, but this is being carefully managed.

The Directors continue to monitor and review the level of reserves required in line with the School's strategic plan on a regular basis. There needs to be an equitable balance between ensuring the current pupils benefit whilst, at the same time ensuring a sound infrastructure and financial base are preserved for the next generation of pupils in the same way as our current pupils benefit today from the investment made in the past.

**Investment policy and objectives**

The School does not hold any long-term investments. Surplus cash is held in instant access bank accounts with the best interest rate available, Directors periodically review the banks used by the School. There are no restrictions on the School's power to invest.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Risk Management**

The Board, assisted by the Senior Management Team, has examined and documented the major risks that the School faces. The School's Risk Register is compiled in accordance with the Charity Commission's "Charities & Risk Management" framework and is consistent with the Commission's Statement of Recommended Practice (SORP) 2015.

The School actively manages its key risks and has developed systems to monitor and control them to minimise any reputational, financial or operational impact on the School.

Directors review the key risks and mitigating action on a regular basis. The areas of focus during 2018-19 were; ensuring the School keeps abreast of and responds to Government thinking on education policy and charitable status, considering and responding to the impact of local competition, maintaining a safe and secure environment for pupils whilst on site, during trips and other off-site activities, maintaining a secure digital platform for all School data, adhering to the General Data Protection Regulation and reviewing the School's fee structure and cost base to maintain affordability for existing and prospective parents.

The strategies for managing and mitigating these key risks included:

- Continuous horizon scanning to ensure Directors and SLT are aware of latest Central and Local Government thinking and policy, and taking action accordingly
- Being aware of local changes in the education sector, considering the impact on the School and taking appropriate action
- Promoting the School's involvement with its local community more widely and reviewing its Outreach strategy
- Monitoring and reviewing the School's admissions process
- Developing strategy for Sixth Form provision
- Strengthening promotion of the School's ethos, values and uniqueness
- Maintaining and monitoring a detailed Estates risk register and taking any necessary action
- Continuing to refine and develop risk assessment processes
- Reviewing and improving critical incident procedures, including lockdown
- Continuing to prepare and review 5 year financial projections and develop scenario planning
- Using professional advisors and specialists to help inform Directors' discussions and key decision-making.

## **PLANS FOR THE FUTURE**

The School's Strategic plan identifies key priorities for the five years. Each year the Senior Leadership Team sets targets at whole School, departmental and individual levels and reviews progress over the course of the year through the School's online performance management system; oversight by the Board of Directors is achieved through the Head's submission of regular updates and an annual report.

The focus for the forthcoming year will be in the following areas:

- Academic — Continue to raise academic standards and embed excellent pedagogy, develop pupil independent learning skills, devise and implement a distinctive 11- 18 curriculum, review links between the Junior School and Senior School, review KS1 and KS2 curriculum, embed and monitor departmental approaches to homework, marking, feedback and assessment.
- Pastoral - ensure all pupils receive highest levels and consistent levels of care collaborating, as appropriate, with external agencies and partner Schools, develop the Waconian programme, and develop mechanisms for consistently monitoring behaviour across the School,
- Co-curricular - continue to widen the participation of pupils of all ages in co-curricular activities using all facilities extensively.
- Admissions and Partnership — maintain the quality and numbers of pupils at the School, ensure an extensive range of service and leadership opportunities for pupils, develop the Waconian Diploma, develop sustainable partnerships with International Schools, local primary and secondary schools and Higher Education, become a hub school for the National Maths and Physics SCITT.
- Finance and Infrastructure — maintain financial sustainability after accounting for key external financial challenges, continue to develop dynamic, creative spaces which are fit for purpose and maintained to high standards; manage School business through innovative technical solutions and embrace new ways of delivering education.
- Staff Development and Wellbeing — attract and retain the best staff by being an aspirational place to work; develop a recently-qualified teacher programme
- Fundraising — continue to drive a major gift fundraising for the Bursary fund; develop connections with and between Old Waconians and develop the Transformational Bursary fundraising programme.

## **DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' 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 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 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 income and expenditure of the company for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and applied them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards and the Charities SORP 2015; and 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 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

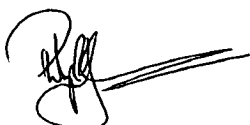
So far as the Directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the Directors have taken all the steps that ought to have been taken as a member in order to be aware of any information needed by the auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

The Directors have also taken all reasonable steps to comply with their obligations as set out by the Charity Commission to act in the best interests of the charity and comply with their legal duties under charity law, including their duty of prudence.

#### **Approval**

This report was approved by the Board on 20 May 2020



**Philip Johnson**  
Chairman

**Independent Auditor's Report to the Members of Cheadle Hulme School**

**Opinion**

We have audited the financial statements of Cheadle Hulme School (the 'charitable company') for the year ended 31 August 2019 which comprise of the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees 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.



**Independent Auditor's Report to the Members of Cheadle Hulme School (cont.)**

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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

- adequate 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

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 22, 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**

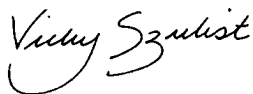
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



Vicky Szulist  
(Senior Statutory Auditor)  
for and on behalf of Crowe U.K. LLP  
Chartered Accountants and Statutory Auditor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: 26th May 2020

**STATEMENT OF FINANCIAL ACTIVITIES (Including an income and expenditure account)**

	Note	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018 Restated
<b>INCOME</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income from:</b>					
Donations and legacies	6	132	75	207	156
Investments	5	24	-	24	10
Ancillary trading income	4	1,120	-	1,120	964
Charitable activities	3	14,907	-	14,907	14,227
<b>Total Income</b>		<b>16,183</b>	<b>75</b>	<b>16,258</b>	<b>15,357</b>
<b>EXPENDITURE</b>					
Charitable activities		15,212	4	15,216	14,585
<b>Total Expenditure</b>	7	<b>15,212</b>	<b>4</b>	<b>15,216</b>	<b>14,585</b>
<b>Net School Income for the year before transfers</b>		<b>971</b>	<b>71</b>	<b>1,042</b>	<b>772</b>
Transfers between funds	19	105	(105)	-	-
Net movement in funds		1,076	(34)	1,042	772
Total funds brought forward		13,909	99	14,008	13,236
Total funds carried forward	21	14,985	65	15,050	14,008

The Statement of Financial Activities includes all gains and losses recognised in the year.

All activities are classed as continuing.

**The notes on the following pages form part of these financial statements**

**CHEADLE HULME SCHOOL****Report and Financial Statements – Year Ended 31 August 2019****BALANCE SHEET**

Company number: 3823129

	Note	2019 £'000	2019 £'000	2018 Restated £'000	2018 Restated £'000
<b>Fixed assets</b>					
Tangible assets	10		20,415		18,903
<b>Current assets</b>					
Debtors	12	601		566	
Cash at bank and in hand		2,739		3,149	
		<u>3,340</u>		<u>3,715</u>	
<b>Creditors: Amounts falling due within one year</b>	13				
Loans		(348)		(398)	
Other		(4,424)		(3,409)	
		<u>(4,772)</u>		<u>(3,807)</u>	
<b>Net current (liabilities)</b>			(1,432)		(92)
<b>Total assets less current liabilities</b>			18,983		18,811
<b>Creditors: Amounts falling due after more than one year</b>	14		(3,933)		(4,803)
			<u>(3,933)</u>		<u>(4,803)</u>
<b>Net assets</b>			15,050		14,008
<b>Funds</b>					
Unrestricted general funds	20		14,985		13,909
Restricted funds	19		65		99
			<u>15,050</u>		<u>14,008</u>
<b>Total charity funds</b>			15,050		14,008

The financial statements were approved by the Board of Directors on and signed on its behalf by:



Philip Johnson  
Chairman

20th May 2020

The notes on the following pages form part of these financial statements

**STATEMENT OF CASH FLOWS**

	2019 £'000	2018 £'000
<b>Cash flows from operating activities:</b>		
Net movement in funds	1,042	772
Adjusted for:		
Depreciation	825	813
Interest payable	103	67
Interest receivable	(24)	(10)
Decrease in stock	-	3
(Increase)/Decrease in trade and other receivables	(18)	190
Increase/(Decrease) in trade and other payables	513	(297)
(Decrease) in pension debt provision	(36)	(109)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	2,405	1,429
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,338)	(1,082)
Interest received	24	10
	<hr/>	<hr/>
<b>Net cash outflows from investing activities</b>	(2,314)	(1,072)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Repayments of amounts borrowed	(398)	(749)
New loans received in the year	-	2,250
Interest paid	(103)	(67)
	<hr/>	<hr/>
<b>Net cash inflows from financing activities</b>	(501)	1,434
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	(410)	1,791
	<hr/>	<hr/>
<b>Opening cash &amp; cash equivalents</b>	3,149	1,358
	<hr/>	<hr/>
<b>Closing cash &amp; cash equivalents</b>	2,739	3,149
	<hr/>	<hr/>
<b>Movement in cash &amp; cash equivalents</b>	(410)	1,791
	<hr/>	<hr/>

The notes on the following pages form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **General information**

Cheadle Hulme School is a private company limited by guarantee and is non-profit making. Cheadle Hulme School is incorporated in England and Wales. The registered office is Claremont Road, Cheadle Hulme, Cheadle, Cheshire SK8 6EF.

#### **Basis of accounting**

Cheadle Hulme School meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention, with the exception of certain buildings which have been included at a valuation made in 1939 and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), and the Companies Act 2006.

#### **Going concern**

The Directors have due regard for the going concern of the Charity. The School prepares a detailed budget for the 12 months ahead as well as financial projections for a further 3 years. Actual performance is monitored monthly and cash balances are managed daily. The School has strong pupil recruitment and continues to make good Income and Expenditure surpluses which it uses to reinvest in its facilities.

At the time of approval of the financial statements, the COVID19 virus continues to develop and has been designated a global pandemic by the World Health Organisation. Both short term and long term effects of the rapidly escalating situation are unknown but, as for many businesses at this time, the Directors consider that there is potential for significant and enduring impact on the School's demand for pupil places, supply chain and workforce availability.

The Directors have undertaken planning and forecasting and continue to closely monitor the developing situation. Further details on the School's response and plans for dealing with the COVID 19 virus are documented in the Directors Report on pages 19 and 20. Despite the current circumstances the Directors believe that the school's financial resources and contingency planning is sufficient to ensure the ability of the School to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Group accounts**

The charity has not prepared consolidated accounts as the subsidiary undertaking may be excluded from consolidation on the basis that it is not material. These financial statements therefore present information about the charity as an individual undertaking rather than as a group.

#### **Income**

All income is included in the Statement of Financial Activities when the School is legally entitled to the income and the amounts can be quantified with reasonable accuracy. Income mainly represents fees earned in respect of tuition given during the year. Fees received in respect of tuition to be given after the year end are included in creditors as fees received in advance.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**1. ACCOUNTING POLICIES (CONTD)**

**Donations and gifts**

All monetary donations and gifts are included in full in the Statement of Financial Activities when receivable, provided that there are no donor imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

**Income (continued)**

Donations under Gift Aid, together with associated income tax recoveries, are credited as income when the donations are receivable.

Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made, if the receipt is both probable and measurable. These are included in the Statement of Financial Activities.

**Investment income**

Investment income, including associated income tax recoveries, is recognised when receivable.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified to the particular activity where the cost relates directly to that activity.

**Charitable expenditure**

This represents expenditure incurred on activities in furtherance of the charity's objects (which includes support costs).

**Governance costs**

Costs incurred are those relating to the organisation and running of the charity itself and are included in charitable expenditure.

**Fixed assets**

Fixed assets are included in the balance sheet at historic cost except for certain buildings noted above. From 1 April 1993 all plant and equipment purchased with a cost of greater than £1K is being capitalised and disclosed within the fixed asset note.

Depreciation is provided evenly on the cost of plant and equipment to write them down to their estimated residual values over their expected useful economic lives of 5-20 years. Equipment relating to computers is written down over 5 years. Fixtures and fittings are written down over 10 years.

Buildings are being depreciated over a life of 50 years. Certain improvements to properties are depreciated over their estimated useful lives, ranging from 5 to 20 years.

**Taxation**

The School is not liable to taxation on the results of its charitable activities as it is a registered charity.

**Pensions**

School staff are members of one of two pension schemes. Teachers' Pension Scheme is a defined benefit scheme and Independent Schools' pension scheme is defined contribution. More details of the schemes are given in note 22.

**Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**1. ACCOUNTING POLICIES (CONTD)**

**Defined Benefit Schemes**

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department of Education. As the School is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the School has taken advantage of the exemption in Financial Reporting Standard (FRS) 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the School in the year.

Independent Schools' Pension Scheme

Non-teaching members of staff appointed during the year were offered membership of the Independent Schools' Pension Scheme (ISPS) Defined Contribution section. The contributions paid by the School during the year are charged to the Statement of Financial Activities.

Non-teaching members of staff appointed prior to 1 September 2013 were eligible to be members of the ISPS funded multi-employer Defined Benefit section. The scheme is closed to new employees. As the School is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the School has taken advantage of the exemption in Financial Reporting Standard (FRS) 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

If the actuarial valuation of the scheme reveals a deficit, the Directors will agree a recovery plan to eliminate the deficit over a specified period. This is held as a liability in the financial statements, as detailed in note 16.

The pension costs for the scheme represent the contributions payable by the School in the year.

**Reserves**

The School has a number of restricted income funds to account for situations where an income stream requires that the income must be spent on a particular purpose.

All other funds are classified as unrestricted funds.



NOTES TO THE FINANCIAL STATEMENTS /Continued ...

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In applying the charity's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

*Critical accounting judgements*

The critical accounting judgements that the Directors have made in the process of applying the charity's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

- Pension deficit provision

The charity has an obligation to pay deficit funding contributions towards the multi-employer defined benefit pension scheme. This provision is dependent on a number of factors including discount rate, life expectancy and asset valuations. The assumptions reflect historical experience and current trends.

*Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Determining residual values and useful economic lives of property, plant and equipment

The charity depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by the Directors. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by the Directors when determining the residual values for plant, machinery and equipment. When determining the residual value, the Directors aim to assess the amount that the charity would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**3. CHARITABLE ACTIVITIES – FEES RECEIVABLE**

	2019 £'000	2018 £'000
<b>Fees receivable consist of:</b>		
School fees	16,353	15,552
Less: total bursaries and scholarships	<u>(1,446)</u>	<u>(1,325)</u>
	14,907	14,227
 Add back: Bursaries and other awards paid for by restricted funds	 <u>-</u>	 <u>-</u>
	<u>14,907</u>	<u>14,227</u>

Bursaries, scholarships and other awards were paid to 218 pupils (2018: 204). Within this means-tested bursaries totalling £905k were paid to 96 pupils (2018: £940k to 100 pupils).

**4. CHARITABLE ACTIVITIES – OTHER INCOME**

	2019 £'000	2018 £'000 <i>Restated</i>
Catering fees	810	760
Entrance and registration fees	33	29
After school and other clubs	100	83
Income from CHS Enterprises	93	94
Other income	<u>84</u>	<u>(2)</u>
	<u>1,120</u>	<u>964</u>

During the year trip income and expenditure has been reviewed and it has been agreed that the school acts as agent and not principal so income and expenditure should be netted off as this treatment is more appropriate. The comparatives have been restated accordingly.

**5. INVESTMENT INCOME**

	Total 2019 £'000	Total 2018 £'000
Bank interest	<u>24</u>	<u>10</u>
	<u>24</u>	<u>10</u>

**6. GRANTS AND DONATIONS RECEIVABLE**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>Total 2019 £'000</b>	<i>Total 2018 £'000</i>
Grants received for					
Bursaries from:					
CHS 150 <sup>th</sup> Anniversary	125	-	-	<b>125</b>	100
Bursary Trust					
Play and learn	-	10	-	<b>10</b>	-
Specific students	-	34	-	<b>34</b>	-
Other restricted funds	-	21	-	<b>21</b>	-
Junior School Art Room	-	10	-	<b>10</b>	-
Hockely Chemistry	-	-	-	-	3
Scholarship					
Annual fund income	-	-	-	-	1
Peter Kershaw income	7	-	-	<b>7</b>	4
Capital donations	-	-	-	-	48
	<b>132</b>	<b>75</b>	<b>-</b>	<b>207</b>	<b>156</b>

**7. ANALYSIS OF TOTAL EXPENDITURE**

	Staff Costs £'000	Other £'000	2019 Total £'000	2018 Total £'000 Restated
Charitable expenditure	10,972	4,244	15,216	14,585

Total expenditure are stated after charging:

	2019 £'000	2018 £'000
Depreciation	825	813
Auditor's remuneration - audit	18	17
- non-audit (other assurance services)	3	4

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**8. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs were as follows:-		
Salaries	8,774	8,211
Social security costs	869	817
Pension costs	1,194	1,113
Private medical insurance	67	50
	<hr/> 10,904	<hr/> 10,191
	<hr/>	<hr/>

Included within wages are termination and voluntary severance payments of £nil (2018: £11K).

The average number of employees in the year analysed by function was:-

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
Teachers	158	146
Fund raising and publicity	6	5
Management and administration	141	130
	<hr/> 305	<hr/> 281
	<hr/>	<hr/>

The increase in staff numbers is a result of moving of Supply Staff onto the school payroll from April 2019, a larger number of staff on maternity than prior year requiring corresponding cover staff, and staff for the new Pre-School.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...****9. STAFF COSTS (CONTD)**

The following analysis shows the number of higher paid staff in the following ranges.

Emoluments include salary, taxable benefits in kind and other payments to employees.

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
£60,000 to £69,999	1	2
£70,000 to £79,999	4	3
£80,000 to £89,999	1	1
£130,000 to £139,999	1	-
£140,000 to £149,999	-	1

Retirement benefits under defined benefit and defined contribution schemes are accruing for the above staff.

No Director received any remuneration during the period.

No (2018 – One) director received reimbursed expenses and expenses paid directly to third parties of £nil (2018 – £18) during the period.

The key management personnel of the charity comprise the Directors, the Head, three Deputy Heads, the Chief Operating Officer, the Second Master and the Development Director. The total employee benefits of the key management personnel of the Trust were £735K (2017-18 £743k).

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**10. TANGIBLE FIXED ASSETS**

	<b>Freehold Land and Buildings £'000</b>	<b>Plant and Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 31 August 2018	23,896	1,793	25,689
Additions	1,809	529	2,338
At 31 August 2019	25,705	2,322	28,027
<b>Depreciation</b>			
At 31 August 2018	5,644	1,142	6,786
Charged in year	555	271	826
At 31 August 2019	6,199	1,413	7,612
<b>Net book value</b>			
At 31 August 2019	19,506	909	20,415
At 31 August 2018	18,252	651	18,903

Fixed assets are included in the balance sheet at the following values:-

Land	- at historic cost
Buildings	- at 1939 valuation with subsequent additions at cost
Equipment	- at cost

As records are not available back to 1939 and as a result of the passage of time, the 1939 valuation used for buildings is deemed to be cost for the purpose of FRS 102.

All the tangible fixed assets are used for direct charitable purposes.

As at 31 August 2019, the School had no capital commitments.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**11. INVESTMENTS**

Historic cost as at 31 August 2018 and 2019 £  
1

The above investment represents 100% of the issued ordinary share capital of Cheadle Hulme School Enterprises Limited. The registered office of Cheadle Hulme School Enterprises Limited is Claremont Road, Cheadle Hulme, Cheadle, Cheshire SK8 6EF. It's principal activity is the lettings of the school premises. As at 31 August 2019, its reserves stood at £114,453 (2018 - £92,891) and its profit for the year was £114,452 (2018 - £92,890).

**12. DEBTORS**

	2019 £'000	2018 £'000
School debtors	30	116
Prepayments and accrued income	426	446
Amounts owed by associated undertakings	145	4
	<u>601</u>	<u>566</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Bank loans (note 15)	348	398
	<u>348</u>	<u>398</u>
Trade creditors	728	468
School fees in advance (note 17)	2,497	1,811
Other taxation and Social Security	216	201
Other creditors	367	334
Accruals	503	305
Sundry School pupils' accounts	-	23
Cheadle Hulme School 150th Anniversary Bursary Trust Fund	1	154
Pension deficit provision (note 16)	112	113
	<u>4,424</u>	<u>3,409</u>

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans – secured (note 15)	2,747	3,096
School fees paid in advance (note 17)	129	615
Pension deficit provision (note 16)	1,057	1,092
	<hr/> 3,933	<hr/> 4,803
	<hr/>	<hr/>

The 5 year term loan is repayable quarterly in equal instalments until 2021 at 1.7% above LIBOR.

There are two further loans, one is a variable loan of £1M payable at 1.7% above LIBOR and the second is £2M at a fixed rate of 3.51%. Both loans are repayable quarterly in equal instalments until 2026 and then a lump sum payment of £1.45M.

All loans are secured by a charge over the land and buildings of the School.

**15. CREDITORS: LOANS**

Loans are repayable as follows;

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	348	398
Between one and two years	398	398
Between two and five years	748	748
In five years or more	1,602	1,950
	<hr/> 3,096	<hr/> 3,494
	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**16. CREDITORS: PENSION DEFICIT PROVISION**

Included within Creditors due within one year and more than one year is a multi-employer defined benefit pension scheme deficit and the estimated employer debt. Following the valuation of the scheme as at 31 March 2016, the contributions payable by the employer have been communicated relating to recovery of the deficit over the 13 years to 31 August 2029. As of the balance sheet date the estimated discounted employer deficit is detailed below.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Pension deficit provision as at 1 September 2018	1,205	1,314
Deficit contributions paid	(104)	(109)
Remeasurement of defined benefit pension	68	-
	<hr/>	<hr/>
Pension deficit provision as at 31 August 2019	1,169	1,205
Less: amount due within one year	(112)	(113)
	<hr/>	<hr/>
	1,057	1,092
	<hr/>	<hr/>

**17. CREDITORS: DEFERRED INCOME**

	<b>2019</b>
	<b>£'000</b>
At 1 September 2018	2,426
Received during the year	2,127
Discounts given during the year	15
Released to income for the year	(1,942)
	<hr/>
At 31 August 2019	2,626
	<hr/>

Deferred income represents school fees paid in advance and fee deposits repayable upon pupils leaving the School.

**18. FINANCIAL INSTRUMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Financial assets measured at amortised cost (a)	2,769	3,265
Financial liabilities measured at amortised cost (b)	3,592	2,653

- (a) Financial assets include cash, trade and fee debtors and other debtors  
(b) Financial liabilities include deposits, trade creditors and other creditors

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**19. RESTRICTED FUNDS**

	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 August 2019 £'000
Play and Learn	-	10	-	(10)	-
Music and languages legacy	25	21	-	(21)	25
Excursion fund	20	-	-	(20)	-
Annual fund	54	-	-	(54)	-
Specific student funds	-	34	(4)	-	30
Junior School Art Room	-	10	-	-	10
	<u>99</u>	<u>75</u>	<u>(4)</u>	<u>(105)</u>	<u>65</u>

These restricted funds relate to funds received by the School for use for the purposes stipulated by the donor.

Play and Learn donations were for various items of educational play equipment for the Junior School for both outdoor and indoor projects.

The Music and Languages legacy was left to the CHS Senior school to provide outreach opportunities.

The Excursion Fund was for school trips.

The Annual Fund Donations were for projects across the whole of CHS and included Junior School Drama projects, Design Technology and Sports equipment and playground markings.

Specific Student funds were donations made by individual donors for specific students.

Junior School Art room was a donation from the Parents Association for enhancements to the Junior school art room refurbishment.

**20. UNRESTRICTED FUNDS**

	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 August 2019 £'000
General	13,909	16,183	(15,212)	105	14,985
	<u>13,909</u>	<u>16,183</u>	<u>(15,212)</u>	<u>105</u>	<u>14,985</u>

The transfer to unrestricted funds relates to restricted expenditure incurred in previous years which has been incorrectly allocated.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

<b>2019</b>	<b>Tangible Fixed Assets £'000</b>	<b>Net Current Assets/ (Liabilities) £'000</b>	<b>Long-Term liabilities £'000</b>	<b>2019 Total £'000</b>
<b>Restricted Funds</b>	-	65	-	65
<b>Unrestricted Funds</b>	20,415	(1,497)	(3,933)	14,985
	<u>20,415</u>	<u>(1,432)</u>	<u>(3,933)</u>	<u>15,050</u>
<b>2018</b>	<b>Tangible Fixed Assets £'000</b>	<b>Net Current Assets/ (Liabilities) £'000</b>	<b>Long-Term liabilities £'000</b>	<b>2018 Total £'000</b>
<b>Restricted Funds</b>	-	99	-	99
<b>Unrestricted Funds</b>	18,903	(191)	(4,803)	13,909
	<u>18,903</u>	<u>(92)</u>	<u>(4,803)</u>	<u>14,008</u>

**22. PENSIONS**

**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 £1,002k (2018: £934k) and at the year-end £135k (2018 - £126k) was accrued in respect of contributions to this scheme.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**22 PENSIONS (continued)**

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.

**Independent Schools' Pension Scheme**

Cheadle Hulme School participates in The Independent Schools' Pension Scheme ('the Scheme') which has multi-employer defined benefit scheme section and a defined contribution section. The Scheme is contracted-out of the State scheme.

There are four benefit structures available, namely: Final salary with a 1/60<sup>th</sup> accrual rate, Final salary with a 1/80<sup>th</sup> accrual rate, Career average revalued earnings with an 1/80<sup>th</sup> accrual rate and Career average revalued earnings with an 1/120<sup>th</sup> accrual rate.

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

Cheadle Hulme School operated the final salary with a 1/60<sup>th</sup> accrual rate benefit structure and the defined contribution structure during the year.

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, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due.

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 date. 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 ended 31 August 2019 Cheadle Hulme School paid a joint contribution rate of 19.5% comprising employer contributions of 12.1% and member contributions of 7.4% in respect of the defined benefit scheme. It paid employers contributions of 8% and 0.45% for life cover in respect of the Defined Contribution Scheme.

As at the balance sheet date there were no active members of the Defined benefit Scheme employed by Cheadle Hulme School (2018: no active members). There were 103 (2018: 103) members of the Defined Contribution Scheme. With effect from 1 November 2016 all members of the Independent School' Pension Scheme moved from the Defined Benefit section to the Defined Contribution section.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...****22 PENSIONS (continued)**

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 FRS 102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2017 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £149.4 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £38.2 million, equivalent to a past service funding level of 80%.

The contribution rates that apply from 1 September 2016 have been determined by reference to the Scheme's 30 September 2014 valuation and contribution rates from 1 September 2019 have been determined by reference to the Scheme's 30 September 2017 valuation.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the Scheme's 2017 actuarial valuation it was agreed that the shortfall of £38.2 million would be dealt with by the payment of deficit contributions of £2.387 million per annum from 1 September 2019 to 30 April 2030.

These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 302% (prior to 1 September 2016) to reflect the higher costs of a closed arrangement. From 1 September 2016, the additional employer contribution loading will be 1.6%.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into The Independent Schools' Pension Scheme.

New employers joining the Scheme pay contributions at the joint future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable.

New employers also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership. This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between The Independent Schools' Pension Scheme Pensions Committee and the Scheme Actuary.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**22 PENSIONS (continued)**

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an ongoing funding basis, by 31 August 2029.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

**The Growth Plan**

Cheadle Hulme School also participates in The Growth Plan which is a multi-employer scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m.

It has been agreed that this would be dealt with by the payment of deficit contributions of £11.243m per annum from 1 April 2019 to 31 January 2025.

**NOTES TO THE FINANCIAL STATEMENTS /Continued ...**

**23. RELATED PARTY TRANSACTIONS**

Included within debtors within on year is an amount of £136,658 (2018: (£154,160)) held by Cheadle Hulme School 150<sup>th</sup> Anniversary Bursary Trust on behalf of Cheadle Hulme School. Mr P Driver and Dr D N Riley are trustees of Cheadle Hulme School 150<sup>th</sup> Anniversary Trust. During the year, Cheadle Hulme School 150<sup>th</sup> Anniversary Trust granted bursary money to Cheadle Hulme School amounting to £125,000 (2018: £100,000).

Included within debtors due within one year is an amount of £7,320 (2018: £3,526) owed by Cheadle Hulme School Development Trust in respect of grants towards capital developments. Mr P Driver and Dr D N Riley are trustees of Cheadle Hulme School Development Trust.

During the year, Cheadle Hulme School Development Trust granted £3,294 (2018: £48,298) to Cheadle Hulme School towards capital developments.

A number of directors at the School have children enrolled at the school during the year. The children attend the school on the same terms as the other pupils.

**24. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2018</b>
<b>INCOME</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income from:</b>			
Donations and legacies	107	49	156
Investments	10	-	10
Ancillary trading	964	-	964
Charitable activities	<u>14,227</u>	<u>-</u>	<u>14,227</u>
<b>Total Income</b>	<u>15,308</u>	<u>49</u>	<u>15,357</u>
<b>EXPENDITURE</b>			
Charitable activities	<u>14,574</u>	<u>11</u>	<u>14,585</u>
<b>Total Expenditure</b>	<u>14,574</u>	<u>11</u>	<u>14,585</u>
<b>Net School Income for the year before transfers</b>	734	38	772
Transfers between funds	<u>23</u>	<u>(23)</u>	<u>-</u>
Net movement in funds	757	15	772
Total funds brought forward	<u>13,152</u>	<u>84</u>	<u>13,236</u>
Total funds carried forward	<u>13,909</u>	<u>99</u>	<u>14,008</u>