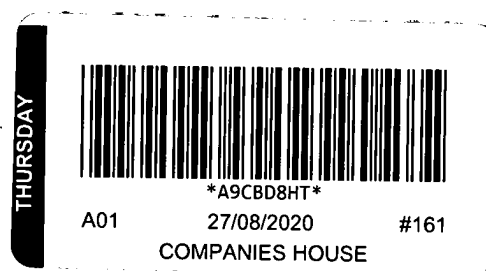


Annual Report

for the year ended 31 August 2019



Report of the trustees

for the year ended 31 August 2019

The trustees who are also directors of the company present their annual report for the year ended 31 August 2019 together with the audited financial statements for the year. It is confirmed that these comply with the requirements of the Charities Act 2011, the Companies Act 2006, the Company's revised Memorandum & Articles of Association and 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).

REFERENCE AND ADMINISTRATIVE INFORMATION

Scarborough College Limited is a charitable company, incorporated in 1896 as a private limited company, which founded the school in 1898 and which was placed in the Register of Charities in 1962.

The Charity Registration Number for Scarborough College is 529686 and the Company Registration Number is 50404. The Registered Office and principal address of the Company is at Filey Road, Scarborough, North Yorkshire, YO11 3BA.

The website is :- www.scarboroughcollege.co.uk

Directors

The present Directors of the Company and the School Governors, and also any ex-Directors who served during the year as indicated, are:

Dr J Renshaw *	Chairman	
Mr A S Green *	Deputy Chairman	
Mr M Baines		(Resigned 9 May 2019)
Mrs G Braithwaite		(Resigned 4 October 2018)
Mr J A Cliffe		(Appointed 12 September 2018)
Mr J Cook *		
Mr S N Fairbank *		
Mr N Gardner		
Mr J M Green *		(Resigned 28 September 2019)
Mrs V Gillingham		
Mr R Guthrie *		
Mr J R Marshall		
Dr I G H Renwick		
Mr J Rowlands *		
Mr J F W Swiers		(Appointed 19 February 2019)
Mr G N M Young*		(Appointed 10 January 2019)

* Denotes member of the Finance and Management sub-committee

Key management personnel: Key Executives

Headmaster:	Mr C M Ellison	(left 1 January 2019)
	Mr G A Emmett	(appointed 1 January 2019)
Head of Prep School:	Mr C W Barker	
Business Manager, Clerk to the Governors & Company Secretary:	Miss A J Higgins	

Advisers:-

Auditors:	Moore Chartered Accountants 12-13 Alma Square Scarborough North Yorkshire YO11 1JU
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Bankers:	Lloyds Bank 1 St Nicholas Street Scarborough North Yorkshire YO11 2YY
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Report of the trustees

for the year ended 31 August 2019

Advisers (continued)

Solicitors: Lupton Fawcett Denison Till
Yorkshire House
East Parade
Leeds
LS1 5BD

Insurance Brokers: Marsh
Education Practice
Capital House
1-5 Perymount Road
Haywards Heath
West Sussex
RH16 3SY

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles of Association first issued on 4 December 1896, and filed at Companies House most recently on 29 September 2018.

Governing Body

The directors, who are also the charity trustees, are responsible for the overall management and control of the College and meet four times a year at various sub committees, and also four times a year as the full board. The work of implementing their policies is carried out through several governors sub committees. The sub committees include a Finance and Management Committee, Education and Welfare Committee, and a Marketing Committee. The Board is a self-appointing body, and directors are elected at a full directors' meeting of the Company. The College Business Manager is responsible for co-ordinating the work of the governors and their Committees, preparation of papers and management accounts, and the review of matters arising.

Director Recruitment and Training

The Governing body requires breadth and depth of experience to carry out its duties effectively and efficiently. When recruiting new governors the important attribute is a passion for the work of the College and an understanding of education as a holistic and rounded experience of personal growth. Where possible the governors consider that the skills and experience of the Board should comprise of the following:

- A governor with a legal background.
- A governor with a financial/accounting background.
- A governor with education experience and background.
- A governor with senior managerial or business experience.
- A governor with HR/employment law experience.
- A governor with property/surveying experience.

On appointment, new governors are inducted into the workings of the Board and their responsibilities as directors, charity trustees and school governors. The Charity has no formal governor training procedures in place. However governors are encouraged to attend training courses and seminars run by AGBIS (The Association of Governing Bodies of Independent Schools). Additionally, governors are encouraged to take a full part in the activities of the College including attendance at concerts and sports events, plus time in the classroom observing lessons.

Other Relationships

The Headmaster is a member of the Society of Heads, attending the society conference which is an opportunity to share expertise, knowledge and experience across the independent school sector. The conference also permits appropriate representation to Government and regulators of the views of the sector. The College is also a member of IAPS and BSA, whilst also holding IB World School status.

Organisational Management

The governors and trustees meet as a Board at least four times a year (October, December, March and June) to determine the general policy of the Company and review the overall management and control, for which they are legally responsible. The work of implementing most of their policies is carried out by the Finance and Management Committee, chaired by Mr A S Green, and which meets regularly prior to each meeting of the full Governing Board, and on other occasions when necessary to regulate the administration of the College. The other principal committee is the Education and Welfare Committee, which as its title indicates, focuses on matters relating to education/curriculum and welfare.

The governors determine the general policy of the College but the day to day running of the College is delegated to the Headmaster, supported by the Senior Management Team. The Headmaster undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration of both the Prep and Senior schools is undertaken within the policies and procedures approved by the governors which provide for only significant expenditure decisions and major capital projects to be referred to the governors for prior approval. The approval process is detailed within the Financial Regulations of the College.

The Headmaster oversees the recruitment of all educational staff, whilst, under delegated authority, the Business Manager oversees the recruitment of administrative and non-teaching support staff. The Headmaster, Head of the Prep School and Business Manager attend governors' meetings.

Group Structure

Scarborough College Limited has a wholly owned non-charitable subsidiary company, Scarborough College 2000 Limited, a company incorporated in Great Britain and registered in England. The subsidiary company provides transportation services to the College, and covenants the whole of its profits to the Company. The financial results of the subsidiary are included in the accounts of a larger group, and therefore, consolidated accounts have not been prepared incorporating Scarborough College 2000 Limited.

Report of the trustees

for the year ended 31 August 2019

Related Parties

None of the governors receives remuneration or other benefits from their work with the College. Any contractual relationships must be disclosed and notes of interest are retained in written form.

Three of the governors had children enrolled in the school during the year with the fees payable at normal published rates. This does not affect their capability to make independent and fair decisions but, if there is a specific situation where there may be conflicted interests, governors will remove themselves from meetings.

One of the governors, Mr R Guthrie, is a director and person with significant control of Broadland Properties Limited. During the year a sum of £52,146 (2018: £20,000) was paid to Broadland Properties for property rental on an arm's length basis.

Key management personnel

The governors consider that they, together with the Headmaster, The Business Manager and the Prep School Headmaster comprise the key management personnel (see note 10 to the accounts). The governors give of their time freely and the pay and the remuneration of the Headmaster and senior staff is set by the Board and is kept under annual review.

The College operates banded salary ranges for all staff including senior staff. The banded ranges are benchmarked against those of other independent schools. This allows the College to remain an attractive employer in the independent school sector.

The bands are reviewed annually and generally an inflationary increase is applied. This is dependent upon the financial success of the College and also increases being offered in similar schools. Progression within the bands is based upon performance for all levels of staff.

Risk Management

The governors and the Board of Scarborough College, with particular assistance from the College Finance and Management Committee, have examined the principal areas of the College's operations and have considered the major areas of strategic, operational and business risk which the College faces. The Directors actively review the major risks that may arise on a regular basis, as well as the systems and procedures established to manage them, ensuring that those risks already identified can be mitigated. All of the identified risks are contained within the College Risk Management Summary.

OBJECTIVES AND ACTIVITIES

The objects of the Company, in accordance with its Articles and Memorandum of Association, are to establish and conduct in Scarborough, and elsewhere, a Day and Boarding School or Schools for Boys and Girls (aged 3 to 18 years) in which there shall be given a sound education, combined with a moral and religious input.

Aims and Intended Impact

The Company's vision is to be a recognised leader in British independent education.

Mission Statement

The Company's commitment is to discover and fully realise every child's potential by ensuring that all pupils are seen as individuals whose specific needs are recognised and met. We are dedicated to providing a far-reaching education that goes beyond the boundaries of the classroom, underpinned by strong lifelong values, which inspires academic excellence and ensures pupils are challenged. Regular opportunities to understand their own capabilities through exposure to a broad range of sporting, cultural and creative activities, widens our pupils' horizons and builds their self-confidence. Within our outward-facing, grounded and caring community the relationships that exist nurture tolerant, honest and compassionate people who will make a genuine difference in their futures beyond the confines of our school.

Aims of the Company

Scarborough College seeks:

- To encourage and enable pupils to achieve their academic potential and to foster a climate in which high quality teaching and learning are the upmost priorities.
- To respond to, support, and bring about the aspirations of pupils and their parents, whilst being attentive to their views.
- To consistently provide a high degree of personal care, support and guidance within, and outside of, the formal pastoral structure.
- To promote the acquisition and development of life-long values and 'character'.
- To cultivate and develop in pupils a sense of spirituality, cultural awareness and a moral framework through which they can live a fulfilling and happy life.
- To provide an environment in which pupils feel valued and learn to work co-operatively within a safe and nurturing community.
- To provide regular opportunities for all pupils to engage with a varied co-curricular programme so that they may explore their talents and discover life-long passions.
- To be a caring, supportive and appreciative employer, recognising the work and commitment of all staff whilst facilitating a climate of continual professional development.
- To consistently look for improvements in everything we do, thereby ensuring that the experience all our stakeholders undergo becomes ever more positive and rewarding.

The main objectives remain unchanged and are to achieve excellent public examination results, to continue with the successful work related to the International Baccalaureate programme, to enhance the boarding provision, and to strengthen even further the College's links with the community.

The Scarborough College strategy is to continue to develop the school's facilities, both physical and intellectual, for providing an excellent education for its students. The enhancement of the school facilities will be driven through property development activity which is given in greater detail in the Future Plans section of this report.

Principal Activity

The principal activity continues to be the provision in Scarborough of independent education for both boarding and day children between the ages of 3 to 18 years old. The Prep School takes boys and girls from 3 – 11 years of age and also operates a pre-school nursery (Little Owls). The Senior School provides for students aged 11 to 18 years. For this academic year the student population was 373, not including younger children attending the nursery.

Report of the trustees

for the year ended 31 August 2019

Volunteers

The Friends of Scarborough College, and the Old Scardeburgians Association (OSA) both continue to support the College in many ways. Both groups fund raise to support projects in the College including enhancement of the facilities. The OSA also holds regular functions to bring present and past pupils together both through sport and socially. Furthermore, the OSA sponsor scholarships as part of the scholarship and bursary scheme operated by the College. The Board continues to be extremely grateful for all their efforts, and the enthusiastic support of both groups creates a strong bond between the College and parents, helping to strengthen community spirit.

Public Benefit

The Group remains aware of its responsibility to achieve public benefit by working closely with the local community, whilst also developing links with other schools, charities and local organisations. The Company has complied with the duty in section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission.

The Group continues to take an important role in many areas of support to the local community and, in particular, to sport. Following the council's recent permission to allow third-party users, it is the Company's intention to have the all-weather pitch used by both Scarborough Hockey Club and any local sports clubs for a nominal fee.

The summer is exceptionally busy with local cricket matches, a cricket festival arranged in partnership with Scarborough Cricket Club and the Scarborough Athletic Club using the field for athletics including the long jump and running, all of which use the College facilities and minibuses. The College hosts children from other schools of the area for cross country running competitions, hockey and football trials.

Bramcote Sports Hall, Deepdale playing fields and the Company's main playing fields and tennis courts are available and are used by clubs such as Scarborough Cricket Club, Scarborough Football Club and Yorkshire County Cricket Club

The Group also provides support in renting out other areas of the campus such as Lisvane Hall and school areas. Although some of these events incur charges for staffing costs and use of the premises, many local schools use the premises for free. Lisvane Hall, for example, is used by local primary schools for their nativity productions and other school productions. The Primary Proms events invites all local primary school children for a free day of music tuition and enjoyment in Lisvane Hall. Other local companies, which are held for nominal charges, are Welcome to Yorkshire, The English Chess Federation and the Yorkshire Cricket Board.

Community Service

Pupils of all age groups within Scarborough College share a sense of community service. Together with the Friends of Scarborough College parents' group, there are a number of fundraising activities throughout the entire school, including the Harvest Festival and the MacMillan Cancer Trust. Both initiatives directly benefit the local community with the Harvest Festival proceeds going the Rainbow Centre in Scarborough and part of the MacMillan Big Breakfast allocated to local children.

In the senior school, activities within the Duke of Edinburgh's and the Sixth Formers' CAS (Creativity, Activity and Service) support local, regional and international charities and causes. It is an essential part of both the DoE as well as the International Baccalaureate Diploma Programme. Charitable donations from fund raising activities amount to £2,965 in the year.

Bursary and scholarship awards

It is important to us that access to the education we offer is not restricted to those who can afford our fees. We believe our pupils benefit from learning within a diverse community. Learning occurs through social interaction, conversation and shared experiences which help our pupils develop an understanding of the perspectives of other people that will be vital in their adult lives.

Our bursary policy together with our out-reach work contribute to a widening of access to the education we offer and the facilities we enjoy.

Bursaries

The governors view our bursary awards as important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education offered by Scarborough College. Our bursary awards are available to all who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk, for example, in the case of redundancy. In assessing means the College takes a number of factors into consideration including family income, investments and savings, and family circumstances, for example, dependent relatives and the number of siblings.

Those wishing to be considered for bursary support are required to complete a Bursary Application giving full details of their financial situation, supported by original documents. Bursary remission on fees is assessed according to the guardians' ability to pay full fees and the availability of bursary funds to the College. Bursary awards are subject to the annual testing of the guardians' means.

This year the value of means tested bursaries totalled £453,106 and represented 7.62% of our gross fees. They provided assistance to 98 pupils, representing 26.5% of the school roll, of which 1 pupil benefited from a full fee remission.

Non means-tested fee remissions

The purpose of our scholarship awards is to recognise high academic, musical, and sporting potential or ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the aforementioned abilities which will contribute to our co-curricular activities; awards may be subject to conditions. Scholarships are awarded with a fixed remission of fees of between 10% and 100%. Where further assistance is required, scholarship awards may be supplemented by a means-tested bursary. The value of Scholarships in the school year totalled £247,712 awarded to 70 pupils.

Other forms of non means-tested assistance were also awarded during the academic year, including sibling and staff discounts. In total these awards were made to 112 pupils and amounted to £335,808.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with abilities. No scholarships were withdrawn in the year as a result of reviews.

Report of the trustees

for the year ended 31 August 2019

Our ethos; a caring College serving our local community and society

The governors are responsible for setting a strategy for achieving the objectives they have set. The focus of our strategy is on the development of our pupils, their continued high levels of academic and co-curricular achievement and to further widen access to the education the College provides.

Scarborough College is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. The fees are set at a level to ensure the financial viability of the College, and at a level that is consistent with our aim of providing a first class education to boys and girls from all backgrounds of the local community and beyond. To admit a prospective pupil we need to be satisfied that the College will be able to educate and develop him/her to the best of their potential and in line with the general standards achieved by their peers. Entrance assessments and interviews are undertaken to satisfy the College and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

The College is an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The College makes reasonable adjustments to meet the needs of staff or pupils who are or become disabled. The College is committed to safeguarding and promoting the welfare of the pupils and expects all staff and volunteers to share this commitment.

Parents are given regular information about their children's social and academic progress through parent evenings in addition to the traditional end of term and year reports. The College maintains regular contact with parents throughout the year through informal contacts and the termly news magazine (Horizons). All pupils have a Form Tutor responsible for pastoral care and academic development.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The public examination results this year continue to be excellent with record breaking results within the IB Diploma. Students were successful at gaining places at the top universities. At GCSE, 90% of students passed 5 or more GCSE's at grades A* to C.

In accordance with its mission, the College continues to provide excellent quality in music, art and performing arts lessons, as well as sports coaching. The College's representative teams in the main sports achieve successes sometimes beyond what could be expected with regard to current funds and facilities compared to those of the opponents.

Both the depth of activities as well as the qualities of the activities is highlighted by the College's Enrichment Programme, Yorkshire Grit and Prep School Holiday Club programmes.

FINANCIAL REVIEW AND RESULTS

The full financial statements and the Auditors' Report can be found in the accompanying Annual Accounts for the year.

The College produced a deficit in 2018 – 2019 of £257,737. This does include an expense of £6,000 relating to the fair value adjustment on the defined benefit scheme. It is planned that the College will next year be once again in surplus and hoped that this position can be maintained for future years.

The principal source of income is fees accounting for 96% of the College's total income. The governors are continuing their strategy of deploying all net incoming resources to investing in the educational purposes and fabric of the College.

As a charity the parents of the pupils have the assurance that all income of the College must be applied for educational purposes. As an educational charity we enjoy tax exemption on our educational activities and on our investment income and gains, provided these are applied for our charitable aims. As a charity we are also entitled to an 80% reduction in our business rates on the property we occupy for our charitable purposes. The financial benefits we receive from these tax exemptions are all applied for the educational purposes and indirectly help us to maintain our bursary policy and out-reach programme.

However, as an educational charity, we are unable to reclaim VAT input tax on our costs as we are exempt for VAT purposes. We also pay tax as an employer through the national insurance contributions we make.

In addition to the very substantial benefits the College brings to our pupils, the local community and society through the education we offer, our bursary programme and our out-reach work create a social asset without a cost to the Government.

Developments and Maintenance

Major projects included the second phase of the re-roofing of the main college building which was in progress at a cost of £336,421 (including £188,774 up to 31 August 2018) to date. The second phase of the window replacements in the main College building has also been completed at a cost of £74,823 (including £38,440 up to 31 August 2018).

The College has recently completed the extension and renovation of Weaponness House. This has increased the capacity of the College's boarding facility by 75% at this location.

Other significant maintenance works have been undertaken during the year as part of the College's prioritised maintenance plan to ensure the College's buildings continue to function fully as intended.

Report of the trustees

for the year ended 31 August 2019

Key performance indicators

	2019	2018	2017	2016	2015
IB exam pass rate	80%	88%	88%	88%	95%
GCSE pass rate (9 - 4)	90%	89%	88%	95%	89%
Net fee income (£'000)	4,888	4,989	4,416	3,755	3,899
Non fee income (£'000)	191	888	264	151	199
Net incoming (outgoing) resources before fair value adjustments (£'000)	(258)	736	228	(174)	(52)
Capital expenditure (£'000)	3,106	507	333	11	29

Reserves Policy

The governors regularly review the finances, budgets and spend against budget together with a cash flow analysis as part of the effective stewardship of the College.

In common with other independent schools, the governors have invested substantial sums into the College buildings and have a continuing programme of refurbishment and development to maintain the excellent teaching facilities for our pupils.

The Company's unrestricted funds stood at £1,541,662 at the year end, and these were wholly deployed in funding the College's Capital Expenditure on the premises and equipment. The company's restricted funds stood at £95,114 at the year end.

The policy of the trustees and the directors of Scarborough College is to aim to retain reserves of £1.3 million or more. This is equivalent to approximately three months' expenditure, by means of annual operating surpluses, subject to the prior demands of further capital and revenue expenditure needed to maintain the high standard of the educational facilities provided at the College.

Market Value of Land and Buildings

In the opinion of the trustees of Scarborough College the current market value of the company's land and buildings was not less than the amount £5,657,943 shown in the balance sheet.

FUTURE PLANS

The governors intend to continue their current strategies of maintaining the College's position in a competitive market by investing to provide high quality education for our pupils. Achieving a high standard of academic results is a constant aim whilst maintaining the breadth and depth of the education provided.

The Headmaster and senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our pupils' development.

The governors need to maintain an equitable balance ensuring our current pupils benefit whilst, at the same time, ensuring a sound infrastructure and financial base are preserved for the next generation of pupils in the same way as our current pupils benefit today from past investment.

The governors view our bursary and scholarship awards as important in widening our access to the education our College provides.

Maintaining and, where necessary, developing the fabric and facilities of the College are central to our strategy. Our plans are primarily focused on the completion of the main college re-roofing works, replacement of windows and the development of boarding houses.

We have a programme of planned maintenance and investment with the upgrading of our art block, theatre and science laboratories a priority.

Following the financial year end there has been a global pandemic, COVID 19, which has affected all businesses. It has in turn affected Scarborough College which went into lock down prior to the 2020 Easter holidays. The College successfully implemented an online educational programme for all pupils.

Although COVID 19 is still active the College is reopening fully in September 2020 in line with Government guidance and pupil numbers still remain extremely buoyant and we are expecting all boarding houses to be nearly at full capacity.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The College has arranged qualifying third party indemnity for all of its directors.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Scarborough College Limited for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity Law requires the trustees and directors to prepare financial statements for each year which 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 the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

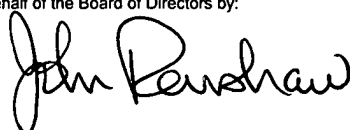
The trustees (directors) are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved and signed on behalf of the Board of Directors by:

Dr John Renshaw
Chairman



Independent auditor's report to the members and trustees of Scarborough College Limited

for the year ended 31 August 2019

We have audited the financial statements of Scarborough College Limited for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 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 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 audit opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006

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

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

Independent auditor's report to the members and trustees of Scarborough College Limited

for the year ended 31 August 2019

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah-Jane Sargent (Senior Statutory Auditor)
for and on behalf of Moore
Statutory Auditor
Chartered Accountants
12 Alma Square
Scarborough
YO11 1JU

25 August 2020

Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities (including income and expenditure account)

for the year ended 31 August 2019

Note	2019			2018		
	Unrestricted funds £	Restricted funds £	Total funds £	Unrestricted funds £	Restricted funds £	Total funds £
Income and endowments from:						
Donations and legacies 2	1,050	-	1,050	734,088	-	734,088
Charitable activities 3	4,701,312	187,122	4,888,434	4,775,893	213,431	4,989,324
Other trading activities 4	181,984	-	181,984	153,782	-	153,782
Investments 5	7,892	-	7,892	-	-	-
Total income	4,892,238	187,122	5,079,360	5,663,763	213,431	5,877,194
Expenditure on:						
Raising funds 6	71,794	-	71,794	49,608	-	49,608
Charitable activities 7	5,015,201	220,619	5,235,820	4,855,822	245,921	5,101,743
Total expenditure	5,086,995	220,619	5,307,614	4,905,430	245,921	5,151,351
Net income/(expenditure)	(194,757)	(33,497)	(228,254)	758,333	(32,490)	725,843
Transfer between funds	-	-	-	-	-	-
Other recognised gains/(losses)						
Actuarial gains /(losses) on defined benefit pension schemes	(6,000)	-	(6,000)	10,000	-	10,000
Net movement in funds	(200,757)	(33,497)	(234,254)	768,333	(32,490)	735,843
Reconciliation of funds:						
Total funds brought forward at 31 August 2018	1,742,419	128,611	1,871,030	974,086	161,101	1,135,187
Total funds carried forward at 31 August 2019	1,541,662	95,114	1,636,776	1,742,419	128,611	1,871,030

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derives from continuing activities.

Balance sheet

as at 31 August 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	14		983		4,914
Tangible assets	15		6,698,940		3,697,511
Investments	16		2		12
Total fixed assets			<u>6,699,925</u>		<u>3,702,437</u>
Current assets					
Inventories	17	-		13,354	
Debtors	18	3,655,230		3,427,620	
Cash at bank and in hand		855,277		1,640,738	
Total current assets		<u>4,510,507</u>		<u>5,081,712</u>	
Liabilities					
Creditors: amounts falling due within one year	19	6,912,138		5,917,018	
Net current assets/(liabilities)			<u>(2,401,631)</u>		<u>(835,306)</u>
Total assets less current liabilities			<u>4,298,294</u>		<u>2,867,131</u>
Creditors: falling due after more than one year	21		(2,237,622)		(547,101)
Net assets excluding pension asset/liability			<u>2,060,672</u>		<u>2,320,030</u>
Defined benefit pension scheme asset or liability	30		(423,896)		(449,000)
Net assets			<u><u>1,636,776</u></u>		<u><u>1,871,030</u></u>
The funds of the charity:					
Called up share capital	22		5,507		5,507
Endowment funds	24.02		102		102
Restricted income funds	24.03		74,265		107,762
Unrestricted funds	24.01		1,541,662		1,742,419
Revaluation reserve	24.04		15,240		15,240
Total charity funds			<u><u>1,636,776</u></u>		<u><u>1,871,030</u></u>

Approved by the board of directors and authorised for issue on 25 August 2020.



Dr J Renshaw

Statement of cash flows

for the year ended 31 August 2019

	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities				
Cash generated from operations	34,969		1,580,078	
Interest paid	(39,517)		(13,788)	
Interest element of finance lease payments paid	(329)		(329)	
Net cash generated from operating activities		(4,877)		1,565,961
Cash flows from investing activities				
Payments to acquire tangible fixed assets	(2,509,372)		(507,157)	
Sale of fixed asset investments	10		-	
Interest received	7,892		-	
Net cash used from investing activities		(2,501,470)		(507,157)
Cash flow from financing activities				
Finance lease capital raised/(repaid)	(240)		(7,583)	
Loans received/(repaid)	1,721,126		(27,343)	
Net cash from financing activities		1,720,886		(34,926)
Increase (decrease) in cash and cash equivalents		(785,461)		1,023,878
Cash and cash equivalents at beginning of year		1,640,738		616,860
Cash and cash equivalents at end of year		<u>855,277</u>		<u>1,640,738</u>

Notes to the statement of cash flows
(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the reporting period	(228,254)	725,843
Adjustments for:		
Depreciation charges	104,147	81,235
Amortisation charges	3,931	3,931
Interest receivable	-	-
Interest payable	45,331	34,560
(Increase) in stocks	13,354	(13,354)
Decrease/(increase) in debtors	(227,610)	232,025
Increase/(decrease) in creditors	363,174	553,838
Increase/(decrease) in provisions	(39,104)	(38,000)
Net cash provided by (used in) operating activities	<u>34,969</u>	<u>1,580,078</u>

(b) Analysis of cash and cash equivalents

	2019 £	2018 £
Cash and cash equivalents	<u>855,277</u>	<u>1,640,738</u>

Notes to the accounts

for the year ended 31 August 2019

1 Accounting policies

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statements 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) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Scarborough College Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

1.01 Preparation of the accounts on a going concern basis

After reviewing the College's forecasts and projections the governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing its financial statements.

The increase in net current liabilities is due to a development loan on the Weaponness House development project.

1.02 Significant judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable in the circumstances. Actual results in the future could differ from such estimates.

Critical judgements in applying the company's policies

Impairment reviews

Impairment reviews are undertaken where there is an indication that an asset may be impaired. The recoverable amounts of freehold properties are based on latest valuations by external or internal RICS valuers and management's assessment of the present value of future cash flows expected to be derived from the assets.

Critical accounting estimates and assumptions

Useful economic lives and residual values of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The assumptions used regarding useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates based on the market conditions and physical conditions of the assets.

The governors do not consider that any other judgements, estimates or assumptions used in the preparation of these financial statements have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

1.03 Income

Fees receivable and charges for services and use of premises are accounted for in the academic year in which the service is provided. Fees receivable are after deduction of bursaries and allowances. Where fees are received in advance they are deferred until the criteria for income recognition are met (see note 20). Donations and other income are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

The College has a functional and presentational currency of Pound Sterling (GBP).

1.04 Interest receivable

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

1.05 Expenditure

All expenditure is accounted for on an accruals basis and has been classified on an actual basis wherever possible. Overhead and other costs not directly attributable to particular functional activity categories are apportioned on the basis of management estimates of the amount attributable to that category in the year, either by reference to staff time or space occupied, as appropriate. Costs include attributable VAT which cannot be recovered.

1.06 Allocation of support costs

Support costs are those functions that assist the work of the College but do not directly undertake charitable activity. Support costs include the costs of office salaries and governance costs which support the College in the provision of education. The bases on which support costs have been allocated are set out in note 8.

1.07 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade, other accounts receivable and payable and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Debt instruments such as loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised costs using the effective interest method.

1.08 Intangible assets

Intangible assets comprise of a marketing film which is being amortised over its estimated useful life of five years.

1.09 Tangible fixed assets

Fixed assets, with the exception of freehold land and buildings, are included in the accounts at cost less depreciation. Freehold land and buildings cost comprise a previous revaluation as deemed cost on transition to FRS 102. Depreciation of fixed assets has been provided at various rates which are anticipated to amortise the cost less residual value over the assets' expected useful lives. Indicative annual rates are:-

Freehold land	0%
Freehold buildings	Not Provided
Short Leasehold property improvements	Over the term of the lease
Motor rollers and mowers	20% straight line
Computers and other short life equipment	20% and 33% straight line
Other equipment, furnishings and fittings	2%, 5%, 10% and 20% straight line

Management has estimated the useful life of the freehold buildings to be at least 100 years. Management have estimated the residual value of the freehold buildings to be generally higher than their book value and have accordingly charged depreciation at £nil (2018: £nil). The building additions at Weaponness totalling £2.7m will however be assessed and appropriate depreciation charged from when they are first brought into use next year.

There is no specific capitalisation threshold for tangible fixed assets. Impairment reviews are undertaken annually for freehold land and buildings and for other assets when there is indication an asset may be impaired.

Notes to the accounts

for the year ended 31 August 2019

1.10 Debtors and creditors receivable/payable

Debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

1.11 Inventories

Inventories are included at the lower of cost or net realisable value.

1.12 Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit and loss if the shares are publically traded or their fair value can be measured reliably. Other investments are measured at cost less impairment.

1.13 Grants and donations for fixed assets

The relevant assets are capitalised at cost and depreciated in accordance with note 1.09. The grant or donation is recognised in the statement of financial activities on receipt by being credited to the restricted capital grant fund and is now released by a transfer to unrestricted fund when the asset has been purchased.

1.14 Subsidiary

The charity has one wholly-owned trading subsidiary, Scarborough College 2000 Limited, registered in England. A summary of the subsidiary's trading results is shown in note 16 to these accounts. The subsidiary covenants the whole of its profits to the company. The parent is exempt from preparing group accounts as it is included in the accounts of a larger group.

1.15 Fund accounting

Unrestricted income funds are available for use at the discretion of the trustees in furtherance of the general objectives of the College. Restricted income funds are funds to be used in accordance with specific restrictions imposed by donors or funds which have been raised for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.16 Leases

Assets acquired under finance lease agreements, including hire purchase agreements, are capitalised and the corresponding liability is included in creditors. Hire purchase interest is charged to the profit and loss account on a straight line basis over the period of the agreement. Operating lease rentals are included within expenses of the period to which they relate.

1.17 Pension costs

The company contributes to both the Teachers' Pensions Agency and Independent Schools' Pension defined benefit schemes at rates set by the schemes' actuaries. The schemes are multi-employer pension schemes, as a result of which it is neither possible nor appropriate to identify the assets and liabilities of the schemes which are attributable to the College. In accordance with FRS 102, therefore, the schemes are accounted for as defined contribution schemes. Contributions are charged in the financial statements in the period when they fall due. Where the scheme is in deficit and where the College has agreed to a deficit funding arrangement, the College recognises a liability for this obligation. The company also operates a defined contribution scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.18 Legacies

Entitlement is when income is probable and measurable. A legacy receipt is normally probable when: there has been a grant of probate, executors have established that there are sufficient assets and any conditions attached to the legacy are in control or met by the charity. A legacy is measurable when it can be measured or estimated with sufficient reliability.

2 Income from donations and legacies

	Unrestricted funds 2019 £	Unrestricted funds 2018 £
Donations	1,050	730,140
Donations - from subsidiary	-	3,948
Total income from donations and legacies	1,050	734,088

The income from donations and legacies was £1,050 (2018: £734,088) of which £Nil (2018: £NIL) was restricted and £1,050 (2018: £734,088) was unrestricted.

3 Income from charitable activities

	2019 £	2018 £
Income from school fees		
Gross fees	5,945,620	5,829,523
Less: Bursaries, grants and allowances	(1,057,186)	(840,199)
Total income from charitable activities	4,888,434	4,989,324

The income from school fees was £4,888,434 (2018: £4,989,324) of which £4,701,312 (2018: £4,775,893) was unrestricted and £187,122 (2018: £213,431) was restricted. Included within restricted funds is early years funding to fund early years education of pupils aged between 3 and 5 years old.

Notes to the accounts

for the year ended 31 August 2019

4 Income from other trading activities

	Unrestricted funds 2019 £	Unrestricted funds 2018 £
Holiday club income	14,853	16,122
Less discounts	-	(2,452)
Subtotal: holiday club income	14,853	13,670
Income from school holiday/hirings	7,569	11,154
Bus income	76,250	75,378
Registration fees	10,196	7,580
Additional chargeable activities	26,440	19,528
Administration charge	3,500	10,000
Non-refundable deposits	4,900	-
Other income	19,263	-
Special educational needs income	19,013	16,472
Total income from other trading activities	181,984	153,782

5 Income from investments

	2019 £	2018 £
Interest received	7,892	-
Total income from investments	7,892	-

The income from investments was £7,892 (2018: £NIL) of which £NIL (2018: £NIL) was restricted and £7,892 (2018: £NIL) was unrestricted.

6 Analysis of expenditure on raising funds

	2019 £	2018 £
Bank charges	19,552	14,167
Bank loan interest	45,223	26,232
Other interest	8,000	8,000
Bad debts	(981)	1,209
Total	71,794	49,608

7 Analysis of expenditure on charitable activities

	Provision of Education 2019 £	Total 2018 £
Teaching costs	2,656,798	2,637,052
Welfare costs	636,775	616,811
Premises costs	1,073,259	998,290
Support costs (see note 8)	792,556	732,092
Governance costs (see note 8)	76,432	117,498
Total	5,235,820	5,101,743

Expenditure on charitable activities was £5,235,820 (2018: £5,101,743) of which £220,619 (2018: £245,921) was restricted and £5,038,684 (2018: £4,855,822) unrestricted.

8 Analysis of governance and support costs

The College initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are allocated to the charitable activity undertaken in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance.

	General support £	Governance function £	Total £	Basis of apportionment
Salaries	264,761	-	264,761	Support cost
Staff superannuation	8,857	-	8,857	Support cost
Advertising and marketing	149,723	-	149,723	Support cost
Telephone	27,974	-	27,974	Support cost
Vehicles	164,798	-	164,798	Support cost
Depreciation	3,847	-	3,847	Support cost
Amortisation	3,931	-	3,931	Support cost
Stationery, printing, postage and administration	65,672	-	65,672	Support cost
HR Services	7,977	-	7,977	Support cost
Agents' commission	95,016	-	95,016	Support cost
Legal and professional fees	-	60,763	60,763	Governance cost
Accountancy	-	6,329	6,329	Governance cost
Audit fees	-	8,640	8,640	Governance cost
Governors' indemnity insurance	-	700	700	Governance cost
Total	792,556	76,432	868,988	

Notes to the accounts

for the year ended 31 August 2019

9 Net income/(expenditure) for the year

	2019 £	2018 £
This is stated after charging:		
Operating leases - equipment	44,738	41,451
Operating leases - property	202,960	83,746
Depreciation	104,146	81,235
Amortisation	3,931	3,931
Bank loan interest payable	45,223	26,232
Other interest payable	8,000	8,000
Auditor's remuneration - audit fees	8,640	11,520
Accountancy services	6,329	12,051

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2019 £	2018 £
Wages and salaries	2,530,889	2,459,431
Social security costs	232,484	224,741
Pension contributions	305,103	280,982
	<u>3,068,476</u>	<u>2,965,154</u>

Employees' emoluments in excess of £60,000	Number	Number
£60,000 - £70,000	2	-
£70,000 - £80,000	-	-
£80,000 - £90,000	-	-
£90,000 - £100,000	-	-
£100,000 - £110,000	-	-
£110,000 - £120,000	-	-
£120,000 - £130,000	-	-
£130,000 - £140,000	-	1

The cost of providing a defined contribution pension for these employees was £21,343 (2018 - £17,489)

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The College governors were not paid and did not receive any other benefits from employment with the College or its subsidiary in the year (2018 : £nil) neither were they reimbursed expenses during the year (2018: £nil). No governor received payment for professional or other services supplied to the College (2018: £nil).

The key management personnel of the College comprise the governors, the Headmaster, the Headmaster of the Prep School and the Business Manager. The total employee benefits, including employer pension contributions, of the key management personnel of the College were £299,239 (2018: £299,774).

11 Staff numbers

The average monthly head count was 100 staff (2018: 100 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year was as follows:

The average number of full-time equivalent employees, analysed by function, was:

	2019 Number	2018 Number
Tuition	52	52
Administration and services	32	30
	<u>84</u>	<u>82</u>

12 Corporation Taxation

The College is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applicable to its charitable objects.

13 Interest payable and similar charges

	2019 £	2018 £
Interest expense - unwinding of discount factor	8,000	8,000
Bank loans and overdrafts	44,894	25,903
Finance leases	329	329
	<u>53,223</u>	<u>34,232</u>

Notes to the accounts

for the year ended 31 August 2019

14 Intangible assets

					Marketing film
	Cost (or Valuation)				£
	As at 31 August 2018				19,656
	As at 31 August 2019				<u>19,656</u>
	Amortisation				
	As at 31 August 2018				14,742
	Provided in year				3,931
	As at 31 August 2019				<u>18,673</u>
	Net book value				
	As at 31 August 2019				<u>983</u>
	As at 31 August 2018				<u>4,914</u>

15 Tangible assets

		Freehold land & buildings	Short Leasehold Property Improvements	Equipment, furniture & fittings	Total
	Cost	£	£	£	£
	As at 31 August 2018	3,067,922	71,188	3,068,512	6,207,622
	Additions	2,590,021	17,273	498,282	3,105,576
	As at 31 August 2019	<u>5,657,943</u>	<u>88,461</u>	<u>3,566,794</u>	<u>9,313,198</u>
	Depreciation				
	As at 31 August 2018	-	-	2,510,111	2,510,111
	Provided in year	-	2,949	101,198	104,147
	As at 31 August 2019	<u>-</u>	<u>2,949</u>	<u>2,611,309</u>	<u>2,614,258</u>
	Net book value				
	As at 31 August 2019	<u>5,657,943</u>	<u>85,512</u>	<u>955,485</u>	<u>6,698,940</u>
	As at 31 August 2018	<u>3,067,922</u>	<u>71,188</u>	<u>558,401</u>	<u>3,697,511</u>

Freehold properties are used to secure bank loans of £2,280,537.

The net book value of tangible fixed assets includes £NIL (2018 - £NIL) in respect of assets held under hire purchase contracts.

Notes to the accounts

for the year ended 31 August 2019

16	Fixed asset investments	Subsidiary undertaking (at cost) £	Listed investments (at valuation) £	Total £	2018 £
	Cost or valuation				
	As at 31 August 2018	2	10	12	12
	Disposals	-	(10)	(10)	-
	As at 31 August 2019	<u>2</u>	<u>-</u>	<u>2</u>	<u>12</u>

The investment in subsidiary undertakings comprises 100% of the issued £1 share capital of Scarborough College 2000 Limited, a company registered in England. The subsidiary provides transport services to the college. The summarised results for the subsidiary were:

	2019 £	2018 £
Turnover - Scarborough College 2000 Limited	74,330	78,075
Cost of sales	(73,354)	(62,238)
Administrative expenses	(5,561)	(11,890)
Operating profit	<u>(4,585)</u>	<u>3,947</u>
Interest payable	-	-
Gift aid donation - Scarborough College Limited	-	3,947
(Loss)/profit on ordinary activities before taxation	<u>(4,585)</u>	<u>-</u>
Taxation	(3,427)	(1,393)
Loss on ordinary activities after taxation	<u>(8,012)</u>	<u>(1,393)</u>
Balance brought forward	3,755	5,148
Balance carried forward	<u>(4,257)</u>	<u>3,755</u>
Assets	2,834	15,521
Liabilities	(7,091)	(11,766)
Shareholders' funds	<u>(4,257)</u>	<u>3,755</u>
17 Inventories	2019 £	2018 £
Uniform	<u>-</u>	<u>13,354</u>
18 Debtors	2019 £	2018 £
Amounts due within one year		
Fee debtors	3,465,129	3,217,775
Amounts owed by subsidiary company	1,850	10,397
Prepayments and accrued income	153,485	153,786
Other debtors	34,766	45,662
	<u>3,655,230</u>	<u>3,427,620</u>

The amounts owed by the subsidiary undertaking are unsecured, non-interest bearing and repayable upon demand.

Fee debtors include £68,807 (2018 - £126,174) falling due after more than one year.

19	Creditors: amounts falling due within one year	2019 £	2018 £
	Bank loan (see note 21)	44,955	14,590
	Trade creditors	411,034	408,276
	Finance leases	120	120
	Amounts owed to parent company	677,278	683,687
	Accruals	507,690	44,846
	Tax and social security	56,556	58,938
	Deferred income (see note 20)	4,679,904	4,429,096
	Other creditors	534,601	277,465
		<u>6,912,138</u>	<u>5,917,018</u>

The amounts owed to the parent undertaking are non interest bearing and repayable on demand

Notes to the accounts

for the year ended 31 August 2019

20 Deferred income

Deferred income comprises school fees paid in advance for the next school year.

	2019 £	2018 £
Balance as at 1 September 2018	4,429,096	4,494,340
Amount released to income earned from charitable activities	(4,429,096)	(4,494,340)
Amount deferred in year	4,679,904	4,429,096
Balance as at 31 August 2019	<u>4,679,904</u>	<u>4,429,096</u>

21 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans		
- instalments due within one to two years	86,363	15,290
- instalments due within two to five years	287,654	50,420
- instalments due after five years	1,861,565	479,111
	<u>2,235,582</u>	<u>544,821</u>
Finance leases		
- instalments due within one to two years	120	120
- instalments due within two to five years	360	360
- instalments due after five years	1,560	1,800
	<u>2,040</u>	<u>2,280</u>
	<u>2,237,622</u>	<u>547,101</u>

Bank borrowings at the year end total £2,280,537. The original bank loan is repayable in 300 consecutive monthly instalments representing principal and interest and commenced May 2016. The rate of the interest payable on the loan is Base Rate plus 4.2% per annum, currently 4.95% per annum. The loan matures in 2041. A further loan advance was obtained for the re-development of Weaponness House which is repayable in 288 consecutive monthly instalments representing principal and interest and commenced repayment in April 2019. The rate of the interest payable on this loan is fixed at 4.52% per annum and it matures in 2043.

22 Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
5,507 ordinary shares of £1 each	<u>5,507</u>	<u>5,507</u>

Shares carry equal voting rights and each class of share also ranks equally in regard to distributions, including distributions arising from the winding up of the College.

23 Allocation of net assets between funds

	Fixed assets	Net current assets/ (liabilities)	Long term liabilities	Total
	£	£	£	£
Year ended 31 August 2019				
Share capital	-	5,507	-	5,507
Endowment fund	-	102	-	102
Restricted funds	-	74,265	-	74,265
Unrestricted funds	6,684,685	(2,905,401)	(2,237,622)	1,541,662
Revaluation reserve	15,240	-	-	15,240
	<u>6,699,925</u>	<u>(2,825,527)</u>	<u>(2,237,622)</u>	<u>1,636,776</u>
Year ended 31 August 2018				
Share capital	-	5,507	-	5,507
Endowment fund	-	102	-	102
Restricted funds	-	107,762	-	107,762
Unrestricted funds	3,687,197	(1,397,677)	(547,101)	1,742,419
Revaluation reserve	15,240	-	-	15,240
	<u>3,702,437</u>	<u>(1,284,306)</u>	<u>(547,101)</u>	<u>1,871,030</u>

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for the year ended 31 August 2019

24 Analysis of charitable funds
24.01 Analysis of movements in unrestricted funds

	At 1 September 2018 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2019 £
		Incoming £	Outgoing £		
General fund					
At 31 August	<u>1,742,419</u>	<u>4,892,238</u>	<u>(5,092,995)</u>	<u>-</u>	<u>1,541,662</u>
	At 1 September 2017 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2018 £
		Incoming £	Outgoing £		
At 31 August	<u>974,086</u>	<u>5,663,763</u>	<u>(4,895,430)</u>	<u>-</u>	<u>1,742,419</u>

The general fund relates to 'free reserves' after allowing for movement in resources during the year.

24.02 Analysis of movements in endowment funds

	At 1 September 2018 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2019 £
		Incoming £	Outgoing £		
Endowment fund					
Prize-giving fund	<u>102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102</u>
	At 1 September 2017 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2018 £
		Incoming £	Outgoing £		
Prize-giving fund	<u>102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102</u>

The prize giving fund represents monies held for the endowment of an prize.

24.03 Analysis of movements in restricted funds

	At 1 September 2018 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2019 £
		Incoming £	Outgoing £		
Restricted funds					
Peggy Bailey legacy	107,266	-	(33,796)	-	73,470
Early Years funding	496	187,122	(186,823)	-	795
	<u>107,762</u>	<u>187,122</u>	<u>(220,619)</u>	<u>-</u>	<u>74,265</u>
	At 1 September 2017 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2018 £
		Incoming £	Outgoing £		
Peggy Bailey legacy	139,765	-	(32,499)	-	107,266
Early Years funding	487	213,431	(213,422)	-	496
	<u>140,252</u>	<u>213,431</u>	<u>(245,921)</u>	<u>-</u>	<u>107,762</u>

Name of restricted fund
Description, nature and purposes of the fund

Peggy Bailey Legacy

Represents monies donated to the college restricted to the endowment of an award, prize or scholarship for students.

Early years funding

Government funding received for the education of pupils aged 3-5 years.

24.04 Analysis of movements in revaluation reserve

	At 1 September 2018 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2019 £
		Gain £	Loss £		
Revaluation reserve					
At 31 August	<u>15,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,240</u>
	At 1 September 2017 £	<u>Movement in resources</u>		Funds transfer £	At 31 August 2018 £
		Gain £	Loss £		
At 31 August	<u>15,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,240</u>

The revaluation reserve arose on the previous revaluation of land and buildings treated as deemed cost upon transition to FRS 102.

Notes to the accounts

for the year ended 31 August 2019

25	Operating leases	2019	2018
		£	£
	Minimum lease payments under operating leases fall due as follows:		
	Net obligations repayable		
	Within one year	119,080	183,025
	Between one and five years	331,181	48,931
	After more than five years	560,939	18,216
		<u>1,011,200</u>	<u>250,172</u>

Operating lease payments recognised as an expense are £247,698 (2018 - £125,197).

26 Secured debts

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank loans	2,280,537	559,411
Finance leases	2,160	2,400
	<u>2,282,697</u>	<u>561,811</u>

The bank loans are secured by a legal charge on certain freehold properties held by the company and an unlimited debenture incorporating a fixed and floating charge. Finance leases are secured upon the assets to which they relate.

27	Commitments	2019	2018
		£	£
	Capital commitments contracted for but not provided in the accounts	<u>280,669</u>	<u>-</u>

28 Related party transactions

During the year the company leased a property, on an arm's length basis from Broadland Properties Limited, for £52,146 (2018: £20,000). Mr R Guthrie (a director of Scarborough College Limited), is a director and person with significant control of Broadland Properties Limited. During the year the company received an unrestricted donation of £550 (2018 restricted donation £500) from Broadlands Properties Limited

Three governors had children enrolled in the College during the year with fees payable at normal published rates totalling £70,595.

29 Controlling party

The immediate parent of the company is College Holdings 2012 Limited.

The ultimate parent and the largest group financial statements that consolidate this company is also College Holdings 2012 Limited. The registered office is Filey Road, Scarborough, North Yorkshire, YO11 3BA.

College Holdings 2012 Limited has a company registration number 00580220 and charity number of 529739.

30 Pension schemes

Scarborough College Limited, together with many other independent schools, operates two contributory pension plans providing defined benefits based on final pensionable pay for its employees. The assets of the plans are held separately from those of Scarborough College Limited. They also operate a defined contribution scheme.

Contributions to the three schemes during the year were based on the following percentages of salary:-

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Teachers' Pension Scheme	16.5%	7.4% - 11.7%	23.9% - 28.2%
Independent Schools' Pension Scheme	8.0%	8.0%	16.0%
People's Pension	2.0%	5.0%	7.0%

Both defined benefits pension schemes are multi-employer pension schemes, as a result of which it is neither possible nor appropriate to identify the assets and liabilities of the schemes which are attributable to the College. Accordingly the College has accounted for its contributions as if they were defined contribution schemes.

Outstanding amounts payable to the schemes at the year end were £44,878 (2018 - £41,658).

Teachers' Pension Scheme

The College 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 £277,843 (2018: £257,367) and at the year end £23,223 (2018: £21,056) 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 Scheme Regulations 2010 (as amended) and The Teachers' Pensions 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 an employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also currently 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 'McCoud/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 judgement 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.

Notes to the accounts

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30 Pension schemes (continued)

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

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

Independent Schools' Pension Scheme

The College participates in the scheme, which is a multi-employer scheme, and provides benefits to some 66 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the College 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 College 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 with an effective date of 30 September 2017. This actuarial valuation was certified on 27 December 2018 and showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 September 2019 to 30 April 2030:

£2,387,357 per annum
(payable monthly and increasing by 3% on each 1st September)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £110.0m, liabilities of £147.4m and a deficit of £37.4m. 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 September 2016 to 31 August 2029:

£2,341,000 per annum
(payable monthly and increasing by 3% on each 1st September)

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

Where the scheme is in deficit and where the College has agreed to a deficit funding arrangement, the College 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

	31 August 2019 (£'000s)	31 August 2018 (£'000s)	31 August 2017 (£'000s)
Present value of provision	424	449	489

Reconciliation of opening and closing provisions

	2019 £ (£'000s)	2018 £ (£'000s)
Provision as at 1 September 2018	449	489
Unwinding of the discount factor (interest expense)	8	8
Deficit contribution paid	(39)	(38)
Remeasurement - impact of any change in assumptions	19	(10)
Remeasurement - amendments to the contribution scheme	(13)	-
Provision as at 31 August 2019	424	449

Income and expenditure impact

	2019 £ (£'000s)	2018 £ (£'000s)
Interest expense	8	8
Remeasurement - impact of any change in assumptions	19	(10)
Remeasurement - amendments to the contribution schedule	(13)	-
Contributions paid in respect of future service	39	38
Costs recognised in income and expenditure account	4	4

Assumptions

	31 August 2019 % per annum	31 August 2018 % per annum	31 August 2017 % per annum
Rate of discount	1.10	1.96	1.56

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.

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for the year ended 31 August 2019

31 Post Balance Sheet Event

After the year end the assets in College Holdings 2012 Limited have been transferred into Scarborough College Limited. Confirmation has been received from Companies House to agree the merger of College Holdings 2012 Limited and Scarborough College Limited during the financial year ended 31 August 2019.

The development of Weaponness House was still in progress at the year end and borrowings of £2,272,500 will be incurred in total of which £1,825,122 has been drawn down at the year end date.

Following the financial year end there has been a global pandemic, COVID 19, which has affected all businesses. It has in turn affected Scarborough College which went into lock down prior to the 2020 Easter holidays. The College successfully implemented an online educational programme for all pupils however as a result the College discounted the summer term fees by a total of £380,181.

Although COVID 19 is still active the College is reopening fully in September 2020 in line with Government guidance and pupil numbers still remain extremely buoyant and we are expecting all boarding houses to be nearly at full capacity.