

COMPANY REGISTRATION NUMBER: 1220993

**Highfield School (Liphook) Limited**  
**Consolidated**  
**Financial Statements**  
**31 August 2016**



# **Highfield School (Liphook) Limited**

## **Financial Statements**

**Year ended 31 August 2016**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>4</b>
Independent auditor's report to the members	<b>6</b>
Consolidated statement of comprehensive income	<b>8</b>
Consolidated statement of financial position	<b>9</b>
Company statement of financial position	<b>10</b>
Consolidated statement of changes in equity	<b>11</b>
Company statement of changes in equity	<b>12</b>
Consolidated statement of cash flows	<b>13</b>
Notes to the financial statements	<b>14</b>

# **Highfield School (Liphook) Limited**

## **Officers and Professional Advisers**

### **The board of directors**

PGS Evitt  
JA Herring  
J Leigh  
WS Mills  
JW Wardrobe

### **Company secretary**

M Harris

### **Registered office**

Highfield School  
Highfield Lane  
Liphook  
Hampshire  
GU30 7LQ

### **Auditor**

Shipleys LLP  
Chartered accountant & statutory auditor  
3 Godalming Business Centre  
Woolsack Way  
Godalming  
Surrey  
GU7 1XW

# **Highfield School (Liphook) Limited**

## **Strategic Report**

### **Year ended 31 August 2016**

The directors present their report for the year ended 31 August 2016.

#### **BUSINESS REVIEW**

The principal activity of the company during the year was the running of an independent nursery, pre-preparatory and preparatory school for boys and girls between the ages of 2 and 13. The company also runs a company which produces energy to supply the school. Brookham School is the Nursery and pre - prep and Highfield School is the preparatory school. The schools aim to offer innovative education to an exceptional standard with a good balance of day and boarding pupils, making full use of its 175 acre site.

The school ended the 2015/2016 year with 488 pupils: 199 at Brookham School (a decrease of 18 pupils) and 289 at Highfield School (an increase of 8). Boarding numbers have decreased throughout the course of the year to 111 pupils at the year end in comparison to 118 the previous year. An International Summer School was held for the second year running in July 2016, 39 students attended, 2017 enrolments are already at 42.

#### **KEY PERFORMANCE INDICATORS**

The key performance indicators (KPI's) used to determine the progress and performance of the group over time are pupil numbers and profitability ratios.

#### **FUTURE DEVELOPMENTS**

Pupil numbers remain buoyant and for the start of the 2016/2017 Academic Year, Highfield has seen its pupil numbers increase to 298 with 110 boarders and part time boarders, although as in previous years we expect to see this number increase over the course of the Academic Year. Brookham's numbers of 183 have seen a decline due to fewer children in Nursery, however we hope to see this improve through marketing opportunities planned for the future. The plan is to improve the Nursery facilities with a potential in the coming years of a new build to attract parents and increase pupil numbers. In the short term, 2017 is the 25th Anniversary of Brookham and discussions are taking place as to how we can use this milestone to give us the exposure and potentially capture more of the local and London leavers market.

The group investment in the school continues with extensive repairs and maintenance programme throughout the school and its grounds. Working with the South Downs National Park, a long term Landscape Master Plan has now been submitted to ensure the schools success in years to come.

There was a delay in the completion of the extension to the catering facility, additional boarding facilities and residential accommodation across three floors, however the kitchen was functional for the start of the Academic Year. Plans for this year include a complete refurbishment of the DT building, a new courtyard design and improvements to the Theatre.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The group is concerned about the impact of the Government's austerity measures and continues to monitor both pupil numbers and bad debts very closely.

The group's instruments comprise cash and liquid resources and various items such as Trade Debtors, Accrued Income, Trade Creditors and Deferred Income that arise directly from its operations. The main purpose of these Financial instruments is to raise finance for the group's operations.

The board manages the financial risks of ensuring that there are sufficient funds to meet large payments by producing detailed monthly management accounts and cashflow reports.

In the current market the group is exposed to price risk and it is a difficult climate in which to increase prices as market conditions are holding prices down.

# Highfield School (Liphook) Limited

## Strategic Report *(continued)*

### Year ended 31 August 2016

The group is exposed to cashflow risk. Additional working capital in the form of a bank loan was obtained to fund the initial costs of the Biomass System through Brookham Energy Limited.

The group's cashflow is also dependent on fees being paid in advance and if the current economic climate causes a reduction in fees being paid in advance this will impact on the group's cashflow. The group has secured facilities with its bankers to cover the potential shortfall.

The exposure of the group to credit risk is carefully monitored at finance meetings and legal action is taken where appropriate against outstanding fees to minimise this risk.

The group is exposed to liquidity risk to the extent its current liabilities exceed its current assets. The significant current liabilities include deferred income relating to the next terms fees.

This report was approved by the board of directors on ...23-5-17... and signed on behalf of the board by:



WS Mills  
Director

Registered office:  
Highfield School  
Highfield Lane  
Liphook  
Hampshire  
GU30 7LQ

# **Highfield School (Liphook) Limited**

## **Directors' Report**

### **Year ended 31 August 2016**

The directors present their report and the financial statements of the group for the year ended 31 August 2016.

#### **Directors**

The directors who served the company during the year were as follows:

PGS Evitt  
JA Herring  
J Leigh  
WS Mills  
JW Wardrobe

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Disclosure of information in the strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report, including Financial Risk Management Objectives and Policies and Future Developments.

#### **Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by shareholders holding in aggregate 5 per cent or more of the total allocated shares in the Company. They should be served no later than 30 days from approval of these accounts.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 directors 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# Highfield School (Liphook) Limited

## Directors' Report *(continued)*

**Year ended 31 August 2016**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 23-5-17 and signed on behalf of the board by:



WS Mills  
Director

Registered office:  
Highfield School  
Highfield Lane  
Liphook  
Hampshire  
GU30 7LQ

# **Highfield School (Liphook) Limited**

## **Independent Auditor's Report to the Members of Highfield School (Liphook) Limited**

**Year ended 31 August 2016**

We have audited the financial statements of Highfield School (Liphook) Limited for the year ended 31 August 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2016 and of the group's profit 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Highfield School (Liphook) Limited

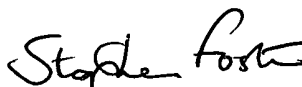
### Independent Auditor's Report to the Members of Highfield School (Liphook) Limited *(continued)*

Year ended 31 August 2016

#### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



STEPHEN FOSTER (Senior Statutory Auditor)

For and on behalf of  
Shipleys LLP  
Chartered accountant & statutory auditor

3 Godalming Business Centre  
Woolsack Way  
Godalming  
Surrey  
GU7 1XW

26 MAY 2017

**Highfield School (Liphook) Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 31 August 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	<b>4</b>	<b>8,283,515</b>	<b>7,847,158</b>
Cost of sales		<u>(4,183,764)</u>	<u>(3,883,510)</u>
<b>Gross profit</b>		<b>4,099,751</b>	<b>3,963,648</b>
Administrative expenses		<u>(3,490,587)</u>	<u>(3,134,732)</u>
Other operating income	<b>5</b>	<u>101,443</u>	<u>79,681</u>
<b>Operating profit</b>	<b>6</b>	<b>710,607</b>	<b>908,597</b>
Interest payable and similar charges	<b>10</b>	<u>(13,484)</u>	<u>(13,433)</u>
<b>Profit on ordinary activities before taxation</b>		<b>697,123</b>	<b>895,164</b>
Tax on profit on ordinary activities	<b>11</b>	<u>(130,978)</u>	<u>(210,535)</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>566,145</u></b>	<b><u>684,629</u></b>

All the activities of the group are from continuing operations.

The notes on pages 14 to 28 form part of these financial statements.

# Highfield School (Liphook) Limited

## Consolidated Statement of Financial Position

31 August 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	13	9,225,072	8,093,382
<b>Current assets</b>			
Stocks	15	72,415	77,341
Debtors	16	506,343	369,604
Cash at bank and in hand		10,084	1,941
		<u>588,842</u>	<u>448,886</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,777,771)</u>	<u>(2,959,019)</u>
<b>Net current liabilities</b>		<u>(2,188,929)</u>	<u>(2,510,133)</u>
<b>Total assets less current liabilities</b>		<u>7,036,143</u>	<u>5,583,249</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(1,586,005)	(715,110)
<b>Provisions</b>			
Taxation including deferred tax	20	<u>(313,256)</u>	<u>(297,402)</u>
<b>Net assets</b>		<u>5,136,882</u>	<u>4,570,737</u>
<b>Capital and reserves</b>			
Called up share capital	24	6,500	6,500
Profit and loss account	25	<u>5,130,382</u>	<u>4,564,237</u>
<b>Members funds</b>		<u>5,136,882</u>	<u>4,570,737</u>

These financial statements were approved by the board of directors and authorised for issue on 23-5-17, and are signed on behalf of the board by:



WS Mills  
Director

Company registration number: 1220993

The notes on pages 14 to 28 form part of these financial statements.

# Highfield School (Liphook) Limited

## Company Statement of Financial Position

31 August 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	13	8,269,815	7,095,322
Investments	14	100	100
		<u>8,269,915</u>	<u>7,095,422</u>
<b>Current assets</b>			
Stocks	15	72,415	77,341
Debtors	16	1,852,766	1,617,973
Cash at bank and in hand		1,688	1,941
		<u>1,926,869</u>	<u>1,697,255</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,757,986)</u>	<u>(2,968,012)</u>
<b>Net current liabilities</b>		<u>(831,117)</u>	<u>(1,270,757)</u>
<b>Total assets less current liabilities</b>		<u>7,438,798</u>	<u>5,824,665</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(1,586,005)	(715,110)
<b>Provisions</b>			
Taxation including deferred tax	20	(216,600)	(195,173)
<b>Net assets</b>		<u>5,636,193</u>	<u>4,914,382</u>
<b>Capital and reserves</b>			
Called up share capital	24	6,500	6,500
Profit and loss account	25	5,629,693	4,907,882
<b>Members funds</b>		<u>5,636,193</u>	<u>4,914,382</u>

These financial statements were approved by the board of directors and authorised for issue on 23-5-17, and are signed on behalf of the board by:



WS Mills  
Director

Company registration number: 1220993

The notes on pages 14 to 28 form part of these financial statements.

**Highfield School (Liphook) Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 31 August 2016**

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 September 2014</b>	6,500	3,879,608	3,886,108
Profit for the year	—	684,629	684,629
<b>Total comprehensive income for the year</b>	—	684,629	684,629
<b>At 31 August 2015</b>	6,500	4,564,237	<b>4,570,737</b>
Profit for the year	—	566,145	<b>566,145</b>
<b>Total comprehensive income for the year</b>	—	566,145	<b>566,145</b>
<b>At 31 August 2016</b>	<u>6,500</u>	<u>5,130,382</u>	<u><b>5,136,882</b></u>

The notes on pages 14 to 28 form part of these financial statements.

**Highfield School (Liphook) Limited**  
**Company Statement of Changes in Equity**  
**Year ended 31 August 2016**

	Called up share capital £	Profit and loss account £	<b>Total £</b>
<b>At 1 September 2014</b>	6,500	4,149,318	4,155,818
Profit for the year		758,564	758,564
<b>Total comprehensive income for the year</b>	—	758,564	758,564
<b>At 31 August 2015</b>	6,500	4,907,882	<b>4,914,382</b>
Profit for the year		721,811	<b>721,811</b>
<b>Total comprehensive income for the year</b>	—	721,811	<b>721,811</b>
<b>At 31 August 2016</b>	<u>6,500</u>	<u>5,629,693</u>	<u><b>5,636,193</b></u>

The notes on pages 14 to 28 form part of these financial statements.

# Highfield School (Liphook) Limited

## Consolidated Statement of Cash Flows

Year ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		566,145	684,629
<i>Adjustments for:</i>			
Depreciation of tangible assets		373,704	336,350
Interest payable and similar charges		13,484	13,433
Gains on disposal of tangible assets		(211)	–
Tax on profit on ordinary activities		130,978	210,535
<i>Changes in:</i>			
Stocks		4,926	(14,971)
Trade and other debtors		(136,739)	(37,430)
Trade and other creditors		(19,873)	69,619
Cash generated from operations		932,414	1,262,165
Interest paid		(13,484)	(13,433)
Tax paid		(156,479)	(78,901)
Net cash from operating activities		<u>762,451</u>	<u>1,169,831</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(1,505,394)	(942,310)
Proceeds from sale of tangible assets		211	1,500
Net cash used in investing activities		<u>(1,505,183)</u>	<u>(940,810)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,000,000	–
Repayments of borrowings		(213,889)	(233,333)
Net cash from/(used in) financing activities		<u>786,111</u>	<u>(233,333)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>43,379</b>	<b>(4,312)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>(860,106)</b>	<b>(855,794)</b>
<b>Cash and cash equivalents at end of year</b>	<b>17</b>	<b><u>(816,727)</u></b>	<b><u>(860,106)</u></b>

The notes on pages 14 to 28 form part of these financial statements.

# **Highfield School (Liphook) Limited**

## **Notes to the Financial Statements**

**Year ended 31 August 2016**

### **1. General information**

Highfield School (Liphook) Limited is a private company limited by shares and incorporated in England under registration number 1220993. Its registered office is Highfield School, Highfield Lane, Liphook, Hampshire, GU30 7LQ. The principal activities of the group are set out on page 2.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going concern**

At the year end the group has net current liabilities of £2,188,929 (2015: £2,510,133). The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of at least twelve months from approval of these accounts, as they have reviewed the cashflows and there is bank funding in place where necessary. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 September 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

#### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102 in respect of its separate financial statements:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented for the company.
- (d) Disclosures in respect of share-based payments have not been presented for the company.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel for the company.



# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 3. Accounting policies *(continued)*

#### Consolidation

The financial statements consolidate the financial statements of Highfield School (Liphook) Limited and all of its subsidiary undertakings. Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those of the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information.

#### Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Fees received in respect of future school terms are deferred and included in creditors. Deposits are included in creditors until they are due to be returned.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 3. Accounting policies *(continued)*

#### Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Plant & machinery	-	5% straight line
Fixtures & Fittings	-	25%, 10% & 5% Straight Line
Swimming Pool Complex	-	10% & 2% Straight Line
Other assets	-	10%, 20% & 33% Straight Line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

# **Highfield School (Liphook) Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 August 2016**

### **3. Accounting policies *(continued)***

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 3. Accounting policies *(continued)*

#### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

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 group after deducting all of its liabilities.

#### *Financial assets and liabilities*

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Equity instruments*

Equity instruments issued by the group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### *Trade and other debtors*

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

#### *Trade and other creditors*

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 3. Accounting policies *(continued)*

#### Defined contribution plans

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The school also contributes to the Teachers' Pension Benefits Scheme at rates set by the scheme actuary and advised to the school by the scheme administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS 102 the scheme is accounted for as a defined contribution scheme and contributions are accounted for when advised as due by the scheme administrator.

### 4. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	2,781	11,193
Provision of educational services	8,234,446	7,782,968
Grants	46,288	52,997
	<u>8,283,515</u>	<u>7,847,158</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 5. Other operating income

	2016	2015
	£	£
Rental income	83,599	60,178
Management charges receivable	6,945	5,881
Other operating income	10,899	13,622
	<u>101,443</u>	<u>79,681</u>

### 6. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	373,704	336,350
Gains on disposal of tangible assets	(211)	—
Impairment of trade debtors	<u>(9,600)</u>	<u>11,682</u>

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 7. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>14,600</u>	<u>16,700</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>4,326</u>	<u>4,926</u>

### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Summer School	1	1
Activities & Sports	19	21
Administration	14	14
Management	2	2
Teaching Staff	49	46
Teaching Assistants	50	47
Domestic & Catering	31	28
Finance	4	3
Maintenance & Cleaning	23	21
	<u>193</u>	<u>183</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	3,577,163	3,402,551
Social security costs	300,840	265,051
Other pension costs	397,225	349,747
	<u>4,275,228</u>	<u>4,017,349</u>

The total remuneration for key management personnel was £833,505 (2015: £653,589).

### 9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	97,000	193,500
Company contributions to defined contribution pension plans	15,986	25,239
	<u>112,986</u>	<u>218,739</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>1</u>	<u>2</u>

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 10. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	13,052	12,707
Other interest payable and similar charges	432	726
	<u>13,484</u>	<u>13,433</u>

### 11. Tax on profit on ordinary activities

#### Major components of tax expense

	2016 £	2015 £
<b>Current tax:</b>		
UK current tax expense	115,124	156,479
Adjustments in respect of prior periods	–	11,119
Total current tax	<u>115,124</u>	<u>167,598</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	45,594	51,763
Impact of change in tax rate	(29,740)	(8,826)
Total deferred tax	<u>15,854</u>	<u>42,937</u>
<b>Tax on profit on ordinary activities</b>	<u>130,978</u>	<u>210,535</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 80% (2015: 20.58%).

	2016 £	2015 £
Profit on ordinary activities before taxation	697,123	895,164
Profit on ordinary activities by rate of tax	139,425	184,224
Adjustment to tax charge in respect of prior periods	–	11,120
Effect of expenses not deductible for tax purposes	27,333	26,386
Impact of change in tax rate	(34,806)	(9,957)
Sundry tax adjusting items	(974)	(1,238)
Tax on profit on ordinary activities	<u>130,978</u>	<u>210,535</u>

### 12. Profit for the year of the parent company

The profit for the financial year of the parent company was £721,811 (2015: £758,564).

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 13. Tangible assets

Group	Freehold Property £	Plant and machinery £	Fixtures and fittings £	Swimming pool complex £	Other assets £	Total £
<b>Cost</b>						
At 1 Sep 2015	6,687,580	1,171,119	911,506	1,503,499	629,395	<b>10,903,099</b>
Additions	1,361,069	23,179	78,723	—	42,423	<b>1,505,394</b>
<b>At 31 Aug 2016</b>	<b>8,048,649</b>	<b>1,194,298</b>	<b>990,229</b>	<b>1,503,499</b>	<b>671,818</b>	<b>12,408,493</b>
<b>Depreciation</b>						
At 1 Sep 2015	1,188,134	203,260	657,019	287,275	474,029	<b>2,809,717</b>
Charge for the year	142,712	64,929	71,187	30,661	64,215	<b>373,704</b>
<b>At 31 Aug 2016</b>	<b>1,330,846</b>	<b>268,189</b>	<b>728,206</b>	<b>317,936</b>	<b>538,244</b>	<b>3,183,421</b>
<b>Carrying amount</b>						
<b>At 31 Aug 2016</b>	<b>6,717,803</b>	<b>926,109</b>	<b>262,023</b>	<b>1,185,563</b>	<b>133,574</b>	<b>9,225,072</b>
At 31 Aug 2015	5,499,446	967,859	254,487	1,216,224	155,366	<b>8,093,382</b>
<b>Company</b>						
	Freehold Property £	Plant and machinery £	Fixtures and fittings £	Swimming pool complex £	Other assets £	Total £
<b>Cost</b>						
At 1 Sep 2015	6,687,580	85,049	911,506	1,503,499	551,945	<b>9,739,579</b>
Additions	1,361,069	—	78,723	—	42,423	<b>1,482,215</b>
<b>At 31 Aug 2016</b>	<b>8,048,649</b>	<b>85,049</b>	<b>990,229</b>	<b>1,503,499</b>	<b>594,368</b>	<b>11,221,794</b>
<b>Depreciation</b>						
At 1 Sep 2015	1,188,134	49,885	657,019	287,275	461,944	<b>2,644,257</b>
Charge for the year	142,712	4,252	71,187	30,661	58,910	<b>307,722</b>
<b>At 31 Aug 2016</b>	<b>1,330,846</b>	<b>54,137</b>	<b>728,206</b>	<b>317,936</b>	<b>520,854</b>	<b>2,951,979</b>
<b>Carrying amount</b>						
<b>At 31 Aug 2016</b>	<b>6,717,803</b>	<b>30,912</b>	<b>262,023</b>	<b>1,185,563</b>	<b>73,514</b>	<b>8,269,815</b>
At 31 Aug 2015	5,499,446	35,164	254,487	1,216,224	90,001	<b>7,095,322</b>

For the group, other assets comprise motor vehicles with a net book value of £37,452 (2015: £48,092) and computer equipment of £96,122 (2015: £107,274).

For the company, other assets comprise motor vehicles with a net book value of £24,152 (2015: £32,702) and computer equipment of £49,362 (2015: £57,299).

Freehold property with a carrying amount of £6,717,803 (2015: £5,499,446) have been pledged to secure borrowings of the group.

### 14. Investments

The group has no investments.



# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 14. Investments *(continued)*

Company	Shares in group undertakings £
Cost	
At 1 Sep 2015 and 31 Aug 2016	<u>100</u>
Impairment	
At 1 Sep 2015 and 31 Aug 2016	<u>—</u>
Carrying amount	
At 1 Sep 2015 and 31 Aug 2016	<u>100</u>

### Subsidiaries, associates and other investments

The company owns 100% of the issued ordinary share capital of Brookham Energy Limited, a company incorporated in the United Kingdom. The principal activity of Brookham Energy Limited is the production of energy. The registered office of Brookham Energy is Highfield School, Highfield Lane, Liphook, Hampshire, GU30 7LQ.

### 15. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Finished goods and goods for resale	<u>72,415</u>	<u>77,341</u>	<u>72,415</u>	<u>77,341</u>

### 16. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	11,305	9,262	7,515	8,446
Amounts owed by group undertakings	—	—	1,355,983	1,261,129
Prepayments and accrued income	453,713	354,350	450,648	345,823
Other debtors	41,325	5,992	38,620	2,575
	<u>506,343</u>	<u>369,604</u>	<u>1,852,766</u>	<u>1,617,973</u>

### 17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016	2015
	£	£
Cash at bank and in hand	10,084	1,941
Bank overdrafts	(826,811)	(862,047)
	<u>(816,727)</u>	<u>(860,106)</u>

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 18. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	826,811	1,075,936	826,811	1,108,946
Trade creditors	379,704	407,880	363,082	387,919
Accruals and deferred income	884,064	804,352	880,901	800,296
Corporation tax	115,124	156,479	115,124	156,479
Social security and other taxes	95,433	80,239	95,433	80,239
Other creditors	476,635	434,133	476,635	434,133
	<u>2,777,771</u>	<u>2,959,019</u>	<u>2,757,986</u>	<u>2,968,012</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	826,811	1,108,946	826,811	1,108,946

Further details of security on bank loans and overdrafts is provided in note 19.

### 19. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	1,000,000	–	1,000,000	–
Other creditors	586,005	715,110	586,005	715,110
	<u>1,586,005</u>	<u>715,110</u>	<u>1,586,005</u>	<u>715,110</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	1,000,000	Nil	1,000,000	Nil

On 25 November 2011, HSBC Bank Plc issued a first legal charge over the freehold land and buildings known as Highfield School and Brookham School as security for all the company's liabilities due to HSBC Bank Plc.

On 25 November 2011, HSBC Bank Plc also issued a debenture over all present freehold and leasehold property as follows: First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; And First Floating Charge over all assets and undertaking both present and future.

Bank loans include a new loan drawn down during the year of £1,000,000. The loan is repayable in equal instalments over a term of three years. Interest is payable at 1.8% per annum over the Bank of England Base Rate.

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 19. Creditors: amounts falling due after more than one year *(continued)*

Included within creditors: amounts falling due after more than one year is an amount of £46,500 (2015: £67,800) for the group and £46,500 (2015: £67,800) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Amounts which fall due for payment after more than five years from the reporting date relate to pupil deposits.

### 20. Provisions

Group	Deferred tax (note 21) £
At 1 September 2015	297,402
Charge against provision	15,854
<b>At 31 August 2016</b>	<b>313,256</b>
<b>Company</b>	<b>Deferred tax (note 21) £</b>
At 1 September 2015	195,173
Charge against provision	21,427
<b>At 31 August 2016</b>	<b>216,600</b>

### 21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Included in provisions (note 20)	<u>313,256</u>	<u>297,402</u>	<u>216,600</u>	<u>195,173</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Accelerated capital allowances	<u>313,256</u>	<u>297,402</u>	<u>216,600</u>	<u>195,173</u>

### 22. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £397,225 (2015: £349,747).

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 22. Employee benefits *(continued)*

The School participates in the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School.

The School's contributions to the Teachers Pension Scheme in the year were £307,814 (2015: £255,489).

Employer contribution rates from 1 September 2015 to 31 August 2016 increased from 14.1% to 16.48% (including the 0.08% administration levy) with employee rates varying between 7.4% and 11.7%.

The school also runs schemes for its non-teaching staff, which are defined contribution schemes. The School's contributions in the year were £89,411 (2015: £94,258).

The total outstanding contributions at the year end were £47,619 (2015: £45,815). Of this, £36,279 (2015: £35,148) relates to the Teachers Pension Scheme.

### 23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

#### Financial assets that are debt instruments measured at amortised cost

	Group	
	2016	2015
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>21,389</u>	<u>11,203</u>

#### Financial liabilities measured at amortised cost

	Group	
	2016	2015
	£	£
Financial liabilities measured at amortised cost	<u>2,298,168</u>	<u>1,597,341</u>

# Highfield School (Liphook) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2016

### 23. Financial instruments *(continued)*

Financial assets that are debt instruments measured at amortised cost

	2016	2015
	£	£
Trade debtors	11,305	9,262
Cash at bank and in hand	10,084	1,941
	<u>21,389</u>	<u>11,203</u>

Financial liabilities measured at amortised cost

	2016	2015
	£	£
Bank overdrafts	(826,811)	(862,047)
Trade creditors	(379,704)	(407,880)
Bank loans	(1,000,000)	(213,889)
Other creditors	(91,653)	(113,525)
Sales	<u>(2,298,168)</u>	<u>(1,597,341)</u>

The group's expenses in respect of financial instruments are summarised in note 10.

### 24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 25. Reserves

The profit and loss account records retained earnings and accumulated losses.

### 26. Related party transactions

Company

W S Mills, a director of the company, had children being educated at the school during the year.

At the balance sheet date the company owed £91,653 (2015: £113,525) to S Mills, mother of W S Mills. During the year the company paid loan interest of £432 (2015: £726) on the balance of the loan due to S Mills. S Mills paid rent of £21,300 (2015: £19,800) to the company for renting a property within the school grounds.

No further transactions with related parties were undertaken such as are required to be disclosed under FRS 102.

# **Highfield School (Liphook) Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 August 2016**

**27. Controlling party**

The company was under the control of W S Mills.

**28. Transition to FRS 102**

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 September 2014.

No transitional adjustments were required in equity or profit or loss for the year.