



Felsted
Garde Ta Foy

FELSTED SCHOOL

ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

**TOGETHER WITH TRUSTEE'S
AND AUDITORS' REPORTS**

Registered Charity Number: 310870

FELSTED SCHOOL

GOVERNORS, OFFICERS AND ADVISERS

FOR THE YEAR ENDED 31 AUGUST 2017

GOVERNORS AND CHARITY TRUSTEES

Felsted School Trustee Limited The Directors of the Trustee Company who served during the year or were subsequently appointed are listed below:		(h)	(a)	(n)	(g)
Mrs J Abel Smith, DL				•	
G P Boulton			•		
R Brown *					
Mrs C A Carrington *			•		•
Mrs J Crouch					•
J H Davies, OBE - Chairman		•	•	•	
B C W Grindlay			•		
P J Hutley		•		•	
Rt Hon Brandon Lewis MP *	(appointed 19 November 2016, resigned 5 July 2017)				
P G Lee, DL		•			
Dr J C Nicholson *					•
Mrs A L M Oxnam		•			
O H J Stocken CBE					
Rev N J Stuchfield		•			
W Sunnucks *		•	•	•	
J B S Tibbitts		•		•	•
(h) Member of the House and Finance Committee (a) Member of the Academic Committee (n) Member of the Nominations Committee (g) Member of the Governance Committee * Parent of current pupil					

OFFICERS

HEADMASTER

Mr C J Townsend, BA

HEAD OF PREPARATORY SCHOOL

Mr S C James, BA

BURSAR AND CLERK TO GOVERNORS

Mr AG Clayton (appointed 1 September 2017)
Mrs M C McKenna MA MBA FCMA (retired 31 August 2017)

Address and Registered Office

Felsted School
Felsted
Essex CM6 3LL
www.felsted.org

Website

ADVISERS

BANKERS

Barclays Bank Plc
PO Box 885
Mortlock House, Histon
Cambridge CB24 9DE

AUDITORS

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

SOLICITORS

Stone King LLP
16 St John's Lane
London EC1M 4BS

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustee of Felsted School presents its annual report together with the audited accounts for the year ended 31 August 2017 and confirms that they comply with the requirements of the Charities Act 2011, the trust deed and the Charities SORP (FRS 102) applicable to Charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

1. REFERENCE AND ADMINISTRATION INFORMATION

The Charity was founded in 1564 and is registered with the Charity Commission under charity number 310870. The Directors of Felsted School Trustee Ltd, Felsted School's single Trustee, and the Executive officers and principal addresses of the Charity are as listed on the previous page as are particulars of the Charity's professional advisers.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by its Scheme dating from 1938 and last amended in January 2014.

Governing Body

The structure of the Charity consists of a Board of Directors of the Trustee Company that oversees the management of the Charity, a school, which has two elements, a Senior School for pupils aged 13-18 and a Preparatory School for pupils aged 4-13.

Recruitment and Training of Governors

The Trustee Company Directors are voted onto the Board by the current Board members. The Nominations Committee comprises five current Directors. The Nominations Committee when selecting possible new Directors considers specifications concerning eligibility, personal competence, specialist skills and local availability.

New Directors are inducted into the Trustee Company and the Schools (including Board policy and procedures) by current Directors and the school Executive.

Organisational Management

The Trustee Company Directors are legally responsible for the overall management and control of the School and meet at least three times a year.

The members of the House & Finance (H&F) Committee meet about a month before each meeting of the full Board and on extra occasions as required. This Committee specifically looks at the budget and accounts for the current year, short and medium term forecasts and at infrastructure investment plans and makes recommendations for approval by the Board.

The other committees are the Academic Committee, the Governance Committee and the Nominations Committee. The Academic and Governance Committees meet each term before the main Board meeting and the Nominations Committee meets once a year to discuss standing items and at other times as required. The Heads and the Bursar attend meetings of the above Committees.

The day to day running of the schools is delegated to the Headmaster, with the Head of the Preparatory School and the Bursar as the Key Management Personnel. They are supported by their Senior Leadership Teams. Delivery of the school's charitable vision and purpose is primarily dependent on the Key Management Personnel.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational Management

The remuneration of the Heads and Bursar is set by the Board, with the policy objective of providing appropriate incentive to encourage performance and of rewarding them fairly and responsibly for their individual contributions to the School's success. The Board delegates the annual review of remuneration of key personnel to the Nominations Committee, which refers to benchmarking information for other similar schools (including that currently compiled by AGBIS), the individual's performance in the previous year, and cost of living awards to other staff. The remuneration package when a new key member of staff is appointed is similarly benchmarked, and appointments are made following a competitive process, taking appropriate external professional advice. We aim to recruit, subject to experience, below or at the medium point within a band, providing scope for rewarding excellence.

Structure and Relationships

A trading company, Felsted School Enterprises Ltd, was incorporated on 21 August 2006 and was dormant throughout the year.

Risk Management

The Trustee Company is responsible for the management of the risks faced by the school. Detailed considerations of risk have been delegated to the Governance Committee, assisted by the Executive. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis.

Through the annual review of the risk register, the Trustees consider the key risks facing the school and agree appropriate mitigation. The principal risks the school faces are considered to be:

- Fee affordability, particularly as the school has had to absorb increases in expenditure that are outside its control, such as pension costs and the apprenticeship levy. This concern is given a high priority when fee increases are considered, particularly in the current uncertain economic environment.
- The school aims to recruit, retain and develop excellent staff, and this quality would be at risk if less than optimum staff remuneration and conditions were to depress morale. We also employ specialist staff and have clear policies and procedures to ensure high levels of staff welfare and safety.
- The aims and ethos of the school require continuing investment in facilities including ICT for teaching and learning, pastoral care and boarding, sports, drama and other activities. Failure to generate adequate annual surplus for reinvestment would compromise this.
- The school is subject to regulation by a number of bodies, particularly in relation to safeguarding, child protection and health and safety. We appoint and train staff appropriately, and take the necessary specialist advice to ensure compliance.

The key controls used by the charity include:

- formal agendas for all Committee and Board activity;
- detailed terms of reference for all Committees; these were last reviewed in detail in November 2015;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- safeguarding procedures as required by law for the protection of the vulnerable.
- a detailed Risk Register reviewed annually by the Governance Committee with key risks reported to and discussed by the Board

Through the risk management processes established for the school, the Directors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable and not absolute assurance that major risks have been managed. The Compliance Manager continues to support the Governors and the Leadership Team in the management of risk, policy review and best practice, with a particular emphasis on safeguarding and regulatory compliance. The Governors regularly review the effectiveness of current plans and strategies for managing all identified risks for the School.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

3. OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Charity's Objects, as set out in its Scheme, are

- (1) The object of the Charity shall be to provide and maintain a secondary school ('the School') for boys and girls.
- (2) If there is not room in the School for all who pass the entrance examination, a preference shall be given to children resident in the County of Essex or born of Essex parents.
- (3) The trustee may also, if it thinks fit, provide and maintain nursery, pre-school, pre-preparatory and preparatory departments within the School

Aims of the School

The Aims of the School are:

- a) To be a leading independent co-educational boarding and day school, regionally, nationally and internationally.
 - To foster unique Felstedian characteristics in all students
 - To maintain a strong sense of community
 - To encourage and nurture development of personal faith in a climate of tolerance and respect
 - To develop pupils as truly effective global citizens as a Round Square school
 - To fulfil the 'public benefit' aspect of the school's charitable purpose
- b) To send students out into the world who are:
 - Equipped as lifelong learners
 - Well rounded and with cultural breadth and appreciation
 - Ambitious and ready to accept life's challenges in order to draw out their own inner qualities
 - Truly effective global citizens
 - Able to demonstrate strong leadership skills and commitment to serve others
 - In possession of the emotional and intellectual skills and knowledge necessary to enter University and the world of work with assurance and confidence
- c) To create and disseminate a strong positive image of the School community and to develop the profile and perceived style of the School
- d) To build the capacity to deliver the holistic vision for the School's education

Public Benefit Aims and Intended Impact

Within its Objects, Felsted School's public benefit aim is to provide a first class independent education for children aged from 4 to 18, both through strong academic tuition and through developing wider sporting, artistic and social skills in all its pupils. This is intended to provide an environment where each pupil can develop and fulfil his or her potential, thus to help build self-confidence and inculcate a desire to contribute to the wider community.

In the furtherance of these aims the Governors, as the charity trustees, have complied with the duty in s17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and sub-sector guidance concerning the operation of the Public Benefit requirement under that act. The Governors have undertaken appropriate activities in furtherance of their aims for the public benefit. The year's objectives, activities and achievements are set out below.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

Felsted School Public Benefit Review 2017

Felsted School has always been mindful of its role in public service and both the School and individual staff and pupils have a long history of supporting charitable and worthy causes with both financial help and practical assistance. The Governors are committed to widening access for potential pupils to include those who cannot afford the school's fees and consider it important that those in poverty should not be excluded from the opportunity to receive the educational support that the School can provide. The School also provides opportunities for the local and wider community to use the educational and other facilities the school has to offer. The school is engaged in sharing the educational expertise of staff with others outside the School and developing the involvement of pupils in charitable activities for the wider benefit of the public.

In order to monitor and support the development of the school's practice in these areas a review is carried out each year.

Core Public benefits

- The school has high academic standards and educates pupils to excellent levels of achievement. The school's public examination results are extremely good. In 2017 93% of our GCSE results were between A* and C and over 88% of A-level grades were between A* and C. The average IB points score in 2017 was 34.
- The education of pupils encompasses all aspects of their personal development and promotes their contribution to society in adult life.
- The school has a special interest and focus on Art, Music, Design Technology, Drama and Sport and invests in staff and facilities to provide tuition and resources that are of a national standard.
- The school trains and inducts teachers each year to the long term benefit of the wider community. Between 2016 and 2017 Felsted provided PGCE training for three current staff. The School is also able to induct staff through QTS and has done this for three members of staff in 2016/17.
- The school aims to widen access through a variety of initiatives and activities. Partnerships are being grown and developed with local primary schools and with the Royal Docks Community School in Newham, London E16, a mixed comprehensive school for ages 11 to 16.

Details of these initiatives are available on the school's website and include comprehensive bursary provision. The Governors consider that bursaries are important in ensuring that children from families who would otherwise not be able to afford the fees can access the education offered. Bursary awards are available to children who meet the general entry requirements and are made on the basis of parental means or to relieve hardship where an existing pupil's education and future prospects would be at risk, for example in the case of bereavement or redundancy. In assessing means the School takes a number of factors into consideration including family income, investments and savings and family circumstances. However, the School does not have a large endowment and in funding bursaries the School has to be mindful of ensuring a balance between fee-paying parents, many of whom make considerable personal sacrifices to fully fund their children's education, and those benefiting from the awards. Bursaries are available for up to 100% of fees and can also provide assistance with extra costs. They are advertised in the press and further details of the bursary policy and how to apply are provided on the School website. Bursaries are subject to annual review so that the School can ensure that support is only provided to those who require it.

In total, the School provides fee assistance to over 250 pupils (approximately 24% of the total) at a cost of about £2,896k per annum; 13% of our gross fee income. In 2016/17 the School provided means tested bursary assistance to 66 pupils to the value of £814k; 4% of gross fee income. Ten pupils received bursaries of 100% or thereabouts.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

Primary Objectives

The objectives are set to reflect the educational aims and the ethos of the School, and to maintain and enhance the academic success of the School. This objective is, however, set in the context of the broader goals set for the School and its pupils.

In setting the objectives and planning the activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

This year, the focus has been on the continued achievement of academic performance and academic value added, and development of the co-curricular programme. The key objectives for the year included:

To develop further mechanisms for the improvement of academic performance

To progress the site development plan, including enhanced provision for academic activities and sport

To develop measures of added value in all areas of school life, including the co-curriculum for our youngest pupils

To embed the Felsted Diploma in the provision for senior school pupils in order to facilitate and encourage the personal development of all pupils

To enhance the programme of staff training and development

To maintain, and grow where possible, pupil numbers in both the Prep and Senior Schools

To continue to build on the School's extra-curricular strength and internationalism through membership of organisations such as the Round Square

To develop and implement the School's policy on the provision of means-tested bursaries

To continue to develop the school's rich and diverse links with the local community

Strategies to achieve the year's objectives

These included continuing to review the School's academic syllabus in order to benchmark academic standards against external public examinations and independent value-added criteria, with academic achievements being balanced by a strong emphasis on sporting and social skills. The School continued to develop the expertise of teaching staff and ensure successor planning and staff development and to develop further the School's links with local junior schools and facilitate wider community access to the School's facilities.

Principal activities of the year

The charity principally provides education to boys and girls from the ages of 4 - 18 in its two schools, the Preparatory School and the Senior School, and also hosts summer schools for overseas students. In 2017 the Senior School maintained pupil numbers at 521 (2016: 544) of whom 427 (2016: 447) were boarders. The Preparatory School averaged 505 (2016: 515) pupils of whom 24 (2016: 24) were full boarders. Waiting lists are encouraging. Pupil numbers in January 2018 were 545 in the Senior school and 521 in the Prep School, and this gives us confidence that the schools can operate at or near capacity for the foreseeable future. This is a result of the continued resolve to build the academic, co-curricular and sporting standards for which the school has become known. A successful Summer School in 2017 grew on previous years and provided a sound basis for future development.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

Scholarships and bursaries

This year, the value of scholarships, grants, prizes and other awards made to the schools' pupils was £2,896k (2016 £2,995k). Included in this was £814k in means-tested bursaries (2016 £902k). The school's policy, in line with that of other independent schools, is to award scholarships on the basis of the individual's educational potential, subject to any particular conditions imposed by the original donor where the award is out of restricted funds. Further awards in bursaries and allowances were made from unrestricted funds.

4. REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

2016/17 was another very successful year for the school with continued progress towards the aims of the development plan coupled with some excellent student achievements.

Academically, good progress was made in both schools. Felsted students enjoyed significant success at 'A' level, GCSE and IB.

In sport and the co-curriculum there were a number of achievements, including regional success in girls' and boys' hockey, cricket, rugby, netball, football and show-jumping.

Pupils participated in a large number of events to promote internationalism including our own Model United Nations and Round Square events and exchanges.

Fundraising performance

The major fundraising initiative in the year was the project to develop the Bathurst Garden as an outdoor space for students to relax and socialise. The total project cost of £125,000 was funded by a legacy from Doreen Dundas Bathurst, supplemented by donations from 2017 student leavers and other donors, and a loan from the Philipps fund in 2016/17. Other efforts have been focused on the Bursary and Scholarship Funds, Legacies and smaller projects including the Annual Fund.

5. FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The school has continued to generate a surplus.

Net school fee income for the year to 31 August 2017 was down by 0.3% (2016: increase 7%) on the previous year. Net income was £665,585 (2016: £981,649). Total reserves at 31 August 2017 were £40,358,678 (2016: £36,693,093).

Reserves policy

During the year the school's funds increased by £665,585 to £40,358,678 of which £18,572,931 were restricted or endowed funds. Restricted funds decreased by £26,960 to £345,841 as shown in note 19. In common with most independent schools, the school's unrestricted reserves are primarily invested in tangible fixed assets, which are all used for direct charitable activities. The School's financial viability does not depend on income reserves but on its ability to continue to trade at a surplus on an annual basis and on the portfolio of fixed assets held for operational use. The aim is to budget so as to provide sufficient working capital to meet the present needs and future development requirements of the school without the requirement to have recourse to sales of tangible fixed assets. The Trustees consider that the school is a going concern and that given the strength of the company's balance sheet, the stable cash flow from student rolls, the on-going popularity of the School, and the available banking facility that can be called upon if need arises, there is no need to build up a free reserve.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

5. FINANCIAL REVIEW AND RESULTS FOR THE YEAR (CONTINUED)

Investment powers and policy

The Trustee's investment powers are governed by the Trust Deed, which permits the Charity's funds to be invested by an approved investment manager.

The Trustee's policy is to balance the maintenance of the real value of the invested funds with an adequate income to fund expenses met by the investments. Notwithstanding fluctuations in the stock market this aim has been realised in the longer term.

6. FUTURE PLANS

The Senior School's and the Preparatory School's development plans for the year were approved by the Board in June 2017 and will be reviewed annually.

The key objectives within the current plans are:

- Enhancing recruitment and retention of pupils through a focused strategy
- Developing a long term business strategy with defined income streams
- To realign the position of the School in the market place through evidence review
- To develop a strong national profile in relation to teaching and learning, welfare and pastoral processes to add value to every individual
- To develop premises and facilities to match and surpass provision in other similar schools.

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2017

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that year. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee on and signed on its behalf by:

J H Davies OBE
Chairman of Felsted School Trustee Limited

12 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF FELSTED SCHOOL

Opinion

We have audited the financial statements of Felsted School for the year ended 31 August 2017 which comprise the Statement of Financial Activities, Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2017 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 Charities Act 2011.

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 charity 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 charity'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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF

FELSTED SCHOOL – CONTINUED

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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8 the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
FELSTED SCHOOL – CONTINUED**

Auditor's responsibilities for the audit of the financial statements - continued

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.

Mike Hicks

Crowe Clark Whitehill LLP

Statutory Auditor

London

5 April 2018

Crowe Clark Whitehill LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

FELSTED SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Year to 31 August 2017 £	Year to 31 August 2016 £
Income and endowments from:						
Charitable activities						
School fees receivable	2	19,551,358	-	-	19,551,358	19,620,778
Ancillary trading income	3	2,658,785	-	-	2,658,785	2,298,395
Other trading activities						
Non-ancillary trading income	4	599,584	-	-	599,584	592,879
Other activities	4	125,830	-	-	125,830	106,737
Investments						
Investment income	5	53,543	34,917	-	88,460	75,818
Bank and other interest		15,671	-	-	15,671	9,441
Voluntary sources						
Grants and donations	6	-	109,467	-	109,467	218,976
Total income		23,004,771	144,384	-	23,149,155	22,923,024
Expenditure on:						
Raising funds						
Non-ancillary trading		567,777	-	-	567,777	538,743
Other income-generating activities		868,340	-	-	868,340	573,227
Financing costs	8	60,461	-	-	60,461	52,652
Fundraising & Development		75,036	-	-	75,036	87,233
Total deductible costs	7	1,571,614	-	-	1,571,614	1,251,855
Charitable activities						
Education and grant making	7	20,602,421	181,833	223,909	21,008,163	20,769,795
Total expenditure		22,174,035	181,833	223,909	22,579,777	22,021,650
Net incoming funds from operations before transfers and investment gains						
		830,736	(37,449)	(223,909)	569,378	901,374
Gains on investments	11	-	-	96,207	96,207	80,275
Transfers between funds	19	(10,489)	10,489	-	-	-
Net income and movement in funds for the year		820,247	(26,960)	(127,702)	665,585	981,649
Fund balances at 1 September 2016 25		20,965,500	372,801	18,354,792	39,693,093	38,711,444
FUND BALANCES at 31 August 2017		21,785,747	345,841	18,227,090	40,358,678	39,693,093

The notes on pages 15 to 34 form part of these financial statements

FELSTED SCHOOL

BALANCE SHEET

AT 31 AUGUST 2017

	Notes	£	2017 £	Restated 2016 £	£
FIXED ASSETS					
Tangible assets	10		40,021,622		39,911,849
Investments	11		1,016,585		920,378
			<u>41,038,207</u>		<u>40,832,227</u>
CURRENT ASSETS					
Inventories		283,550		343,806	
Debtors	12	795,469		976,186	
Cash		7,367,666		5,028,077	
		<u>8,446,685</u>		<u>6,348,069</u>	
CURRENT LIABILITIES					
Due within one year	13	(7,546,101)		(6,031,565)	
		<u>(7,546,101)</u>		<u>(6,031,565)</u>	
NET CURRENT ASSETS					
			<u>900,584</u>		<u>316,504</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>41,938,791</u>		<u>41,148,731</u>
CREDITORS: due after more than one year					
Fees in Advance Scheme	14	(1,361,704)		(1,213,378)	
Pension Scheme funding deficit	22	(218,409)		(242,260)	
		<u>(1,580,113)</u>		<u>(1,455,638)</u>	
NET ASSETS					
	18		<u>40,358,678</u>		<u>39,693,093</u>
FUNDS					
Unrestricted – general reserve	19		21,567,338		20,723,240
Unrestricted – pension reserve	22		218,409		242,260
Restricted	19		345,841		372,801
Endowment	19		18,227,090		18,354,792
			<u>40,358,678</u>		<u>39,693,093</u>

These financial statements were approved and authorised for issue by the Trustee on 12 March 2018 and signed on its behalf by:

J H Davies
Chairman of Felsted School Trustee Limited

The notes on pages 15 to 34 form part of these financial statements

FELSTED SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities	(i)				
Net cash provided by operating activities			3,241,624		3,160,093
Cash flows from investing activities:					
Payments for tangible fixed assets		(985,635)		(1,086,720)	
Proceeds on sale of tangible fixed assets		17,930		4,775	
Investment income and bank interest received		104,131		85,259	
Net cash (used in) investing activities			(863,574)		(996,686)
Cash flows from financing activities					
Loan financing		22,000		-	
Finance costs paid		(60,461)		(52,652)	
Net cash (used in) financing activities			(38,461)		(52,652)
Change in cash and cash equivalents in the reporting period			2,339,589		2,110,755
Cash and cash equivalents at the beginning of the period			5,028,077		2,917,322
Cash and cash equivalents at the end of the period	(ii)		<u>7,367,666</u>		<u>5,028,077</u>

The notes on pages 15 to 34 form part of these financial statements

FELSTED SCHOOL**NOTES TO THE CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2017**

(i) Reconciliation of net income to net cash flow from operating activities	2017	2016
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	569,378	975,374
Adjustments for:		
- investment income	(104,131)	(85,259)
- finance costs	60,461	52,652
Depreciation charge	875,862	860,420
Defined benefit pension scheme adjustments	(23,852)	(20,370)
(Profit)/loss on sale of fixed assets	(17,930)	27,876
Decrease/(increase) in inventories	60,256	(6,605)
Decrease in debtors	180,717	44,404
Increase in creditors (excluding fees in advance scheme and entrance deposits)	748,287	637,981
Increase in fees in advance scheme creditors	521,028	352,343
Increase in entrance deposits	371,548	321,277
	<u>2,672,246</u>	<u>2,184,719</u>
Net cash provided by operating activities	<u><u>3,241,624</u></u>	<u><u>3,160,093</u></u>
ii) Analysis of cash and cash equivalents	2017	2016
	£	£
Cash at bank	<u><u>7,367,666</u></u>	<u><u>5,028,077</u></u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Accounts Preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – effective 1 January 2015.

These accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investments. The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 8.

The School is a Public Benefit Entity registered as a charity in England and Wales. It was registered as a charity on 10 April 1964 (charity number 310870).

Critical accounting judgements and key sources of estimation uncertainty

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

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

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying value in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the School's financial statements.

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 and other remissions granted by the school but include contributions received from Restricted Funds for Scholarships, Bursaries and other grants. Fees received in advance of education to be provided in future years under an Advance Fee Payments Scheme contract are held as interest-bearing liabilities until either taken to income in the term when used or else refunded.

Donations and legacies

Donations receivable for the general purpose of the Charity are credited to Unrestricted Funds. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on Felsted School Governors. Donation and legacy income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to the present value for longer-term liabilities. Expenditure attributable to more than one cost category in the SOFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use of the underlying assets, as appropriate. The irrecoverable element of VAT is included within the item of expense to which it relates.

Governance costs comprise the cost of the external audit and reimbursement of Governor expenses when attending meetings.

Pension schemes

Retirement benefits to employees of the School are provided through three pension schemes, two defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

- a) The Teachers' Pension Scheme – 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, accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable. The Charity contributes to the Teachers' Pension Scheme; a multi-employer defined benefit pension scheme, at rates, varying between 7.4% and 11.7% for employees and 16.48% for employers, set by the Scheme Actuary and advised to the Board by the Scheme Administrator.
- b) The Pension Trust Scheme – this scheme is a multi-employer pension scheme. It is not possible to identify each individual employee's share of the underlying assets and liabilities. In most respects it is a multi-employer scheme but it has some guarantees. As a result it is not possible to identify the School's share of the underlying assets and liabilities of the scheme. However, the School remains potentially liable for a debt on withdrawal from the scheme. In accordance with FRS102 the scheme is accounted for as if it were a defined contribution scheme – see also note 22 (b). The School's contributions of 5% are charged in the period in which the salaries to which they relate are payable for senior non-teaching members of staff
- c) The People's Pension Scheme – this is a money purchase pension scheme. The School's contributions are charged in the period in which the salaries to which they relate are payable for other non-teaching staff

School land and buildings, equipment and plant and machinery

Capitalisation and replacement

Freehold land and buildings were professionally valued by Trembath Welch, chartered surveyors, in August 2014. The basis of the valuation was that residential freehold and educational buildings were valued on an open market valuation with vacant possession. The August 2014 valuation highlighted a material increase in the value of the freehold land and buildings and the assets are included at this value.

The School has elected, in accordance with Section 35.10(d) of FRS102, to use the carrying values on 1 September 2014, the date of transition to FRS102, of any of the above freehold land and buildings previously carried at valuation, as their deemed cost. All tangible fixed assets are held for use on charitable activities.

Depreciation

Depreciation is provided on other fixed assets to write off their cost, less estimated residual value based on current market prices, in equal instalments over estimated useful lives at the following rates:

Freehold buildings	-	2% straight line
Plant and equipment	-	10% straight line
Motor vehicles	-	25% straight line

Items costing over £2,500 are capitalised.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Unrealised gains and losses arising on revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate fund according to the "ownership" of the underlying assets.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade, other debtors and accrued income but excludes prepayments. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions and fees received from parents in advance of Autumn term. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Advance Fee Scheme payments

Amounts received under the school's Advance Fee Scheme contracts for education not yet utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

2 CHARITABLE ACTIVITIES – FEES RECEIVABLE

	2017 £	2016 £
Fees receivable consist of:		
School fees	22,296,037	22,467,334
Less: total bursaries, scholarships and allowances	(2,896,042)	(2,995,925)
	<u>19,399,995</u>	<u>19,471,409</u>
Add back: Bursaries and other awards paid for by restricted funds	151,363	149,369
	<u>19,551,358</u>	<u>19,620,778</u>

Scholarships, bursaries and other awards were paid to 410 pupils (2016: 451). Within this means tested bursaries totalling £814,493 were paid to 66 pupils (2016: £902,290 to 79 pupils)

FELSTED SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

3 CHARITABLE ACTIVITIES - OTHER INCOME

	2017	2016
	£	£
Ancillary trading income		
Extras	1,593,225	1,667,494
Entrance and registration fees	43,240	33,677
Commission and other income	1,465	7,440
Transport	181,200	178,208
International Summer School and courses	762,814	328,157
School bookshop	76,841	83,419
	<u>2,658,785</u>	<u>2,298,395</u>

4 OTHER TRADING ACTIVITIES

	2017	2016
	£	£
Trading income		
Lettings and sports clubs	259,888	267,760
Other School Shops	339,696	325,119
	<u>599,584</u>	<u>592,879</u>
Other activities		
Interest on overdue fees	31,314	28,555
Other income	94,516	78,182
	<u>125,830</u>	<u>106,737</u>

5 INVESTMENT INCOME

	Unrestricted	Restricted	Endowed	Total 2017	Total 2016
	£	£	£	£	£
Securities investment income:					
Equities	-	34,917	-	34,917	34,096
Property investment income:					
Rents receivable	53,543	-	-	53,543	41,722
	<u>53,543</u>	<u>34,917</u>	<u>-</u>	<u>88,460</u>	<u>75,818</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

6 GRANTS AND DONATIONS RECEIVABLE

	Unrestricted £	Restricted £	Endowed £	Total 2017 £	Total 2016 £
Bursaries	-	34,275	-	34,275	93,985
Development donations	-	75,192	-	75,192	59,583
Other	-	-	-	-	51,601
Insurance claim	-	-	-	-	13,807
	<u>-</u>	<u>109,467</u>	<u>-</u>	<u>109,467</u>	<u>218,976</u>
	<u><u>-</u></u>	<u><u>109,467</u></u>	<u><u>-</u></u>	<u><u>109,467</u></u>	<u><u>218,976</u></u>

7 ANALYSIS OF EXPENDITURE

a) Total expenditure

Year to 31 August 2017

	Staff Costs (note 9) £	Depreciation (note 10) £	Other costs £	2017 £
Cost of raising funds:				
Trading costs	279,299	-	288,478	567,777
Costs of other activities	335,623	-	532,717	868,340
Financing costs (note 8)	-	-	60,461	60,461
Development costs	50,372	-	24,664	75,036
Total costs of raising funds	<u>665,294</u>	<u>-</u>	<u>906,320</u>	<u>1,571,614</u>
Charitable expenditure				
Education and grant making				
Teaching	8,157,231	-	2,671,206	10,828,437
Welfare	2,107,173	-	1,161,414	3,268,587
Premises repair and maintenance	707,131	875,862	2,071,896	3,654,889
Support costs and governance	2,251,802	-	822,615	3,074,417
Grants, awards and prizes (note 7b)	-	-	181,833	181,833
Total charitable expenditure	<u>13,223,337</u>	<u>875,862</u>	<u>6,908,964</u>	<u>21,008,163</u>
Total expenditure	<u><u>13,888,631</u></u>	<u><u>875,862</u></u>	<u><u>7,815,284</u></u>	<u><u>22,579,777</u></u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

7 ANALYSIS OF EXPENDITURE (CONTINUED)

Year to 31 August 2016	Staff Costs (note 9) £	Depreciation (note 10) £	Other costs £	2016 £
Cost of raising funds:				
Trading costs	222,534	-	316,209	538,743
Costs of other activities	273,518	-	299,709	573,227
Financing costs (note 8)	-	-	52,652	52,652
Development costs	63,032	-	24,201	87,233
Total costs of raising funds	559,084	-	692,771	1,251,855
Charitable expenditure				
Education and grant making				
Teaching	7,859,473	-	2,687,295	10,546,768
Welfare	2,035,859	-	1,109,269	3,145,128
Premises repair and maintenance	693,062	860,420	2,277,975	3,831,457
Support costs and governance	2,242,827		783,599	3,026,426
Grants, awards and prizes (note 7b)	-	-	220,016	220,016
Total charitable expenditure	12,831,221	860,420	7,078,154	20,769,795
Total expenditure	13,390,305	860,420	7,770,925	22,021,650

Depreciation and other costs relating to Felsted School endowed fund properties totalling £56,876 (2015: £-), have been charged directly to the endowment fund.

b) Grants, awards and prizes

	Total and Restricted Funds	
	2017 £	2016 £
From Restricted Funds		
Bursaries and other grants and awards	181,833	220,016

c) Governance included in support costs

	2017 £	2016 £
Remuneration paid to auditor for audit services (including irrecoverable VAT)	24,600	24,000
Reimbursement of personal expenses to Governors – travel costs	521	1,169
	<u>25,121</u>	<u>25,169</u>

Travel expenses were reclaimed by two members (2016: two) of the Governing Body. In addition to the above audit remuneration the auditor received fees for taxation compliance services totalling £9,366 (2016: £9,414).

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

8 FINANCE AND OTHER COSTS

	2017	2016
	£	£
Fees in advance debt financing cost	58,461	48,652
Pension Scheme financing cost	2,000	4,000
	<u>60,461</u>	<u>52,652</u>

9 STAFF COSTS

	2017	2016
	£	£
The aggregate payroll costs for the year were as follows:		
Wages and salaries	11,721,065	11,292,104
Social security costs	1,075,751	963,457
Pension contributions	1,091,815	1,134,744
	<u>13,888,631</u>	<u>13,390,305</u>

None of the Governors received any remuneration or other benefits from Felsted School or from any connected body.

Aggregate employee benefits of key management personnel	<u>543,007</u>	<u>510,205</u>
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Number of higher paid employees in bands of:

	2017	2016
	Number	Number
£60,001 - £70,000	15	16
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£100,001 - £110,000	2	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	1

The number with retirement benefits accruing
-in Defined Contributions Schemes was

Of which the contributions amounted to
- Defined Benefit Schemes was

	<u>3</u>	<u>3</u>
	£35,247	£25,901
	17	18

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

9 STAFF COSTS (CONTINUED)

The average number of employees during the year was:

	2017 Actual Number	2016 Actual Number	2017 Full time equivalent Number	2016 Full time equivalent Number
Teaching	148	148	132	136
Welfare	183	184	102	101
Premises	25	25	25	24
Support	152	154	90	89
Other activities	49	37	14	13
Total	<u>557</u>	<u>548</u>	<u>363</u>	<u>363</u>

During the year there were redundancy and termination payments made which amounted to £Nil and £93,603 respectively (2016: £25,781 and £18,911 respectively). There were no amounts outstanding at the year end.

10 TANGIBLE FIXED ASSETS

	Assets Under Construction £	Freehold Land and Building £	Plant and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2016	-	41,172,388	944,934	512,171	42,629,493
Additions	465,232	359,619	50,896	109,888	985,635
Disposals	-	-	-	(67,526)	(67,526)
At 31 August 2017	<u>465,232</u>	<u>41,532,007</u>	<u>995,830</u>	<u>554,333</u>	<u>43,547,602</u>
DEPRECIATION					
At 1 September 2016	-	1,905,012	450,043	362,589	2,717,644
Charge for the year	-	700,468	73,853	101,541	875,862
Disposals	-	-	-	(67,526)	(67,526)
At 31 August 2017	<u>-</u>	<u>2,605,480</u>	<u>523,896</u>	<u>396,604</u>	<u>3,525,980</u>
NET BOOK VALUE					
At 31 August 2017	<u>465,232</u>	<u>38,926,527</u>	<u>471,934</u>	<u>157,929</u>	<u>40,021,622</u>
At 31 August 2016	<u>-</u>	<u>39,267,376</u>	<u>494,891</u>	<u>149,582</u>	<u>39,911,849</u>

* The School has elected, in accordance with Section 35.10(d) of FRS102, to use the carrying values on 1 September 2014, the date of transition to FRS102, of any of the above freehold land and buildings previously carried at valuation, as their deemed cost. All tangible fixed assets are held for use on charitable activities.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

11 SECURITIES INVESTMENTS	2017	2016
	£	£
At 1 September 2016	920,378	840,103
Increase in value of investments	96,207	80,275
Investments at 31 August 2017	1,016,585	920,378
Investments comprise:		
Listed investments		
Fixed interest	5,083	4,602
Equities	724,825	656,230
Alternative assets	210,433	190,518
Cash	76,244	69,028
Investments at 31 August 2017	1,016,585	920,378

In addition to the above investments, cash balances within the Fees in Advance Scheme are included in current assets as cash deposits. The main Securities investments are managed for the School by CCLA. All investments are managed and held in the UK.

12 DEBTORS	2017	2016
	£	£
Fees and extras	511,471	526,985
Trade	33,284	83,649
Other debtors	86,341	98,101
Other prepayments and accrued income	142,091	229,656
Tax recoverable	22,282	37,795
	795,469	976,186
All debtors are due within one year		

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

13 CREDITORS: due within one year

	2017 £	Restated 2016 £
Deposits from parents	1,737,334	1,365,786
Fees received from parents in advance of term	2,394,680	1,766,162
Trade creditors	803,717	512,525
Taxation and social security	293,199	285,300
Fees in Advance Scheme	1,257,753	885,051
Accruals and deferred income	829,551	1,008,874
Philipps Fund loan	229,867	207,867
	<u>7,546,101</u>	<u>6,031,565</u>

There is a bank overdraft standing facility of £800,000, with an approved termly temporary increase to £1.8m, secured on the freehold property to provide working capital as the need arises. The loan from the Philipps Fund is interest free and payable on demand.

Pupil Fees Deposits – the total amount held in relation to fee deposits of £1,737,334 is included above. In the normal course of business the expected repayment of these amounts will be £257,179 (2016: £305,999) within one year and £1,480,155 (2016: £1,059,787) after more than one year. The Governors have reviewed the contract terms under which Pupil fee deposits are held by the school. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The school does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2017 have been included within current liabilities. The prior year Pupil fee deposits balance has been similarly represented.

14 FEES IN ADVANCE SCHEME

Parents may enter into a contract to a minimum of three terms school fees in advance. The funds may be returned should the pupil leave the school for whatever reason. Assuming pupils will remain in the school, advance fees will be applied as follows:

	2017 £	2016 £
After 5 years	242,441	80,028
Within 2 to 5 years	557,977	569,678
Within 1 to 2 years	561,286	563,672
	<u>1,361,704</u>	<u>1,213,378</u>
Within 1 year	1,257,753	885,051
	<u>2,619,457</u>	<u>2,098,429</u>

Summary of movement in liability

	£
Balance at 1 September 2016	2,098,429
New Contracts	1,723,262
Repayments	(71,943)
Amounts used to pay fees	(1,188,752)
Amounts accrued to contract as debt financing cost	58,461
Balance at 31 August 2017	<u><u>2,619,457</u></u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

15 FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at amortised cost (a)	8,009,304	5,740,983
Financial assets measured at fair value (b)	1,016,585	920,378
Financial liabilities measured at amortised cost (c)	(4,040,104)	(3,513,040)
	<u>4,985,785</u>	<u>3,148,321</u>

- (a) Financial assets include cash, trade and fee debtors, staff loans, other debtors and accrued income
(b) Financial assets held at fair value include assets held as investments
(c) Financial liabilities include deposits, trade creditors, and other creditors

16 LEASES

The future minimum lease payments under non-cancellable operating leases which are all payable as follows:

	2017 £	2016 £
Within 1 year	6,021	148,577
Within 2 to 5 years	13,547	6,021
	<u>19,568</u>	<u>154,598</u>

17 FUNDS OF THE SCHOOL

The School's funds are analysed under the following headings

(a) Endowed funds

Endowment funds consist of investments and freehold land and buildings held by the School under permanent endowment, and special funds on which the capital must be retained and the income applied to specific purposes of the School.

(b) Restricted funds

- Annual Fund - this raises funds for small projects and extra-curricular activities that will be realised within a 12 month period.
- Bury Fund – the fund is provided to promote artistic and cultural endeavour by Felstedians and to provide support for art and travel costs.
- Bursary Funds – there are a number of bursary funds some of which are allocated to provide 100% bursary support for individual pupils as nominated by the benefactor. The income from endowed investments is used to support bursaries awarded during the year.
- Deacons' refurbishment – an appeal was undertaken to raise funds to refurbish Deacons Boarding House.
- Follyfield House insurance claim – the cost of rebuilding Follyfield House is shown as an asset in the Balance Sheet, with the element funded by the insurance claim recorded as income within a restricted fund.
- Prize Funds – donations were received to nominate a pupil each year for a Prize. An amount is released each year to cover the cost of the prize awarded on Speech Day.

(c) Unrestricted funds

Unrestricted funds represent accumulated income from the School's activities and other sources that are available for the general purposes of the School.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	Endowment £	Total 31 August 2017 £
Tangible fixed assets	22,688,667	122,450	17,210,505	40,021,622
Securities investments	-	-	1,016,585	1,016,585
Net current assets	677,193	223,391	-	900,584
Long term liabilities	(1,580,113)	-	-	(1,580,113)
	<u>21,785,747</u>	<u>345,841</u>	<u>18,227,090</u>	<u>40,358,678</u>

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31 AUGUST 2016

	Unrestricted £	Restricted £	Endowment £	Total 31 August 2016 £
Tangible fixed assets	22,477,435	-	17,434,414	39,911,849
Securities investments	-	-	920,378	920,378
Net current assets	(56,297)	372,801	-	316,504
Long term liabilities	(1,455,638)	-	-	(1,455,638)
	<u>20,965,500</u>	<u>372,801</u>	<u>18,354,792</u>	<u>39,693,093</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

19 SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	1 September 2016	Income	Expenditure	Transfer between funds & revaluation	31 August 2017
	£	£	£	£	£
Unrestricted funds					
General reserve	20,723,240	23,004,771	(22,150,184)	(10,489)	21,567,338
Pension reserve	242,260	-	(23,851)	-	218,409
	<u>20,965,500</u>	<u>23,004,771</u>	<u>(22,174,035)</u>	<u>(10,489)</u>	<u>21,785,747</u>
Restricted funds					
Annual Fund	121,942	110,109	(64,559)	10,584	178,076
Bury Fund	3,627	-	(828)	-	2,799
Bursary Funds	237,704	34,275	(116,446)	-	155,533
Deacons' refurbishment	4,666	-	-	-	4,666
Prize Funds	4,862	-	-	(95)	4,767
	<u>372,801</u>	<u>144,384</u>	<u>(181,833)</u>	<u>10,489</u>	<u>345,841</u>
Endowed – permanent					
Endowed reserve	18,354,792	-	(223,909)	96,207	18,227,090
	<u>18,354,792</u>	<u>-</u>	<u>(223,909)</u>	<u>96,207</u>	<u>18,227,090</u>
Total funds	<u>39,693,093</u>	<u>23,149,155</u>	<u>(22,579,777)</u>	<u>96,207</u>	<u>40,358,678</u>

The transfer between funds relates to prizes awarded during the year and use of the Annual Fund towards projects.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

19 SUMMARY OF MOVEMENTS ON MAJOR FUNDS AS AT 31 AUGUST 2016

	1 September 2015	Income	Expenditure	Transfer between funds & revaluation	31 August 2016
	£	£	£	£	£
Unrestricted funds					
General reserve	28,906,021	22,724,053	(21,788,081)	(9,118,753)	20,723,240
Pension reserve	188,630	-	53,630	-	242,260
	<u>20,094,651</u>	<u>22,724,053</u>	<u>(21,734,451)</u>	<u>(9,118,753)</u>	<u>20,965,500</u>
Restricted funds					
Annual Fund	85,505	57,083	(70,646)	50,000	121,942
Bury Fund	4,227	-	(600)	-	3,627
Bursary Funds	255,301	128,081	(148,770)	3,092	237,704
Deacons' refurbishment	4,666	-	-	-	4,666
Follyfield insurance claim	4,557,854	13,807	(10,307)	(4,561,354)	-
Prize Funds	4,932			(70)	4,862
	<u>4,912,485</u>	<u>198,971</u>	<u>(230,323)</u>	<u>(4,508,332)</u>	<u>372,801</u>
Endowed – permanent					
Endowed reserve	4,704,308	-	(56,876)	13,707,360	18,354,792
	<u>4,704,308</u>	<u>-</u>	<u>(56,876)</u>	<u>13,707,360</u>	<u>18,354,792</u>
Total funds	<u><u>38,711,444</u></u>	<u><u>22,923,024</u></u>	<u><u>(22,021,650)</u></u>	<u><u>80,275</u></u>	<u><u>39,693,093</u></u>

20 CAPITAL COMMITMENTS

Commitments for future capital expenditure not provided for in these accounts were as follows:

	2017 £	2016 £
Authorised and contracted	<u>-</u>	<u>-</u>

21 PENSION COMMITMENTS

The school makes annual payments to former employees, and during the year these amounted to £15,007 (2016: £14,945). These payments are subject to an annual review.

22 PENSION SCHEMES

a) 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 £992,148 (2016: £979,390) and at the year-end £132,088 (2016: £132,191) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016 and completed in 2018, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

b) The Pensions Trust Retirement Solutions - The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

22 PENSION SCHEMES (CONTINUED)**b) The Pensions Trust Retirement Solutions - The Growth Plan (continued)**

Deficit contributions From 1 April 2013 to 31 March 2023 £13.9m per annum is payable monthly and increasing by 3% each in 1st April.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025 £12,945,440 per annum payable monthly increasing by 3% each on 1st April

From 1 April 2016 to 30 September 2028 £54,560 per annum payable monthly and increasing by 3% each on 1st April.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2017	2016
	£	£
Provision at start of period	242,260	188,630
Unwinding of the discount factor (interest expense)	2,000	4,000
Deficit contribution paid	(24,851)	(24,370)
Remeasurements – impact of any changes in assumptions	(1,000)	12,000
Remeasurements – amendments to the contribution schedule	-	62,000
	<hr/>	<hr/>
Balance at 31 August 2017	<u>218,409</u>	<u>242,260</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

22 PENSION SCHEMES (CONTINUED)

b) The Pensions Trust Retirement Solutions - The Growth Plan (continued)

INCOME AND EXPENDITURE IMPACT

	2017	2016
	£	£
Interest expense	2,000	4,000
Remeasurements – impact of any changes in assumptions	(1,000)	12,000
Remeasurements – amendments to the contribution schedule	-	62,000
Costs recognised in Statement of Financial Activities	24,851	24,370

ASSUMPTIONS

	At 31 August 2017	At 31 August 2016	At 31 August 2015
	% per annum	% per annum	% per annum
Rate of discount	1.20	1.08	2.25

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The School has been notified by The Pensions Trust Retirement Solutions of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2016. As of this date the estimated employer debt for the School was £480,405.

22 PENSION SCHEMES (CONTINUED)

(c) The Federated Flexiplan No.1

The Federated Flexiplan No.1 ("the Plan") is a defined benefit pension scheme. It is a "last man standing scheme" which means that all participating employers are joint and severally liable for the Plan's liabilities. However, because of the non-associated multi-employer nature of the Plan, the Company does not have sufficient information available (in particular to identify its share of the underlying assets and liabilities of the Plan) to use defined benefit accounting. As such and as permitted by FRS 102, it accounts for the Plan as if it were a defined contribution scheme. As a result, the amount recognised in the profit & loss represents the Company's contributions payable to the Plan in respect of the accounting period.

Members of the Plan are entitled to benefits on either a "Pensions Capital" or "Target Pension" basis. Under the Pensions Capital basis, contributions paid by and in respect of members are accumulated up to retirement and then used to secure benefits for the member. Under the Target Pension basis, members receive a defined pension at retirement based on length of service in the Plan and their Pensionable Salary at date of leaving. The Plan is closed to new members and to future accrual of benefits.

Buy-Out of the Scheme Liabilities

The Scheme Trustee entered a buy-in covering the full Scheme liabilities with an insurer in February 2017 and anticipates that the transition to achieve full buy-out will be finalised in the first half of 2018. When that process is completed there will be no further legal or financial obligations to the Scheme.

Recovery Plan

As the Plan was in deficit at the latest actuarial valuation a recovery plan was put into place. Under this recovery plan, contributions of £2,063,417 per annum are payable from 1 April 2016 to 31 March 2017 and £1,555,556 per annum are payable from 1 April 2017 to 31 March 2019. However, the Scheme Actuary has now certified that no further contributions are required to be made in respect of the two years commencing 1 April 2017.

The Company's agreed share of these contributions is £7,283 per annum from 1 April 2016. No other contributions are due from the Company.

The Company paid contributions totalling £4,248 during the year (2016: £7,283)

23 RELATED PARTY TRANSACTIONS

Certain Directors of the Trustee Company had interests in transactions involving the School:

The wife of Mr J.H. Davies owns a property which is leased to the School. During the year rent of £9,550 (2016:£9,300) was paid by the School. Mr P.J. Hutley owns a property which is leased to the School. During the year rent of £9,360 (2016: £9,360) was paid by the School. The wife of Mr P.G. Lee owns a property which is leased to the School. During the year rent of £8,400 (2016:£8,400) was paid by the School. No balances were due at the year end.

Dr Nicholson, Mr Sunnucks, Mrs Carrington, Mr Brown and Mr Lewis are parents of pupils in the school. These families are paying school fees in accordance with the school's standard terms and conditions.

24 CONNECTED CHARITIES AND COMPANIES

Felsted School is supported by The Philipps Fund, which raises funds for the benefit of the school. At 31 August 2017 £229,867 (2016: £207,867) was owed to the Philipps Fund.

A trading company, Felsted School Enterprises Ltd, was incorporated on 21 August 2006 and remained dormant throughout the year.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

25 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Year to 31 August 2016 £
Income and endowments from:				
Charitable activities				
School fees receivable	19,620,778	-	-	19,620,778
Ancillary trading income	2,298,395	-	-	2,298,395
Other trading activities				
Non-ancillary trading income	592,879	-	-	592,879
Other activities	106,737	-	-	106,737
Investments				
Investment income	41,722	34,096	-	75,818
Bank and other interest	9,441	-	-	9,441
Voluntary sources				
Grants and donations	54,101	164,875	-	218,976
Total income	<u>22,724,053</u>	<u>198,971</u>	<u>-</u>	<u>22,923,024</u>
Expenditure on:				
Raising funds				
Non-ancillary trading	538,743	-	-	538,743
Other income-generating activities	573,227	-	-	573,227
Financing costs	52,652	-	-	52,652
Fundraising & Development	87,233	-	-	87,233
Total deductible costs	<u>1,251,855</u>	<u>-</u>	<u>-</u>	<u>1,251,855</u>
Charitable activities				
Education and grant making	20,482,596	230,323	56,876	20,769,795
Total expenditure	<u>21,734,451</u>	<u>230,323</u>	<u>56,876</u>	<u>22,021,650</u>
Net incoming funds from operations before transfers and investment gains	989,602	(31,352)	(56,876)	901,374
Gains on investments	-	-	80,275	80,275
Transfers between funds	(9,118,753)	(4,508,332)	13,627,085	-
Net income and movement in funds for the year	<u>(8,129,151)</u>	<u>(4,539,684)</u>	<u>13,650,484</u>	<u>981,649</u>
Fund balances at 1 September 2015	<u>29,094,651</u>	<u>4,912,485</u>	<u>4,704,308</u>	<u>38,711,444</u>
FUND BALANCES at 31 August 2016	<u><u>20,965,500</u></u>	<u><u>372,801</u></u>	<u><u>18,354,792</u></u>	<u><u>39,693,093</u></u>