

Registered Charity Number: 1120616
Registered Company Number: 06292085

THE DOWNS, MALVERN COLLEGE PREP SCHOOL
(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 July 2019



THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Annual report and financial statements for the year ended 31 July 2019

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THE DOWNS, MALVERN COLLEGE PREP SCHOOL

For the year ended 31 July 2019

Reference and Administrative Information

Status and administration

The School is a charitable company limited by guarantee and was incorporated on 25 June 2007, registered company number 06292085. The charity is registered in England and Wales; charity number 1120616. The School was formed by the merger of The Downs School (Colwall) and Malvern College Preparatory School which took effect from 31 August 2008. The governing document is the Articles of Association dated 25 June 2007. The School's trading and marketing name is The Downs Malvern.

Charitable objects

The primary object of the School is "to advance the education of boys and girls by the provision of a day and/or boarding Preparatory School in or near Malvern and by ancillary or incidental educational activities and other associated activities for the benefit of the community".

Governors

Chairman: Mr K Madden Esq.

Nominated by

The Governors

Mrs C Elgar (c)

The Governors

Dr S Guy

The Governors

S Hill Esq. (b)

Malvern College

S Holroyd Esq. (b)

The Governors

S King Esq. (a)

The Governors

C Le Bas Esq. (a & d)

The Governors

C Leonard Esq. (a & d)

Malvern College

D Morris Esq. (d)

The Governors

Mrs L Phillips (b)

The Governors

(a) member of the Commercial Committee

(b) member of the Education Committee

(c) member of the Welfare and Health and Safety Committee

(d) member of the Marketing Committee

Constitution of the Governors

Governors are appointed by the existing Governors and the maximum number of Governors is 12.

Officers

Headmaster:

A S Cook Esq.

Bursar:

G Ralphs Esq.

Key management personnel

Headmaster:

A S Cook Esq.

Deputy Headmaster:

A McKay Esq.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

For the year ended 31 July 2019

Reference and Administrative Information (continued)

Registered office and principal address

The Downs, Malvern College Prep School
Brockhill Road
Colwall
Malvern
Worcestershire
WR13 6EY

Professional service providers

Bankers:

Lloyds Banking Group PLC
48 Belle Vue Terrace
Malvern
Worcestershire
WR14 4QG

Independent Auditor:

Crowe U.K. LLP
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Insurance Brokers:

Marsh Brokers Limited
Rockwood House
9-17 Perrymount Road
Haywards Heath
West Sussex
RH16 3DU

Lawyers:

Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019

The Governors present their annual report and the audited financial statements for the year ended 31 July 2019.

Reference and Administrative Information is set out on pages 3 to 4 which forms part of this report. This section also provides details of its constitution and its charitable objects.

Chairman's statement

Pressure on pupil recruitment has increased during the year, especially at the lower end of the School, however demand for Year 7 and 8 places remains buoyant. Pupil numbers for 2019/20 start at 234 which is above the budget of 230 but below both the prior year and our Development Plan objectives, but are expected to rise in line with previous trends during the year. Recruitment is challenging but an investment in marketing resources during 2017/18 is helping the school to remain attractive and competitive. Pupils have again achieved excellent results both academically and in the very wide range of curricular and extra-curricular opportunities provided. The School was subject to an ISI inspection in November 2018 and received an excellent report, which reflects the high all round standards achieved by both the pupils and staff. The Governing Body continues to function well and is closely monitoring both the economic factors and the social and educational trends affecting the Schools overall performance.

Strategic Report

Structure, Governance and Management

Recruitment and training of Governors

The Directors of the company are also charity Trustees for the purposes of charity law and throughout the report are collectively referred to as the Governors. They are listed on page 3. New Governors are selected and appointed by the existing Governors.

All Governors are members of at least one of the sub-committees or have responsibilities for specific aspects of the School to give them an insight into the workings of the School. On induction, the Governors complete online Safeguarding and Safe Recruitment training. They are made aware of the School's safeguarding policies and receive all Independent Schools' Inspectorate and D of E updates that are sent to the School. Governors receive safe-guarding training every 3 years.

Organisational management

The Governors hold one ordinary meeting of the Governors in each School term and other such committee meetings also meet termly. The Committee names are Commercial, Education, Welfare and H&S and Marketing. The School no longer has to hold an annual general meeting although general meetings can still be called annually if needed.

The day-to-day running of the School is delegated to the Headmaster and Deputy Headmaster as the key management personnel. The remuneration of the key management personnel is discussed in detail each year by the Commercial Sub-Committee, with awareness of industry standards, and approved by the full Board of Governors.

Governors' insurance

The School purchased, and maintained throughout the financial year, insurance to protect the Governors from personal liability.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Related parties

Malvern College and The Downs School (Colwall)

In June 2007, as part of the merger between Malvern College Prep School and The Downs School (Colwall), Malvern College agreed to contribute £5.5m to the new entity, The Downs, Malvern College Prep School. This contribution was completed in the year ended 31 July 2009.

Also as part of this merger, The Downs School (Colwall) agreed to donate the land and buildings of the Downs School site, valued at £5.5m, to The Downs, Malvern College Prep School. This donation was made in the year ended 31 July 2008.

Principal risks and uncertainties

Risk management

A register of significant risks is reviewed by the Governors on a regular basis. The register considers the principal areas of the School's operations and considers the major risks faced in each of the risk areas along with controls designed to mitigate those risks. These controls are considered to be adequate and are frequently reviewed. The risk register is maintained by the Headmaster, with oversight by the Governors, and reviewed termly by the Commercial committee and at one Governors' meeting during the year.

Price and cost risk

The School reviews its fees charged to parents on an annual basis. These fees are factored into the School's plans and income forecasts. Salary levels are also set by reference to the School's plans and income forecasts as well as to prevailing market rates, specifically in the Education sector for the academic staff. These are communicated to staff each year during the annual salary review process. Other costs are controlled by contract negotiations and competitive tendering with suppliers.

The key current risks identified and being managed by the School are the failure to meet budgeted pupil numbers and the associated impact upon financial performance, and to ensure that future pupil numbers are in line with the Development Plan. Both risks have been managed by a regular review of the requirements resulting in a co-ordinated approach from all parties of the School to ensure pupil retention and recruitment are prioritised.

Aims, strategies and objectives

The Downs Malvern aims to provide a first-class education in a secure, caring and disciplined environment, where every pupil can fulfil his or her unique potential – academically, creatively, physically, socially and spiritually.

In order to meet these aims the School is committed to:

Providing a broad and balanced curriculum that values academic excellence, but also attaches great importance to effort, enthusiasm and enjoyment in all areas of learning and activity;

Promoting the welfare of every pupil by developing their confidence and self-esteem, giving them responsibility and opportunities to exercise leadership, helping them to develop mature attitudes and preparing them for their senior schools and adult lives;

Building a strong sense of community in which all feel valued and respected, where each has a contribution to make and where there is a growing awareness of our common responsibility for the wider world in which we live and especially our environment.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Aims, strategies and objectives (continued)

Whilst The Downs Malvern is a School where Christian values, ideals and practice are considered to be important, in implementing these aims and objectives, it also values diversity and warmly welcomes pupils of other faiths.

The School is registered as a Charitable Company under the direction of a Board of Governors. The Headmaster is a member of the Independent Association of Preparatory Schools (IAPS), the leading professional association for Heads of independent preparatory schools.

The Governors, Headmaster and the SMT (Senior Management Team) considered the implementation and extension of the 5 year Development Plan previously approved and adopted by the Governors. By the end of the Summer Term 2019 the major features of that Development Plan had been accomplished (as detailed below) and the process of updating the Development Plan was underway.

Review of the year

The number on the Roll at the start of the 2018/2019 academic year was 244 (2017/18: 256), 16 below budget and a reduction year on year, numbers at the end of the year were 263 (2018: 277), an increase of 19 during the year (2018: 21). Given the current climate for schools of our type this was an acceptable achievement. In addition, there were five short-stay pupils at the school during the Summer Term.

These in-year increases were achieved by recruiting 7 pupils into Prep, one pupil into the Pre-prep and the balance joining the nursery during the year.

The number on the Roll at the start of the 2019/2020 academic year is 234, with three further short-stay pupils. In order to increase pupil numbers going forward the School will continue with its programme of positive and active marketing throughout the academic year and through a focus on the retention of pupils.

Academic

A full Independent Schools Inspectorate (ISI) inspection took place in November 2018. The Inspectors' Report concluded that the quality of the pupils' academic and other achievements is Excellent. The report makes for very positive reading and we are very proud of the outcome. The full report is available on the school website.

The School aims to provide an excellent educational experience that is consistent with its aims and aspirations. In particular, it aims to meet the needs of developing each pupil to realise his or her potential by providing a balanced curriculum and extra-curricular activities that encourage both success and satisfaction.

Throughout the School, the curriculum aims to give pupils good experience in linguistic, mathematical, scientific, technological, human and social, physical and aesthetic and creative education. During the 2018/2019 academic year in-service training for the staff focused on Safeguarding and Child Protection, a variety of academic matters and Internet Safety and Online Safety. The latter involved local Child Protection agencies and the Police and included sessions for the parents as well as for the staff and for the pupils.

Children continue to be prepared for the Common Scholarship and Common Entrance examinations at the end of Year 8. The discussions surrounding the Common Entrance Examination process continue.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Review of the year (continued)

Over the course of the year, a number of Year 8 pupils sat scholarship assessments and examinations at prospective senior schools and received the following awards:

Academic:	7 scholarships
Art:	3 Scholarship, 1 Exhibition
Drama:	2 Scholarship, 3 Exhibition
Design Technology:	2 Scholarships
Music:	2 Scholarships, 1 Exhibitions
Sport:	7 Scholarships, 1 Exhibitions

Awards were achieved at Malvern College, Stowe School, The Royal Grammar School Worcester and Hereford Cathedral School.

As ever, these children in Year 8 who passed successfully on to their senior school, did so with a real sense of academic achievement and with great confidence that will stand them in good stead as they face the obvious demands and challenges. In line with the Common Entrance results of the past five years, in excess of 92% of CEE grades were, A* - C grades.

A substantial part of their final year is geared towards the move to senior school and preparation includes team building events at the school, in London, in the Brecon Beacons and in Cornwall.

Participation has always been the root of all our sport, so that all children enjoy the benefits of sport and achieve their full potential whatever their abilities. Over the 2018/19 year, the School fielded more teams than ever before, including a full programme of Girls' Cricket and many successes were recorded in every sport played.

Through a broad and balanced PE and Games programme, pupils are encouraged and taught to take an interest in their own physical well-being and development. Winter sports include rugby, hockey, netball, football and cross country, whilst in the summer cricket, rounders, tennis and athletics make up the games programmes. Children are also encouraged to take part in sporting activities outside the School and achievements are regularly acknowledged and publicised.

The School achieves very well in a selection of sports. Pupils from the School represent the county or are in development squads in rugby, cricket, hockey, tennis, swimming and a local school of excellence for football.

A full set of academic, sporting and extra-curricular achievements are reported to the Governors in termly reports. These achievements are many and the number of successes continues to increase year on year. Sporting links between the School and local primary schools has been further strengthened through the hosting of various sports tournaments aimed at local primary school.

The Outdoor Pursuits programme is now a significant strength of the school with the children being encouraged to make the very best use of the extensive grounds and the surrounding hillsides and countryside. From Year 2 to Year 8, children had opportunities for an offsite overnight residential experience and an offsite trek with an overnight stay.

The activities offered to the children during the Saturday "Hobbies" programme include pottery, railway, soccer, horse riding, natural world, music technology, cricket, rambling, computing, swimming, gardening, origami, chess, art, yoga and the very popular Downs TV. The School's world-renowned miniature railway, The Downs Light Railway has become ever more popular and the "steaming" events are now more frequent.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Review of the year (continued)

During the year, many awards were gained in instrumental music and speech & drama examinations. All of these achievements contribute to the development of pupils' confidence, understanding of team responsibilities and respect for each other.

Music

During the year seventeen visiting instrumental teachers delivered approximately 164 instrumental lessons per week to our pupils and three new instruments were added to the programme.

Extra-curriculum music activities included:

- Junior Choir (Years 2-4)
- Senior Choir (Years 5-8)
- Chamber Choir (Years 6-8)
- Plus, Orchestra, Jazz band, String Group and Rock Band.

The popular musical hobbies programme on Saturday mornings included:

- Senior Choir
- Musical Play Rehearsals
- Orchestra.

Numerous concerts and performances took place in school throughout the year including Chapel services and a variety of concerts. Many children also took part in and succeeded at The Worcester Competitive Arts Festival. The children earned many prestigious awards for their magnificent contributions to the festival.

During the year 28 pupils were entered for external music examinations and all achieved the expected successes in the Associated Board, Trinity & London College Music Examinations. Out of 50 entries, ranging from Grade 1 to Grade 5, across a wide range of instruments, our pupils achieved 4 Distinctions and 26 Merits.

Art

It has been another busy year for Art at the School. Creative opportunities abound for every child from Pre-Prep to Year 8 through weekly art lessons, extra-activities, Saturday hobbies, trips to galleries, visiting artists and competitions. Displays in the Memorial Hall, dining rooms, classrooms and corridors continue to provide a creative focus for sharing and appreciating what the children do, thus helping to maintain the high profile that Art enjoys within the School.

Cross-curricular initiatives are developing and liaison between departments remains strong. Art for Year's 3-6 has become more closely aligned to themes within the Humanities curriculum. Pupils of all ages have assisted with stage scenery and set painting for the major drama productions.

Many pupils have benefited from worthwhile trips to art exhibitions and galleries again this year: Year 3 to the Henri Matisse exhibition at Worcester Museum & Art Gallery, Year's 5 & 6 to the National Prep Schools' Art Exhibition and Year 7 to The Tate Gallery & Barbara Hepworth's House & Studio in St Ives.

Art works by eighteen pupils were selected for the Malvern St James Junior Schools' Art Exhibition in March and ten pupils had work displayed at the Satips National Prep Schools' Art Exhibition at Bromsgrove School in May.

Drama

The Headmaster continued to promote drama at the school and the newly refurbished Memorial Hall was in constant use. The Pre-Prep theatre trips continue to be welcomed with great enthusiasm by the children and their parents.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Review of the year (continued)

Three major senior School productions was held in the refurbished Memo Hall during the year. Children from Years 3 to 8 were able to play a role in one or another of these three productions. The Pre-prep "Soiree" was a colourful and musically entertaining production of "The Giant Sunflower" and all of Pre-Prep took part in the traditional Nativity Play at the end of the Autumn Term.

Many children have opted to have LAMDA (London Academy of Music & Dramatic Art) as one of their chosen activities and the School has a very successful and competitive House drama competition.

All the children who took part in the LAMDA classes during the year performed in relaxed style presentations during each term and all were successful in the wide variety of examinations in which they took part.

Pastoral

The extensive pastoral network throughout the School is founded on a well-publicised and understood "Circle of Care". The School also has a range of pastoral care policies that are regularly reviewed and updated by the Governors' Pastoral Care sub-committee. Almost all of the parents completed the ISI parental questionnaire. The responses clearly indicated that the pastoral care at The Downs Malvern is a significant strength of the school. The ISI Inspectors reported that the pastoral care at the school was "Excellent".

During the 2018/2019 academic year Mrs Hunter was the Designated Senior lead (Safeguarding) and Mrs Richardson, the Deputy Designated Senior Lead (Safeguarding). Mrs Sigley as Head of Pre-Prep, was responsible for the safeguarding of the children in the Early Years Foundation Stage (EYFS).

Boarding

New Houseparents were appointed in September 2018. The Boarding House continues to be extremely busy and attractive to both full and flexi-boarders who have enjoyed the facilities over the past academic year. The children in the House were from a range of countries with no particular nationality dominating. The age range was from 7 to 13, with the majority of these being from the senior end of the school. Thanks to the dedication and hard work of the boarding team, the House was an exciting and happy place to be and full of life. Those who stayed in at the weekends, took part in a wide-ranging set of activities and expeditions. The ISI Inspectors concluded that the boarding provision at the school was "excellent".

Environmental Issues

Increasing awareness of environmental issues have resulted in a number of the pupils becoming involved in environmental initiatives to raise awareness and tackle environmental issues. The school has its own eco-school committee, comprising of pupils, staff and parents. The committee promotes recycling waste and caring for the school environment. Projects to date have included :-

- Oversight by the pupils' "Eco committee"
- RSPB Fundraising
- Eco Compost
- The Walking Bus
- Recycling and reducing school waste
- Enhancing the school gardens.

Marketing

The marketing of the School progressed significantly during the year under the guidance of a Governors' Sub Committee. The marketing programme was reviewed during the year and additional publicity opportunities were included. This resulted in increased use of social media to not only broadcast information about the school but also to use as a resource upon which to advertise. The website will be reviewed and updated during 2019-20.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Review of the year (continued)

In addition to the termly Open Days, the School also held a number of visitor days at the School, which included a re-run of last year's very successful "Grandparents' Day". The Downs Light Railway continued to be a major attraction at each event and the further development of this wonderful resource has been appreciated by all.

The marketing ventures during the year have included local, regional, national and international events and activities.

Policies

In August 2018, the Senior Management Team (SMT) completed their annual review all of the School's policies, including; Headmaster's Guidelines, Staff Guidelines, Academic, Pastoral, Health and Safety, Boarding and EYFS.

Policies have been uploaded onto the School's website and the documentation page of the ISI website as required. Following the ISI Inspection in November 2018, the Inspectors reported that the Policies were compliant with DfE expectations and that the school met all the Independent Standard School Regulations (ISSR) and National Minimum Standards (Boarding) regulations. On notification of any regulatory updates from the ISI or DfE, these policies were updated in order to maintain compliance. This continues to be the case and is reported as such to the Governors.

No formal complaints were received during the year.

Relationships with Parents and the Local Community

The School enjoys excellent links with its parents and the local community. Parents are very supportive of School activities and are always welcome to attend matches, assemblies, concerts and productions.

The 'Friends of The Downs' association continues to be a great supporter of the School organising several excellent events during the year, including Bonfire Night, a major Summer Celebration and providing the Second Hand Clothes Store facility.

A new venture for The Friends of The Downs was the Christmas Fair. This event raised money not for the School but for two local charities. It was a great success and will become an annual event.

Parents are encouraged to be involved in the work and progress of their children. They are provided with home-school communication books for younger pupils and prep diaries for older ones. These provide good opportunities for easy contact with form tutors. Parents are specifically asked to give feedback to the School on their views about any aspect of school life. There is a Parent/Staff meeting for each Year group in each term.

The integration of the School with the local community remains strong with local residents being invited to actively participate in a variety of events including the Remembrance Service.

The School's boarding facilities are extensively used during the summer holiday by external groups. These include national cricket festivals which further raise the profile of the School.

The School continues to support the local primary school by preparing and cooking more than 100 meals each day in the kitchens before delivering them to the local primary school. No charge is made for the provision of this service.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Review of the year (continued)

Public Benefit Charitable and Community Activities

During the year, the School raised funds for a wide selection of charities including local, national and international organisations. The charities included the following:

- Macmillan Cancer Support
- Cancer Research UK
- Children in Need
- What Makes You Different Makes You Beautiful (Malvern based Disabled children's charity)
- The Doddie Weir Foundation (MND)
- Acorns Children's Hospice
- St Richard's Hospice
- Comic Relief
- Malvern Special Families
- Young Minds
- The Malvern Hills Food Bank
- Tikondwe School in Malawi and
- The Royal British Legion

Throughout the year a number of groups, mainly local, accessed and took advantage of the School's facilities at either a reduced cost or free of charge:

- The Downs Light Railway Trust
- What Makes You Different Makes You Beautiful (Malvern based Disabled children's charity)
- Colwall Ladies' Badminton Club
- The Poultney Players' Badminton Club
- Colwall Village Table Tennis Club
- The English Youth Symphony Orchestra
- Local cricket clubs, Bosbury, Strollers, Chasers, Colwall and Ledbury Cricket Clubs
- Rugby Tykes training for children aged between 4 and 7 years
- Young National School Symphony Orchestra
- The Malvern Hills Kidz Club

The final fund raising event of the Lent Term was the tremendously successful "Race for Life" which resulted in more than £7,500 being raised or pledged for Cancer Research UK. As with all our community and charities events, the children's determination to assist others is so obvious and so frequently displayed.

The Governors considers that the School has complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England. This is evidenced above and through the report.

Financial review

The result for the year is a surplus of £82,714 (2018: surplus £248,627), which includes a depreciation charge of £289,466 (2018: £421,914). The underlying operational result (before taking into account this item) was a surplus of £372,180 (2018: surplus of £670,541).

A donation of £91,110 (2018: £109,952) was made to the School by Malvern College during the year in recognition of the staff concessions offered to staff at Malvern College by the School.

The School's infrastructure continued to benefit from the positive cash flow generated during the year under the review whilst at the same time a prudent cash reserve was at all times maintained in line with the Governor's conservative approach to financial management.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Reserves

Total reserves are £7,115,379 (2018: £7,032,665). Of the total unrestricted funds of £7,111,582 (2018: £7,028,869), £5,755,813 (2018: £5,928,130) comprises fixed assets, leaving £1,355,769 (2018: £1,100,739) as free reserves. Restricted funds are £3,796 (2018: £3,796).

Considering the significant investment in the School at the time of the merger, the level of free reserves is considered sufficient for the immediate needs of the School. The policy is to build up free reserves to meet future capital expenditure requirements as they are identified to maintain the standard of educational services currently provided. The current level of free reserves is sufficient to meet the future plans for the School.

Plans for future periods

The Headmaster and SMT reviews the school's strategic framework regularly and report on such to the Governors for discussion and approval. The current plans cover up to 2020 and a full strategic review and updated strategic plan will be prepared during the 2019-20 academic year.

This strategic plan will include academic, pastoral and campus development matters as well as providing clear guidance on the capital expenditure required to deliver this strategy over the next 5 years.

Governors have constructive and positive oversight of the development projects and this results in rapid progress in the enhancement of the campus and associated facilities.

The key objectives representing the fundamental foundations of the School development that were set out in the strategy, as updated for recent developments, are:

a) Academic Development:

All at the school aim to:

- Continue to provide a leading academic programme with a focus on innovative teaching and learning, not least, through the appointment of the most able teachers available and through ongoing training of the staff.
- Improving thinking skills in order to maximise every child's learning potential.
- Recognise the importance of updating the new teaching technologies thus providing immediate and future educational benefit.
- Ensure that teachers' time and the resources available to them are most efficiently utilised.

b) Pastoral Development:

All at the school aim to:

- Develop and enhance a programme within the School that will help all involved at the school to understand the need for strong community links within and beyond the school.
- Make use of every opportunity to help produce positive relationships with others.
- Ensure that staff training is appropriate and up to date in order to promote the highest standards of pastoral care.

c) Facilities Development:

The School is fortunate to have excellent facilities which enhance the whole educational experience for the children and which provide the staff with a tremendous platform from which they provide excellent levels of care and education. Future investment will ensure that these facilities, in particular the older sections of the school, are refurbished to a very high standard in order to achieve a high impact/low cost position.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Risk management and key risks

Responsibility for the management of the risks faced by the School is assigned to the Headmaster and the Senior Management Team (SMT) by the Governors. At each termly Commercial Committee and Board meeting (i.e. twice each term) the Governors review a summary of the primary risks thought most likely to have the greatest effect on the school and the action taken to mitigate those risks to an acceptable level. The Risk Register and the Safeguarding Policies are presented to the Full Board for discussion and approval at the November Governors' Meeting.

The long-term viability of the School can only be assured through the maintenance of strong pupil numbers across each section of the school, Pre Prep, Prep and Boarding. This is an area of focus for the Headmaster and SMT, with consideration particularly being given to the Pre-Prep.

The Headmaster and all the staff at The Downs Malvern place much emphasis on every aspect of each child's experience at the school. There is an obvious focus on the risks associated with safeguarding and safe recruiting protocols as well as the provision of the highest quality of teaching and learning in order to maintain the school's strong academic reputation and undertook all development planning with this in mind.

Statement of Governors' responsibilities

The Governors (who are also directors of The Downs, Malvern College Prep School for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

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

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

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Report of the Governors for the year ended 31 July 2019 (continued)

Statement on the Charity Governance Code

As the School is a not for profit organisation which aims to follow charity sector best practice, the Governors are familiarising themselves with the updated version of the Charity Governance Code (the "Code") published in July 2017. While the School is not currently compliant with the Code, the Governors consider that the School's governance framework does align with many aspects of the Code. An in-depth review of the Code and consequential changes to the School's governance and standards will be carried out in 2020, with a view to the School becoming fully compliant with the Code.

Statement on Fundraising

All fundraising activities for the School are carried out by the School staff with assistance from the parents and pupils with the running of specific fundraising events. The School does not use professional fundraisers or have any commercial participators. All fundraising activities are managed by the Headmaster and are monitored by the bursar, with oversight by the members of the governing body.

No complaints relating to fundraising activities have been received by the School during the financial period. However, the School has in place procedures that would be followed in the event of a complaint being received with the initial response being the responsibility of the bursar. Any continuing issues would then be passed to the governing body to determine what further action might be required.

The School does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, the School considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or property.

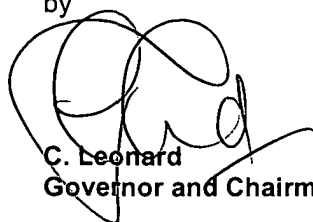
Statement on disclosure of information to the auditor

Insofar as each of the Governors, as directors of the charitable company, at the date of approval of this report is aware there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each member of the Governing Body has taken all steps that he or she should have taken as a member of the Governing Body in order to make himself or herself aware of the relevant audit information and to establish that the company's auditor is aware of that information.

Independent Auditor

Crowe U.K. LLP have indicated their willingness to accept their reappointment and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board of Governors, the Report of the Governors, including the Strategic Report, was authorised on
by



C. Leonard
Governor and Chairman of the Commercial Committee

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Independent Auditor's Report to the Governors of The Downs, Malvern College Prep School

Year ended 31 July 2019

Opinion

We have audited the financial statements of The Downs, Malvern College Prep School for the year ended 31 July 2019 which comprise the Statement of Financial Activities, Balance Sheet, 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 July 2019 and of its incoming resources and application of resources 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Independent Auditor's Report to the Governors of The Downs, Malvern College Prep School

Year ended 31 July 2019

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other 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 Report of the Governors, 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 Report of the Governors has 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 Report of the Governors.

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

Responsibilities of the Governors

As explained more fully in the Governors' responsibilities statement set out on pages 14, the Governors (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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Independent Auditor's Report to the Governors of The Downs, Malvern College Prep School

Year ended 31 July 2019

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Governors, 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 Governors 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 Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ



THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Statement of Financial Activities (including income and expenditure account) for the year ended 31 July 2019

		Unrestricted Funds	Restricted Funds	2019 Total	2018 Total
	Notes	£	£	£	£
INCOME FROM:					
Charitable activities					
School fees	3	3,240,197	-	3,240,197	3,203,916
Ancillary trading income	4	362,516	-	362,516	330,976
Trading activities	4	54,822	-	54,822	68,286
Investments		3,630	-	3,630	1,317
Donations	2	-	91,110	91,110	112,511
TOTAL		3,661,165	91,110	3,752,275	3,717,006
EXPENDITURE ON:					
Raising funds					
Financing costs	5	12,138	-	12,138	2,008
Charitable Activities					
Provision of Education	5	3,566,314	91,110	3,657,424	3,466,371
TOTAL		3,578,452	91,110	3,669,562	3,468,379
Net income and net movement in funds	6	82,713		82,713	248,627
RECONCILIATION OF FUNDS					
Fund balances b/f 1 August	13	7,028,869	3,796	7,032,665	6,784,038
Fund balances c/f 31 July	13	7,111,582	3,796	7,115,378	7,032,665

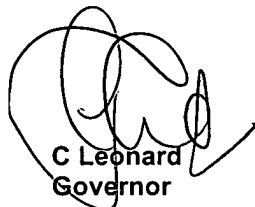
The notes on pages 22 to 35 form part of the financial statements.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Balance Sheet as at 31 July 2019
Company number: 06292085

	Notes	2019 £	2018 £
Fixed assets:			
Tangible assets	8	5,755,813	5,928,130
Total fixed assets		5,755,813	5,928,130
Current assets:			
Stocks		2,730	2,220
Debtors	9	233,843	206,210
Current asset investments		802,321	-
Cash at bank & in hand		884,597	1,474,517
Total current assets		1,923,491	1,682,947
Liabilities:			
Creditors: amounts falling due within one year	10	(438,663)	(450,083)
Net current assets		1,484,828	1,232,864
Total assets less current liabilities		7,240,641	7,160,994
Creditors: amounts falling due after more than one year	11	(125,263)	(128,329)
Total net assets		7,115,378	7,032,665
The funds of the charity:			
Restricted funds	13	3,796	3,796
Unrestricted funds	13	7,111,582	7,028,869
Total charity funds		7,115,378	7,032,665

The financial statements on pages 20 to 35 were approved and authorised for issue by the board of Governors on _____ and were signed on its behalf by:



C Leonard
Governor

The notes on pages 22 to 35 form part of the financial statements.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Statement of Cash Flows for the year ended 31 July 2019

	Notes	2019	2018
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	16	338,058	632,033
Cash flows from investing activities:			
Interest received		3,630	1,317
Payments to acquire tangible fixed assets		(117,149)	(484,271)
Net cash outflow from investing activities		(113,519)	(482,954)
Cash flows from financing activities:			
Financing costs		(12,138)	(2,008)
Capital element of hire purchase payments		-	(13,747)
Net cash used in financing activities		(12,138)	(15,755)
Change in cash and cash equivalents in the reporting period	17	212,401	133,324
Cash and cash equivalents at the beginning of the reporting period	17	1,474,517	1,341,193
Cash and cash equivalents at the end of the reporting period	17	1,686,918	1,474,517

The notes on pages 22 to 35 form part of the financial statements.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019

Charity information

The Downs, Malvern College Prep School is a private charitable company limited by guarantee and was incorporated in England and Wales on 25 June 2007 (company no: 06292085). The Downs, Malvern College Prep School is registered as a charity with the Charity Commission England and Wales (charity no: 1120616). Its registered and principal office is Brockhill Road, Colwall, Malvern, Worcestershire, WR13 6EY.

1 Principal accounting policies

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)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The Downs, Malvern College Prep meets the definition of a public benefit entity under FRS 102.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The functional and presentational currency of the Charity is considered to be GBP because that is the currency of the primary economic environment in which the Charity operates.

Going concern

The Governors have considered the School's financial forecasts to assess the School's ability to meet its liabilities as they fall due. They have considered the expectations of pupil numbers, forecast School operating costs and current assets and do not believe there are material uncertainties over the School's ability to continue as a going concern. Accordingly the accounts have been prepared on a going concern basis.

Donations

Donations are accounted for when receivable.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the year in which the service is provided. Fees receivable are stated after deducting allowances, scholarships, grants, bursaries and exhibitions allowed by the School.

Trading and Ancillary trading income

All trading and ancillary trading income is accounted for in the period in which the income is earned.

Investment income

Bank interest earned on funds on deposit is accounted for in the period in which the investment income is earned.

Final term deposits

Final term deposits are deposits placed when pupils join the School which are offset against fees and disbursements due for the last term each pupil attends. All deposits are classified as creditors, and are treated as deferred revenue.

Expenditure

Expenditure is accrued as soon as a liability is considered probable. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. There are no costs which cannot be directly attributed to particular headings.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

1 Principal accounting policies (continued)

Bursaries, grants and allowances payable

Grants from restricted funds are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees at the School are treated as a reduction in those fees.

Support costs

Support costs include central function and governance costs. The governance costs comprise the cost of external audit and the costs of Governors' meetings.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.

Fund accounting

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the School for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Pension costs

The School contributes to the Teachers' Pension Scheme at rates set by the Scheme Actuary and advised to the Governors by the Scheme Administrator. This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the scheme is accounted for as if it were a defined contribution scheme. Accordingly, the School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

The School also contributes to one defined contribution scheme for non-teaching staff. Amounts paid in relation to this scheme are charged to the Statement of Financial Activities when they fall due. All pension costs are allocated to unrestricted funds.

Finance Leases

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Tangible fixed assets

Assets with a cost below £1,000 are not capitalised.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

1 Principal accounting policies (continued)

Depreciation

Land is not depreciated. Depreciation of other assets is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Fixed Assets are not depreciated until they are brought into use. The principal annual rates, applied on a straight line basis on other assets, used for this purpose are:

	%
Buildings	1.8-10
Building improvements	5-20
Fixtures & fittings	10-25
Computers and equipment	20-25

Stocks

Stocks comprise food stores and stationery which are stated the lower of cost and net realisable value.

Debtors

Short term debtors are initially measured at transaction price, less any impairment. Prepayments are recorded at the amount prepaid.

Current Asset Investments

Current asset investments are cash held on fixed term deposit with financial institutions.

Cash

Cash is represented by cash in hand and deposits with financial institutions.

Creditors

Short term creditors are initially measured at the transaction price.

Basic financial instruments

The Downs, Malvern College Prep School has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgements have been made include the following:

Useful economic lives of tangible fixed assets

The annual depreciation charges for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the tangible fixed assets and note 1 for the useful lives for each class of assets.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for the net carrying amount of the debtors and note 12 for the associated impairment provision.

2 Donations

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Donations	91,110	112,511

A donation of £91k (2018: £110k) was made to the School by Malvern College during the year in recognition of the concessions offered to staff at Malvern College by the School.

3 School fees

The School's tuition fee income comprised:	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Gross fees	3,816,804	3,868,598
Less: scholarships, bursaries etc	(667,717)	(774,634)
	3,149,087	3,093,964
Add back: allowances paid for by restricted funds	91,110	109,952
	3,240,197	3,203,916

4 Other income

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Trading activities		
Lettings and other income	54,822	68,286
	54,822	68,286
Ancillary trading income		
Music, speech & drama income	206,132	209,963
Registration fees, trip income and other income	156,384	121,013
	362,516	330,976

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

5 Expenditure

	Staff costs £	Other costs £	Depreciation £	Year ended 31 July 2019 £	Year ended 31 July 2018 £
Raising funds					
Financing costs	-	12,138	-	12,138	2,008
Total	-	12,138	-	12,138	2,008
Charitable activities					
Teaching	1,707,319	341,345	-	2,048,664	1,830,197
Welfare	141,808	342,431	-	484,239	443,725
Premises	82,422	330,979	289,466	702,867	803,812
Support costs of schooling	122,627	299,027	-	421,654	388,636
Provision of Education	2,054,176	1,313,782	289,466	3,657,424	3,466,370
Total expenditure	2,054,176	1,325,920	289,466	3,669,562	3,468,378

Included within support costs are governance costs of £12,136 (2018: £10,730) which mainly comprise the costs of administering the charity and audit fees.

6 Net income for the year

	Year ended 31 July 2019 £	Year ended 31 July 2018 £
Net income for the year is stated after charging:		
Auditor's remuneration for audit	6,920	6,785
Auditor's remuneration for other assurance engagements	1,175	1,175
Depreciation/fixed asset write-off – owned assets	289,466	408,166
Depreciation/fixed asset write-off – on finance lease	-	13,747
Finance charges on finance lease	-	1,754

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

7 Employee & Governor information

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
The monthly average headcount of persons employed by the School during the year was:		
Teaching	54	53
Pastoral	2	2
Domestic	11	10
Administration	10	9
	77	74

Staff Costs

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Wages & Salaries	1,689,876	1,618,717
Social Security costs	149,845	134,323
Other Pension costs (note 15)	214,455	195,253
Total	2,054,176	1,948,293

The number of employees whose emoluments exceeded £60,000 was:

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
£90,001 - £100,000	1	1

For those staff whose emoluments exceed £60,000 pension contributions amounting to £14,936 (2018: £14,522) were paid by the School. None of the Governors received any remuneration during the current year (2018: none). No Governors received reimbursement for travel expenses (2018: one Governor received £200).

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Senior Management Team Remuneration	192,015	185,156

The amount stated above is including pension and employers' national insurance.

Governors

Two Governors (2018: two) had one child each at the School during the year. One Governor received a sibling allowance and an exhibition for their child. The other Governor received a fee remission for their child. All these fee concessions were awarded on an arms-length basis.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

8 Tangible fixed assets

	Freehold land & buildings £	Building improvements £	Fixtures, fittings & computer equipment £	Total £
At cost				
At 31 July 2018	10,360,914	305,015	533,780	11,199,709
Additions	8,327	73,631	35,191	117,149
At 31 July 2019	10,369,241	378,646	568,971	11,316,858
Accumulated Depreciation				
At 31 July 2018	4,733,049	133,429	405,101	5,271,579
Charge in the year	210,122	31,673	47,671	289,466
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 July 2019	4,943,171	165,102	452,772	5,561,045
Net book values				
At 31 July 2019	5,426,070	213,544	116,199	5,755,813
At 31 July 2018	5,627,865	171,586	128,679	5,928,130

The Freehold land and buildings were valued at £5,500,000 at 21 June 2007, on a freehold basis with vacant possession, by valuers John Goodwin, Chartered Surveyor, while in the ownership of The Downs School (Colwall). This valuation formed the basis for the value at which the assets were transferred to the company under the terms of the merger deed, and this is accordingly taken as the deemed cost of the asset. 12% of the £5,500,000 land and buildings transferred was identified as land in the year and no depreciation has been charged.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

9 Debtors

	31 July 2019	31 July 2018
	£	£
School fees	104,805	125,206
Balances owed by related party	50,849	-
Other debtors	10,045	36,174
Prepayments	51,053	34,103
Accrued income	17,091	10,727
	233,843	206,210

School fees are stated after impairment provisions totalling £21k (2018: £10k).

10 Creditors: amounts falling due within one year

	31 July 2019	31 July 2018
	£	£
Trade creditors	198,864	45,680
Advanced fees	130,709	169,272
Taxation and social security	35,708	69,984
Pension costs	(25)	(150)
Other creditors	-	2,285
Entrance fee deposits	15,184	50,246
Accruals	58,223	112,766
	438,663	450,083

11 Creditors: amounts falling due after more than one year

	31 July 2019	31 July 2018
	£	£
Entrance fee deposits	125,263	113,427
Fees in advance scheme	-	14,902
	125,263	128,329

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

12 Financial instruments

	2019	2018
	£	£
Financial assets measured at settlement value (a)	1,869,708	1,646,624
Financial liabilities measured at settlement value (b)	257,087	160,730

- (a) Financial assets measured at settlement value comprise cash, fee debtors, other debtors (including staff loans) and accrued income.
- (b) Financial liabilities measured at settlement value comprise trade creditors, accruals and other creditors and finance leases.

Impairment losses charged to financial assets measured at settlement value in the year amounted to £20,607 (2018: £10,985).

13 Funds

	At 1 August 2018	Income	Expenditure	At 31 July 2019
	£	£	£	£
Restricted funds				
Restricted donations	3,796	-	-	3,796
Malvern College	-	91,110	(91,110)	-
	3,796	91,110	(91,110)	3,796
Unrestricted funds				
School fund	7,028,869	3,661,165	(3,578,452)	7,111,582
Total charity funds	7,032,665	3,752,275	(3,669,562)	7,115,378

Restricted donations comprise amounts for bursaries which were kindly given to the School.

The Malvern College donation of £91k (2018: £110k) was made to the School during the year in recognition of the staff concessions offered to staff at Malvern College by the School.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

13a Comparative Funds

	At 1 August 2017	Income	Expenditure	At 31 July 2018
	£	£	£	£
Restricted funds				
Development Appeal -				
Science Fund	941	-	(941)	-
The Downs Light Railway Fund	2,528	-	(2,528)	-
Restricted donations	1,237	2,559	-	3,796
Malvern College	-	109,952	(109,952)	-
	4,706	112,511	(113,421)	3,796
Unrestricted funds				
School fund	6,779,332	3,604,495	(3,354,958)	7,028,869
Total charity funds	6,784,038	3,717,006	(3,468,379)	7,032,665

Restricted donations comprise amounts for bursaries which were kindly given to the School.

The Malvern College donation of £110k (2017: £43k) was made to the School during the year in recognition of the staff concessions offered to staff at Malvern College by the School.

14 Analysis of the net assets between funds

The net assets are held for the various funds as at 31 July 2019 as follows:

Net assets of the School's funds	Fixed assets	Net current assets	Long term liabilities	Fund balances
	£	£	£	£
Restricted funds	-	3,796	-	3,796
Unrestricted funds	5,755,813	1,481,032	(125,263)	7,111,582
	5,755,813	1,484,828	(125,263)	7,115,378

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

14a Comparative Analysis of the net assets between funds

The net assets are held for the various funds as at 31 July 2018 as follows:

Net assets of the School's funds	Fixed assets	Net current assets	Long term liabilities	Fund balances
	£	£	£	£
Restricted funds	-	3,796	-	3,796
Unrestricted funds	5,928,130	1,229,068	(128,329)	7,028,869
	5,928,130	1,232,864	(128,329)	7,032,665

15 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 £204,776 (2018: £188,464) and at the year-end £nil (2018 - £nil) was accrued in respect of contributions to this scheme.

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

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

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

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

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

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Notes to the financial statements for the year ended 31 July 2019 (continued)

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

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

Other pension schemes

From 1 July 2014, the School has contributed to a defined contribution pension scheme on behalf of its employees. The cost to the School of this scheme for the year to July 2019 is £9,679 (2018: £6,788).

16 Reconciliation of cash flows from operating activities

	2019 £	2018 £
Net income for the year	82,713	248,627
Adjustments for:		
Fixed assets depreciation	289,466	421,914
Interest received	(3,630)	(1,317)
Financing costs	12,138	2,008
(Increase)/Decrease in stocks	(510)	931
(Increase) in debtors	(27,633)	(41,542)
(Decrease)/Increase in creditors	(14,486)	1,412
Net cash provided by operating activities	338,058	632,033

17 Analysis of net funds

	1 August 2018 £	Cash- flow £	31 July 2019 £
Net cash:			
Current asset investments	-	802,321	802,321
Cash at bank and in hand	1,474,517	(589,920)	884,597
Net funds	1,474,517	212,401	1,686,918

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Notes to the financial statements for the year ended 31 July 2019 (continued)

18 Related party transactions

Malvern College

At the end of July 2019, £5,495 was owed by the School to Malvern College for amounts paid by Malvern College on behalf of the School (2018: £316). At the end of July 2019, £56,345 was owed to the School by Malvern College for amounts paid by the School on behalf of the Malvern College (2018: £970).

The School paid £111k (2018: £113k) to Malvern College for the provision of bursarial services, IT subscriptions and IT support services throughout the year.

A donation of £91k (2018: £110k) was made by Malvern College to the School during the year in recognition of the concessions offered to staff at Malvern College by the School. £56k was outstanding at the year end.

A loan of £3k (2018: £3k) to the Headmaster was outstanding at the year end. The loan was for expenditure in relation to furnishing and equipping the Headmaster's house and is being repaid monthly. An interest rate of 4.75% pa is applied to this loan.

SMB Ltd undertook project work in 2019 on refurbishment of the White House exterior. In 2017 and 2018 the company worked on the Memorial Hall refurbishment. SMB Ltd is run and owned by Mr S Morris, brother of Mr D Morris, who is a Governor of the School.

19 Taxation

The School was a registered charity throughout the year and, as such, for its charitable (primary purpose) trading was not liable to corporation tax on the surplus of income over expenditure for the year, or to capital taxes on gains arising from the disposal of assets. For any surplus, over the small trading exemption on non-primary purpose trading, corporation tax will be payable.

20 Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £10 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by members at 31 July 2019 was £110 (2018: £110).

21 Capital commitments

The School had capital commitments at 31 July 2019 of £48,838 (2018: £nil) in respect of the Whitehouse exterior refurbishment.

THE DOWNS, MALVERN COLLEGE PREP SCHOOL

Notes to the financial statements for the year ended 31 July 2019 (continued)

22 Comparative SOFA

		Unrestricted Funds	Restricted Funds	2018 Total
	Notes	£	£	£
INCOME FROM:				
Charitable activities				
School fees	3	3,203,916	-	3,203,916
Ancillary trading income	4	330,976	-	330,976
Trading activities	4	68,286	-	68,286
Investments		1,317	-	1,317
Donations	2	-	112,511	112,511
TOTAL		3,604,495	112,511	3,717,006
EXPENDITURE ON:				
Raising funds				
Financing costs	5	2,008	-	2,008
Charitable Activities				
Provision of Education	5	3,352,950	113,421	3,466,371
TOTAL		3,354,958	113,421	3,468,379
Net income and net movement in funds	6	249,537	(910)	248,627
RECONCILIATION OF FUNDS				
Fund balances b/f 1 August (restt.	13	6,779,332	4,706	6,784,038
Fund balances c/f 31 July	13	7,028,869	3,796	7,032,665