

CH

CHEAM SCHOOL EDUCATIONAL TRUST
(A Company Limited by Guarantee)

GOVERNORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2017

Company Registration No. 01843219
Charity Registration No. 290143

haysmacintyre
Chartered Accountants
London

TUESDAY



L6YPL2AO

LD3

30/01/2018

#21

COMPANIES HOUSE

CHEAM SCHOOL EDUCATIONAL TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION

The Board of Governors present their annual report for the year ended 31 August 2017, together with the audited consolidated financial statements for the year, and confirm that they comply with the requirements of the Companies Act 2006 and the Company's Memorandum of Association and the Charities SORP 2005. These financial statements include the results of the School's subsidiary, Cheam Trading Limited.

REFERENCE & ADMINISTRATIVE INFORMATION

Cheam School Educational Trust is a charitable company established in 1984 with the school originally founded in 1645. The Company Registration number is 1843219 and the Charity Registration number is 290143. The liability of its members is limited to £1 each by guarantee. The registered office and principal address of the Company is at Cheam School, Newbury Road, Headley, Berkshire RG19 8LD.

Governors

The School Governors, who are also Charity Trustees, and also any past Governors who served during the year as indicated, are:

Board

R.D. Marsh (appointed Chairman June 2017) ✓
R.D. Boycott (resigned June 2017)
D. K. Tinsley ✓
Mrs S. Scrope
Mrs W. Batchelor
R.H. Moore
J. Leigh
B. J. Reid ✓
Mrs A. E. H. May
R. Hornsby
N. Adams (appointed December 2016)
Mrs E. Dawson (appointed June 2017)

Finance Committee

Key Executives and Professional Advisors

The Head:	M. Harris
The Bursar:	M. S. Smith
Bankers:	National Westminster Bank Plc 30 Market Place Newbury, Berkshire, RG14 5AJ
Solicitors:	Irwin Mitchell LLP Mercantile House 18, London Road Newbury, Berkshire, RG14 1JX
Auditors:	haysmacintyre Chartered Accountants & Statutory Auditors 26 Red Lion Square London, WC1R 4AG

CHEAM SCHOOL EDUCATIONAL TRUST

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by the provisions of the Memorandum and Articles of Association last amended on 28 June 2005.

The Governing Body

The Governing body is elected on the basis of nominations and recommendations received from various sources, with a view to ensuring as wide a mix as possible of relevant expertise. Members usually serve for a term of five years and are eligible to stand for re-election.

Trustee Training

New members to the Board are inducted into the workings of the School, and also the Company as a registered charity, including board policy and procedures. Training courses are organised by the Bursar and are attended as required. A record of training is kept on the members file.

Organisational Management

The Board meets once each term to determine the general policy for the Trust and review its overall management and control, for which they are legally responsible. The Finance Committee meets prior to each Board meeting, specifically to review budgets and accounts, and to make recommendations to the Board.

Organisational Structure and Relationships

The day to day running of the School is delegated to the Head and Bursar who report to the Board each term. The Head is supported by the Senior Management Team which consists of the Deputy and Assistant Headmaster, Director of Studies, Head of Pre-Prep, Head of Juniors, Head of Scholars, Director of Performing Arts, Headmaster's wife and the Bursar. Other specific sub-committees exist to provide a forum for the remainder of the staff.

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

The principal Object of the Charitable Trust, in accordance with its Memorandum and Articles of Association, is the education of boys and girls up to the age of 13.

Objectives for the Year

1. To achieve the highest academic results possible so that all pupils gain entry to the senior school of their choice.
2. Continuous development of existing academic, pastoral, social and sporting activities.
3. To achieve a sound financial base to allow for future development of academic and sporting activities.

Principal Activity

The Trust continues to operate a Preparatory and Pre-Preparatory boarding and day school for both boys and girls from 3 to 13. The fees are set at a level to ensure the financial viability of the School and at a level that is consistent with providing a first class education to boys and girls.

Key management personnel remuneration

Key management personnel remuneration policy is determined by the School's Finance Committee against sector benchmarking and in consideration of other relevant information (i.e. geographical factors). Any revisions to remuneration or remuneration policy are put to the Board for approval.

CHEAM SCHOOL EDUCATIONAL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Equal Opportunities

Our school welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that our School will be able to educate and develop a prospective pupil to the best of their potential. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, race, religion or disability do not form part of our assessment process. The School will make reasonable adjustments to meet the needs of pupils or staff who are or who become disabled.

Community Links

Our School is part of the local community and we are keen to participate in any way that we can. Close relations continue to be fostered between the School and two local primary schools, Ashford Hill and Kingsclere primary schools and two pre-schools, St John's and St Joseph's, Newbury. The school also supports the local village community shop with financial assistance and maintenance when asked. The school continues to contribute to the cost of restoring the spire of St Paul's Church, Ashford Hill and the cost of replacing the children's playground at Ashford Hill Primary School.

Bursaries, allowances & remissions

The Governors view the School's bursary awards as important in helping to ensure children from families, who would otherwise not be able to afford the fees, can access the education the School offers. Bursaries are available to all who meet our general entry requirements and are made only on the basis of parental means or to relieve hardship. The School does not have large endowments or investments to fund any awards and has therefore to ensure that there is a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their children's education and those benefiting from the awards. This year the Trust was able to support a number of pupils (13) through means tested bursaries. Three of the bursaries are worth 100% of the annual fee. The current total value of the bursaries, allowances and remissions reduced the annual fee income by £488,482. The school also provides a 100% scholarship to JLD School of Dancing every year to allow a child from the local community to have professional dancing lessons.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the School

Academic and Pastoral: Total pupil numbers was 393, a decrease of 5 over the previous year with 364 day pupils and 29 full time boarders. Flexi boarding continues to be popular generating £365,745 of income versus last year's income of £373,184. All pupils passed their Common Entrance exam into a senior school of their choice. In addition scholarships were awarded by senior schools to 17 of them. The school supports a pupil at the JLD School of Dancing with their tuition fees. The School supports a pupil (Benandert Lubasi) at the Tongabezi Trust School, Zambia.

Facilities: The Governors are satisfied that the school's facilities now offer a broad range of educational facilities to children of all academic ability and interests. The School, as a matter of course, continues to invest considerable funds in the maintenance of existing facilities and infrastructure. As part of the ongoing development plan the Governors have identified the need for an all-weather sports pitch. Plans have been approved by the local authorities and the project is well under way with a finish date of 1 November 2017. Two new classrooms have also been built and will be occupied in September 2017.

Public Benefit: The purpose of the school is the advancement of education for boys and girls from the age of three to thirteen in accordance with the Memorandum and Articles of Association. The school receives no funding from the state and is therefore obliged to charge fees to its customers (the parents) to cover the remuneration of its staff, operating costs and the maintenance costs both present and in the future associated with the upkeep of the school's fabric and facilities.

The Trustees aim to ensure that the school's quality of education offered and the facilities that it possesses should be, wherever possible and without detriment to its existing customers, of benefit to the public and in particular the local community. The document 'Cheam in the Community' published by the Headmaster in 2005 and updated annually shows in

CHEAM SCHOOL EDUCATIONAL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR (continued)

detail how this is achieved ranging at the top of the public benefit scale from giving 100% bursaries to gifted children from the local community whose parents do not have the ability to pay the fees to allowing local clubs and other organisations the use of the School's facilities free of charge.

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging. The Trustees acknowledge the guidance and will strive, wherever it is reasonably possible, to follow it.

The following public organisations have benefited from the use of the School's facilities as an entertainment or sporting venue free of charge; Kingsclere Old Peoples' Home, Headley Community Shop, Kingsclere-Ecchinswell and Ashford Hill Youth Cricket Club, Headley Brownies & Scouts, Hampshire North County Girl Guides.

The following organisations and charities have benefited from donations by the School or by fundraising events held at the School: Young Art at the Royal College of Art, The 500 Club North Hampshire Medical Fund, MOVE, Daisy's Dream, Ashford Hill Primary School, Macmillan Cancer Research, Samaritan's Purse, Kids for Kids, and Guide Dogs for the Blind.

The School has contributed to the funds and assisted the local community of Headley village in keeping Headley Community Shop and Village Post Office open and continues to do so. The school also assists with the upkeep of the grounds. The School supports and donates to the maintenance fund of the two local parish churches in Ashford Hill and Headley. The school assisted with and donated to the Ashford Hill Primary school fete.

The School continues to assist Ashford Hill Primary school and St John's Pre School with minibus transport when required. Kingsclere Primary School has benefited with the services of the school's Head of Music who provides music lessons to pupils at the school.

FINANCIAL REVIEW

The financial results for the year are shown in the statement of financial activities on Page 8 which shows net income, before transfers, of £309,649 (2016: £90,237). Included within this result is a loss of £25,284 (2016: £nil) attributable to the School's subsidiary, Cheam Trading Limited.

Investment performance

The Trust invests cash funds at variable rates of interest with the Bank. The Trust has invested in two properties for which it charges a rent.

Fundraising performance

Donations totalling £27,556 (2016: £3,740) have been received in the year towards development fund from parents and past pupils. Additionally other funds were raised from lettings and on-site activity camps during the year

CHEAM SCHOOL EDUCATIONAL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW (Continued)

Reserves Policy

Reserves at 31 August 2017 totalled £9,403,805 (2016: £9,094,156), of which £8,423,968 were unrestricted (excluding the Development Fund and Cheam Bursary Funds). After deducting amounts applied towards fixed assets totalling £11,073,857 and the related secured loan of £1,350,000 the level of free reserves is (£1,582,317) compared to (£977,000) in 2016.

The Trust initiated the '*Cheam Bursary Fund*' in August 2004 to enable it to offer an academic bursary to a disadvantaged child from the local community. The fund stood at £460,912 at 31 August 2017 having raised money in the year from donations from parents and past pupils to top up the amounts previously raised by the School. Bursaries totalling £nil were granted from the fund in the year.

The reserves policy of the School has been based on the School's objectives. Its main features are:

- a) To achieve a margin of working capital sufficient to enable all aspects of the School's work to be conducted in an orderly and efficient manner and to deal with the managements of the School's buildings and maintenance programme.
- b) To provide resources to fund the School to provide cover for unexpected or unavoidable items of expenditure, which cannot be funded from current income.

In order to meet the criteria in (a) and (b) above, the Trustees have instigated a policy of transferring at least £30,000 per term into a 'Reserves' fund. The Trustees intention is to have a substantial fund (£500,000) within five years.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board continues to keep the School's activities under review and consider the major risks faced in each of the principal areas of the School's operations. In the opinion of the Board the School has established resources and review systems which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations.

In particular the Trustees have identified the major risks as being;

Dramatic fall in pupil numbers: strategies and plans are in place to ensure the school remains an attractive option for future parents both academically and in the provision of excellent facilities. However, the Trustees recognise that the reputation of a school can be destroyed through the actions of others both past and present in a very short time and could result in a dramatic loss of pupils. To mitigate these risks the School ensures appropriate policies are in place, which are regularly reviewed by the Trustees and procedures are monitored by Governors. The Trustees have also ensured that there is appropriate training undertaken by all staff and good communication among staff, parents and Trustees.

Withdrawal of loan financing: should such an event occur the Trustees have enough capital funds to repay the loan in its entirety.

Catastrophic business interruption: insurance is in place to offset the effects of the interruption and provide alternative means for teaching and learning.

Loss of 'key player': insurance is in place to offset the financial effects of the loss of a key player until a replacement can be recruited.

FUTURE PLANS

The Governors' objectives and strategies are reviewed every year. The majority remain unchanged and they continue to ensure, through sound financial diligence, that the school continues to be a market leader through the provision of modern facilities and first class teaching staff. The existing business plan was reviewed by the Governors' and they have published their plan to carry them forward for the next five years. Mr Martin Harris took up the appointment of Headmaster on 1 September 2016 following the retirement of Mark Johnson and his wife after 18 years' service to the School.

CHEAM SCHOOL EDUCATIONAL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the result of the Trust for that period. In preparing financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the principles and methods of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the Trust will continue in business.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregular activities.

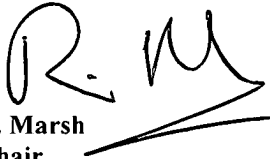
So far as each of the Governors is aware at the time the report is approved:

- There is no relevant audit information of which the Trust's auditors are unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

AUDITORS

A resolution proposing the re-appointment of haysmacintyre as auditors of the Trust from 1 September 2017 will be approved by the Governors.

The Governors' statement, incorporating the Strategic Report is hereby approved on behalf of the Governors on 25th November 2017:


R. Marsh
Chair

25th November 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CHEAM SCHOOL EDUCATIONAL TRUST

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of the charitable company's net movement in funds, including the 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.

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.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEAM SCHOOL EDUCATIONAL TRUST**

Other information

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

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

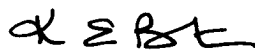
- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has 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 Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

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



Kathryn Burton
Senior Statutory Auditor
for and on behalf of haysmacintyre
Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

Date: 25th November 2017

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

CHEAM SCHOOL EDUCATIONAL TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2017

INCOME AND EXPENDITURE	Notes	General Unrestricted Fund 2017 £	Bursary Fund 2017 £	Development Fund 2017 £	Other Funds 2017 £	Bursary Fund Total 2017 £	Funds Total 2016 £
INCOME FROM:							
Income from charitable activities							
Tuition fees	1	7,302,861	-	-	-	7,302,861	7,229,211
Disbursements and extras		76,372	-	-	-	76,372	79,380
Other educational income	2	17,305	-	-	-	17,305	16,344
Investments							
Interest receivable	4	2,002	426	522	-	2,950	5,176
Voluntary sources							
Donations and appeal income	5	-	-	12,880	14,676	27,556	3,740
Other incoming resources							
Other income		13,605	-	-	-	13,605	9,810
Trading income	3	34,985	-	-	-	34,985	-
		<u>7,447,130</u>	<u>426</u>	<u>13,402</u>	<u>14,676</u>	<u>7,475,634</u>	<u>7,343,661</u>
EXPENDITURE ON:	6						
Raising funds							
Finance costs		61,896	-	-	-	61,896	75,231
Prepaid fee discount		26,980	-	63	-	27,043	32,400
Trading expenditure	3	60,293	-	-	-	60,293	-
Charitable activities							
<i>School operating costs</i>							
Teaching costs		3,864,805	-	-	-	3,864,805	4,117,136
Welfare		1,127,543	-	-	-	1,127,543	1,080,778
Premises		1,138,153	-	-	-	1,138,153	1,088,716
Support costs of schooling		885,032	-	-	-	885,032	835,497
Grants		-	-	-	1,220	1,220	23,666
		<u>7,164,702</u>	<u>-</u>	<u>63</u>	<u>1,220</u>	<u>7,165,985</u>	<u>7,253,424</u>
Net income before transfers		282,428	426	13,339	13,456	309,649	90,237
Transfers between funds		-	-	-	-	-	-
Net income after transfers		282,428	426	13,339	13,456	309,649	90,237
Balance brought forward		8,141,540	460,486	446,774	45,356	9,094,156	9,003,919
Balance carried forward		<u>£8,423,968</u>	<u>£460,912</u>	<u>£460,113</u>	<u>£58,812</u>	<u>£9,403,805</u>	<u>£9,094,156</u>

All activities are continuing. All the funds are unrestricted apart from the Development Fund and the Other Funds, comprising the Learning Support Fund and the Grand Piano Fund. No summary income and expenditure account has been prepared because this information is clearly identified in the above statement.

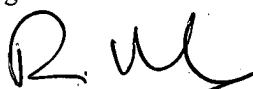
The accompanying notes are an integral part of the accounts. The results of the parent company are not presented in accordance with exemptions provided by the Companies Act (2006). The result for the year was £339,934 (2016: £90,237).


CONSOLIDATED AND CHARITY BALANCE SHEET

AS AT 31 AUGUST 2017

		Group		School	
	Notes	2017 £	2016 £	2017 £	2016 £
FIXED ASSETS					
Tangible fixed assets	10	11,073,857	10,768,540	11,073,857	10,768,540
Investments	11	-	-	1	1
CURRENT ASSETS					
Debtors -					
Fees and extras in arrears		37,909	24,887	37,909	24,887
Other debtors, stocks and prepayments		207,011	179,439	194,995	179,438
Amounts owed by group undertakings		-	-	37,676	-
Cash and cash equivalents		2,258,359	2,613,053	2,257,983	2,613,053
		<u>2,503,279</u>	<u>2,817,379</u>	<u>2,528,563</u>	<u>2,817,378</u>
CREDITORS - due within one year					
Fees received in advance		(506,672)	(443,057)	(506,672)	(443,057)
Prepaid fees	12	(1,360,720)	(1,720,701)	(1,360,720)	(1,720,701)
Other creditors	13	(955,939)	(678,005)	(955,939)	(678,005)
Bank loan	14	(300,000)	(300,000)	(300,000)	(300,000)
		<u>(3,123,331)</u>	<u>(3,141,763)</u>	<u>(3,123,331)</u>	<u>(3,141,763)</u>
NET CURRENT LIABILITIES		(620,052)	(324,384)	(594,768)	(324,385)
CREDITORS - Due after one year	14	(1,050,000)	(1,350,000)	(1,050,000)	(1,350,000)
TOTAL ASSETS LESS LIABILITIES		<u>£9,403,805</u>	<u>£9,094,156</u>	<u>£9,429,090</u>	<u>£9,094,156</u>
UNRESTRICTED FUNDS					
<i>Designated fund</i>					
General Fund	16	8,423,968	8,141,540	8,449,254	8,141,540
Cheam Bursary Fund	17	460,912	460,486	460,911	460,486
Development Fund	18	460,113	446,774	460,113	446,774
Learning Support Fund	19	58,812	45,356	58,812	45,356
		<u>£9,403,805</u>	<u>£9,094,156</u>	<u>£9,429,090</u>	<u>£9,094,156</u>

The financial statements were approved and authorised for issue by the Board of Governors on 25 November 2017 and were signed below on its behalf by:


R. D. Marsh, Chairman


D. K. Tinsley, Governor

The accompanying notes are an integral part of the accounts.

CHEAM SCHOOL EDUCATIONAL TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	2017	2016
	£	£
Cash flow from operating activities		
Net income for the year	309,649	90,237
Depreciation	345,000	334,500
Interest receivable	(2,951)	(5,176)
Interest paid	61,896	75,231
(Increase)/decrease in debtors	(40,593)	(55,958)
Increase/(decrease) in creditors	341,549	174,523
	<u>1,014,550</u>	<u>613,357</u>
Cash flow from investing activities		
Interest received	2,951	5,176
Purchase of fixed assets	(650,318)	(386,046)
	<u>(647,367)</u>	<u>(380,870)</u>
Cash flows from financing activities		
Bank loan repayments	(300,000)	(300,000)
Increase/(decrease) in prepaid fees (net)	(359,981)	(194,721)
Interest paid	(61,896)	(75,231)
	<u>(721,877)</u>	<u>(569,952)</u>
Increase/(decrease) in cash and cash equivalents	<u>(354,694)</u>	<u>(337,464)</u>
Cash and cash equivalents as at 1 September 2016	<u>2,613,053</u>	<u>2,950,518</u>
Cash and cash equivalents as at 31 August 2017	<u><u>£2,258,359</u></u>	<u><u>£2,613,053</u></u>

ACCOUNTING POLICIES

ACCOUNTING POLICIES

Cheam School Educational Trust is a charitable company incorporated in England and Wales. Further company information can be found on page 1.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2017), the Companies Act 2006 and FRS 102 the financial reporting standard applicable in the UK and the Republic of Ireland. The accounts present the consolidated statement of financial activities (SOFA), the consolidated statement of cash flows and the consolidated and school balance sheets comprising the consolidation of the school and with its wholly owned subsidiary Cheam Trading Limited. No separate SOFA has been presented for the school alone, as permitted by Section 408 of the Companies Act 2006.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

b) Fees receivable and similar income

Tuition fees are stated after deducting allowances for awards and other remissions. Other educational income comprises income from school outings, activities and other related income. These sources of income are included in the accounts when they become receivable and their value can be measured with reasonable probability.

c) Expenditure

Charitable activity costs comprises all expenditure directly related to the objects of the school including direct staff costs attributable to each activity. Support costs included within the charitable activity comprise the costs of all resources utilised to directly support the school's primary activities.

Governance costs are those costs incurred in connection with the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

d) Pension costs

The Trust contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board 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 therefore, the scheme is accounted for as a defined contribution scheme. Please also see Note 13 on page 18.

All non-teaching staff are members of a defined contribution scheme, where required by pursuant legislation, which complies with the requirements for a stakeholder pension scheme.

CHEAM SCHOOL EDUCATIONAL TRUST

YEAR ENDED 31 AUGUST 2017

ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

e) Fixed assets

All items of a capital nature with a value of over £1,000 are capitalised. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purposes are:

Freehold land	Freehold land is not depreciated
Freehold buildings	2%
Furniture, fixtures and equipment	10%
Computers	25%
Motor vehicles	20%

Freehold improvements include any capital expenditure relating to land and buildings which is believed not to have a useful economic life of 50 years.

f) Financial Instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

g) Operating Leases

Rental charges are charged on a straight line basis over the term of the lease.

h) Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due.

i) Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

j) Creditors and Provisions

Creditors and provisions are recognised where the School has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

k) Fund accounting

The funds of the School are accounted for as unrestricted or restricted income, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded.

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

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

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS

YEAR ENDED 31 AUGUST 2017

l) Critical sources of estimation uncertainty and accounting judgements

The governors consider there to be the following key sources of estimation uncertainty and have therefore applied judgement:

Useful lives of fixed assets

The useful lives over which fixed assets are depreciated are estimated by reference to historical experience of the times assets are retained and utilised by the school.

m) Employee benefits

Employee benefits are accounted for in the period in which the employee's services were provided.

n) Employee termination payments

Employee termination payments are accounted for in the period in which the employee ceased employment with the School.

1. CHARITABLE ACTIVITIES	2017 £	2016 £
Fees receivable consist of:		
Boarding and tuition fees	7,798,730	7,657,176
Less scholarships, bursaries and remissions given	(495,869)	(427,965)
	<u>£7,302,861</u>	<u>£7,229,211</u>
2. OTHER ANCILLARY INCOME	2017 £	2016 £
Registration fees	4,246	5,638
Other	13,059	10,706
	<u>£17,305</u>	<u>£16,344</u>
3. NET EXPENSE IN TRADING SUBSIDIARY	2017 £	2016 £
Turnover	34,985	-
Administrative expenditure	(60,293)	-
Net Profit	(25,308)	-
Bank Interest Received	24	-
	<u>(25,284)</u>	<u>-</u>
Retained in subsidiary	<u>£(25,284)</u>	<u>£ -</u>
4. INTEREST RECEIVABLE	2017 £	2016 £
Bank interest	<u>£2,950</u>	<u>£5,176</u>
5. DONATIONS AND APPEAL INCOME	2017 £	2016 £
Donations received	27,556	3,740
Tax recovered on gift aided donations	-	-
	<u>£27,556</u>	<u>£3,740</u>

Donations received are in respect of the School's development plan and bursary fund.

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

6. OTHER INCOME	2017 £	2016 £
Rent and lettings	5,514	8,165
Miscellaneous	8,091	1,645
	<u>£13,605</u>	<u>£9,810</u>

7. ANALYSIS OF EXPENDITURE	Staff Costs £	Other £	Depreciation £	Total £
Cost of generating funds				
Finance costs	-	61,896	-	61,896
Prepaid fee discount	-	27,043	-	27,043
School operating costs				
Teaching	3,529,586	290,219	45,000	3,864,805
Welfare	622,432	505,111	-	1,127,543
Premises	383,031	455,122	300,000	1,138,153
Support	441,133	443,899	-	885,032
Grants	-	1,220	-	1,220
Trading expenditure	-	60,293	-	60,293
Total resources expended	<u>£4,976,182</u>	<u>£1,844,803</u>	<u>£345,000</u>	<u>£7,165,985</u>

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

8. STAFF COSTS	2017 £	2016 £
Wages and salaries	4,176,784	4,427,788
Social security costs	396,814	406,124
Pension contributions	402,584	406,369
	<u>£4,976,182</u>	<u>£5,240,281</u>
The average number of employees in the year was:	No.	No.
Teaching	93	97
Others	72	73
	<u>165</u>	<u>170</u>
The number of employees whose emoluments exceeded £60,000		
£60,000 - £70,000	3	4
£70,000 - £80,000	-	-
£80,000 - £90,000	1	1
£90,000 - £100,000	2	1
£100,000 - £110,000	-	1
£150,000 - £160,000	-	-
£200,000 - £210,000	-	1

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £319,971 (2016: £351,348). At the year end £45,621 was outstanding (2016: £48,833).

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015.

The Department of Education has also devolved the scheme administration costs to scheme employers in the form of an administration charge of 0.08% of the employers' salary costs which has resulted in a total employer payment rate of 16.48%. The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2017. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

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

Incorporated Association of Preparatory Schools Retirement

The School also participates in a defined contribution scheme with the Incorporated Association of Preparatory Schools Retirement Plan for teachers and non-teachers. During the year, £55,019 (2016: £53,290) was recognised as an expense in the Statement of Financial Activities.

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

8. STAFF COSTS (continued)

None of the Governors received any remuneration. No trustees were reimbursed for out of pocket expenses (2016: £NIL). The school has purchased Governor's liability insurance. As the premium is included with other insurance costs, it is not separately identifiable.

Key management personnel remuneration in the year was £352,094 (2016: £519,126).

9. RESOURCES USED	2017 £	2016 £
Resources used include (excluding VAT):		
Operating lease payments	123,950	95,365
Auditor's remuneration - Audit	11,750	12,250
- Other services	2,500	1,200
Depreciation	345,000	334,500

10. TANGIBLE FIXED ASSETS:

The movements of tangible fixed assets are as follows:

Group and School	Freehold land and freehold buildings £	Furniture, fittings and equipment £	Motor vehicles and garden equipment £	Computers £	Total £
COST OR VALUATION					
At 1 September 2016	12,753,100	845,847	163,110	368,240	14,130,297
Additions	463,073	141,477	9,284	36,483	650,317
At 31 August 2017	13,216,173	987,324	172,394	404,723	14,780,614
DEPRECIATION					
At 1 September 2016	2,548,402	518,878	113,595	180,882	3,361,757
Charge for the year	240,000	24,000	36,000	45,000	345,000
At 31 August 2017	2,788,402	542,878	149,595	225,882	3,706,757
NET BOOK VALUE					
At 31 August 2017	£10,427,771	£444,446	£22,799	£178,841	£11,073,857
At 31 August 2016	10,204,698	326,969	49,515	187,358	10,768,540

11. INVESTMENT IN SUBSIDIARY (CHARITABLE COMPANY ONLY)

The Charitable Company has an investment in a subsidiary undertaking which comprises a holding of 1 ordinary share of £1, being the whole of the issued share capital of Cheam Trading Limited (formerly Cheam Asia Limited), a company registered in England.

The results of the Cheam Trading Limited are presented in note 3. As at 31 August 2017, the company had net liabilities of £25,284 (2016: £nil).

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

12. PREPAID FEES

The movement on the prepaid fees scheme during the year were as follows:

	Group and School	
	2017	2016
	£	£
Balance at 1 September 2016	1,720,701	1,915,422
New contracts	135,294	352,002
Amount accrued to contracts	26,367	31,376
	<u>1,882,362</u>	<u>2,298,800</u>
Amounts utilised in payment of fees	(521,642)	(578,099)
Balance at 31 August 2017	<u><u>£1,360,720</u></u>	<u><u>£1,720,701</u></u>

Assuming pupils remain with the School, prepaid fees will be applied as follows:

	2017	2016
	£	£
Within one year	404,230	558,810
Between two and five years	852,017	911,232
After five years	104,473	250,659
	<u>£1,360,720</u>	<u>£1,720,701</u>

13. OTHER CREDITORS: - Due within one year

	Group		School	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	121,086	91,567	121,086	91,567
Payroll taxes and social security	101,976	143,643	101,976	143,643
Other creditors	453,565	430,795	453,565	430,795
Accruals	279,312	12,000	279,312	12,000
	<u>£955,939</u>	<u>£678,005</u>	<u>£955,939</u>	<u>£678,005</u>

14. BANK LOAN

	Group and School	
	2017	2016
	£	£
Due:		
- between one and two years	300,000	300,000
- between two and five years	750,000	900,000
- more than five years	-	150,000
	<u>1,050,000</u>	<u>1,350,000</u>
Creditors due within one year	300,000	300,000
	<u><u>£1,350,000</u></u>	<u><u>£1,650,000</u></u>

The above loan, which is secured on the school's freehold property, consists of £675,000 which bears interest at 2.3% over base rate and £675,000 which bears interest at a fixed rate of 5.18%. The loans are repayable over seven years, and commenced February 2013.

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

15. FINANCIAL INSTRUMENTS	Group and School	
	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	£37,909	£24,887
Financial liabilities measured at amortised cost	£1,924,651	£2,172,363

Financial assets include fee debtors and extras due in arrears.

Financial liabilities include bank loans, trade creditors and other creditors.

16. GENERAL FUNDS

General funds can be applied to the School's operations at the discretion of the governors.

17. CHEAM BURSARY FUND

The movements on the Bursary Fund consist of donations, investment income and transfers from the General Fund less bank charges. The Fund is being built up for the award of bursaries and scholarships.

18. DEVELOPMENT FUND

The movements on the Development Fund consist of donations and investment income less fundraising costs and bank charges which will be used for future capital projects.

OTHER FUNDS

19. LEARNING SUPPORT FUND

The fund consists of donations of £60,000 which are being used for learning support. £6,997 was spent during the year.

20. ALLOCATION OF CONSOLIDATED NET ASSETS BY FUND

	Fixed assets	Net current assets/ (liabilities)	Creditors: due after one year	Total
	£	£	£	£
General Fund	11,073,857	(1,599,889)	(1,050,000)	8,423,968
Development Fund	-	460,113	-	460,113
Cheam Bursary Fund	-	460,912	-	460,912
Learning Support Fund	-	58,812	-	58,812
	<u>£11,073,857</u>	<u>£(620,052)</u>	<u>£(1,050,000)</u>	<u>£9,403,805</u>

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

21. TAXATION

The company is a registered charity and no taxation is payable on its income applied to its charitable objects.

22. OPERATING LEASE COMMITMENTS

The School has the following total operating lease commitments due as follows:

	Group and School	
	2017	2016
	£	£
Less than one year	119,924	123,950
Two to five years	259,966	354,627
After five years	-	7,386
	<u>£379,890</u>	<u>£485,963</u>

23. CAPITAL COMMITMENTS

The School had no capital commitments at year end.

24. RELATED PARTY DISCLOSURES

Cheam Trading Limited, the wholly owned subsidiary of Cheam School Education Trust, used the services of Taylor Wessing in the year. Richard Marsh, a Governor of the School, is a consultant at Taylor Wessing but was not involved in the services provided.

Three Trustees have children at the school and pay fees in line with other parents.

CHEAM SCHOOL EDUCATIONAL TRUST

NOTES TO ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 2017

25. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

INCOME AND EXPENDITURE	Notes	General Unrestricted Fund 2016 £	Bursary Fund 2016 £	Development Fund 2016 £	Other Funds 2016 £	Total 2016 £
INCOME FROM:						
Income from charitable activities						
Tuition fees	1	7,229,211	-	-	-	7,229,211
Disbursements and extras		79,380	-	-	-	79,380
Other educational income	2	16,344	-	-	-	16,344
Investments						
Interest receivable	3	3,493	874	809	-	5,176
Voluntary sources						
Donations and appeal income	4	-	-	3,740	-	3,740
Other incoming resources						
Other income	5	9,810	-	-	-	9,810
		<u>7,338,238</u>	<u>874</u>	<u>4,549</u>	<u>-</u>	<u>7,343,661</u>
EXPENDITURE ON:	6					
Raising funds						
Finance costs		75,231	-	-	-	75,231
Prepaid fee discount		32,318	-	82	-	32,400
Charitable activities						
<i>School operating costs</i>						
Teaching costs		4,117,136	-	-	-	4,117,136
Welfare		1,080,778	-	-	-	1,080,778
Premises		1,088,716	-	-	-	1,088,716
Support costs of schooling		835,497	-	-	-	835,497
Grants		-	16,669	-	6,997	23,666
		<u>7,229,676</u>	<u>16,669</u>	<u>82</u>	<u>6,997</u>	<u>7,253,424</u>
Net income before transfers		108,562	(15,795)	4,467	(6,997)	90,237
Transfers between funds		-	-	-	-	-
Net income after transfers		108,562	(15,795)	4,467	(6,997)	90,237
Balance brought forward		8,032,978	476,281	442,307	52,353	9,003,919
Balance carried forward		<u>£8,141,540</u>	<u>£460,486</u>	<u>£446,774</u>	<u>£45,356</u>	<u>£9,094,156</u>