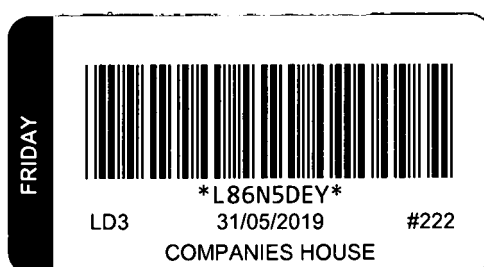

Company No. 579923
Registered in England
Charity No. 312715

DULWICH PREPARATORY SCHOOLS TRUST

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**



DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the audited financial statements of the Dulwich Preparatory Schools Trust ("the Trust") for the year ended 31 August 2018.

The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (Charities SORP FRS102).

Status and administration

The Trust is a company limited by guarantee (Company Number 579923) and is registered with the Charity Commission under Charity Number 312715.

Trustees' responsibilities

The Trustees (who are also directors of Dulwich Preparatory Schools Trust for the purposes of company law) are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust for that period. In preparing these 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;
- make judgments 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 Trust will continue in operation.

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

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that each Trustee is aware, there is no relevant audit information of which the Trust's auditor is unaware, and
- that each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trust is the parent charity of two new independent school charities, Dulwich Prep Cranbrook and Dulwich Prep London ("the Schools") - together "the Group". The Trust donated the assets and undertakings to the Schools necessary to fulfil their objects under the Transfer of Undertakings Agreements dated 1st September 2017. The amounts donated (including working cash balances) were £1,006,700 to Dulwich Prep London and £49,300 to Dulwich Prep Cranbrook. This excluded the land and buildings occupied by those Schools which the Trust continues to own and develop, and leases to the Schools. The Trust supports the provision of education by the two Schools and the two Schools lease their facilities from the Trust. Members of the Trust comprise the Trustees of the Dulwich Preparatory Schools Trust together with all the Governors of the Schools.

The Trust's Articles reflect the Companies Act 2006 and the Charities Act 2011. They also incorporate a number of changes made over the last two years to clauses concerning the election, re-election and tenure of trustees. In particular, the length of tenure for members of the Trust Board is now limited to three terms of office, not to exceed a total of ten years except in exceptional circumstances. These changes were approved by the Charity Commission and passed by written resolution on 16th June 2017.

Trust Board

The Trustees of Dulwich Preparatory Schools Trust are charity trustees under charity law and Directors of the Trust for the purposes of company law.

The members of the Trust Board who served in office as Trustees during the year and subsequently are detailed below:

Mr D H Nelson	Independent Chairman
Mr M StJ Ashley	Nominated by the Governing Body of Dulwich Prep Cranbrook
Mr R F Maidment	Independent Trustee (retired on 1 st August 2018)
Mrs C M Nash	Nominated by the Governing Body of Dulwich Prep Cranbrook
Mrs C C Randell	Nominated by the Governing Body of Dulwich Prep London
Mr J D H Steel	Nominated by the Governing Body of Dulwich Prep London
Mr M J Tiplady	Independent Trustee

Following the year end Dr S Bailey has been appointed to replace Mr R F Maidment, who retired on 1st August 2018.

Officers

Secretary to the Trustees: N B Holliday

Professional Advisers

Bankers: NatWest Bank plc, 120-122 Fenchurch Street, London EC3M 5BA

Solicitors: Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH

Auditor: Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH

** On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP.*

DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Management Structure

The Board meets a minimum of three times per year, normally once per academic term. There are three Independent Trustees, including the Chairman, and each of the Schools nominates two of its Governors (normally including the School's Chairman) as Trustees. The Board has established a Finance Committee which meets a week or two prior to Trust Board Meetings, and other times when necessary, to discuss financial matters on which it advises the Board. The Finance Committee also reviews the conduct of the Group's audit. The Trust considers the performance of each school, their future plans, budgets and operation, together with applications for capital investment.

Trustee Recruitment & Training

The Board is self-appointing, with new Trustees identified and appointed following agreement from all current Trustees. Trustees serve for an initial term of four years, but may offer themselves for re-election for a second term of four years and then a final term of two years, making ten years in total, except in exceptional circumstances.

New members of the Board are selected on the basis of the candidates' professional qualities, experience, personal competence and the specific needs of the Trust. New Trustees are inducted into the workings of the charitable company via a programme organised by the Secretary and Headmasters. The Secretary will also notify members of the Board of relevant external trustee training and information courses and seminars designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Charity Code of Governance

The Board takes its governance responsibilities seriously, and to further support this the Charity adopted new Articles on 16th June 2017, the charity aims to have a governance framework that is fit for purpose, compliant and efficient. The Board has established a solid foundation in governance in which all of its Trustees are clear about their roles and legal responsibilities, are committed to supporting the Trust in delivering its objects most effectively for the benefit of its beneficiaries and contributing to the continued improvement of the Schools.

The appointment of a third Independent Trustee has strengthened the Board's effectiveness and diversity. The Board meets the key outcomes set out in the seven areas of the Charity Governance Code and regularly monitors recommended practice.

Employment policy

The Trust has no employees, but each of the Schools is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of the relevant School.

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to make staff aware of current issues.

DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

The remainder of the report of the Trustees also constitutes the strategic report for the purposes of the Companies Act 2006.

Principal activity and objects of the charitable company

The principal object of the Trust is the advancement of education in the United Kingdom and elsewhere primarily through the support provided to the two Schools.

The Board is mindful of the long-standing need to provide public benefit and strives to do so through the support of development in education generally, through bursaries, through working with other educational bodies, and the promotion of best practice.

Aim

The Trustees' aim is that pupils at the two Schools should benefit from the provision of first class facilities to enable them to fulfil their potential on all fronts - academic, artistic, dramatic, musical, sporting, social and moral.

Primary objectives

The Trust is a charitable trust which seeks to achieve its aim through the following primary objectives:

- The provision of classrooms and buildings generally in connection with education at Dulwich Prep London and Dulwich Prep Cranbrook and elsewhere.
- The provision of playing fields, games courts, recreational grounds and pavilions, swimming pools and other facilities in connection with sports, games and recreational activities of all kinds at Dulwich Prep London and Dulwich Prep Cranbrook and elsewhere;
- To act as banker to the two Schools and to lend money to facilitate the cash flow of each School.
- To raise funds in support of education and to organise, or make grants towards, lectures, seminars, broadcasts or courses of instruction.
- To set rents at a level to ensure the financial viability of the Schools and at a level that is consistent with future capital investment to provide a first class education to boys and girls at the Schools.
- To provide financial support to enable children whose parents would not otherwise be able to afford the fees to benefit from an education at the Schools.
- To maintain a clear and effective management structure and the necessary support framework to meet the needs of the Schools.

Strategies to achieve the primary objectives

The Trust considers bids for capital expenditure from the Schools to enhance the Schools' facilities. The Lower School project in London, which is due to be completed in time for the Autumn Term 2019, is being funded by the Trust in support of Dulwich Prep London. The Trust is currently considering the development of a Nursery at Cranbrook.

The Trust also promotes the advancement of education in a broad context and is considering ways in which technology can be used to enhance teaching and learning.

DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The Trust remains committed to the aim of providing public benefit in accordance with its founding principles. Charity legislation includes a requirement to demonstrate public benefit for any charitable purpose where it had hitherto been presumed in the absence of evidence to the contrary. This calls in turn for commensurate disclosure of our public benefit aims.

The awarding of bursaries for the needy is a measurable means of providing public benefit. The Board takes the view that bursaries awarded to those who would not otherwise be able to afford the fees are important, but not to the exclusion of the much wider benefit that the Trust provides within the community. The Trust's public benefit commitment is primarily delivered through the two Schools, each of which has a bursary programme as well as supporting local charities and educational bodies through fund-raising activities, outreach programmes and the loan of facilities.

ACHIEVEMENTS AND PERFORMANCE

Review of achievements and performance for the year

The Trust's commitment to maintaining the Schools' excellence was reinforced by its extensive capital investment programme. The redevelopment of the Lower School in London, including new kitchens and a new servery, has been planned for several years. This project, which will cost c.£12.5 million, is being funded by the Trust in support of Dulwich Prep London. It started in July 2017 and will take two years to complete. During the summer of 2017 five temporary classrooms were craned into position and these will remain in situ until July 2019. The Lower School moved into some of its new classrooms, offices and other spaces over half term in October 2018. In December 2018 the School occupied its new kitchens, servery and dining hall. Phase 2 commenced in November 2018 and is scheduled to be completed in the summer 2019; this will provide larger, modern classrooms, new teaching rooms and offices and much improved access throughout the building.

This project has been partly funded through the sale of surplus residential property and partly through a bank loan secured on freehold residential property. At the year end the Trust had drawn down £3million of the loan and had the facility to draw down a further £2million as required.

While much of the Trust's property is freehold it leases parts of its London facilities from the Dulwich Estate. Negotiations have been underway for some time to secure a 50 year lease extension on the main site and it is anticipated that this new arrangement will be concluded within the next few months. This will extend the Trust's leases on its key London facilities for the benefit of Dulwich Prep London until 2081. Under the Heads of Terms Agreement a premium of £1 million will be payable to the Dulwich Estate over the next two years.

FINANCIAL REVIEW

The Group's net income for the year ended 31 August 2018 amounted to £480,849. This was used to fund the Trust's capital expenditure on the Lower School project in support of Dulwich Prep London. The net book value of fixed assets amounted to £39,099,583.

The Trust receives income through the rents received from the Schools for their use of educational and residential property. It also benefits from donations of surplus funds from the Schools when the Schools' reserves policies permit.

DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Reserves

The Trust's reserves policy is to maintain its free unrestricted reserves at a minimal level given the confidence it has in its continuing income stream from the two Schools, both from rents and donations from any surpluses. At any time, however, it may build up reserves in anticipation of a future capital project to support the Schools or to support its other charitable objectives. Alternatively, as at present, it may be prepared to borrow funds for the short to medium term to invest in capital projects to support the Schools. At the year end, therefore, the Trust had negative free unrestricted reserves of £6,386,170. Funds held by the Group at the year-end totalled £34,733,611 with negative free unrestricted reserves of £4,372,587.

Having assessed the Trust's financial position, its plans for the foreseeable future, the risks to which it is exposed and the detailed cash projections the Trustees are therefore satisfied that it remains appropriate to prepare the statements on a going concern basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees considered the economic and political turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risks faced by the Trust.

Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the Schools is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.


Detailed consideration of risk is undertaken for the Schools by the Board, with input from the Senior Leadership Teams, and the Risk Register is a standing item at Board meetings. The risk management process and the resulting register identify risks, assess their impact and likelihood and, where necessary, recommend controls to mitigate and monitor those risks which are assessed as high. In particular the threat arising from the increased level of terrorist activity in London is being kept under close review.

The generic controls used by the Trust to minimise risk include:

- detailed terms of reference together with formal agendas for Board activity;
- strategic development planning, reviewed annually by the Board;
- comprehensive budgeting and management accounting;
- established organisational structures and lines of reporting;
- formal written policies including clear authorisation and approval levels;
- vetting procedures as required by law for the protection of the vulnerable.

The Trustees regularly review the effectiveness of current plans and strategies for managing all identified major risks for the Trust.

Approved by the Board of Dulwich Preparatory Schools Trust, including, in their capacity as company directors, approving the Directors' and Strategic Report contained therein, and signed on its behalf by:


D H Nelson

Chairman

31/5/19

DULWICH PREPARATORY SCHOOLS TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DULWICH
PREPARATORY SCHOOLS TRUST

Opinion

We have audited the financial statements of Dulwich Preparatory Schools Trust for the year ended 31 August 2018 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 Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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.

DULWICH PREPARATORY SCHOOLS TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DULWICH
PREPARATORY SCHOOLS TRUST

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report 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 trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records; or
- the parent company 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 1, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or 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.

DULWICH PREPARATORY SCHOOLS TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DULWICH
PREPARATORY SCHOOLS TRUST

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

Use of our report

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



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor
St Bride's House
Salisbury Square
London
EC4Y 8EH

31/5/2019

DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018
(Incorporating an income and expenditure account)

	Notes	Unrestricted Funds 2018 £	Restricted Funds 2018 £	2018 Total £	2017 Total £
Income from:					
Charitable activities:					
School fees receivable	2	20,240,240	-	20,240,240	19,412,463
Other educational income	3	690,604	-	690,604	728,532
Ancillary income	4	624,712	-	624,712	641,864
Other trading activities					
Non-ancillary trading income	5	187,145	-	187,145	190,009
Investments					
Bank and other interest		6,063	-	6,063	10,908
Voluntary sources					
Donations and legacies		18,831	16,250	35,081	12,370
Total income		21,767,594	16,250	21,783,844	20,996,146
Expenditure on:					
Raising funds					
Financing costs	6	(31,864)	-	(31,864)	(30,462)
Total costs of raising funds		(31,864)	-	(31,864)	(30,462)
Charitable activities					
Education and grant making	6	(21,271,131)	-	(21,271,131)	(20,040,304)
Total expenditure		(21,302,995)	-	(21,302,995)	(20,070,766)
Net income		464,599	16,250	480,849	925,380
Transfer between funds	17	9,635	(9,635)	-	
Pension scheme actuarial gains	19	394,000	-	394,000	5,000
Net movement in funds for the year		868,234	6,615	874,849	930,380
Fund balances brought forward at 1 September 2017		33,858,762	-	33,858,762	32,928,382
Fund balances carried forward at 31 August 2018		34,726,996	6,615	34,733,611	33,858,762

The notes on pages 14 to 30 form part of these financial statements
There was no restricted income received or expenditure incurred in 2017


DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 AUGUST 2018

	Notes	Group 2018 £	Trust 2018 £	Trust 2017 £
FIXED ASSETS				
Tangible assets	9	39,087,666	38,500,235	35,260,778
Intangible assets	10	11,917	-	29,792
		<u>39,099,583</u>	<u>38,500,235</u>	<u>35,290,570</u>
CURRENT ASSETS				
Debtors	11	922,915	10,375	742,863
Cash at bank and in hand		<u>2,894,261</u>	<u>1,467,403</u>	<u>3,425,567</u>
		<u>3,817,176</u>	<u>1,477,778</u>	<u>4,168,430</u>
CREDITORS: Amounts falling due within one year	12	<u>(4,990,194)</u>	<u>(5,021,636)</u>	<u>(4,685,829)</u>
NET CURRENT LIABILITIES		<u>(1,173,018)</u>	<u>(3,543,858)</u>	<u>(517,399)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,926,565</u>	<u>34,956,377</u>	<u>34,773,171</u>
CREDITORS: amounts falling due after more than one year	13	<u>(2,870,954)</u>	<u>(2,836,062)</u>	<u>(70,409)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		<u>35,055,611</u>	<u>32,120,315</u>	<u>34,702,762</u>
Defined benefit pension scheme liability	16	<u>(322,000)</u>	<u>-</u>	<u>(844,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u>34,733,611</u>	<u>32,120,315</u>	<u>33,858,762</u>
CHARITY FUNDS				
Unrestricted funds excluding pension reserve		35,048,996	32,114,065	34,702,762
Pension reserve		(322,000)	-	(844,000)
Restricted funds		6,615	6,250	-
TOTAL FUNDS		<u>34,733,611</u>	<u>32,120,315</u>	<u>33,858,762</u>

The notes on pages 14 to 30 form part of these financial statements

The parent charity result for the year ended 31 August 2018 was a deficit of £1,738,447

The financial statements were approved by the Trustees on 31 May 2019 and signed on their behalf, by:


D H NELSON
Chair of Board

Company Number: 09270040

DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Net cash inflow from operations			
Net cash provided by operating activities	(i)	<u>2,164,594</u>	<u>2,919,164</u>
Cash flows from investing activities:			
Additions to fixed assets (excluding capitalised borrowing costs)		(6,094,040)	(2,315,587)
Proceeds from sale of tangible fixed assets		469,250	295,567
Investment income and bank interest received		6,063	10,908
Net cash (used in) investing activities		<u>(5,618,727)</u>	<u>(2,009,112)</u>
Cash flows from financing activities:			
Cash inflows from borrowing		2,948,900	-
Borrowing costs		(26,073)	-
Net cash from financing activities		<u>2,922,827</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		(531,306)	910,052
Cash and cash equivalents at the beginning of period		<u>3,425,567</u>	<u>2,515,515</u>
Cash and cash equivalents at the end of the reporting period	(ii)	<u>2,894,261</u>	<u>3,425,567</u>

The notes on pages 14 to 30 form part of these financial statements

DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2018

	2018	2017
	£	£
(i) Reconciliation of net income to net cash flow from operating activities	480,849	925,380
Net incoming resources		
Elimination of non-operating cash flows:		
Investment income	(6,063)	(10,908)
Defined benefit pension scheme adjustments	(128,000)	(128,000)
Depreciation and amortisation charges	2,016,687	1,767,987
(Profit) on disposal of fixed assets	(176,054)	(232,539)
(Increase) in debtors	(180,052)	(332,814)
(Decrease) / Increase in creditors (excluding bank loans, fees in advance scheme and deposits)	(84,061)	780,644
Increase in fees in advance scheme creditors	203,742	38,885
Increase in parents' deposits	35,112	110,529
	<u>1,681,311</u>	<u>1,993,784</u>
Net cash inflow from operations	<u>2,164,594</u>	<u>2,919,164</u>
	2018	2017
	£	£
(ii) Analysis of cash and cash equivalents		
Cash at bank	2,636,923	249,531
Deposits	257,338	3,176,036
	<u>2,894,261</u>	<u>3,425,567</u>

**DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 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 (FRS 102). The accounts are drawn up on the historical cost basis of accounting.

Having reviewed the funding facilities available to the Trust together with the expected ongoing demand for places at the Schools and the Trust's future projected cash flows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Trust's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 1.

The Trust is a Public Benefit Entity registered as a charity in England and Wales (charity number: 312715) and a company limited by guarantee, (company number: 00579923). Its registered office is 42 Alleyn Park, Dulwich, London SE21 7AA.

The consolidated financial statements include the results of the Trust and its two subsidiaries, Dulwich Prep London and Dulwich Prep Cranbrook (together 'the Group'). Accordingly, the Consolidated Statement of Financial Activities reflects the incoming resources and resources expended of the Group and not the Trust as an individual entity.

The 2017 comparative numbers represent the Trust before the restructure of the organisation, when both London and Cranbrook preparatory schools were all part of Dulwich Preparatory Schools Trust as one entity.

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgement, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

The Group recognises its liability to the defined benefit pension scheme which involves a number of estimations as disclosed in note 17. In the view of the Trustees, no other 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 amounts in the next financial year.

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

1.3 Income

All income is included in the statement of financial activities when the Group has entitlement to the funds, receipt is probable and the amount can be measured with sufficient reliability. Fees consist of charges for the school year ending August, less bursaries and allowances. Fees received in advance are deferred and released to income in the period to which the fees relate.

1.4 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs include all costs relating to the management, administration and running the functions of the Schools. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

1.5 Tangible and intangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases. Assets are capitalised over £1,000.

Freehold land	-	Not depreciated
Freehold property	-	Over 5 to 50 years
Long-term leasehold property	-	Reducing balance over remaining life of the lease
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	10% straight line
Computer equipment	-	25-50% straight line

Intangible fixed assets comprises purchased goodwill which has been capitalised as it is anticipated to bring future economic benefits to the Group. It is being amortised over a two year period.

Borrowing costs directly attributable to capital development projects have been capitalised.

1.6 Fund accounting

Unrestricted income belongs to the Group's corporate reserves, spendable at the discretion of the Trustees to further the Group's objects. Where the Trustees decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Restricted funds may only be spent on the charitable purpose specified by the donor.

1.7 Pension costs

Retirement benefits to employees of the Group 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 Group's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the Group accounts for the scheme as if it were a defined contribution scheme. The Group'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.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

(b) The Dulwich College Preparatory School Pension Scheme - This is an occupational defined benefit scheme. The defined benefit pension scheme current service costs are charged to the Statement of Financial Activities within staff costs. The expected return on the scheme assets less the scheme interest costs are credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

(c) The Dulwich Preparatory Schools Trust Non Teaching Staff Group Personal Pension Plan - This is a defined contribution group personal pension plan with Friends Life. Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

1.8 Operating leases

Rental income and expenditure under operating leases are charged 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.

1.9 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. 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 for fees received in advance, social security and other taxes and provisions.

1.10 Taxation

The Trust is a registered charity No. 312715 and as such is not liable to United Kingdom income tax or corporation tax on charitable activities.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

2 FEES RECEIVABLE	2018	2017
	£	£
Fees receivable consist of:		
School fees	21,373,733	20,420,480
Less: total awards and concessions	(1,133,493)	(1,008,017)
	<u>20,240,240</u>	<u>19,412,463</u>

Included within awards and concessions are means-tested bursaries totalling £486,000 which were paid to 53 pupils (2017: £478,000 to 42 pupils).

3 OTHER EDUCATIONAL INCOME	2018	2017
	£	£
Entrance and registration fees	46,071	35,577
Courses and sub-lettings	493,177	554,111
AVP sports activities income	151,356	138,844
	<u>690,604</u>	<u>728,532</u>

4 ANCILLARY AND OTHER INCOME	2018	2017
	£	£
School shop, School trips and Other income	448,657	409,325
Profit on sale of fixed assets	176,055	232,539
	<u>624,712</u>	<u>641,864</u>

5 OTHER TRADING ACTIVITIES	2018	2017
	£	£
Rents receivable	187,145	190,009
	<u>187,145</u>	<u>190,009</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation and Amortisation	Other costs	Total 2018	Total 2017
	(Note 7)	(Note 9 and 10)			
	£	£	£	£	£
Raising funds					
Financing costs	19,000	-	12,864	31,864	30,462
Total costs of raising funds	19,000	-	12,864	31,864	30,462
Charitable expenditure					
Teaching	10,262,642	-	1,607,116	11,869,758	11,471,076
Welfare	384,617	-	1,364,795	1,749,412	1,642,624
Premises	704,331	1,850,589	2,276,711	4,831,631	3,861,487
Support costs	1,605,623	166,098	1,048,609	2,820,330	3,065,117
Total charitable expenditure	12,957,213	2,016,687	6,297,231	21,271,131	20,040,304
Total expenditure	12,976,213	2,016,687	6,310,095	21,302,995	20,070,766

Support costs include the following relating to governance

	2018	2017
	£	£
Trustee costs	13,481	12,148
Legal and consultancy fees	40,460	26,331
Remuneration paid to auditor for audit services	35,400	27,000
Remuneration paid to auditor for non-audit services	10,902	9,282

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

7 STAFF COSTS

	2018 £	2017 £
The aggregate payroll costs for the year were as follows:		
Wages and salaries	10,505,015	10,237,403
Social security costs	1,059,117	1,011,063
Other pension costs	1,412,081	1,486,350
	<u>12,976,213</u>	<u>12,734,816</u>

Aggregate employee-benefits of key management personnel amounted to £1,311,131 (2017: £969,248) including pension contributions of £171,669 (2017: £137,552)

	2018	2017
Number of higher paid employees in bands of:		
£60,001 to £70,000	8	5
£70,001 to £80,000	1	2
£80,001 to £90,000	-	1
£100,001 to £110,000	-	1
£110,001 to £120,000	1	1
£120,001 to £130,000	1	-
£140,001 to £150,000	1	-
£150,001 to £160,000	-	1

The number with retirement benefits accruing

- in Defined Contribution schemes was	1	1
of which the contributions amounted to	13,570	8,430
- in Defined Benefit schemes was	<u>10</u>	<u>9</u>

The average number of the Group's employees during the year, calculated on headcount, was

	2018	2017 Restated
Teaching	217	240
Domestic and estates	90	79
Administrative	49	42
	<u>356</u>	<u>361</u>

During the year there were redundancy or termination payments which amounted to £23,375 (2017: £30,000) of which £nil was outstanding for payment at the year end.

8 STAFF COSTS AND RELATED PARTY TRANSACTIONS

During the year, no Trustees received any remuneration (2017: £nil). During the year 5 (2017: 7) Trustees received reimbursement of expenses for travel and subsistence totalling £2,048 (2017: 3,987.)

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

9 TANGIBLE FIXED ASSETS

Group	Freehold property	Leasehold Land and Buildings	Furniture Fixtures and Equipment	Office Equipment	Vehicles	Total
Cost	£	£	£	£	£	£
At 1 September 2017	25,644,935	25,001,593	1,657,528	839,980	230,492	53,374,528
Additions	-	5,944,777	58,394	99,890	15,835	6,118,896
Disposals	(304,935)	(24,944)	-	(27,865)	(96,596)	(454,340)
At 31 August 2018	<u>25,340,000</u>	<u>30,921,426</u>	<u>1,715,922</u>	<u>912,005</u>	<u>149,731</u>	<u>59,039,084</u>
Depreciation						
At 1 September 2017	6,948,657	9,101,822	1,175,206	714,661	173,404	18,113,750
Charged in year	565,782	1,189,277	150,454	80,302	12,997	1,998,812
Disposals	(57,762)	-	-	(27,865)	(75,517)	(161,144)
At 31 August 2018	<u>7,456,677</u>	<u>10,291,099</u>	<u>1,325,660</u>	<u>767,098</u>	<u>110,884</u>	<u>19,951,418</u>
Net book values						
At 31 August 2017	<u>18,696,278</u>	<u>15,899,771</u>	<u>482,322</u>	<u>125,319</u>	<u>57,088</u>	<u>35,260,778</u>
At 31 August 2018	<u>17,883,323</u>	<u>20,630,327</u>	<u>390,262</u>	<u>144,907</u>	<u>38,847</u>	<u>39,087,666</u>
Trust	Freehold property	Leasehold Land and Buildings	Furniture Fixtures and Equipment	Office Equipment	Vehicles	Total
Cost	£	£	£	£	£	£
At 1 September 2017	25,644,935	25,001,593	1,657,528	839,980	230,492	53,374,528
Donation to subsidiary entities	-	-	(1,657,528)	(839,980)	(230,492)	(2,728,000)
Additions	-	5,931,088	-	-	-	5,931,088
Disposals	(304,935)	(24,944)	-	-	-	(329,879)
At 31 August 2018	<u>25,340,000</u>	<u>30,907,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,247,737</u>
Depreciation						
At 1 September 2017	6,948,657	9,101,822	1,175,206	714,661	173,404	18,113,750
Donation to subsidiary entities	-	-	(1,175,206)	(714,661)	(173,404)	(2,063,271)
Charged in year	565,782	1,189,003	-	-	-	1,754,785
Disposals	(57,762)	-	-	-	-	(57,762)
At 31 August 2018	<u>7,456,677</u>	<u>10,290,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,747,502</u>
Net book values						
At 31 August 2017	<u>18,696,278</u>	<u>15,899,771</u>	<u>482,322</u>	<u>125,319</u>	<u>57,088</u>	<u>35,260,778</u>
At 31 August 2018	<u>17,883,323</u>	<u>20,616,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,500,235</u>

At 31 August 2018 the Group had capital commitments of £2,268,000 (2017: £600,000)

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

10 INTANGIBLE FIXED ASSETS

Group	Intangible assets £	Total £
Cost		
At 1 September 2017	35,750	35,750
Additions	-	-
At 31 August 2018	<u>35,750</u>	<u>35,750</u>
Depreciation		
At 1 September 2017	5,958	5,958
Charged in year	17,875	17,875
At 31 August 2018	<u>23,833</u>	<u>23,833</u>
Net book values		
At 31 August 2017	29,792	29,792
At 31 August 2018	<u>11,917</u>	<u>11,917</u>

At 31st August 2017 the Trust held intangible assets with a net book value of £29,792, which were transferred to Dulwich Prep London on 1st September 2017 as part of the donation of net assets

11 DEBTORS

	Group 2018 £	Trust 2018 £	Trust 2017 £
Fee debtors	259,361	-	268,452
Sundry debtors	239,664	9,511	173,443
Prepayments	423,890	864	300,968
	<u>922,915</u>	<u>10,375</u>	<u>742,863</u>

12 CREDITORS: amounts falling due within one year

	Group 2018 £	Trust 2018 £	Trust 2017 £
Trade creditors	386,374	48,211	420,332
Social security and other taxation	257,629	-	262,420
Advanced fees	1,774,877	-	1,535,618
Other creditors	274,107	3,365	317,831
Fee deposits	1,359,565	-	1,324,453
Amounts owed to subsidiaries	-	4,212,593	-
Bank loan	114,055	114,055	-
Accruals	823,587	643,412	825,175
	<u>4,990,194</u>	<u>5,021,636</u>	<u>4,685,829</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

13 CREDITORS: amounts falling due after more than one year

	Group 2018 £	Trust 2018 £	Trust 2017 £
Loans due within one to two years	415,375	415,375	-
Loans due within two to five years	1,486,644	1,486,644	-
Loans due in more than five years	934,043	934,043	-
Advanced fees	34,892	-	70,409
	<u>2,870,954</u>	<u>2,836,062</u>	<u>70,409</u>

The Trust's loan balance consists of of £3,000,000 Natwest loan drawn down in 2018 to finance the development of the Lower School at Dulwich Prep London. There is the facility to draw a further £2,000,000. This loan is secured on a charge over the Trust's assets and undertakings, including freehold property. Interest is charged at a fixed rate of 3.14% The amount is being repaid over a period of seven years.

14 ADVANCED FEES

	Group & Trust 2018 £	Group & Trust 2017 £
Advanced fees will be applied as follows:		
After five years	-	-
Within one to two years	34,892	70,409
	<u>34,892</u>	<u>70,409</u>
Within one year	1,774,877	1,535,618
	<u>1,809,769</u>	<u>1,606,027</u>

Movements in fees in advance

Opening fees in advance	1,606,027	1,567,691
Amount released to income during the year	(1,532,060)	(1,535,082)
Amount deferred during the year	1,735,802	1,573,418
	<u>1,809,769</u>	<u>1,606,027</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

15 FINANCIAL INSTRUMENTS

	Group	Trust	Trust
	2018	2018	2017
	£	£	£
Financial assets measured at amortised cost (a)	3,393,286	1,476,914	3,867,462
Financial liabilities measured at amortised cost (b)	(5,793,750)	(7,857,698)	2,887,791

(a) Financial assets include cash, trade, fee and sundry debtors

(b) Financial liabilities include bank loans, fee deposits, trade and other creditors

16 OPERATING LEASE INCOME AND COMMITMENTS

At 31 August 2018 the total of future minimum operating lease income receivable under non-cancellable operating leases amounted to:

	Group	Trust	Trust
	2018	2018	2017
	£	£	£
Land and buildings within 1 year	-	978,300	-
Land and buildings	-	4,192,950	-
Land and buildings after more than 5 years	-	46,244,200	-

At 31 August 2018 the total of future minimum operating lease commitments payable under non-cancellable operating leases amounted to:

	Group	Trust	Trust
	2018	2018	2017
	£	£	£
Land and buildings within 1 year	545,452	545,452	535,432
Land and buildings	2,181,808	2,181,808	2,141,728
Land and buildings after more than 5 years	3,924,176	3,924,176	6,535,208
Other within 1 year	91,123	-	47,096
Other between 2 and 5 years	203,829	-	87,995

The charge in the year was £727,698 for the Group and £545,452 for the Trust

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

17 SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 September 2017 £	Incoming resources £	Resources expended £	Gains/ Losses £	Transfer £	At 31 August 2018 £
Group						
Unrestricted funds	33,858,762	21,767,594	(21,302,995)	394,000	9,635	34,726,996
Restricted funds		16,250	-	-	(9,635)	6,615
Total funds	33,858,762	21,783,844	(21,302,995)	394,000	-	34,733,611
Trust						
Unrestricted funds	33,858,762	1,847,747	(3,592,444)	-	-	32,114,065
Restricted funds	-	6,250	-	-	-	6,250
Total funds	33,858,762	1,853,997	(3,592,444)	-	-	32,120,315

A transfer of £9,635 has been made during the year in the Dulwich Prep Cranbrook accounts to reflect restricted income spent on musical instruments.

18 SUMMARY OF NET ASSETS BY FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Group			
Tangible Assets	39,099,583	-	39,099,583
Net Current (Liabilities) / Assets	(1,179,633)	6,615	(1,173,018)
Long Term Creditors including Pension Liability	(3,192,954)		(3,192,954)
	34,726,996	6,615	34,733,611
Trust			
Tangible Assets	38,500,235	-	38,500,235
Net Current (Liabilities) / Assets	(3,550,108)	6,250	(3,543,858)
Long Term Creditors	(2,836,062)		(2,836,062)
	32,114,065	6,250	32,120,315

19 PENSION SCHEMES

Retirement benefits to employees of the Group are provided through two defined benefit schemes and one defined contribution scheme, which are funded by the Group and employees' contributions.

**DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

19 PENSION SCHEMES (CONTINUED)

Defined benefit schemes

Teachers' Pension Scheme

The Schools participate in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,153,838 (2017: £1,097,842) and at the year-end £86,589 (2017: £90,479) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 and 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 by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. The contribution payable by employers towards the Scheme will increase from 16.48% to 23.68% from 1st September 2019.

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

Non-teaching staff Pension Scheme

There is a defined benefit pension scheme for non-teaching staff which was closed on 31st December 2004, both in respect of new members and accrual for existing members.

Dulwich Preparatory Schools Trust operated this scheme in the UK (the Dulwich College Preparatory School Pension Scheme). The results for this valuation have been derived by projecting the results of the last comprehensive actuarial valuation of the Scheme as at 1 January 2018 and have been prepared by a qualified independent actuary. Following the latest actuarial valuation there is a new deficit reduction agreement in place between the Trust, the Schools and the Pension Scheme Trustees.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

19 PENSION SCHEMES (CONTINUED)

The scheme was closed on 31 December 2004 and was replaced by a defined contribution scheme from 1 January 2005. The deficit in the defined benefit scheme will be made up over a period of 10 years by annual contributions that have been approved by the Governors. On 1st September 2017 the Trust transferred the obligations to contribute to the scheme to each of the School's in proportions as determined by the actuary as part of the initial transfer of assets and undertakings.

	Group 2018 £	Trust 2017 £
a) The amounts recognised in the balance sheet are as follows		
Present value of funded obligations	(2,328,000)	(2,621,000)
Fair value of scheme assets	<u>2,006,000</u>	<u>1,777,000</u>
Net Asset/ (Liability)	<u>(322,000)</u>	<u>(844,000)</u>
b) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	2,621,000	2,457,000
Service cost	27,000	10,000
Administration fee	-	-
Interest cost	63,000	52,000
Actuarial gains/(losses)	(347,000)	121,000
Benefits paid	<u>(36,000)</u>	<u>(19,000)</u>
	<u>2,328,000</u>	<u>2,621,000</u>
c) Changes in the fair value of the scheme assets		
Opening fair value of plan assets	1,777,000	1,480,000
Interest income	44,000	33,000
Return in excess of interest income	47,000	126,000
Contributions by employer	183,000	166,000
Administration fee	(9,000)	(9,000)
Benefits paid	<u>(36,000)</u>	<u>(19,000)</u>
Closing defined benefit obligation	<u>2,006,000</u>	<u>1,777,000</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

19 PENSION SCHEMES (CONTINUED)

	Group 2018 £	Trust 2017 £
d) The amounts included within the Statement of Financial Activities		
Current service cost	27,000	10,000
Interest on obligation	63,000	52,000
Interest income	(44,000)	(33,000)
Administration fee	9,000	9,000
 Total amount charged to the Statement of Financial Activities	 55,000	 38,000
 Net actuarial gains recognised in the year	 394,000	 5,000

The Group expects to contribute £156,000 in 2018/19. The existing obligations have been assumed by the Schools in proportion to their ongoing contributions as calculated by the Scheme Actuary following the triennial actuarial valuation as at 1 January 2018. The annual Group contribution of £156,000 excludes the cost of providing life assurance cover which is shown separately as 'Current service cost'.

e) Principal actuarial assumptions at the balance sheet date

Financial Assumptions		
Discount rate	2.6%	2.4%
RPI inflation assumption	3.2%	3.4%
Rate of increase of pensions in payment	3.5%	3.7%
Rate of increase of pensions in deferment	2.4%	2.6%
 Assumed life expectancy in years at age 65:		
Non Pensioners		
Females	25.4	26.7
Males	23.4	24.2
 Pensioners		
Females	23.9	25.3
Males	21.9	22.9

Defined contribution scheme

The pension cost charge in the year in respect of the non-teaching staff defined contribution scheme was £203,243 (2017: 251,548).

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

20 RELATED PARTY TRANSACTIONS

During the year £nil (2017: £6,361) was paid to R Maidment, £20,000 (2017: £19,969) was paid to M Tiplady and £nil (2017: £28,200) was paid to N Payne in respect of consultancy fees. The payment to N Payne was made prior to her appointment as a Governor of Dulwich Prep Cranbrook. The payments are permitted under the Trust's governing document.

During the year the Trust sold a property to an employee of Dulwich Prep London for £450,000, the disposal was authorised by the Charity Commission.

21 TRANSACTIONS WITH SUBSIDIARY ENTITIES

As part of the re-structure during the year, the Trust made a donation of £1,006,700 to Dulwich Prep London and a donation of £49,300 to Dulwich Prep Cranbrook. These amounts were donated representing the net assets of the Schools.

The Trust received donated staff time of employees of the School totalling £76,526 recognised in the Trust accounts as a gift in kind. The Trust also received rental income of £1,162,675 from Dulwich Prep London and £365,500 from Dulwich Prep Cranbrook. As at 31 August 2018 £3,634,564 was due to Dulwich Prep London and £578,029 was due to Dulwich Prep Cranbrook.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

22 SUBSIDIARY ENTITIES

	Dulwich Prep London	Dulwich Prep Cranbrook
Registered office	42 Alleyn Park, Dulwich, London SE21 7AA	Coursehorn, Cranbrook, Kent, TN17 3NP
Company number	10814894	10815140
Charity number	1174356	1174358
Income*	15,739,427	6,877,995
Expenditure	(13,868,313)	(6,529,110)
Pension scheme actuarial gains	90,300	303,700
	<u>1,961,414</u>	<u>652,585</u>
Funds brought forward at 1 September 2017	-	-
Funds carried forward at 31 August 2018	<u>1,961,414</u>	<u>652,585</u>
Fixed assets	351,982	248,068
Cash at bank	636,168	790,690
Other assets	4,218,393	906,742
Creditors: Amounts falling due within one year	(3,171,429)	(1,009,723)
Creditors: Amounts falling due after more than one year	-	(34,892)
Pension scheme liability	(73,700)	(248,300)
Net assets	<u>1,961,414</u>	<u>652,585</u>
Total Funds	<u>1,961,414</u>	<u>652,585</u>

* Income includes the initial donations of net assets from the Trust amounting to £1,006,700 for Dulwich Prep London and £49,300 for Dulwich Prep Cranbrook.