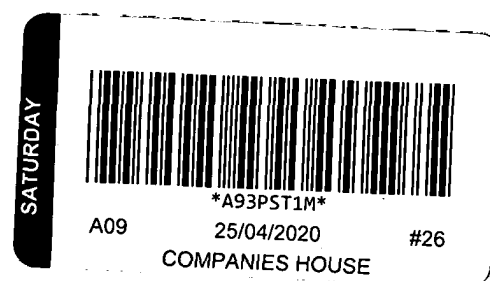


# UCS PRE-PREP LIMITED

**UCS**  
PRE-PREP



## **ANNUAL REPORT AND FINANCIAL STATEMENTS for the year ended 31 August 2019**



Charity Number 1098657  
Company Registered Number 02873102

**UCS PRE-PREP LIMITED**  
**FINANCIAL STATEMENTS**  
**for the year ended 31 August 2019**

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# **UCS PRE-PREP LIMITED**

## **TRUSTEES, OFFICERS AND ADVISERS**

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### **Status and administration**

The School is a charitable company limited by shares incorporated in England and Wales, company registration number 02873102, and was registered with the Charity Commission on 21 July 2003, number 1098657.

### **Parent entity**

The whole of the issued share capital of UCS Pre-Prep Limited was acquired on 12 November 2002 by University College School, Hampstead, a registered charity, number 312748. The financial results of UCS Pre-Prep are consolidated within the financial statements of the entity, University College School, Hampstead, and more information on the activities of the Group are included in those accounts. Copies of those accounts may be obtained from University College School, Hampstead at the registered office.

### **Directors**

The Directors and Trustees who served during the year and to the date of this report were as follows:

N R Gullifer, MA

E A Bingham, OBE, MIPA, MABRP, DBA

**Headmistress:** Dr Z Dunn PHD, PHQ, B Ed

**Company Secretary:** N Mugridge (appointed 1 February 2019)  
N Stock BSc (resigned 31 January 2019)

### **Registered office**

University College School  
Frognaal  
London  
NW3 6XH

**TRUSTEES, OFFICERS AND ADVISERS (continued)**

**Business address**

UCS Pre-Prep Limited  
36 College Crescent  
London  
NW3 5LF

**Bankers**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

**Solicitors**

Veale Wasbrough Vizards LLP  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4QA

**Independent Auditor**

RSM UK Audit LLP  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Bucks  
MK9 1BP

**Insurance Broker**

Marsh Limited

1 Tower Place West

Tower Place

London

EC3R 5BU

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

The Charity Trustees, who are also Directors of the company for the purposes of the Companies Act 2006, present their annual report and financial statements for the year ended 31 August 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

**Objectives and Activities****Objectives**

The principal Object of the Charity is the advancement of education. Until 31 December 2018 this was achieved by the operation of the UCS Pre-Prep School in Hampstead, London. With effect from that date, the operations, activities and finances of UCS Pre-Prep were transferred to the parent charity, University College School, Hampstead. The principal purpose of the parent charity UCS is to promote the education of boys or, at the Governors' discretion, of boys and girls, by the provision of a school or schools. The trustees believe that this is in the best interests of UCS Pre-Prep as it allows the school to better align itself with the operations of the overall UCS Foundation, bringing efficiencies and potential expenditure savings.

The trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Charity's objectives and activities.

**Aims and intended impact**

Until 31 December 2018, the Charity aimed to provide a broad pre-preparatory school education incorporating the normal curriculum together with drama, art and music, and to foster in the children a sense of community alongside a tolerance of and respect for the individual. With this latter in mind, particular attention was paid to endeavour for the wider good of society and examples of such activity are included under "Achievements and Performance" below.

On 1 January 2019 the Charity's activities ceased.

**Benefit to the Community**

The School educated 94 children at no cost to the state, thereby saving considerable sums to the Government.

The School delivered academic standards which were well above the national average and which demonstrated excellent added value.

The School provided significant funding to University College School, Hampstead ("UCS") enabling that charity to advance education, increase inclusion and to develop facilities that are available to the local community.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

During the period to 31 December 2018, the School was actively engaged in charitable work in the local community which benefited not only the community but those pupils engaged in the work (by developing social responsibility). In this regard the Board is grateful to the UCS Pre-Prep Parents' Guild, which has reinforced its position as a purposeful and generous organisation that helps and supports the School and the wider community in a variety of ways.

**Principal Activities in the Year**

The School provided pre-preparatory education to some 94 boys and girls aged 4 to 7 (2018 – 100). In response to demand, and as part of a strategic review, the Pre-Prep moved to 4-7 boys-only entry in September 2017. On 31 December 2018, the activities, operations and finances of the Pre-Prep were transferred to those of its parent, University College School, Hampstead. Those two changes have enabled the School to better align with the other schools within the UCS Foundation.

**Achievements and Performance**

These comments refer to the complete academic year, 2018-19, eight months of which has been accounted for in the parent, UCS, Hampstead.

At 7+ pupils were successful in attaining places at their first choice schools. These schools included: UCS Junior Branch, Highgate, Haberdashers Aske, Heathside Academy, and, South Hampstead High School for Girls.

From observation and baseline assessment on entry to Reception we judge that most of the pupils' attainment is above national expectations in relation to the age related bands. By the end of the Foundation Stage children are achieving above national expectations with 100% of pupils achieving a good level of development compared with 70% nationally (65.9% for boys).

- Percentage of children achieving a good level of development (GLD) in 2019 was 100%.
- 100% achieved an 'exceeding' score in at least one area.
- 100% of EAL pupils gained a GLD and 100% achieved exceeding in at least one area

100% of SEND pupils gained a GLD and 100% achieved exceeding in at least one area

The school's tracking system highlights skills in five ways: exceeding, meeting, secure, developing and emerging. Due to the shift in assessing mastery of skills, it is expected that some younger children will take longer to move from Emerging to Developing.

**Year 2 Mathematics**

- 86% boys achieved meeting and above compared with 61% in 2018
- 100% girls achieved meeting and above
- 100% of pupils with EAL achieved meeting and above and 75% exceeding

Year 2 Writing

- 100% of girls achieved meeting and above
- 86% boys achieved meeting and above
- 100% of EAL pupils achieved secure or above with 75% exceeding

Year 2 Reading

- 100% of girls achieved exceeding
- 100% boys achieved meeting and above with 75% exceeding
- 100% of EAL pupils secure and above with 75% exceeding

Pastoral care continues to be a strength of the school and the relationships between staff, pupils and parents remain very positive. Building on our wellbeing initiatives, the Pre-Prep has introduced a mindfulness programme this autumn where boys will learn some basic meditation and mindfulness techniques through their mindful moments. Staff all had mindfulness and meditation training in August to support the development of the programme for the pupils.

Pupil Questionnaires, in addition to group conversations, were carried out in June 2019 and highlighted that 100% feel safe in school.

Year 2 pupils reported that they are overwhelmingly happy with their experience at school:

- 100% thought lessons were interesting and fun
- 100% know who to talk to if they needed help or were hurt
- 100% know how to keep safe online
- The best things about Year 2 were having lots of friends, being House Captains, trips teachers and the topics!

Year 1 pupils also reported that they are happy with their experiences and enjoyed coming to school:

- 100% feel well looked after if ill
- 100% said teachers were kind and fair
- 100% know how to get help from teachers to improve their work
- 100% enjoyed Year 1 and said the best thing about the year was their teachers.

The children have benefited from an array of activities to deepen their knowledge and skills across the curriculum with visits to the Imperial War Museum, Postal Museum, the Roald Dahl Museum and Kew Gardens, to name a few. The creative curriculum workshops involved visits from poets, authors and illustrators. We also welcomed Antarctic explorers, internet safety teachers and distant relatives of Thomas Farriner for the Great Fire of London day.



## TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

All year groups enjoyed an excellent range of off-site trips that enriched their learning experiences. The children enjoyed pond dipping at Islington nature reserve, visited behind the scenes at Waitrose, Finchley Road, and a firm favourite with staff and pupils alike, engaged in a healthy eating workshop at Wagamamas. In addition to the off-site excursions, the school provided a range of special themed days, such as: World Book Day; Science Day; Sports Day; Puzzle and Problem Solving Day and a Greek History Off the Page.

Throughout the curriculum there was a focus upon sustainable travel to school and wellbeing across the year, resulting in some school accreditations for recognition of this work with the pupils. The Pre-Prep now has:

- Gold STARS Award for promoting sustainability and safe travel to school (July 2019)
- Eco School's Green Flag Award (accreditation visit October 2018)
- Silver arts mark for recognition of all the school does to integrate the arts across the creative curriculum (June 2019)
- Wellbeing Award- highlighting the importance of wellbeing and the measures in place to support the pupils and staff. (April 2019)

The two performances *A Christmas Carol* (December 2018) and *Peter Pan* (June 2019) were great examples of the pupils' dramatic and musical skills. Due to the carefully crafted sessions all the children engaged with these Victorian tales and fully embraced the characters and storylines.

The school community raised £2,822 for a number of national charities throughout the year, including: Comic Relief, UNICEF, Walk to School Happy Shoes Day, Jeans for Genes, World Book Day, Roald Dahl's Marvellous Medicine Charity, NSPCC, Fairtrade, Rainforest Foundation and Macmillan. Though linking charity with the curriculum, pupils in the Pre-Prep gained a stronger understanding of how their kindness and generosity supports and helps others, making charitable giving more meaningful for them.

Challenge both academically and socially was a main feature of 2018-19 with pupils using the four learning values of collaboration, intellectual inquiry, endeavour and resilience when tackling and completing challenges. It has also been particularly good to see the way the children have supported and shared each other's successes, leading to improved self-esteem, empathy and consideration for others.

### Financial Review

Net income in the year was £nil (2018 - £nil) after the donation of £823,586 (2018 - £301,242) to University College School, Hampstead.

The reported results cover the first term of the year only, from 1 September 2018 to 31 December 2018, and thus are not comparable to the full year results for 2018.

**UCS PRE-PREP LIMITED**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

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**Reserves**

Note 8 to the financial statements shows the movements in funds. All reserves, including those brought forward on 1 September 2018, were transferred to University College School, Hampstead on 31 December 2018.

**Going concern**

The assets, liabilities and functions of UCS Pre-Prep Limited were transferred to University College School, Hampstead at midnight on 31 December 2018, by way of a Deed of Transfer. UCS Pre-Prep became a dormant company on 1 September 2019.

**Fundraising**

The School does not actively raise funds. The School has occasionally received donations of a few £000 to help pay for small property projects, which would follow discussions with particular charitable funding organisations. The School has not received any complaints about its fundraising.

**Plans for Future Periods**

UCS Pre-Prep Limited is now dormant.

**Structure, governance and management**

**Governing document**

UCS Pre-Prep Limited, which is a company limited by share capital, was incorporated on 18 November 1993, and was registered with The Charity Commission on 21 July 2003.

The Charity is governed by the Memorandum and Articles of Association incorporated on 18 November 1993 as amended by the special resolution dated 26 June 2003.

The whole of the issued share capital of UCS Pre-Prep Limited was acquired on 12 November 2002 by University College School, Hampstead ("UCS"), a registered charity, number 312748. The principle objective of UCS is to educate children, which it does by providing schools covering the age range 7-18.

**Governing body**

In accordance with the Governing Document, the Directors of UCS Pre-Prep Limited are the Trustees of the Charity. Those Trustees who served during the year are shown on page 1. No Trustee has been a direct beneficiary of the Charity during the year or preceding year. No Trustee received any remuneration from the Charity during the year (2018 – nil). Trustees may be reimbursed for costs incurred in attending meetings on behalf of the Charity.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

**Appointment of Trustees**

In accordance with the Governing Document, the Board must consist of no fewer than two Trustees. Trustees are appointed by resolution of the Board.

**Induction and Training of Trustees**

New trustees are inducted into the workings of the Charity and the School, including policy and procedures, through an individually tailored series of meetings with other trustees and the executive officers. In addition, they are provided with appropriate publications and updates produced by the Charity Commission, by the Department for Education and by professional bodies concerned with the independent school sector, including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Schools Council (ISC), the Incorporated Association of Preparatory Schools (IAPS), the Headmasters' Conference (HMC) and the Independent Schools Bursars Association (ISBA). Where necessary and appropriate, further training is provided through specialist briefings and seminars.

**Organisational Management**

The Board of Directors is legally responsible for the overall management and control of UCS Pre-Prep Limited.

The Board meets regularly in conjunction with meetings of the Council of University College School, Hampstead, to which it delegates general policy decisions, and annually to receive reports from the Headmistress and the Director of Finance and Operations and to make decisions on reserved matters.

Day-to-day running of the School is delegated to the Headmistress (who reports to the Head of the Junior Branch of University College School) and to the Foundation's Director of Finance and Operations.

**Risk Management**

The Board is responsible for the management of the major risks faced by the School. Detailed consideration of risk is delegated to the Senior Management Team and reviewed by the UCS Finance and General Purposes Committee. The Charity continues to develop its procedures to monitor and control risk and a formal review of this process is undertaken on an annual basis. Key controls employed by the Charity include:

- Formal agendas and recording for all Board business
- Terms of reference for all committees
- Comprehensive strategic planning, budgeting and management accounting
- Established management structures and lines of report
- Formal written policies
- Clear financial authorisation and approval levels

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

- Stringent application of vetting procedures as required by law and best practice for the protection of the vulnerable.

Through the risk management processes established for the School, The Board is satisfied that the major risks so far identified have been adequately mitigated where possible.

**Key risks**

Key risks identified are financial stability, school safety, student welfare and employment. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been adequately managed.

**Pay policy for key management personnel**

The trustees consider the Headmistress and her senior leadership team to be the key management personnel in charge of directing and controlling, running and operating the Pre-Prep on a day to day basis.

The pay of the senior staff is reviewed annually and increases are decided after considering market comparisons, any changes in responsibilities, increases in average earnings generally and inflation.

**Reference and administrative details**

The full name of the charity is UCS Pre-Prep Limited. The Charity was founded in 2003 and is registered with the Charity Commission under charity number 1098657 and with Companies House under number 02873102. The Governors, executive officers and principal address of the Charity are as listed on page 1. Particulars of the Charity's professional advisers are given on pages 2 and 3.

**Provision of information to the auditor**

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information which has not been disclosed to the auditor. Each of the trustees has confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

**Auditor**

A resolution to reappoint RSM UK Audit LLP as auditors will be put to the trustees at the annual general meeting.

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019****Statement of Trustees' Responsibilities**

The Trustees (who are the directors for the purpose of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

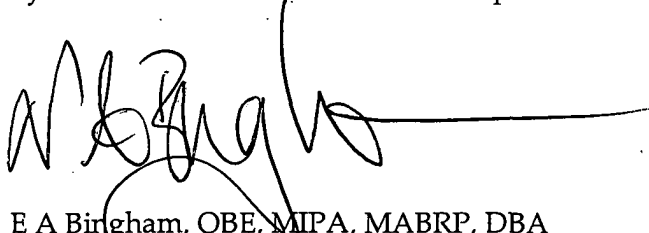
Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the Trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- d. observe the methods and principles in the Charities SORP;
- e. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

By order of the Board of UCS Pre-Prep Limited



E A Birgham, OBE, MIPA, MABRP, DBA  
30 January 2020

**Independent Auditor's Report to the Trustees of UCS Pre-Prep Limited****Opinion**

We have audited the financial statements of UCS Pre-Prep Limited (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

**Basis for opinion**

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

**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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' and Directors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the

**Independent Auditor's Report to the Trustees of UCS Pre-Prep Limited**

other information and 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.

**Opinion 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' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' 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' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, 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

**Independent Auditor's Report to the Trustees of UCS Pre-Prep Limited**

they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Use of our report**

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



~~SARAH MASON~~ FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Bucks, MK9 1BP

3 February 2020



**UCS PRE-PREP LIMITED**  
**Statement of Financial Activities**  
**for the year ended 31 August 2019**

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	Notes	Total Funds 2019 £	Total Funds 2018 £
<b>Income and endowments from:</b>			
Donations and legacies		-	5,000
<b>Charitable activities:</b>	1		
School fees		524,254	1,576,845
Other educational income		26,259	49,200
Other ancillary trading income		442	1,635
Other income		-	3,900
<b>Other trading activities:</b>	1	-	92
<b>Investments - gross income:</b>			
Bank deposit interest	1	296	302
<b>Total Income</b>		<b>551,251</b>	<b>1,636,974</b>
<b>Expenditure on:</b>			
Raising funds: Loan interest and bank charges	2	188	676
Charitable activities	2	1,267,508	1,636,298
<b>Total expenditure</b>		<b>1,267,696</b>	<b>1,636,974</b>
<b>Net Expenditure</b>	8	<b>(716,445)</b>	<b>-</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		716,445	716,445
<b>Total funds carried forward</b>		<b>-</b>	<b>716,445</b>

All the School's income and reserves represent unrestricted funds.

**UCS PRE-PREP LIMITED**  
**Balance Sheet as at 31 August 2019**

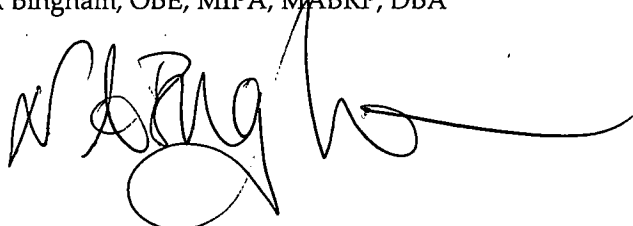
16

	Notes	£	2019 £	2018 £
<b>Fixed Assets</b>				
Tangible assets	3		-	421,314
<b>Current assets</b>				
Debtors	4	100	435,185	
Cash at bank and in hand		-	366,346	
<b>Total current assets</b>		100	801,531	
<b>Liabilities</b>				
Creditors: Amounts falling due within one year	5	-	(375,300)	
<b>Net current assets</b>			100	426,231
Creditors: Amounts falling due after more than one year	6		-	(131,000)
<b>Total net assets</b>			100	716,545
<b>Capital and funds</b>				
Called up share capital			100	100
Unrestricted funds	7		-	716,445
<b>Total funds</b>			100	716,545

The accounts have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The financial statements on pages 15 to 27 were approved and authorised for issue by the Board of Directors on 30 January 2020 and signed on its behalf by

E A Bingham, OBE, MIPA, MABRP, DBA



**UCS PRE-PREP LIMITED**  
**Statement of Cash Flows**  
**for the year ended 31 August 2019**

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	Notes	£	Total Funds 2019 £	£	Total Funds 2018 £
<b>Cash flows from operating activities:</b>					
Net cash provided by / (used in) operating activities			(765,454)		218,966
<b>Cash flows from investing activities:</b>					
Bank deposit interest		296		302	
Proceeds from the sale of property, plant and equipment		402,975		-	
Purchase of property, plant and equipment	3	(4,163)		(57,610)	
Net cash used in investing activities		399,108	399,108	(57,308)	(57,308)
<b>Cash flows from financing activities:</b>					
Net cash provided by financing activities		-	-	-	-
Change in cash and cash equivalents in the year			(366,346)		161,658
Cash and cash equivalents at the beginning of the year			366,346		204,688
Cash and cash equivalents at the end of the year			-		366,346
<b><u>Reconciliation of net income to net cash flow from operating activities</u></b>					
Net expenditure for the year as per the Statement of Financial Activities			(716,445)		-
<b>Adjustments for:</b>					
Depreciation charges	3		22,502		67,248
Dividends and interest			(296)		(302)
Loss on the disposal of fixed assets			-		-
Decrease in debtors			435,085		197,494
Decrease in creditors			(506,300)		(45,474)
Net cash provided by / (used in) operating activities			(765,454)		218,966
<b>Analysis of cash and cash equivalents</b>					
Cash in hand			-		366,346
Total cash and cash equivalents			-		366,346

**Statement of accounting policies for the year ended 31 August 2019****Basis of preparation**

The financial statements have been prepared under the historical cost convention with items recognised at cost, transaction value or, in the case of fixed asset investments, at market value.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK Republic of Ireland (FRS102), Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The charitable company represents a public benefit entity as defined by FRS 102.

**Income recognition**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**Income from donations and legacies receivable**

Donations and legacies receivable are credited to the Statement of Financial Activities ("SoFA") in the year in which they are receivable, and to restricted or unrestricted funds dependent on any specific donor wishes.

**School fees and other educational income**

All income is accounted for on the entitlement basis, except where otherwise stated. Fees receivable and charges for services and use of the premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting any remissions granted by the School.

**Refundable deposits**

Parents pay a deposit when they contract to send their child to the School. The full balance is retained until their child's last term to offset any incidental costs incurred in that last term, with any balance refunded at the end of their last term.

**Expenditure recognition**

Expenditure is recognised as soon as there is a legal or constructive obligation committing the School to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

**Statement of accounting policies for the year ended 31 August 2019 (continued)****Expenditure recognition (continued)**

All expenditure is accounted for on an accruals basis. All expenses are allocated to the applicable expenditure headings below:

The costs of raising funds comprises interest payable and bank charges.

Charitable activities comprises the costs of teaching, welfare, premises, and support departments as described below.

Liabilities, including constructive obligations, are recognised in the financial statements at the time that goods are delivered, or in the case of services in accordance with contractual terms, or in the case of constructive obligations when the obligation is accepted.

Expenditure items are allocated to headings that conform to those used for University College School. These headings are explained below:

Teaching costs comprise the direct costs of the employment of teaching staff and other staff mainly involved in supporting the provision of education, together with the costs of academic resources, teacher and other educational training. Welfare costs include catering and doctors' fees.

Support costs include the costs of operating the School Office. Premises costs comprise heat, light, insurance and alarm costs, together with the costs of maintenance (including staff). Repairs and improvements in facilities are also included under this heading.

Governance costs capture the statutory running of the charity and include audit costs, legal advice for trustees, costs of constitutional and statutory requirements.

**Operating leases**

Rentals payable are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

**Pension schemes**

The Group contributes to the Teachers' Pension Scheme ("TPS") at rates set by the Government Actuary. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded, multi-employer scheme with no underlying assets to assign between employers, consequently there is insufficient information available to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the year to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**Statement of accounting policies for the year ended 31 August 2019 (continued)****Pension schemes (continued)**

The Group also operates a Group Personal Pension Scheme for non-teaching staff. This is a defined contribution scheme and all contributions are charged to the Statement of Financial Activities in the year incurred. This scheme is administered by Royal London.

**Tangible fixed assets**

Fixed assets are capitalised at cost. Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful lives of the assets concerned, of which the principal ones are:

- Short leasehold land and buildings - 25 years, or if shorter, the period of the lease
- Plant and equipment - 3 to 10 years
- Minor equipment additions (individually less than £1,000), including computers and ancillary equipment, are charged as expenditure in the year in which the expenditure is incurred, as the economic life is expected to be limited.

**Financial Instruments**

The School has elected to apply the provisions of Section 11 and 12 of FRS 102 in full to all of its financial instruments.

The School only had basic financial instruments which were transferred to University College School, Hampstead at midnight on 31 December 2018, by way of a Deed of Transfer.

The Group holds the following financial assets and liabilities:

**Assets:**

- Trade debtors and accrued income

**Liabilities:**

- Short term creditors
- Provisions arising from contractual arrangements

Financial assets are recognised when the Group becomes contractually entitled to receive cash or other financial assets from a third party.

Financial liabilities are recognised when the Group incurs a legal or constructive obligation to deliver cash or another financial asset to a third party.

**Statement of accounting policies for the year ended 31 August 2019 (continued)****Financial Instruments (continued)**

Financial assets and liabilities, both short- and long-term, are initially measured at transaction price and are subsequently measured at amortised cost.

Interest earned on bank accounts is included in "Investments - gross income" in the Statement of Financial Activities.

Interest payable on loans, and bank charges, are included in "Loan interest and bank charges" in the Statement of Financial Activities.

**Going concern**

The assets, liabilities and functions of UCS Pre-Prep Limited were transferred to University College School, Hampstead at midnight on 31 December 2018, by way of a Deed of Transfer. UCS Pre-Prep became a dormant company on 1 September 2019.

**Fund accounting**

Unrestricted funds are available to use to further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which have been set aside to fund particular future activities of the charity. Restricted funds are donated for particular areas of the charity work or specific projects undertaken.

**Corporation Tax**

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

**Critical Accounting Estimates and Judgements**

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The School makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions, will, by definition, seldom equal the actual related results.

## Notes to the financial statements for the year ended 31 August 2019

## 1 Charitable activities - school fees

	2019 £	2018 £
School fees	524,254	1,576,845
Other educational income		
Registration fees	10,900	33,750
Courses and other tuition	6,603	12,482
Fee insurance receipts	159	718
Other	8,597	2,250
	26,259	49,200
Other ancillary income comprised:		
After School Club fees	442	1,635
Other income comprised:		
Insurance claim receipts	-	3,900
Other trading activities comprised:		
Clothing/Photograph commission	-	52
Exam fees	-	40
	-	92
Investments - gross income:		
Bank interest receivable	296	302

## 2 Expenditure

	Total 2019 £	Total 2018 £
Costs of raising funds		
Bank charges	188	676
	Total 2019 £	Total 2018 £
Charitable activities		
Teaching costs	292,380	33,762
Welfare of pupils and staff	-	8,068
Premises	-	50,166
Support costs	25,348	7,796
Donation to UCS	-	823,586
Governance costs	-	3,900
	317,728	927,278
	22,502	
	1,267,508	1,636,298



## Notes to the financial statements for the year ended 31 August 2019 (continued)

## 2 Expenditure (continued)

	2019	2018
	£	£
The expenditure analysis above includes:		
Audit fees - included in Governance costs	3,900	5,143
Lease payments recognised as an expense - included in Premises	26,667	80,000
	<b>30,567</b>	<b>85,143</b>

Staff costs	2019	2018
	£	£
Total staff costs:		
Wages and salaries	258,755	761,640
Social security costs	23,871	77,557
Pension contributions	35,102	112,268
	<b>317,728</b>	<b>951,465</b>

The average number of employees during the year was 24 (2018: 23) of whom 21 were teaching staff and 3 were administrators (2018 - 20 and 3).

Two employees received annualised emoluments (excluding pension costs) exceeding £60,000:

	2019	2018
£60,001 - £70,000	1	-
£80,001 - £90,000	1	1

Contributions in the period in respect of defined benefit pension schemes for this two employees were £7,930 (2018 - £13,412).

Neither Trustees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the School or any connected organisation (2018 - nil).

**Key management personnel**

The trustees have delegated day-to-day management of the operations of the school to the Headmistress who is assisted by the Senior Leadership Team. This comprises the Deputy Head, Head of Early Years of Foundation Stage, Head of Key Stage One and the SENCO. Total remuneration and benefits received by the Headmistress and the senior leadership team (together the "key management personnel") was £100,957 (2018 - £271,035).

**Teachers' Pension Scheme England and Wales ('TPS')**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £31,240 (2018: £101,777).

## Notes to the financial statements for the year ended 31 August 2019 (continued)

## 2 Expenditure (continued)

**Teachers' Pension Scheme England and Wales ('TPS') continued**

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions. On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

UCS Pre - Prep Limited operates a Stakeholder Group Personal Pension Plan for those employees who are not entitled to join the TPS. The company contributes up to 10% of salary. Contributions in the year were £4,422 (2018 - £10,491).

At 31 August 2019 £nil was included in creditors (2018: nil).

## Notes to the financial statements for the year ended 31 August 2019 (continued)

## 3 Tangible fixed assets

	Leasehold Land and Buildings £	Fixtures, Fittings and Equipment £	Total £
<b>Cost</b>			
At 1 September 2018	896,284	146,293	1,042,577
Additions	-	4,163	4,163
Transferred to parent company	(896,284)	(150,456)	(1,046,740)
At 31 August 2019	-	-	-
<b>Depreciation</b>			
At 1 September 2018	558,831	62,432	621,263
Charge for the period	14,513	7,989	22,502
Transferred to parent company	(573,344)	(70,421)	(643,765)
At 31 August 2019	-	-	-
<b>Net Book Value at 31 August 2019</b>	-	-	-
<b>Net Book Value at 31 August 2018</b>	337,453	83,861	421,314

<b>4 Debtors</b>	<b>2019</b>	<b>2018</b>
	£	£
Prepayments	-	51,398
Amounts due from group undertakings	100	383,787
	<b>100</b>	<b>435,185</b>
<b>5 Creditors: due within one year</b>	<b>2019</b>	<b>2018</b>
	£	£
Trade creditors	-	44,655
Refundable deposits	-	101,250
Accruals	-	14,197
Other creditors	-	215,198
	<b>-</b>	<b>375,300</b>
<b>6 Creditors: due after more than one year</b>	<b>2019</b>	<b>2018</b>
	£	£
Refundable deposits	-	131,000

## Notes to the financial statements for the year ended 31 August 2019 (continued)

**7 Movements in Unrestricted Funds**

	2019	2018
	£	£
Accumulated Fund		
At 1 September 2018	716,445	716,445
Net loss for the period	(716,445)	-
At 31 August 2019	-	716,445

**8 Other financial commitments**

At the year end, the School had total commitments under a non-cancellable operating lease, as set out below:

	2019	2018
	£	£
Payable within 1 year	-	80,000
Payable within 2 to 5 years	-	320,000
Payable in more than 5 years	-	1,096,667
	-	1,496,667

The operating lease is in respect of the School's building.

**9 Related parties**

The School's ultimate parent entity and controlling party since 12 November 2002 is University College School, Hampstead, a registered Charity, number 312748. The Pre-Prep transferred its trade to UCS on 31 December 2018.

**10 Taxation**

As a registered Charity, UCS Pre-Prep is entitled to certain tax exemptions on income and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if the income and surpluses are applied solely for charitable purposes.

## Notes to the financial statements for the year ended 31 August 2019 (continued)

**11 Contingent liabilities**

There is a cross guarantee in favour of HM Revenue and Customs in respect of the charitable company's membership of the University College School VAT group.

At 31 August 2019 the amount of VAT due to HMRC in respect of the fourth quarter of 2018/19 was £69, which was settled by University College School on 10 October 2019.

**12 Financial Instruments**

The carrying amount of the Charity's financial instruments at 31 August were:

<u>Financial Assets</u>	2019	2018
	£	£
Debt instruments measured at amortised cost:		
Short term debtors and accrued income	100	383,787
<b>Total</b>	<b>100</b>	<b>383,787</b>

<u>Financial Liabilities</u>		
Measured at amortised cost:		
Creditors falling due within one year	-	375,300
Creditors falling due in more than one year	-	131,000
<b>Total</b>	<b>-</b>	<b>506,300</b>