

Company Number: 00884821  
Charity Number: 306578

**ST. PETROC'S SCHOOL TRUST LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 AUGUST 2020**



# **ST. PETROC'S SCHOOL TRUST LIMITED**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2020**

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## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2020**

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Name</b>	St. Petroc's School Trust Limited
<b>Trustees</b>	Mr M J Saltmarsh (Resigned 4 January 2021) Mr L C Bird (Resigned 4 January 2021) Mr A J R Bowes (Resigned 2 January 2021) Mr N B Buckland OBE (Chair) Mr R Collings (Resigned 4 January 2021) Revd S Leigh Mr P Lockyer (Resigned 4 January 2021) Mr A H Monro Mr A G Orchard (Resigned 4 January 2021) Mrs E F Priest (Resigned 4 January 2021) Mrs M Richards (Resigned 4 January 2021) Mr P A Sanders (Resigned 4 January 2021) Rev Canon G Thompson (Resigned 4 January 2021) Mrs S Van Rensburg (Resigned 4 January 2021) Dr M Welford (Resigned 4 January 2021)
<b>Company number</b>	00884821
<b>Charity number</b>	306578
<b>Registered office</b>	St. Petroc's School Ocean View Road Bude Cornwall EX23 8NJ
<b>Key management Personnel</b>	Mr B Hilton, Headmaster (Redundant 31 March 2021) Mrs A Heywood, Business Manager and Clerk to the Governors (Resigned 17 April 2020) Mrs M Wood, Deputy Head (Redundant 1 November 2020) Miss N Olver, Head of Early Years (Resigned 18 September 2020)
<b>Bankers</b>	HSBC Bank plc The Peak 333 Vauxhall Bridge Road Victoria London SW1H 0NJ

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2020**

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

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**Solicitor**                      Pothecary Witham Weld  
84 Eccleston Square  
London  
SW1V 1PX

**Auditor**                        RSM UK Audit LLP  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

The current Trustees of St Petroc's School Limited are responsible for the day to day governance of the school. The current trustees are:

Mr N B Buckland OBE	Chair
Revd S Leigh	Safeguarding
Mr A H Monro	

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2020**

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The trustees present their report and the financial statements of St. Petroc's School Trust Limited (the 'charitable company') for the year ended 31 August 2020. The report also serves as a directors' report and the strategic report as required by Section 415 of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association of the charitable company, 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) (effective 1 January 2015).

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

St. Petroc's School Trust Limited runs St. Petroc's School (the 'school') which was founded in 1912. The charitable company's reference and administrative details are presented on pages 2 and 3 of this annual report.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The charitable company is governed by its Memorandum and Articles of Association last updated on 19<sup>th</sup> December 2020.

##### **Governing body and organisational structure**

St Petroc's School Trust Limited is an Independent charity. The school has had a close connection to Shebbear College which is part of the Methodist Independent Schools Trust (registered charity no. 1142794) (MIST). MIST is the sole member of St Petroc's School.

Until January 2021 the Governors of Shebbear College, were the trustees of St Petroc's School, delegating the operational governance to the St Petroc's Committee, who operate under terms of reference set by the trustees. Day to day operation of the school was delegated to the Headmaster, supported by his Senior Management Team.

The remuneration of key management personnel is set by the St Petroc's Committee, with the policy objective of providing appropriate incentives to encourage enhanced performance and rewarding them fairly and responsibly for their individual contributions to the school's success.

A number of criteria are used in setting pay including:

- nature of the role and responsibilities
- affordability
- competitor salaries in the area
- the sector average salary for comparable positions

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Recruitment and training of governors**

Governors are appointed by the Trustees of St Petroc's School. Appointments are for a period of three years which is renewable. The induction of new Governors is the responsibility of the Chair and the Clerk; an information pack of relevant documents is provided. The school is a member of the Association of Governing Bodies for Independent Schools which organises Governor training events. All Governors undertake annual safeguarding training.

#### **Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office.

#### **Statement as to disclosure of information to the auditor**

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charitable company's auditor is aware of that information.

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **OBJECTIVES AND ACTIVITIES**

##### **Charitable objects**

For the period of these accounts to advance education by conducting, carrying on and developing preparatory boys and girls at St Petroc's School, Bude in the county of Cornwall or such other places as the Governing Body may from time to time determine.

As noted in the Annual Report for the Year Ended 31<sup>st</sup> August 2019 the school's Strategic Plan was to focus on Early Years provision, embracing the aspirations of the school for further development of its Early Years education, increase in Early Years numbers and the development of Early Years staff and facilities.

In addition the trustees have considered the ongoing requirement for the main school building and the charitable company's ability to repay the debt to MIST. Various options are being considered including the potential sale of the main school building for educational purposes and the continuation of the Early Years facility as a going concern run either by the St Petroc's Trust or a third party.

##### **Aims and intended impact**

The aims of the school are set out in its mission statement:

Our mission at St Petroc's is to create a happy and positive environment within which we develop confident and balanced children prepared for their next school and life beyond it. This mission includes the desire to discover, nurture and develop the potential of each child in our uniquely caring environment rich with activities, opportunities, enthusiasm and energy.

St Petroc's is a school that aims to prepare children for their future schools by developing their self-confidence and self-esteem.

- We value children who try their hardest.
- We value children who achieve excellence in academic, sporting and cultural fields.
- We value children who consider the needs, values and cultures of others and not just their own.
- We value children who try to get involved in a range of activities.
- We encourage manners and self-discipline.
- We recognize that children need time to play.
- We value children who, when things are hard, live up to our motto: "Firm amongst the waves".

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Objectives and strategies for the year**

The main objective for the year was to continue to ensure the best possible academic, sporting, musical and artistic outcomes for all students in the school community within a safe and supportive pastoral structure and to successfully secure longer term school growth.

Other objectives for the year 2019-20 were:-

- Continue to evaluate our curriculum offering and increase focus on core subjects and where best to invest.
- To continue to improve the facilities offered across all age ranges such as music rooms and classroom space.
- Continue to focus on outdoor spaces.
- Incorporate the outside spaces and learning garden into the curriculum timetable with STEM lessons.
- To continue to develop our smarter, more recognisable staff uniform for interschool competitions and representation on educational visits.
- Ensure that ISAMS and the Parent Portal are used to maximum effect.
- Continue to extend the EYFS Provision to meet the local community need.
- Maximise available internal space for teaching and learning use by the pupils.

#### **Strategies**

Careful investment has been made into facilities to improve the offering to the pupils and we continued with our programme of classroom renovation.

Marketing strategies have been carefully reviewed. There has been a major increase in the use of social media, which has already had measurable impact. We also looked into rebranding, and ensured our messages were consistent at all times. Other local marketing portals such as bus shelter posters and banners are constantly being reviewed and improved to give St Petroc's more local impact.

#### **Bursary and grant making policy**

Access to the education we offered should not have been restricted to those who can afford our fees. Our bursary awards were important in helping to ensure that children from families who otherwise would not be able to afford the fees could access the education we offered. Bursary awards were available to all who met the general entry requirements and were 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. In assessing means, we took into account nationally accepted criteria.

Bursaries were awarded on a sliding scale in proportion to need, in exceptional circumstances full remission of fees could have been awarded. The level of awards given in the year is set out in note 3 to the Accounts.



## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Volunteers**

The Friends of St Petroc's continued to help with fund-raising and is most appreciated by the school.

#### **Public Benefit**

The trustees have given careful consideration to the Charity Commission's general guidance on public benefit and confirm that they have given due regard to this guidance. The school provides public benefit by:

- Providing education to 51 children in the prep school during the year.
- Providing means tested bursaries to those who would otherwise be unable to benefit from an independent education.
- Specialist/extra-curricular provision.
- Relationships with other schools/educational institutions.
- Broader use of facilities for educational and community purposes.

As a charity, the school continued its proactive role within our local community. The school football and cricket pitches, the hall and netball court were in regular use by locals and local clubs and the local scout group. The school also, at minimal cost, allowed its teaching facilities to be used for concerts, workshops, sporting activities and fund raising activities. Pupils were encouraged to be aware of their responsibilities to the local community, to their environment and of their role as global citizens through amongst other things the World Action in Methodist School's project.

#### **ACHIEVEMENTS AND PERFORMANCE**

The start of 2019-20 was very successful for St Petroc's both academically and in sporting and other extra-curricular activities. We performed well on the sporting front during the Michaelmas term and we were delighted that we had pupils who represented the school. The school also took part in fundraising and other charitable activities during the first two terms and its choir was busy in the run up to Christmas. Our Christmas Bazaar raised funds for the Friends of St Petroc's and we continued our involvement in the SAS beach clean projects.

With the imposition of the national lockdown in March 2020, we launched our Google Classroom platform, video and pre-recorded lessons for Reception to Year 6 and for those that did not have devices, we adapted and offered upskill sessions to parents. We ran surveys to ensure that problems were resolved quickly and the school loaned devices and facilitated the collection and delivery of work paper packs.

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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During the Lent term the school development plan was reviewed in the light of the on-going COVID-19 pandemic, a reduction in pupil numbers and notices of withdrawal of pupils from the school being received. With great reluctance the trustees made the decision to close KS2 from the 31<sup>st</sup> December 2020, continuing to offer Reception, KS1 and an Early Years setting. However, due to further withdrawals and a lack of pupils being recruited it was decided that all but the Early Years setting would be offered from 1<sup>st</sup> September 2020. All teaching staff were therefore subject to redundancy.

During the year, St Petroc's School awarded a total of £63,477 in the form of Bursaries and other awards equivalent to 8.15% of annual fees, of which £46,522 was means tested; 18 students benefited from this form of assistance.

#### **FINANCIAL REVIEW**

The school's principal source of income is fee income. All of the school's expenditure was spent in advancement of its charitable objectives.

##### **Restructure**

Further to the consultation and decision to close Reception and Key Stages 1 & 2 with effect from 31 August 2020 it was agreed that a provision should be recognised in the accounts for the extent of the cost directly attributable to the decision. It therefore means that the results in the forthcoming year will provide a true reflection of the costs of the Early Years setting in isolation.

##### **Reserves policy**

The reserves policy of the school has been reviewed by the trustees during the year. Free reserves are regarded as those unrestricted funds that have not been designated for any specific purpose. Deficits on pension funds are also excluded unless there is a related current liability.

Trustees have carefully considered the level of reserves appropriate to be held, necessary for contingencies and movements in working capital. Having regard to the likelihood of financial risks and mitigating factors including its structure, it considers the maximum level of free reserves required to be the equivalent of one term's costs, approximately 30% of turnover. More generally, schools are advised to operate within a range of 0% - 10%.

At 31 August 2020 the charity had a deficit on unrestricted reserves of £410,827 (2019: £291,294).

Free reserves represent -52.80% of turnover. The following steps are being taken to bring the free reserves into this range:-

- Drive to grow the pupil numbers in the Early Years facility.
- Improved marketing and enhanced social media coverage, to facilitate greater numbers in the Nursery.

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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- Stringent cash flow management.
- Greater cost control.
- Regular trustee meetings.
- Disposal of assets no longer required

#### **Principal risks and uncertainties**

The trustees are responsible for the management of the risks faced by the Trust, and a formal review of the Trust's risk management processes is undertaken on an annual basis.

The main risks that the trustees have identified and the plans to manage those risks are:

COVID-19 – the impact of the pandemic has created significant uncertainty regarding the medium term future given that there is a lack of understanding of the nature and impact of future outbreaks of the virus on the school.

The school will manage these risks by effective planning, risk assessments and by keeping abreast of developments and government guidance.

Reputation – the school's success is built on its reputation for the education and wellbeing of our pupils.

We manage this risk through safeguarding policies, staff recruitment policies, pastoral support for both pupils and staff and active identification and resolution of health and safety related issues.

Financial Viability – our ability to continue is reliant on pupil fees and effectively managing costs and the financial support of MIST.

We manage this risk by marketing activity to maintain pupil numbers, having a reputation for academic excellence and active cash flow management.

Health and safety is an area of risk – this ranges from fire and infrastructure to personal risks. These risks are managed through effective planning, risk assessments and ensuring appropriate insurance cover is in place.

Through the risk management processes established for the school, the trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately mitigated.

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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Key controls used by the school to manage risk include:

- Formal agendas for trustee activity.
- Comprehensive strategic planning, budgeting and management accounting.
- Established organisational structure and lines of reporting
- Formal written policies on all aspects of activity.
- Clear authorisation and approval levels.
- Vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the school, the trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

#### **Going concern**

##### ***During 2020***

The trustees considered there were certain material uncertainties about the school's ability to continue as a going concern as a Preparatory School and Early Years and determined that the school should continue to offer Early Years education but Reception, KS1 and KS2 would close at the end of the Michaelmas term 2020. The Methodist Independent School's Trust (MIST) has pledged that it would continue to support St Petroc's whilst it transitions to an Early Years only provision and improves its net worth. MIST has also confirmed that it would continue to support the Nursery thereafter as it develops and grows over the coming years into one of the leading Early Years Providers in Bude.

News of the closure prompted an adverse impact and trustees are conscious of, and concerned about, the impact that any reputational damage might have on the continuing operation of the school. The take up of Early Years places from September 2020 was lower than forecast so trustees will keep the financial position of the school under close review and will be responsive to information about how the educational refocus is working and the impact of the on-going pandemic. Trustees appreciate that the school faces an unprecedented level of uncertainty as it transitions towards an Early Years provision and consequently its future income over the next twelve months.

Detailed financial modelling and scenario analysis have been performed demonstrating that the Charity has sufficient cash given that MIST has pledged its support to the charitable company whilst the school implements plans to improve its net worth and on the basis of the support provided by MIST, trustees have evaluated that there is sufficient liquidity and the charity can remain solvent through a period of public health restrictions and beyond, however, it remains difficult for trustees to make meaningful economic forecasts, therefore, there is still a material uncertainty relating to going concern.

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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Trustees expected the refocus to an Early Years provider would enable the school to make a financial recovery, protect its financial health in the future and secure a sustainable, high quality education, so trustees believe that the charity remains a going concern for at least 12 months following the signing of these financial statements.

The current COVID-19 pandemic is unprecedented and still evolving. The pandemic presents additional challenges and uncertainties for the Early Years provision, which the trustees have considered in the 'Principal Risks and Uncertainties' section of their Report (see page 10). Trustees' Financial models included various scenarios, including the third lockdown and further potential closures of the Early Years provision in the event of extended restrictions by the Government in the future.

The charity has been able to access government support for businesses including job retention schemes and the savings the charity achieved as a result of the closure of the school during lockdown have been passed back to parents as a reduction in fees at 8.89%. Throughout the closure during lockdown, St Petroc's delivered learning, including the provision of virtual learning and pastoral support. The trustees were unaware of any other factors which would impact on the charity being treated as a going concern.

#### **Now**

The trustees have considered the ongoing requirement for the main school building and the Charity's ability to repay the debt to MIST. Various options are being considered including the potential sale of the main school building for educational purposes or a sale of the site for redevelopment, either of which the proceeds will be used by the Trustees to repay the debt due to MIST.

Notwithstanding any sale of the property assets, the trustees consider that the nursery element remains sustainable as a business and are considering the continuation of the Early Years facility as a going concern run either by the St Petroc's Trust or a third party.

With the support of MIST whilst these options are explored the trustees, at the date of approval of the financial statements, have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and accordingly, the trustees continue to adopt the going concern basis in the preparation of the financial statements. However, whilst the trustees are considering these options there is a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary should the charitable company not continue as a going concern.

#### **PLANS FOR FUTURE PERIODS**

The charitable company's Strategic Plan is to continue to focus on the Early Years and disposal of the main school building for educational purposes or other uses and provides the focus for the future development of the school and school site. In particular, the Plan embraces the aspirations of the

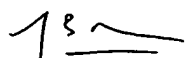
**ST. PETROC'S SCHOOL TRUST LIMITED**

**REPORT OF THE TRUSTEES (Continued)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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school for further development of its Early Years education, increase in Early Years numbers and the development of Early Years staff and facilities.

This report was approved by the trustees on 2<sup>nd</sup> September 2021 and is signed on their behalf by:



Mr N Buckland  
**Chairman of Governors**

2<sup>nd</sup> September 2021

## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees (who are also the directors of St. Petroc's School Trust Limited for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the 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 charitable company and of the income and expenditure of the charitable company 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. PETROC'S SCHOOL TRUST LIMITED**

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### **Opinion**

We have audited the financial statements of St Petroc's School Trust Ltd (the 'charitable company') for the year ended 31<sup>st</sup> August 2020 which comprise the Statement of Financial Activities (including an income and expenditure account), the Balance Sheet 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<sup>st</sup> August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to the going concern accounting policy in note 1 to the financial statements, which indicates that the Trustees are considering a number of options including the potential sale of the main school building for educational purposes or a sale of the site for redevelopment, either of which the proceeds will be used by the Trustees to repay the debt due to MIST. The trustees are also considering the continuation of the Early Years facility as a going concern run either by the charitable company or a third party.

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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,



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. PETROC'S SCHOOL TRUST LIMITED (Continued)**

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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. 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 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 Directors' Report and the Strategic Report included within the Report of the Trustees' have been prepared in accordance with applicable legal requirements.

### **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 Directors' Report or the Strategic Report included within the Report of the Trustees'.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 Statement of Trustees' responsibilities set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. PETROC'S SCHOOL TRUST LIMITED (Continued)**

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### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

RSM UK Audit LLP

KEVIN BARWICK (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

3<sup>rd</sup> September 2021

# ST. PETROC'S SCHOOL TRUST LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account) FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>INCOME AND ENDOWMENTS FROM:</b>					
<b>Charitable activities:</b>					
School fees	3	729,434	-	729,434	759,790
Other educational income	4	34,420	-	34,420	50,287
<b>Other trading activities:</b>					
Lettings		574	-	574	2,417
<b>Other</b>					
CJRS Government grant		46,433	-	46,433	-
Other income		280	-	280	392
<b>TOTAL</b>		<u>811,141</u>	<u>-</u>	<u>811,141</u>	<u>812,886</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	5	<u>(930,674)</u>	<u>-</u>	<u>(930,674)</u>	<u>(805,056)</u>
<b>TOTAL</b>		<u>(930,674)</u>	<u>-</u>	<u>(930,674)</u>	<u>(805,056)</u>
<b>NET (EXPENDITURE)/ INCOME</b>		<u>(119,533)</u>	<u>-</u>	<u>(119,533)</u>	<u>7,830</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>(119,533)</u>	<u>-</u>	<u>(119,533)</u>	<u>7,830</u>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		(291,294)	3,084	(288,210)	(296,040)
<b>TOTAL FUNDS CARRIED FORWARD</b>	15	<u>(410,827)</u>	<u>3,084</u>	<u>(407,743)</u>	<u>(288,210)</u>

**ST. PETROC'S SCHOOL TRUST LIMITED**

Company Number: 00884821

**BALANCE SHEET  
AS AT 31 AUGUST 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS:</b>			
Tangible assets	9	524,602	534,208
<b>CURRENT ASSETS:</b>			
Stocks		2,976	9,115
Debtors	10	30,352	43,817
Cash at bank and in hand		44,375	39,491
		<u>77,704</u>	<u>92,423</u>
<b>LIABILITIES:</b>			
Creditors: Amounts falling due within one year	11	(86,070)	(88,983)
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		<u>(8,366)</u>	<u>3,440</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>516,235</u>	<u>537,648</u>
Creditors: Amounts falling due after more than one year	12	(815,008)	(825,858)
Provisions for liabilities	14	(108,969)	-
<b>NET LIABILITIES</b>		<u>(407,743)</u>	<u>(288,210)</u>
<b>THE FUNDS OF THE CHARITY:</b>			
Restricted funds:		3,084	3,084
Unrestricted funds:			
Property fund		-	-
Other designated funds		-	-
General fund		(410,827)	(291,294)
<b>TOTAL CHARITY FUNDS</b>		<u>(407,743)</u>	<u>(288,210)</u>

The financial statements were approved by the board of trustees and authorised for issue on 2nd September 2021 and are signed on its behalf by:



Mr N Buckland  
Chair of Governors

2nd September 2021

# **ST. PETROC'S SCHOOL TRUST LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020**

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### **1 Accounting policies**

#### **Company information**

St. Petroc's School Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is St. Petroc's School, Ocean View Road, Bude Cornwall EX23 8NJ.

The company's principal activity is disclosed in the report of the trustees.

#### **Accounting convention**

The financial statements have been prepared in accordance with the accounting policies set out below, under the historical cost convention and comply with the Charities Act 2011 the Companies Act 2006, the Memorandum and Articles of Association of the charitable company, 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) (effective 1 January 2015). The charitable company meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies are set out below.

#### **Going concern**

St Petroc's School is an independent charity of which the Methodist Independent Schools Trust (MIST), is the sole Member. MIST has lent funds to St Petroc's, in respect of which MIST has a charge over the school's property assets, and has pledged continued financial support whilst the school implements plans to improve its net worth as described in the Trustees report.

In particular, the Trustees have considered the ongoing requirement for the main School building and the Charity's ability to repay the debt to MIST. Various options are being considered including the potential sale of the original school building for educational purposes or a sale of the site for redevelopment, either of which the proceeds will be used by the Trustees to repay the debt due to MIST.

Notwithstanding any sale of the property assets, the Trustees consider that the nursery element remains sustainable as a business and are considering the continuation of the Early Years facility as a going concern run either by the St Petroc's Trust or a third party.

## ST. PETROC'S SCHOOL TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies (continued)

With the support of MIST whilst these options are explored the trustees, at the date of approval of these financial statements, have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and accordingly, the trustees continue to adopt the going concern basis in the preparation of the financial statements. However, whilst the trustees are considering these options there is a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary should the charitable company not continue as a going concern.

#### **Reduced disclosures for subsidiaries**

As a qualifying entity within the meaning of FRS 102, the charitable company has chosen to take advantage in its individual financial statements of the following disclosure exemptions:

Section 7 - Presentation of a statement of cash flows, related notes and disclosures

Section 11 and Section 12 - Financial instruments disclosures

The financial statements of the Company are consolidated in the financial statements of Methodist Independent Schools Trust (MIST). The consolidated financial statements of MIST are available from its registered office, Methodist Church House, 25 Marylebone Road, London, NW1 5JR.

#### **Income**

School fees and other educational income receivable are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances and other remissions allowed by the school. Other educational income consists of extras, optional subjects and ancillaries charged to pupils.

*Scholarship and bursary awards from restricted and designated funds are included as expenditure in the period for which they are given. Scholarships, bursaries and allowances from the general fund towards school fees are treated as a reduction in the fees.*

All other types of income are accounted for on an accruals basis and recognised in the statement of financial activities when earned by the charitable company.

Donations and legacies are accounted for as and when the charitable company has entitlement, the amount involved can be reliably quantified and a transfer of economic benefit to the charitable company is probable.

Government grants are recognised at the fair value of the assets received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

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## ST. PETROC'S SCHOOL TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies (Continued)

##### **Expenditure**

Expenditure is recognised as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT. Costs of raising funds are those costs incurred in attracting voluntary income, together with those costs incurred in trading activities that raise funds. Charitable activities comprise expenditure associated with teaching and school activities and include both direct and support costs.

Governance costs are those incurred in the governance of the charitable company and its assets and are mainly associated with constitutional and statutory requirements.

Lease rentals payable in respect of assets held under operating leases are charged to the statement of financial activities as they fall due.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

##### **Employee benefits - Pensions**

Retirement benefits to employees of the charitable company are provided by the Teachers' Pension Scheme (TPS) in respect of teaching staff and The Pensions Trust Growth Plan (TPTGP) in respect of all other staff.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charitable company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting.

The TPTGP is a multi-employer plan which is a money purchase scheme with guaranteed benefits. The charitable company contributes at various rates on an employee by employee basis. It is not possible for the charitable company to obtain sufficient information to enable it to account for the TPTGP as a defined benefit scheme.

The TPS and the TPTGP are therefore treated as a defined contribution schemes for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

## ST. PETROC'S SCHOOL TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies (Continued)

##### Employee benefits - Other

Short term employment benefits including holiday pay are recognised as an expense in the period in which the services are received from the employee involved. Termination benefits are accounted for on an accrual basis as and when employment ceases.

##### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets, other than land, less their residual values over their useful lives on the following basis:

New buildings	2% on cost
Building improvements	5% on cost
Fixtures and equipment	5% to 33.33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of financial activities.

##### Stocks

Stocks are included in the balance sheet at the lower of cost and net realisable value.

##### Fund accounting

The general fund comprises the accumulated surpluses of unrestricted income over expenditure, which are available for use in furtherance of the general objectives of the charitable company.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the trustees. The use of designated funds remains at the discretion of the trustees.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements.  
Amounts unspent at the year

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments  
overdrafts.



# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies (Continued)

#### **Acceptance deposits**

Acceptance deposits are paid to the school to secure a place for the child at the school. Deposits held form part of the general funds of the school until the child leaves the school at which point they are credited without interest to the final payment of the fees or other sums due to the school. Deposits are held as other creditors on the balance sheet and are classified as owing within one year and over one year based on when they are expected to be credited against income

#### **Financial instruments**

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charitable company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, and loans from group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

## ST. PETROC'S SCHOOL TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

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#### 2 Critical accounting estimates and areas of judgement

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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 affects both current and future periods.

#### **Critical areas of judgement**

In addition to the trustees' assessment of the going concern status of the charitable company, the following other specific judgements, estimates and assumptions were critical to the preparation of these financial statements:

#### ***Useful economic lives of tangible fixed assets***

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Useful economic lives and residual values are reviewed annually and reassessed where necessary to better reflect the actual usage of the assets involved.

#### ***Provision of fee debtors***

The trustees consider whether fee debtors are recoverable. Where there is an indication that recoverability is unlikely, the amounts involved are recognised as a provision for bad debts. This assessment requires an estimation of future likely cash flows in order to calculate the appropriate amount of any provision.

#### ***Pension contributions***

The charitable company has an obligation to make employer contributions to the pension schemes of which its employees are members. The cost of providing pension benefits and the present value of the obligations of the charitable company as an employer depends upon a number of factors, including life expectancy, salary increases, asset valuations and discount rates.

# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

<b>3</b>	<b>School fees</b>			<b>2020</b>	<b>2019</b>
				<b>£</b>	<b>£</b>
	Gross school fees chargeable			801,604	820,804
	Less: Scholarships awarded to pupils			-	-
	Bursaries awarded to pupils			(46,522)	(45,210)
	Staff, sibling and other discounts and allowances			(16,955)	(15,804)
	Covid-19 Discounts			(8,693)	-
				<u>729,434</u>	<u>759,790</u>
<b>4</b>	<b>Other educational income</b>			<b>2020</b>	<b>2019</b>
				<b>£</b>	<b>£</b>
	Fees charged for optional subjects and pupils' extras			34,420	50,287
	Other ancillary income			-	-
				<u>34,420</u>	<u>50,287</u>
<b>5</b>	<b>Analysis of expenditure</b>			<b>2020</b>	<b>2019</b>
		<b>Staff costs</b>	<b>Depreciation</b>	<b>Other</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Charitable activities:				
	Teaching costs	616,849	-	29,756	646,605
	Welfare costs	32,023	-	26,736	58,759
	Premises costs	13,088	3,980	72,023	89,091
	Support costs	55,101	5,627	31,906	92,634
	Awards	-	-	-	-
	Governance costs	-	-	5,292	5,292
	Charitable publicity costs	-	-	5,270	5,270
	Finance costs	-	-	33,023	33,023
		<u>717,062</u>	<u>9,606</u>	<u>204,006</u>	<u>930,674</u>
<b>6</b>	<b>Governance costs</b>			<b>2020</b>	<b>2019</b>
				<b>£</b>	<b>£</b>
	Auditor's remuneration			5,292	5,040
	Other costs			-	1,839
				<u>5,292</u>	<u>6,879</u>

# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

<b>7</b>	<b>Net expenditure</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Net expenditure for the year is stated after charging/(crediting):		
	Amounts payable under operating leases	1,659	1,659
	Depreciation on tangible fixed assets	9,606	8,921
	Interest payable on loans	33,023	33,195
	Auditor's remuneration:		
	Audit of the financial statements	5,292	5,040
<b>8</b>	<b>Staff costs</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	The aggregate staff costs during the year comprised:		
	Wages and salaries	537,576	512,216
	Social security costs	30,771	28,627
	Defined benefit pension costs	46,465	30,488
	Termination costs	102,250	-
		<u>717,062</u>	<u>571,331</u>

Of the termination payments identified above, a total of £102,250 (2019: £nil) was included within provisions at the balance sheet date.

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The average number of employees during the year comprised:		
Teaching staff	33	33
Other staff	11	9
	<u>44</u>	<u>42</u>

No employee earned more than £60,000 during the year (2019: None).

The key management personnel of the charitable company are the governors and the senior management team of the school. The governors received no remuneration for their services in the current or previous year and were also not reimbursed for any expenses incurred during the current or previous year. The aggregate remuneration of the other key management personnel, including employer's national insurance contributions, was £144,461. (2019: £140,074).

# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

9	Tangible assets	Land and buildings £	Fixtures and equipment £	Total £
	Cost:			
	As at 1 September 2019	902,269	156,668	1,058,937
	Additions	-	-	-
	Disposals	-	-	-
	As at 31 August 2020	<u>902,269</u>	<u>156,668</u>	<u>1,058,937</u>
	Depreciation:			
	As at 1 September 2019	384,935	139,794	524,729
	Charged for the year	3,980	5,627	9,606
	Disposals	-	-	-
	As at 31 August 2020	<u>388,915</u>	<u>145,421</u>	<u>534,335</u>
	Net book value:			
	As at 31 August 2020	<u>513,354</u>	<u>11,247</u>	<u>524,602</u>
	As at 31 August 2019	<u>517,334</u>	<u>16,874</u>	<u>534,208</u>

The charitable company's property assets have been pledged as security to MIST in support of the loan funding provided by MIST to the charitable company.

10	Debtors	2020 £	2019 £
	Amounts falling due within one year:		
	Fee debtors	12,670	40,590
	Other debtors	<u>17,682</u>	<u>3,227</u>
		<u>30,352</u>	<u>43,817</u>
11	Creditors: Amounts falling due within one year	2020 £	2019 £
	Deposits (note 13)	9,050	2,000
	Prepaid fees (note 13)	38,039	22,542
	Composition fees (note 13)	-	-
	Loans (note 15)	-	-
	Taxation and social security costs	12,435	9,981
	Other creditors	14,024	46,774
	Accruals	<u>12,522</u>	<u>7,686</u>
		<u>86,070</u>	<u>88,983</u>

# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

### 12 Creditors: Amounts falling due after more than one year

	Due within 1 to 2 years £	Due within 2 to 5 years £	Due after 5 years £	2020 Total £	2019 Total £
Deposits (note 13)	-	-	-	-	10,850
Prepaid fees (note 13)	-	-	-	-	-
Composition fees (note 13)	-	-	-	-	-
Loans (note 15)	-	244,503	570,506	815,008	815,008
	<u>-</u>	<u>244,503</u>	<u>570,506</u>	<u>815,008</u>	<u>825,858</u>

### 13 Deferred income

#### *Prepaid fees and deposits*

Parents pay for fees in advance and provide deposits to secure places for pupils. Movements during the year were as follows:

	2020 £
Balance brought forward at 1 September 2019	35,392
Amounts received during the year	5,500
Amounts recognised as income during the year	15,497
Amounts repaid to parents during the year	(9,300)
Balance carried forward at 31 August 2020	<u>47,089</u>

#### *Composition fees*

Parents may enter into a contract to pay to the school for tuition fees in advance. The money may be returned subject to specific conditions. Movements during the year were as follows:

	2020 £
Balance brought forward at 1 September 2019	9,120
Amounts received during the year	-
Interest earned on balances during the year	-
Amounts recognised as income during the year	-
Amounts repaid to parents during the year	(9,120)
Balance carried forward at 31 August 2020	<u>-</u>

# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

### 14 Provisions for liabilities

	2020
Provision for redundancy (redundancy payments)	29,462
Provision for redundancy (wages costs)	72,788
Provision for restructuring	6,720
	<u>108,970</u>

Further to consultation and the decision to close Key Stages 1 & 2 with effect from 31 August 2020 it was agreed that a provision should be recognised in these accounts for the extent of the cost directly attributable to this decision.

### 15 Loans

The charitable company's property assets have been pledged as security to MIST in support of the loan funding provided by MIST to the charitable company. The loan accrued interest at a rate of 2.25% above the base rate of the group's bankers. The three year capital repayment holiday, starting on 1 January 2015, that was agreed with MIST in respect of the loan has been extended with repayments commencing from December 2022.

16 The funds of the charity	Balance at 1 September 2019 £	Income £	Expenditure £	Balance at 31 August 2020 £
Restricted funds:	3,084	-	-	3,084
Unrestricted funds:	-	-	-	-
Property fund	-	-	-	-
Other designated funds	-	-	-	-
General fund	(291,294)	811,141	(930,674)	(410,827)
	<u>(288,210)</u>	<u>811,141</u>	<u>(930,674)</u>	<u>(407,743)</u>

### 17 Operating lease commitments

#### Lessee

The charitable company has entered into operating leases in respect of certain items of school equipment. At the balance sheet date, the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	1,382	1,382
Between two and five years	2,765	3,456
After five years	-	-
	<u>4,147</u>	<u>4,838</u>

### 18 Capital commitments

There were no capital commitments at the balance sheet date (2019: £nil)

## ST. PETROC'S SCHOOL TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

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#### 19 Pensions

The School participates in the Teacher's Pension Scheme ("the TPS") for its teaching staff and The Pensions Trust Growth Plan (TPTGP) in respect of all other staff. The pension charge for the year includes contributions payable to the TPS of £56,189 (2019: £28,677) and at the year end £4,437 (2019: £2,794) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

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



## **ST. PETROC'S SCHOOL TRUST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **19 Pensions (Continued)**

employees from April 2015 onwards. The pause was lifted in July 2020 as the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

Until the consultation and the cost cap mechanism review are completed 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.

#### **20 Control**

The charitable company's immediate and ultimate parent undertaking and controlling party is the Methodist Independent Schools Trust (MIST), a charitable company incorporated and registered in England and Wales. The company number for MIST is 07649422 and the charity number is 1142794.

The smallest and largest group in which the results of the charitable company are consolidated is that headed by MIST. Copies of the group financial statements may be obtained from the charitable company's registered office address.

#### **21 Related party transactions**

During the year, the charitable company borrowed an additional £nil (2019: £nil) from the Methodist Independent Schools Trust (MIST), with interest incurred and unpaid of £21,973 (2019: £23,969), resulting in a total liability of £815,008 (2019: £815,008)

During the year, MIST continued to provide a range of services to the charitable company, including management, banking and insurance. These services are normally recharged on a termly basis, however the school has been granted a payment holiday for the majority of the services provided by MIST, apart from insurance.

The total amount recharged in the year was £2,296 (2019: £6,646).

£1,139 of these recharges were paid during the year, there was an outstanding amount of £1,157 (2019: £1,139) at the year end.

There were no other related party transactions during the current or previous year.

# ST. PETROC'S SCHOOL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2020

### 22 Comparative statement of financial activities

The consolidated statement of financial activities (including an income and expenditure account) for the year ended 31 August 2019 is reproduced below:

		Unrestricted funds	
		Total	Total
		2019	2018
	Notes	£'000	£'000
<b>INCOME AND ENDOWMENTS FROM:</b>			
Donations and legacies		-	-
Charitable activities:			
School fees	3	759,790	640,520
Other educational income	4	50,287	43,071
Other trading activities:			
Lettings		2,417	1,454
Other		392	10,083
<b>TOTAL</b>		<b>812,886</b>	<b>695,128</b>
<b>Raising funds</b>	<b>5</b>	<b>-</b>	<b>-</b>
Charitable activities	5	(805,056)	(754,354)
<b>TOTAL</b>		<b>(805,056)</b>	<b>(754,354)</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>7,830</b>	<b>(59,226)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>7,830</b>	<b>(59,226)</b>
<b>RECONCILIATION OF FUNDS:</b>			
Total funds brought forward		(296,040)	(236,814)
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>15</b>	<b>(288,210)</b>	<b>(296,040)</b>