

CRANLEIGH
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CRANLEIGH SCHOOL

A COMPANY LIMITED BY GUARANTEE

REGISTERED NUMBER 3595824

CHARITY NUMBER 1070856

ANNUAL REPORT AND ACCOUNTS

31 July 2020



**CRANLEIGH SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS 2020**

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CRANLEIGH SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

GOVERNORS, OFFICERS AND ADVISORS

GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

The members of the Governing Body of **Cranleigh School** are the charity trustees of Cranleigh School and the Directors of Cranleigh School ('the Charity'). The members of the Governing Body are:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
A J Lajtha MA, FCIB* (Chairman)	•	•	•	•		•	•
Mrs S E Bayliss, MA, PGCE		•					
Mrs J A Brown MA		•					
Dr R Chesser MA, MB, BChir, MRCP*	•						
Mrs M M S Fisher MA (Deputy Chair)		•		•		•	•
M Foster MA		•					
P S P Going BSc, MRICS*			•	•			
S Gunapala BEng, MEng, FCA				•	•		
J A M Knight BA			•		•		
Mrs A J Lye BA		•	•		•		
Mrs E Stanton BSc, ACA				•			•
N D L Sweet Dip LA, MA, MLI (retired 20 Jun 2020)							
S J Watkinson BSc ACA						•	
O A R Weiss MA		•					•
P M Wells BEd(Hons)		•					
D G Westcott BA BCL QC	•			•			
S J Whitehouse BA (Cantab)	•				•	•	
Prof R J Wilkins MA DPhil		•					
D A E Williams BA FCA				•			
Mrs M J Williamson *			•				

- (1) Strategy and Risk Committee
- (2) Education Committee
- (3) Buildings and Estate Committee
- (4) Finance Committee
- (5) Risk Management Committee
- (6) Overseas Committee
- (7) Nominations Committee
- * Parent of a pupil or pupils at the School

Mr Weiss has special responsibility for Cranleigh Prep School. Mrs Fisher, Mr Watkinson and Mr Whitehouse are members of the management board of Cranleigh Abu Dhabi. Mr Williams is a Trustee of Cranleigh School Pension Scheme.

The Board is a self-appointing body. The normal term of office for governors is five years with two further terms of three years each if elected by the majority of Governors to continue in office. Cranleigh Preparatory (Prep) School has the same Governing Body as Cranleigh School.

EXECUTIVE OFFICERS:

Headmasters - Cranleigh School
 - Cranleigh Prep School
 Bursar & Clerk to the Governors

Mr M S Reader MA, MPhil, MBA, QTS
 Mr N R Brooks BA, QTS
 Mr P T Roberts MBE, DChA

Principal address **Cranleigh School**
 and Registered Office Horseshoe Lane
 Cranleigh
 Surrey
 GU6 8QQ
 Websites www.cranleigh.org

Cranleigh Prep School
 Horseshoe Lane
 Cranleigh
 Surrey
 GU6 8QH
www.cranleighprepschool.org

ADVISORS:

Bankers: Handelsbanken
 Andrews House
 College Road
 Guildford
 GU1 4RG

Solicitors: Veale Wasbrough Vizards
 Narrow Quay House
 Narrow Quay
 Bristol
 BS1 4QA

Auditors: Crowe U.K. LLP
 55 Ludgate Hill
 London
 EC4M 7JW

Investment
 Advisors: Brewin Dolphin Limited
 12 Smithfield Street
 London
 EC1A 9BD

CRANLEIGH SCHOOL
ANNUAL REPORT OF THE CRANLEIGH SCHOOL GOVERNORS
FOR THE YEAR ENDED 31 JULY 2020

The Cranleigh School Governing Body presents the annual report for the year ended 31 July 2020 under the Charities Act 2011 and the Companies Act 2006, together with the audited financial statements for the year, and confirms that the latter comply with the requirements of the Acts, the Articles of Association and the Charities SORP 2015 in accordance with FRS 102 (as updated).

DIRECTORS' REPORT

CONSTITUTION AND OBJECTS

The Charity was founded in 1865 and is registered with the Charity Commission under charity number 1070856. Cranleigh School is a company limited by guarantee, registered number 3595824. Cranleigh School is governed by Articles of Association introduced in 2010 to incorporate changes in legislation in the Companies Act 2006. These Articles replaced the previous Memorandum and Articles of Association dating from 2000. Cranleigh School's object and principal activity, as a charity and as set out in the Articles of Association, is the advancement of education by providing a boarding and/or day school or schools for boys and/or girls in accordance with the principles of the Church of England.

The Charity is structured with a single governing body for two schools known as Cranleigh School and Cranleigh Preparatory (Prep) School. The Charity, in furtherance of its object, establishes and administers bursaries, grants, awards and other benefactors, and acts as the trustee and manager of property, endowments, bequests and gifts given or established in pursuance of the Charity's objects. The Trustees are mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011 and have had regard to Charity Commission guidance on public benefit. The Charity's governance complies with the Code for the Voluntary and Community Sector, endorsed by the Charity Commission and other best-practice guidelines published by the Charity Commission. Further details of the Charity's activities are set out below in the strategic report section of this annual report.

GOVERNANCE AND MANAGEMENT

Governing Body

There is one Governing Body for the two schools. The members of the Governing Body and executive officers of the School, together with the principal advisors are listed on pages 1 and 2.

Recruitment and Training of Governors

The Charity's elected members of the Governing Body are appointed at meetings of the Cranleigh School Governing Body on the basis of recommendations from the Nominations Committee. The Nominations Committee scrutinises candidates on behalf of the Governing Body. Trustees and executive officers of the School put forward candidates to the Nominations Committee based on a candidate's professional qualities, experience, personal competences and local availability. The Governing Body is mindful of the benefits of diversity in the widest sense and as noted in Principle 6 of Charity Commission guidance. New members of the Governing Body are inducted into the workings of the Charity and its schools, including Governing Body policy and procedures, at briefings organised for them by the Headmasters and Bursar. The new members also attend specialist external courses on the roles and responsibilities of charity trustees. Members of the Governing Body attend external trustee training and information courses in order to ensure that the Governing Body is kept informed of

current issues and regulations in the education and charity sectors. Governors may attend days at the School shadowing pupils or visiting support departments.

Organisational Management

The members of the Cranleigh School Governing Body, as trustees of the Charity, are legally responsible for the overall management and control of both Cranleigh School and Cranleigh Prep School. The Governing Body takes note of guidance provided by the Charity Commission and specifically the principles set out in the Governance Code published in July 2017. Overall, the Charity meets a very significant proportion of the recommended and best practice for governance that is contained within the Governance Code across the seven principles and is comfortable there are no significant areas of review required. Arrangements will continue to be monitored against the best practice principles contained within the Code. The Chairman of the Governing Body is Mr A J Lajtha and the Deputy Chair is Mrs M M S Fisher. The full Board meets each term, and so three times a year, and the work of implementing its policies is carried out by six sub-committees:

- The Strategy and Risk Committee considers proposals for development of the School and advises senior management of the strengths and weaknesses of strategic options. A biennial strategy day is held for members of the Governing Body and senior executives to review performance and consider future development. The last strategy day was in June 2019 with the next planned for March 2021. The Strategy and Risk Committee is chaired Mr D G Westcott.
- The Education Committee considers educational and pastoral policy. Mrs S E Bayliss has special responsibility for Safeguarding and Mrs Lye has special responsibility for Special Educational Needs and Disabilities (SEND). The Education Committee is chaired by Mrs M M S Fisher.
- The Buildings and Estate Committee supervises and monitors capital building projects and maintenance of the fabric of the School. The Committee has delegated responsibility for Health and Safety and it produces a report each term on Health and Safety matters for the Governing Body. Mrs Williamson has oversight of boarding on behalf of the Governing Body; including both the provision of facilities and pastoral support (the latter is a responsibility of the Education Committee). The Buildings and Estate Committee is chaired by Mr P S P Going.
- The Overseas Committee was established in 2020 to monitor performance and risks of the School's overseas schools specifically Cranleigh Abu Dhabi and Cranleigh China. The Overseas Committee is chaired by Mr S J Whitehouse.
- The Risk Management Group (RMG) monitors risks facing the School. This Committee presides over an annual risk management process that culminates with the production of a risk report in the autumn each year. Each sub-committee is responsible for considering the risks in its area of governance and each has appointed a member to take the lead in risk management. The RMG is chaired by Mr J A M Knight.
- The Finance Committee scrutinises revenue, the budget and capital expenditure. This Committee also supervises and finalises the audited financial statements and annual report for approval by the Governing Body. The Finance Committee is chaired by Mrs E Stanton.

The day-to-day running of the School is delegated to the respective Headmasters, supported by their Senior Management Teams. The Headmasters and Bursar attend meetings of the Governing Body sub-committees and together these groups are the key management personnel. Remuneration is determined by the Governing Body which is mindful of the contribution of all staff to the School's success and, as such, it is right that remuneration of staff is the highest single cost incurred by the Charity. The Governing Body makes reference to comparisons of staff costs at other schools which are produced in various benchmark surveys that are anonymous and so compliant with competition law. The remuneration policy balances fair wages and a generous pension scheme for lower paid staff with the provision of incentives for senior managers who take the burden of responsibility for the School's

complex operations. The School produced a gender pay report again this year as required of employers with more than 250 employees. The gender pay report for 2019 is available on the School's website.

Group Structure and Relationships

Cranleigh Foundation was set up in 2007 as a separate charity limited by guarantee with a registered charity number of 1122918 and a company number of 06452540. Cranleigh Foundation's statutory financial statements are consolidated with the School's within this Annual Report and Financial Statements. Cranleigh Foundation is governed by a Memorandum of Association and Articles of Association produced in 2008. The Chairman is a former governor, Mr M J Meyer and two members of the Governing Body, Mr Lajtha and Mr Watkinson, are also Foundation Trustees. The Headmasters and Bursar attend Foundation Trustee meetings.

Cranleigh School has two wholly owned non-charitable subsidiaries. Cranleigh Enterprises Limited (CEL) is a trading company that arranges the letting of facilities when not in use by the School and it has a retail outlet within the School for the sale of items such as school uniform and sports equipment. CEL profit is donated under gift aid to the School. There are more details concerning CEL at Note 3 to the financial statements. The accounts of CEL are consolidated into the Cranleigh School accounts. Cranleigh Education Services Limited (CESL) was incorporated in September 2012. The Company has five directors who are members or former members of the Governing Body or executive officers of Cranleigh School. The Company's purpose is to facilitate the establishment of overseas schools and then monitor the operation of overseas schools once open. The Company was responsible for planning Cranleigh Abu Dhabi, working closely with joint venture partners and the firm contracted to run the School. Cranleigh Abu Dhabi opened in September 2014 with 637 pupils from FS 1 to Year 9. The School is now at full capacity with 1481 pupils from FS 1 to Year 13. The School's public exam results were, in common with other schools, based on Centre Assessed Grades but nevertheless impressive with 79% (2019: 73%) of pupils achieving GCSE grades 9-7 and at A Level 73% (2019: 63%) achieved grades A*-B.

Stakeholder Engagement, Employment and Sustainability Policy

The Trustees confirm that in accordance with Section 172 (1) of the Companies Act and Charity Commission guidance they govern in order to achieve the objects of the Charity. The long-term financial and operational sustainability of the School is considered by Trustees as set out in the Going Concern section of this report. Trustees assess financial projections and key risks that could impact the sustainability and reputation of the School. Assessments are made with the assistance of the executive and by reviewing management information, budgets, capital expenditure plans, cash flow forecasts and progress against financial projections each school term and during the recent Covid-19 pandemic more often. Overarching the assessments of financial sustainability is a comprehensive risk management process that guides the executive and Trustees towards areas of risk and specifically the impact and likelihood of risks together with mitigation strategies. The risk process and current assessments are explained in more detail later in this report.

Cranleigh School is an equal opportunities employer. Full and fair consideration is made of job applications from disabled persons and consideration of their training and employment needs is made as necessary. The School complies with modern slavery regulations. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are aware of the financial and economic performance of the School. Communication with employees continues through normal management channels in a variety of forms and through exceptional channels to apprise staff of current issues. Examples of consultation are briefings to teaching staff at the start of each term by the respective Headmasters to outline development options and seek the views of staff and engagement with staff regarding terms and conditions of employment through respective common room salaries committees which meet with the Headmasters, Bursar and chair of the Finance Committee of

the Governing Body. An equivalent for support staff is arranged through department heads and regular face-to-face departmental meetings with staff to enable dialogue with all employees.

Communication with staff, during the Covid-19 lock down and then subsequent restrictions to achieve bio-secure working conditions, has been of great importance for the monitoring of the morale. The School has briefed staff more frequently on the full range of operational issues including the financial effects of the lock down. Briefings have been conducted using Zoom and Google Meet and for wider audiences by video films and through a new dedicated and closed Facebook account for staff. Some 150 of the 420 employees were moved onto the Government's Job Retention Scheme and the Facebook account has been particularly useful in keeping in touch with these staff. In addition the staff on the furlough scheme have been contacted regularly by line managers to ensure well-being and at the height of the lock down the delivery of food and other essential items to the homes of staff was arranged if necessary. On return to work transitional arrangements were made for this group to smooth their reintroduction to the work place. Many staff worked in either isolation or small groups for much of the year and for them there have been regular updates from senior managers and heads of department. The well-being of staff has been a major leadership theme for the year.

The Company complies with the UK's Equality Act 2010 Regulations 2017 that require the publication of information on the gender pay gap for UK employees annually. The 2019 report is available on the School's website.

The strategic development of the School has been in a period of transition during the year. The 2015 plan completed its implementation with the opening of the 4th girls' boarding house in September 2019. The next plan is to be developed during 2021. Staff at every level will be involved in the development of this plan which is to focus on outcomes for people. This engagement seeks to achieve transparency and through this ownership of future plans by staff at all levels. More details of future plans are explained later in this report.

The School is committed to engagement with stakeholders. The main groups are pupils, parents, alumni, employees and contractors. There is significant communication using a full range of media with pupils and their parents or guardians. This is routine and extensive with the aim of ensuring a smooth passage for the eleven years of a pupil's education at Cranleigh. The alumni organisation, The Old Cranleigh Society (OCS), is based at the School and works on behalf of all alumni including those from Cranleigh Abu Dhabi. There is extensive engagement with the functional sub groups of the OCS and assistance is given with the organisation of events. Furthermore, during lock down the OCS staff at the School were in regular contact with older members of the Society to check on their welfare.

The procurement of goods and services by the School is undertaken to achieve a secure supply of high quality provisions and materiel with fair and timely payment. Local and smaller companies are favoured wherever possible and there are arrangements with a variety of sole traders in the local area. The School is conscious of its position as the largest employer in the area and aims to support local business wherever possible. Payment terms are thirty days but sole traders are able to request earlier payment which is arranged on a case-by-case basis.

The School is committed to improving environmental sustainability. There is a pupil led environmental committee which developed a strategy in 2019 and, pre lock down, was focusing on minimising food waste and ceasing the use of single use plastic. There had been good progress on both initiatives which have been picked up again in the new school year. At a School wide level the two largest and most recent buildings opened at the School both achieved BREEAM standard 'VERY GOOD' and this year the School started to recycle all food waste for anaerobic digestion to generate energy from the waste. The School complies with new environmental regulation and specifically:

- The School has completed an Energy Savings Opportunity Scheme (ESOS) assessment and is working to decrease energy consumption.
- Streamline Energy and Carbon Reporting (SECR) has been adopted. There is a commitment to improve energy efficiency. In this year the installation of a heat recovery system and LED retrofits with added occupancy sensors were two measures that were implemented to improve efficiency. Energy and carbon usage for the year decreased due to Covid-19 because less energy was consumed during remote learning. The total energy consumption figures for the year were:

UK energy use (1) kWh	7,518,499
Associated Greenhouse gas emissions (2) Tonnes CO ² equivalent	1,535
Intensity ratio Emissions (tCO ₂ e) per £m Total Sales Revenue	58.20

(1) UK energy use covers all activities across Cranleigh School sites

(2) Associated Greenhouse gases have been calculated in line with the 2019 UK Government environmental reporting guidance.

The School is active in monitoring for risks of bribery, corruption, fraud and cyber-attack. The risk process is comprehensive and overseen by the Governing Body Risk Management Group. A more detailed explanation of the risk process is given later in this report. In October 2019 the School became aware of a major spear phishing cyber attack and took mitigating action so that that was no substantial loss of data or financial loss. The Charity submitted a Serious Incident Report to the Charity Commission as a result of this attack.

The School maintains a register of those executives and trustees in positions of Significant Control. Conflicts of interest are reviewed formally each year and attendees are required to declare any change of conflict status at each sub committee and main board meeting of the Governing Body.

AIMS AND OBJECTIVES

Mission Statement

The purpose of Cranleigh School is to provide, within a Christian environment, the necessary education and appropriate training to enable pupils to develop their potential as individuals, and thereby to ensure that, on leaving, they will become confident members of society and effective contributors to it.

Aims

The aims of Cranleigh School, for the public benefit, are to enable young people to flourish in a school where busy pupils lead fulfilled lives now while developing the personal skills and qualities that will enhance their adult lives. Cranleigh aims to provide young people with the strength to succeed; the wisdom to make informed choices; resilience in the face of failure or difficulty; and the insight to recognise their privilege and to shape the future culture of the world through lives of service and leadership. With these skills, and in the context and heritage of their culture, Cranleigh pupils are encouraged to explore and ask central questions about their purpose and identity. A rigorous academic curriculum is reinforced by a commitment to a breadth of activity that enhances personal development.

Cranleigh is committed to being a medium-sized, co-educational boarding and day school, large enough to provide for breadth of opportunity and small enough to sustain a friendly, cohesive community in which there is a strong and active partnership between parents and the School. 'Pupils first' is a guiding

principle for all decision making. Arising from the School's Christian heritage and cultural background, at the heart of a Cranleigh education are four central values of Service, Relationships, Leadership and Excellence.

Service: All in the community are encouraged to adopt an attitude of service to each other and the wider community.

Relationships: Strong relationships are fostered as a priority in a predominantly boarding community. Children flourish within safe, supportive environments.

Leadership: Openness, integrity and thoroughness are characteristics of everything we do. Cranleigh aspires to lead thinking and practice in holistic, boarding education. Cranleighans will be equipped with the knowledge and skills to shape future culture.

Excellence: Cranleigh will strive for excellence in everything it does and aspires to be recognised both for its educational vision and for the personal qualities of Cranleighans.

Primary objectives

In order to achieve its aims the School has developed primary objectives which are:

- to provide a stimulating learning environment in which pupils are encouraged to pursue and stretch their academic potential;
- to provide a happy and secure pastoral environment in which pupils can learn to live together and thus foster a sense of community, co-education, respect for one another and good citizenship; the pursuit of best practice in safeguarding young people will always be a priority;
- to provide pupils with the opportunity to take advantage of a breadth of co-curricular activities in order to develop positively all aspects of their character;
- to provide pupils with the opportunity to take decisions based on their own judgement and to communicate those decisions appropriately and effectively;
- to provide a clear, simple and effective management structure capable of taking timely decisions and allocating necessary resources appropriately;
- to provide the necessary administrative and logistical framework to meet the needs of members of Common Room and pupils alike.
- to encourage diversity within a predominantly local boarding community through the expansion of the bursary programme, an increase in the number of Foundationers, and regular monitoring of the Admissions process.

Strategies to achieve primary objectives

The first objective is to provide a stimulating learning environment and this is achieved by 151 FTE teachers (2019: 162). These teachers strive to allow every pupil to develop their academic potential. This is achieved by focusing on each individual whilst fostering the broader ethos of the School's community as a whole. The School's structure enables tutors, and at the younger age groups form teachers, to commit time and energy to their tutees and individual pupils in each form.

The provision of a happy and secure pastoral environment is at the core of the School's approach to education. Pupils are cared for within a close 'house' structure that provides for comprehensive individual care based on Christian principles and a strong bond that creates friendships throughout the School. The second element of this objective is to foster a sense of community and citizenship. This has been achieved through links with the local community and with international and regional organisations. The Senior School has had close links with a charity assisting education in Zambia for a decade and during school holidays pupils and staff travel to Zambia where Cranleigh has built a primary school and is involved with teaching in this school. The Prep School supports local, national and international charities fostering empathy and responsibility in the younger years.

The co-curriculum is broad. Leadership and decision-making are embedded in many activities. The number of activities on offer to pupils is too numerous to mention here. A clearer understanding of the whole school approach to the co-curriculum can be found at the School websites www.cranleigh.org and www.cranleighprepschool.org. Readers are encouraged to visit these sites.

Cranleigh Foundation Trustees' Report and Financial Statements outline the continued progress in the development of the Foundation. The Foundation has received donations this year of £328k (2019: £175k) and total income of £375k (2019: £225k). The Foundation supports pupils at Cranleigh School. The Trustees have decided to focus activity on the development of an endowment which will be built up over decades whilst continuing to support Foundationer pupils.

The Charities had no active fund-raising activities this year requiring disclosure under S162A of the Charities Act 2011. The decision to pause fund-raising was made seven years ago and modest resources have been allocated since to establish the conditions for future fund-raising. This has involved friend-raising and data gathering. The School and Foundation are compliant with the General Data Protection Regulation (GDPR). It had been intended to start a fund-raising campaign within the next year but with the uncertainty of the corona virus pandemic this decision is on hold.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of achievements and performance for the year

The principal activity, as specified in the Articles of Association, is the advancement of education and, in this, the School has had another successful year. Cranleigh School averaged 663 pupils (2019: 648) of whom 193 (2019: 188) were day pupils and Cranleigh Prep School averaged 338 (2019: 338) pupils. At the Prep School the flexible boarding arrangements continue to be popular with, on average, around 50 pupils boarding at the School each weekday. Waiting lists remain full for both schools and demand for places has increased again this year. The start of the school year was successful with many notable achievements, some of which are reported below, but the overriding theme for the year has been the impact of Covid-19 and the mitigation needed to limit transmission of the virus, save lives and protect the NHS. This meant that the School closed to live teaching on 18th March prior to the national lock down on 23rd March. School for the remainder on the Lent Term and throughout the Summer Term was remote and generally on-line. At the Prep School a blended learning approach was adopted with more live lessons in the older year groups whereas the younger pupils were given less live teaching but more daily scheduled work. This enabled their learning to be fitted around parental commitments to allow parents the flexibility to balance their own work commitments with supervising children's work. At the Senior School, which starts from Year 9, all teaching was live throughout the school day for the whole summer term. Remote learning placed different demands on both pupils and staff with the vast majority of pupils responding well. The level of academic attainment was generally good and in many cases excellent. Attendance levels for remote learning were well over 90% at both schools with the majority of live remote classes achieving full attendance. The remote package also included a broad array of co-curriculum and pastoral education. There were remote concerts, live performances from home, chapel services, sports challenges, on-line social gatherings and much more. This enabled, as far as possible, pupils to continue to be engaged in the life of Cranleigh School.

The School's academic results in public exams were affected by the cancellation of exams and the subsequent grades awarded by Ofqual for GCSES and A levels. The School developed a complex process in line with Government guidelines to determine centre assessed grades after changes to government policy, students received the higher or either the centre assessed grade or the grade

awarded after the Ofqual algorithm had been applied. The excellent results were continue demonstrate the strong and improving academic performance with 22% of A level exams achieving A* (2019: 11%) and 85% A*- B grade (2019: 77%). The entry to university this year has been unique and hampered by the change of policy concerning A level grades; nevertheless, by the end of August all bar two leaving pupils had secured places at their university of choice. The School was particularly encouraged that for more academically able pupils, as well as the traditional entry to Oxford or Cambridge, three pupils were offered places at Ivy League universities in America. Extended Project Qualification (EPQ) exams were completed prior to the Covid-19 lock down and so a grade based on actual work was awarded. The School continues to take a national lead in the EPQ and it is encouraging to note that an increasing number of universities, including a significant number in the Russell Group, now recognise the value of EPQ by making a lower A level offer contingent on achieving an A* or A in the EPQ. This year 55% of Year 13 pupils achieved A*-A grades in their EPQ (2019: 39%). GCSE results were taken from the centre assessed grade following the last minute change by Government, and they were consistent with previous years with 70% of exams achieving grades 7 – 9 (2019: 66%).

Cranleigh School retains its place amongst the best schools in the country for academic performance which, combined with the breadth of the educational experience, enables pupils to reach their potential. At Cranleigh Prep School every Form 6 (Year 8) pupil again moved to their first choice senior school this year and many scholarships and awards were again granted to Prep School pupils to their first choice senior school. The School continues to be regarded as one of the best preparatory schools in the country.

The School has a broad ethos and academic achievement is just one element of a pupil's education at Cranleigh. There were many notable successes in sport again this year before the lock down in March. All pupils play sport and represent the School with team spirit often as strong in the D teams as the A teams and as many as 40 to 50 teams representing the School on match days. The success and depth of sport at Cranleigh is impressive. The School's performance in hockey continues to be impressive and this year there were eight national achievements including girls under 16 national champions. Four pupils represented England for hockey in their age group (three under 18 and one under 16). In rugby the 1st XV won all their fixtures, for only the fifth time in the School's history and were awarded the Daily Mail trophy for the best rugby school in England. Cranleigh is only the fourth school to have been awarded this trophy since its inception in 2002. Cricket and Netball also featured highly with two cricketers playing for England and seventeen playing county cricket and at netball one girl is playing for Ireland under 19s and another for the local professional team (Surrey Storm). Away from the major sports there was plenty of success with, for example, the riding team collecting six national team titles and three individual titles and three pupils selected to ride for their country. Cranleigh pupils won fourteen medals at the Independent Schools Championship and a rejuvenated Eton Fives team secured national placings for both boys and girls. The School takes great pride in providing opportunities for all pupils to participate and recognises the strong link between an active lifestyle and well-being. In this context sport plays but one part in a cohesive programme that includes provision of first class medical support, including specialist sports medicine provision, strength and conditioning for all pupils and a balanced diet. This is all part of the wider 'Cranleigh Being' initiative that provides pupils with the resilience for a healthy lifestyle beyond Cranleigh.

The School gives high priority to the performing arts. For the first two terms of the year there was the usual full programme of weekly concerts, major music and drama productions, house concerts and group productions, many of which allow a broad participation for pupils across the age range of the School from ages 7-18. There were a number of changes to music staff during the year including a new Director of Music. This led to a shift of emphasis and renewed vigour and so, notwithstanding Covid-19, there were some sixty concerts at the two schools this year with circa 400 music lessons each week. Music has been particularly affected by the Covid-19 lock down but the music department, and pupils playing instruments, excelled in producing innovative solutions that enabled remote learning

and performances. There were on-line concerts and performances with, for example, one boarding house splicing all their pupils singing an Abba song from their respective homes. A musical highlight of the lock down was the Senior School summer concert, devised, performed and merged using technology to create an hour long concert of great variety and significant skill. This was led by pupils, for pupils and demonstrated significant and diverse skills.

The School has a rich history of drama and this year has seen another diverse range of productions. There were two whole school plays at the Senior School during the year and both were excellent. The production of *King Charles III* in the autumn term was skilful and, at a time of turbulence for the Royal Family, very topical. In the Lent term the Senior School's musical was '*We will Rock You*'. The lock down meant that it was only possible to perform this on two days but these performances showed the exceptional and broad musical, acting and back-stage talents of all those involved. Not to be out done by the Senior School, the Prep School staged excellent productions for a number of its year groups with the highlights being the Lion King and 'the toilet roll throwing film' during lock down for the Form 1 pupils which culminated in the Headmaster being hit on the head!

Away from sport and the arts, pupils have been involved in a broad range of activities to develop their experience and exposure to leadership challenges. Outdoor education retains its important place in the life of both schools. At the Prep School the sailing, camping and bush craft activities remained active. During Covid-19 lock down the School arranged a camping evening at which a significant number of pupils camped out at home and passed on their experiences to others in their classes. At the Senior School the Duke of Edinburgh's Award (DoE) is as popular as ever but unfortunately the lock down prevented completion of awards for most pupils. Notwithstanding this, the Scheme introduced greater flexibility for the skills and community sections. This enabled participants to complete these elements during lock down leaving just the physical expedition to be undertaken once restrictions are lifted fully. There were 145 pupils involved in the DoE Awards this year (2019: 92) including an impressive 20 pupils undertaking the demanding Gold Award. DoE is organised entirely from within the School's own resources and provides a meaningful element of the School's leadership and service programme. The CCF continues to expand, celebrating its 120th anniversary in 2020. It is stronger this year than at any time in the last decade with 139 cadets (2019: 120). In addition to routine military and adventurous training the CCF took a lead in the local village Remembrance Day parade, along with the School's musicians.

The aim of establishing a culture of active and sustained partnership with affiliated communities overseas is well demonstrated by the *Beyond Cranleigh* initiative in Zambia with some thirty pupils travelling to our affiliated school in Kawama in October 2019 to make a difference to the lives of families within this very different community. At the Prep School pupils raised circa £12,000 during the year for various charities and during lockdown holding remote fund-raising activities.

The School embarked on a major programme of capital development in 2015 which was completed at the start of this year with the opening of the eighth boarding house, and fourth girls' house: Martlet. There had been plans to refurbish buildings at the Prep School this year with a reorganisation and improvement of boarding facilities, together with the refurbishment of the gym/theatre (The Wyatt Hall). These projects have been put on hold due to the Covid-19 lock down. It is now hoped to complete them during the first half of 2021.

Public benefit

Cranleigh School continues to be committed to the provision of public benefit in accordance with its founding principles. The requirement to report public benefit in more detail is formalised in the Charities Act 2011.

The awarding of bursaries is a measurable means of providing public benefit. The Trustees consider that bursaries, awarded to those who would not otherwise be able to afford the fees, are important, but not to the exclusion of the much wider benefit that Cranleigh provides within the local community. Those pupils who attend Cranleigh and who receive this financial support contribute to the School community in a variety of ways and so enrich the whole School and, in some cases, the community outside the School. The value of scholarships and bursaries to people who would not otherwise be able to afford the fees to attend Cranleigh School was this year £1,174k (2019: £1,015k).

In addition to bursaries the School has engaged in many activities that provide public benefit in accordance to the Charity's objectives and these are listed in a register maintained by the School. Examples of the types of benefit are partnerships with local maintained schools so that teachers from Cranleigh School teach at local maintained schools if there is a need for enhancement in a particular area. Cranleigh teachers have been involved in teaching Music, Modern Foreign Languages and Science. Three members of staff are governors at local primary schools. The School's outreach programme into the community is active and has during the year involved activities such as the relief of hardship through support by Cranleigh Mission and support to local sports clubs. Forty six local sports clubs use the School's sporting facilities and outreach assistance includes maintenance of Cranleigh Cricket Club ground and an agreement that the School's grounds department take responsibility for the maintaining of the estate at Glebelands School, the maintained secondary school bordering Cranleigh School. In many cases the School's support is focused on providing support to the youth sections of sports clubs. This theme of social responsibility is important as Cranleigh School aims to develop local community projects.

It is difficult, to measure accurately the financial cost to the School of this public benefit, that is given in addition to bursaries, but it is certainly well into six figures. The benefit provided by bursaries and other activities can also be considered alongside the benefit of educating the 1001 pupils (188 in the primary school sector) which, in itself, has saved the exchequer some £5,924,200k¹ this year.

Cranleigh Foundation is an integral element in the provision of public benefit. There are six Foundation bursary holders (Foundationers) in the School in September 2020 each with a bursary covering either full fees or a significant proportion of full fees. The School continues to seek candidates to be Foundationers. The financial benefit to Foundationers this year was £192k (2019:£110k).

FINANCIAL REVIEW

Results for the year

The School's consolidated net movement in funds in the attached financial statements is (£837k) (2019: £977k). The surplus made by Cranleigh School (net incoming funds from operations before transfers and investment gains) was £998k for the year (2019: £1,168k). The FRS 102 pension valuation is a non-cash item within the School's accounts and has calculated that the scheme has a funding deficit of £1,716k and that the funding level is 91.9% (2019: deficit of £516k).

The Governing Body has conducted regular reviews of the School's financial performance since the Covid-19 lock down in March. It was decided to discount fees for the summer term 2020 by 34% for boarders and between 20% and 25% for day pupils. In March 2020 the School established a fee relief fund for those parents who suffered significant financial trauma from the lock down. This fund proved successful during the summer term, and more recently the new autumn term, and some £100k of financial support to those worst affected financially by the lock down has been allocated to parents from the fund.

2018 Annual Report on Education Spending in England by the Institute of Fiscal Studies (page 7). £6,200 per pupil in secondary schools and £4,700 per pupil in primary schools.

Forecast for the current year (2020/21)

The Governing Body has considered several factors when forming their conclusion as to the use of the going concern basis for the basis of preparation of these financial statements including a review of updated forecasts to 31 July 2022, a consideration of the key risks, including the impact of Covid-19, that could negatively affect the charity and its working capital requirements. Recent Governing Body financial reviews have focused on the risks for the current school year and beyond, including the impact of Covid-19.

The two schools started the school year in September 2020 with 689 pupils at the Senior School and 345 at the Prep School. This is the highest number of pupils at the School in its history and against a background of significant interest during the summer holidays leading to over one hundred tours of the school (all complying with the regulations for social distance) together with reputational gain from successful remote learning during the summer term. Fee income for the first term of the 2020/21 school year has been strong with an indication that payment of fees will be consistent with previous years, albeit with a higher number than usual of short term bursaries because of temporary financial shock caused by Covid-19 restrictions. Expenditure is being closely controlled with a salary freeze, delay to projects and control over routine costs. The School's cash flow forecast indicates that cash remains positive, without the need to liquidate reserves, for most scenarios but were there to be two school terms of significantly lower income caused by another Covid-19 lockdown then reserves may need to be realised to remain cash positive and thereby provide working capital and meet the requirements of bank covenants. Given this position the Governing Body concludes that School's finances at the start of the current year and for the year ahead are sound and so it continues to adopt the going concern basis in preparing the financial statements.

Investment policy, objectives and performance

The Governing Body has a balanced risk policy for investments. This is set out in the Statement of Investment Principles which is reviewed annually. The Finance Committee has delegated responsibility for investments to an Investment Committee. The Investment Committee comprises the Chair of the Finance Committee, two former members of the Governing Body who each have specialist knowledge and the Bursar. The Committee meet the School's investment advisors four times a year and provide a brief for the Governing Body at each Finance Committee meeting. Investment performance is measured against appropriate benchmarks and the Finance Committee is satisfied that performance is good when measured against benchmarks. This year's performance has bounced back after a turbulent year and the portfolio decreased in value by (2.3%) (2019: 8%) to £3,830k. The Governing Body considers the performance of investments over the year to be reasonable given turbulence caused by the Covid-19 lock down and resulting fall in global stock markets.

Reserves level and policy

Cranleigh School has total reserves of £6,830k. The School's reserves policy is to maintain sufficient unrestricted funds to meet an unexpected shortfall of revenue in order to provide cash for three months operating costs at an average of £2,300k per month. The School's reserves comprise the investment portfolio valued at £3,830k, the unused bank facility of £1,000k and unused overdraft of £2,000k. This position has been re-examined after the year-end and in light of the financial impact of Covid-19. Financial performance remains strong at the date of signing and the although the level of reserves at the year exceeds the sum required by the policy, this is considered appropriate in the current environment to provide additional headroom for future potential challenges arising from Covid-19.

The Charity has not conducted active fund-raising during the year and the staff associated with fund-raising were placed on the Government's Job Retention Scheme in March 2020. Notwithstanding this Cranleigh Foundation (Charity Number 1122918) raised £374k during the accounting year from donations and legacies. It was particularly pleasing that a number of parents contributed to a school fee

relief fund during the summer to provide assistance to others suffering financial stress due to Covid-19 restrictions.

Principal risks and uncertainties

Cranleigh School Governing Body is responsible for the management of the risks faced by the School. Risk Management is delegated to the Risk Management Group (RMG) which reports formally to the Governing Body each autumn. This Committee comprises four members of the Governing Body and it is assisted in its work by senior management and other staff as necessary. The process provides continuous assessment of risks through the auspices of the sub committees with each taking responsibility for risks, and where appropriate mitigation, in its given area of expertise. The generic controls used by the Charity to minimise risks include:

- oversight of key areas of risk, such as health and safety and safeguarding, by individually nominated governors;
- formal agendas for Committee and Board activity;
- formal strategic planning, reviewed annually and assisted by the Strategy and Risk Committee;
- comprehensive budgeting and management accounting;
- established organisational structures and lines of reporting;
- formal written policies;
- vetting procedures as required by law for the protection of the vulnerable;
- compliance with regulations that apply to the running of a school;
- declaration of conflicts of interest, renewed at each Governing Body meeting, including sub committee meetings.

The most significant external risk facing the School is the financial effect of Covid-19 and the associated regulations to limit the spread of the virus. The School has opened successfully for the autumn term and whilst there are a significant number of restrictions in place it is noteworthy that the School is offering a full educational programme across the breadth of the curriculum, co-curriculum and associated pastoral support. The RMG is mindful that the situation could change. Measures therefore in place to mitigate the Covid-19 risk are:

- A comprehensive risk assessment to ensure that internal procedures limit the possibility of spreading Covid-19 within the School.
- Enhanced remote learning to enable either a full remote offer or a blended offer allowing some pupils to attend teaching whilst others are remote learning.
- Financial measures to balance income with expenditure.
- Regular Governing Body meetings to review operations, plans and possible contingencies.

The previous direction given to the executive to place Safeguarding of pupils as the School's first priority remains and within this Covid-19 risks are an element of Safeguarding. Health and Safety is both a Safeguarding and more general risk and both risks are residual and so will endure. The RMG is mindful that with considerable effort devoted to mitigating Covid-19 risks there must continue to be emphasis on Safeguarding in its widest sense.

The level and breadth of activity at the School is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment. Sports' injuries are monitored carefully, each being tracked, to record trends in order to identify those elements of sport most likely to cause injury so that mitigating actions can be taken. There continues to be interest in the wider education community about the risk of injury on the rugby field.

The Governing Body seeks to understand some individual risks in more detail and from time-to-time initiates external scrutiny. There have been no external studies this year because resources have been devoted to mitigating Covid-19 risks.

The Governing Body is satisfied that the major risks have been identified and controls put in place to adequately manage risk. It is recognised that systems can provide reasonable but not absolute assurance that major risks are being managed.

Future plans

The School Development Plan of 2015 is now complete. A new development cycle has commenced and will be complete by 2022. The core work of this plan is that Cranleigh School will continue to articulate and extend its culture through ***Cranleigh Thinking, Cranleigh Being and Cranleigh Giving***.

Cranleigh Thinking teaches pupils to think beyond the test, to become independent learners who know how to learn, adapting to changing contexts.

Cranleigh Being promotes a culture in which ***who*** we are and ***how*** we are is as important as what we achieve and in which the well-being of all in the community is a priority.

Cranleigh Giving encourages all in the community to think beyond themselves and to consider how they will share their resources, time and expertise. It also seeks to widen access to Cranleigh, offering opportunities to young people from a diverse range of backgrounds and experience.

Together, these themes express the aspiration that all members of the community are encouraged to be thinking, being, giving individuals who are able to consider who they are, what they will be and how they will be now and in the future. It is this aspiration that is to be taken forward in the next school development plan.

The Governing Body and senior executives are actively refining the development plan so that the School remains resilient and continues to advance its charitable objects post the coronavirus pandemic. These refinements will be considered during the current term and then in detail at the Governing Body strategy day in March 2021.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustees are responsible for the preparation of the Trustees' Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming or outgoing resources for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.


The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the

Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the members of the Governing Body at the date of approval of this report is aware, there is no relevant audit information (information needed by the Charity's auditor in connection with preparing the audit report) of which the Charity's auditor is unaware. Each member of the Governing Body has taken all the steps that he or she should have taken as a member of the Governing Body in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

AUTHORISATION

This Annual Report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body of Cranleigh School on 21st November 2020, including in their capacity as company directors approving the Directors' and Strategic Reports contained therein, and is signed as authorised on its behalf by the Chairman of the Governing Body.

A handwritten signature in black ink, appearing to read 'Adrian Lajtha', written in a cursive style.

Adrian Lajtha
(Chairman of Governing Body)

Independent Auditor's Report to the Members and Trustees of Cranleigh School

Opinion

We have audited the financial statements of Cranleigh School for the year ended 31 July 2020 which comprise Consolidated Statement of Financial Activities, Consolidated and Company only Balance Sheets, Consolidate Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial

statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

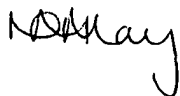
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 16th February 2021

CRANLEIGH SCHOOL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)

FOR THE YEAR ENDED 31 JULY 2020

		Trading School Subsidiaries				
		Unrestricted	Unrestricted	Restricted	Group	Group
		Funds	Funds	Funds	2020	2019
	Note	2020	2020	2020	2020	2019
		£'000	£'000	£'000	£'000	£'000
INCOME FROM:						
Charitable activities						
School fees	2	24,759	-	-	24,759	25,848
Other income	4	1,014	-	-	1,014	1,264
Other trading activities						
Facilities and trading income	5	31	720	-	751	1,613
Other incoming resources	5	895	-	-	895	140
Share of surplus from Joint Venture	5	-	164	-	164	-
Investments						
Investment income	6	61	-	27	88	92
Bank and other interest	6	-	-	-	-	-
Voluntary sources						
Donations and legacies	7	28	-	383	411	203
Fundraising events	7	-	-	19	19	27
Total incoming resources		26,788	884	429	28,101	29,187
EXPENDITURE ON:						
Raising funds						
Trading costs	8	-	412	-	412	498
Share of loss from Joint Venture	12	-	-	-	-	330
Other income-generating activities		-	-	1	1	1
Financing costs	9	945	3	-	948	828
Investment management		25	-	-	25	24
Fundraising & development		-	-	4	4	3
Total deductible costs		970	415	5	1,390	1,684
Charitable activities						
Education and grant making	8	25,689	30	88	25,807	26,335
Total expenditure		26,659	445	93	27,197	28,019
NET INCOMING FUNDS FROM OPERATIONS BEFORE TRANSFERS AND INVESTMENT GAINS						
		129	439	336	904	1,168
Gains/(losses) on investments	12	(126)	-	7	(119)	325
NET INCOME / (EXPENDITURE)		3	439	343	785	1,493
Transfers	3	299	(299)		-	-
Other recognised gains / (losses):						
Pension scheme actuarial gain/(loss)	20	(1,716)	-	-	(1,716)	(516)
NET MOVEMENT IN FUNDS FOR THE YEAR		(1,414)	140	343	(931)	977
FUNDS B/FWD 1 AUGUST 2019		37,876	247	1,125	39,248	38,271
FUNDS C/FWD 31 JULY 2020		36,462	387	1,468	38,317	39,248

The notes on pages 23 to 39 form part of these accounts

CRANLEIGH SCHOOL

BALANCE SHEETS AS AT 31 JULY 2020

	Note	School 2020 £'000	School 2019 £'000	Group 2020 £'000	Group 2019 £'000
FIXED ASSETS					
Tangible assets	11	59,764	61,485	59,796	61,561
Investments	12	3,830	3,920	4,913	4,649
		<u>63,594</u>	<u>65,405</u>	<u>64,709</u>	<u>66,210</u>
CURRENT ASSETS					
Stocks		46	38	232	247
Debtors - due within one year	13	755	1,491	481	519
- due after one year	13	115	176	115	176
Cash and bank balances		196	-	1,120	1,435
		<u>1,112</u>	<u>1,705</u>	<u>1,948</u>	<u>2,377</u>
CURRENT LIABILITIES					
Creditors payable within one year	14	(7,970)	(9,438)	(8,066)	(9,543)
		<u>(7,970)</u>	<u>(9,438)</u>	<u>(8,066)</u>	<u>(9,543)</u>
NET CURRENT (LIABILITIES)		<u>(6,858)</u>	<u>(7,733)</u>	<u>(6,118)</u>	<u>(7,166)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		56,736	57,672	58,591	59,044
LONG-TERM LIABILITIES					
Creditors payable after one year	15	(18,064)	(19,271)	(18,064)	(19,271)
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY		<u>38,672</u>	<u>38,401</u>	<u>40,527</u>	<u>39,773</u>
Pension scheme funding	20	(2,210)	(525)	(2,210)	(525)
TOTAL NET ASSETS		<u>36,462</u>	<u>37,876</u>	<u>38,317</u>	<u>39,248</u>
FUNDS					
Foundation restricted funds		-	-	1,468	1,125
Trading Subsidiaries		-	-	100	106
School unrestricted funds		38,672	38,401	38,959	38,542
Pension reserve	20	(2,210)	(525)	(2,210)	(525)
TOTAL FUNDS	18	<u>36,462</u>	<u>37,876</u>	<u>38,317</u>	<u>39,248</u>

The net movement in funds for the financial year dealt with in the financial statements of the parent company was (£1,414k) (2019: £88k)

Approved and authorised for issue by the Governors on 21 November 2020
and signed on their behalf by



Adrian Lajtha (Chairman of Governing Body)

The notes on pages 23 to 39 form part of these accounts

Company No.3595824

CRANLEIGH SCHOOL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2020

	2020 £'000	2019 £'000
Net cash inflow from operations		
Net cash provided by / (used in) operating activities (a)	<u>3,125</u>	<u>3,463</u>
Cash flows from investing activities		
Payments for tangible fixed assets	(111)	(4,330)
Proceeds on sale of tangible fixed assets	-	-
Purchase of investments	(260)	(68)
Withdrawals from investments	24	24
Investment income and bank interest received	<u>60</u>	<u>68</u>
Net cash (used in) / provided by investing activities	(287)	(4,306)
Cash flows from financing activities		
Finance costs paid	(719)	(724)
Advance fees: New contracts	994	1,998
Accrued to contracts	48	63
Appropriations	(1,943)	(2,672)
Loan Facility	<u>(594)</u>	<u>439</u>
Net cash provided by financing activities	(2,214)	(896)
	<u>624</u>	<u>(1,739)</u>
Debt repayment (net)	594	(439)
	<u>1,218</u>	<u>(2,178)</u>
Change in cash and cash equivalents in the reporting period	1,218	(2,178)
Cash and cash equivalents at the beginning of the reporting period	(19,376)	(17,198)
Cash and cash equivalents at the end of the reporting period (b)	<u>(18,158)</u>	<u>(19,376)</u>

The notes on pages 23 to 39 form part of these financial statements

CRANLEIGH SCHOOL

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2020

(a) Reconciliation of net income to net cash flow from operating activities

	2020 £'000	2019 £'000
Net incoming resources	904	1,168
Elimination of non-operating cash flows:		
Investment income	(60)	(68)
Finance costs paid	719	724
Pension gains less contributions paid	1,685	525
Depreciation	1,876	1,893
Profit from disposal of assets	-	-
(Increase)/Decrease in stock	15	(17)
Decrease/(Increase) in debtors	99	140
Increase/(Decrease) in creditors	<u>(2,113)</u>	<u>(902)</u>
	2,221	2,295
	<u>3,125</u>	<u>3,463</u>

(b) Analysis of cash and cash equivalents

	1 August 2019 £' 000	Cash Flow £' 000	31 July 2020 £' 000
Cash at bank and in hand less overdraft	496	624	1,120
Loan facility - Handelsbanken	<u>(19,872)</u>	<u>594</u>	<u>(19,278)</u>
	<u>(19,376)</u>	<u>1,218</u>	<u>(18,158)</u>

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1. ACCOUNTING POLICIES

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 9 July 1998 (Company No. 3595824) and registered as a charity (Charity No. 1070856).

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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 and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 15.

The accounts present the consolidated statement of financial activities (SOFA), the consolidated cash flow statement and the consolidated and Charity balance sheets comprising the consolidation of the School and with its wholly owned subsidiaries Cranleigh Enterprises Limited (Company No. 2902113), Cranleigh Foundation (Company No.1122918) and Cranleigh Education Services Limited (Company No. 8224546). Cranleigh Education Services Limited also has a 50% share in CR Education Ltd a United Arab Emirate Joint Venture. 50% of the Joint Venture profits are included in the Group accounts. No separate SOFA has been presented for the Charity alone, as permitted by Section 408 of the Companies Act 2006. The net incoming resources of the Charity are disclosed on page 16. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments. The charity has taken advantage of exemption 408 of the Companies Act and as such a separate parent income statement has not been prepared.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

The School has recognised its liability in relation to the Cranleigh School Pension Scheme which involves a number of estimations as detailed in note 20.

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1. ACCOUNTING POLICIES (continued)

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

1.1 Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

1.2 Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis. Income from investment properties is accounted for in the period to which the rental income relates.

Rental income (including incentives received or paid) for operating leases on investment property are recognised in profit or loss on a straight line basis over the lease term.

1.3 Donations, legacies, grants and other voluntary incoming resources

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention is to be permanent or not. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

1.4 Advance Fee Scheme

Interest is paid by the charity on the advance, in which case the transaction is in substance a loan and is classed as a basic financial instrument. The financing cost is the interest paid and this must be treated as an interest expense. (If the interest rate paid is below the market rate for an equivalent loan, then the loan may qualify for treatment as a concessionary loan)

1.5 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure attributable to more than one cost category in the SoFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. The direct costs incurred in preserving the School's ancient buildings and their contents are shown as a charitable activity distinct from that of education and grant making. Irrecoverable VAT is included with the item of expenditure to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments. Governance costs comprise the costs of complying with constitutional and statutory requirements. Intra-group sales and charges between the School and its subsidiaries are excluded from trading income and expenditure

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £5,000 together with vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £5,000 are capitalised and carried in the balance sheet at historical cost. In certain circumstances, where the original costs of assets are not ascertainable, a reasonable estimate of the cost, if material, has been used.

Other expenditure on equipment incurred in the normal day-to-day running of the School and its subsidiaries is charged to the Statement of Financial Activities as incurred.

1.7 Depreciation

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal annual instalments over their expected useful economic lives as follows:

School buildings, including major extensions	15-50 years
Staff housing	50 years
Furniture, machinery and equipment	3-30 years
Motor vehicles	5 years
IT	4 years

1.8 Investments

Investment properties are valued as individual investments at their market values as at the balance sheet date. Rental income is recognised in the period to which it relates. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets. Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Stock

Stock represents goods for resale and is valued at the lower of cost and net realisable value.

1.10 Fund accounting

The charitable trust funds of the School and its subsidiaries 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.

Restricted income comprises gifts, legacies and grants where there is no capital retention obligation or power but only a trust law restriction to some specific purpose intended by the donor.

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1. ACCOUNTING POLICIES (continued)

1.11 Pension costs

Retirement benefits to employees of the School are provided through three pension schemes, two defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

(a) The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

(b) The Cranleigh School Pension Scheme - This is an occupational defined benefit scheme. The defined benefit pension scheme current service costs are charged to the Statement of Financial Activities within staff costs. The expected return on the scheme assets less the scheme interest costs are credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit liability is presented separately after other net assets on the face of the balance sheet. If the School cannot recover any pension scheme asset, it is not recognised in accordance with FRS 102.

(c) The Cranleigh School Group Personal Pension Plan - This is a defined contribution group personal pension plan with Aviva. Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

1.12 Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1.13 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

2. CHARITABLE ACTIVITIES - FEES	2020	2019
	£'000	£'000
Fees receivable consist of:		
Gross fees	28,629	29,962
Less: Total bursaries, grants and allowances	(3,925)	(4,114)
Add back: Bursaries paid for by donations to the Fee Relief Fund	55	-
	24,759	25,848

The above educational awards were made to 388 pupils (2019 : 353).

3. SUBSIDIARY COMPANIES

Cranleigh Enterprises Limited, is a company in which the School owns all 100 £1 shares, and the aggregate amount of assets, liabilities and funds is £24.0k. The trading activities of Cranleigh Enterprises Limited comprise a retail operation (supplying school clothing, sportswear and sports equipment, for pupils, teachers and employees of Cranleigh School), and the lettings of School facilities. The turnover was £432k and the net profit £99.7k with £109.2k of net funds. The net profit earned by this company is donated annually to Cranleigh School under Gift Aid. The value of goods and services supplied to the School by the company in the year was £54.9k (2019 : £90.5k) and the value of services supplied to the company by the School in the year was £0k (2019 : £4.2k). The Gift Aid donation for the year of £85k (2019 : £287k) has been shown on the Statement of Financial Activities as a transfer to the School.

Cranleigh Education Services Limited is a company in which the School owns all 100 £1 shares and the aggregate amount of assets, liabilities and funds is £274k. The trading activities of Cranleigh Education Services Limited is to facilitate the establishment of overseas schools and then monitor the running of overseas schools once open. The turnover was £289k and the net profit £194k. There were no services supplied to the School by the Company in the year and £6.7k services supplied to the Company by the School in the year. The Gift Aid donation for the year of £214k (2019 : £807k) has been shown on the Statement of Financial Activities as a transfer to the School.

Both trading companies are now consolidated within the group financial statements as detailed in the Statement of Accounting Policies.

Cranleigh School is also the sole member of Cranleigh Foundation, a company limited by guarantee established to promote and advance any charitable purpose directly connected with Cranleigh School. The financial results of Cranleigh Foundation are included as the Foundation restricted funds within these consolidated accounts

4. CHARITABLE ACTIVITIES - OTHER INCOME	2020	2019
	£'000	£'000
Educational visits	408	474
Activities	216	313
Other	301	309
Rental income	52	136
Registration fees	37	32
Other	1,014	1,264

5. OTHER TRADING ACTIVITIES	2020	2019
	£'000	£'000
Facilities and trading income		
Cranleigh School	31	17
Cranleigh Enterprises Ltd	432	711
Cranleigh Education Services Ltd	288	885
	751	1,613
Other incoming resources		
Surplus on asset sales	-	-
Foundation (recoveries)	4	2
Other	891	138
	895	140
Share of surplus from JV		
C R Education Ltd (see note 12)	164	-

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

	2020 £'000	2019 £'000
6. INVESTMENTS		
Investment income	88	92
Bank and other interest		
Bank interest	-	-

	2020 £'000	2019 £'000
7. VOLUNTARY SOURCES		
Donations and legacies		
Donations to Cranleigh School	83	28
Donations to Cranleigh Foundation	328	175
	411	203

During the year Cranleigh Foundation has awarded grants to Cranleigh School totalling £4k (2019: £2k) to support bursaries and various capital projects being carried out by the School, all of which were completed in the year. Cranleigh Education Services also donated £0k (2019: £106k) to the School during the year.

	2020 £'000	2019 £'000
Fundraising events		
Cranleigh Foundation Ltd	19	27

	Staff Costs £'000	Other £'000	Depreciation £'000	Total 2020 £'000	Total 2019 £'000
8. ANALYSIS OF EXPENDITURE					
a) Total expenditure					
Costs of generating funds					
Trading costs	117	279	16	412	498
Share of loss from Joint Venture	-	-	-	-	330
Cost of other activities	-	1	-	1	1
Financing costs	-	948	-	948	828
Investment	-	25	-	25	24
Fundraising	-	4	-	4	3
Total costs of generating funds	117	1,257	16	1,390	1,684
Charitable expenditure					
Education and grant making					
Teaching costs	12,323	2,380	155	14,858	14,936
Welfare	2,453	1,069	10	3,532	4,099
Premises	974	2,270	1,466	4,710	4,793
Support costs and governance	785	1,610	230	2,625	2,483
Grants and awards	-	82	-	82	24
Total charitable expenditure	16,535	7,411	1,861	25,807	26,335
Total expended	16,652	8,668	1,877	27,197	28,019

		2020 £'000	2019 £'000
b) Grants and awards			
From Restricted Funds:	Bursaries	55	-
From Unrestricted Funds:	Bursaries	27	24
		82	24

		2020 £'000	2019 £'000
c) Governance included in Support costs			
Remuneration paid to auditor for audit services:	School	25	25
	Subsidiaries	8	8
Reimbursement of personal expenses to Governors - travel costs		-	1
Other governance costs		261	97
		294	131

Travel expenses were reclaimed by 2 members (2019: 4) of the Governing Body.

In addition to the above audit remuneration the auditor received fees for taxation compliance services totalling £12.1k (2019: £6.3k)

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

9. FINANCING AND OTHER COSTS

	2020 £'000	2019 £'000
Bank interest and charges	900	765
Advanced fees discounts	48	63
	<u>948</u>	<u>828</u>

10. STAFF COSTS AND REPLATED PARTY TRANSACTIONS

	2020 £'000	2019 £'000
The aggregate payroll costs for the year were as follows		
Wages and salaries	13,087	13,217
Social security costs	1,278	1,278
Pension costs	2,287	1,875
	<u>16,652</u>	<u>16,370</u>

One Governor received remuneration totalling £16.3k (2019: £27.6k) from Cranleigh Education Services Ltd. The granting of a benefit to any Governor is consistent with the School's policies for benefits and no Governor receives any remuneration or benefit that would not be available to a parent.

Aggregate employee-benefits of 18 (2019:18) key management personnel	<u>1,911</u>	<u>1,865</u>
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The number of higher paid employees in bands of:

£ 60,001 - £ 70,000	18	19
£ 70,001 - £ 80,000	8	9
£ 80,001 - £ 90,000	2	1
£ 90,001 - £100,000	2	2
£ 100,001 - £110,000	0	1
£ 110,001 - £120,000	2	0
£ 120,001 - £130,000	0	0
£ 130,001 - £140,000	0	1
£ 140,001 - £150,000	0	0
£ 150,001 - £160,000	0	0
£ 160,001 - £170,000	1	1

33 34

The number with retirement benefits accruing

- in Defined Contribution schemes was	29	32
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of which the contributions amounted to	£493,000	£387,000
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The average number of the School's employees during the year calculated on a full time equivalent basis was 335 (2019: 332). The average headcount for the year was 408 (2019:414)

	2020 £'000	2019 £'000
Teaching	165	162
Welfare	74	74
Premises	33	30
Support	14	15
Other activities	49	51
	<u>335</u>	<u>332</u>

During the year no termination payments were made (2019: £27.5k). There were none outstanding at the year end.

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

11. TANGIBLE FIXED ASSETS	Freehold Land & Buildings £'000	Assets Under Construction £'000	Motor Vehicles £'000	Fittings & Equipment £'000	IT Hardware £'000	Total £'000
School and Group						
Cost (or frozen valuation)						
At 1 August 2019	70,858	2,224	230	4,196	2,158	79,666
Additions	6	116	27	56	101	306
Transfers	1,475	(1,475)	-	-	-	-
Disposals	-	(195)	(19)	(114)	(67)	(395)
At 31 July 2020	<u>72,339</u>	<u>670</u>	<u>238</u>	<u>4,138</u>	<u>2,192</u>	<u>79,577</u>
Depreciation						
At 1 August 2019	13,224	-	209	2,909	1,763	18,105
Charge for year	1,428	-	15	208	225	1,876
Disposals	-	-	(19)	(114)	(67)	(200)
At 31 July 2020	<u>14,652</u>	<u>-</u>	<u>205</u>	<u>3,003</u>	<u>1,921</u>	<u>19,781</u>
Net book values						
At 31 July 2020	<u>57,687</u>	<u>670</u>	<u>33</u>	<u>1,135</u>	<u>271</u>	<u>59,796</u>
At 31 July 2019	<u>57,634</u>	<u>2,224</u>	<u>21</u>	<u>1,287</u>	<u>395</u>	<u>61,561</u>

The School's fixed assets total £59,764k and Cranleigh Enterprises £32k.

All tangible fixed assets are held for use on charitable activities.

The freehold land and buildings, excluding separate buildings, comprising Cranleigh School and Cranleigh Preparatory School were revalued in 1999. Buildings were not previously depreciated, but with effect from 1 August 2005, depreciation is calculated over 50 years for all School buildings. When building projects are still in progress at the year end, depreciation is not calculated until the financial year in which the asset is brought into full use. Land is not depreciated.

12. SECURITIES INVESTMENTS	School 2020 £'000	School 2019 £'000	Group 2020 £'000	Group 2019 £'000
Group investments				
Balance at 1 August 2019	3,722	3,432	4,501	4,132
New money invested from realised gains	-	-	-	-
New money invested	-	-	200	-
Reinvested Income	60	68	60	68
Investment management fees	(24)	(24)	(24)	(24)
Increase/(decrease) in value of investments	(126)	246	(119)	325
Group investments at 31 July 2020	<u>3,632</u>	<u>3,722</u>	<u>4,618</u>	<u>4,501</u>
Balance at 1 August 2019	198	198	148	478
Investment in Subsidiary	-	-	-	-
Subsidiary investment in Joint Venture	-	-	147	(330)
School investments at 31 July 2020	<u>198</u>	<u>198</u>	<u>295</u>	<u>148</u>
Investments comprise:				
Listed investments - Equities	3,595	3,708	4,581	4,487
Cash	37	14	37	14
Group investments	<u>3,632</u>	<u>3,722</u>	<u>4,618</u>	<u>4,501</u>
Investment in Subsidiary	198	198	-	-
Subsidiary investment in Joint Venture	-	-	295	148
School investments	<u>198</u>	<u>198</u>	<u>295</u>	<u>148</u>
School investments	<u>3,830</u>	<u>3,920</u>	<u>4,913</u>	<u>4,649</u>

In addition to the above investments, cash balances within the Fees in Advance Scheme are included in current assets as cash deposits.

The main Securities investments are managed for the School by Brewin Dolphin Ltd. All investments are managed and held in the UK.

Original cost of investments held at 31 July 2020 is £1.939m (2019 : £1.818m)

The School has invested £198,001 in Cranleigh Education Services Ltd purchasing all 100 shares.

Cranleigh Education Services Ltd also has a 50% share in CR Education Ltd a United Arab Emirate Joint Venture in relation to the construction, operation and management of a school in Abu Dhabi. Cranleigh Education Services Ltd holds 50 shares with a nominal value of Dirhams 1000 each. With the school having opened in September 2014, Cranleigh Education Services Ltd now incorporates 50% of the Joint Venture profit to the 31 July. The subsidiary's share of turnover for the year ended 31 July 2020 was £466k (2019: £553k) with a net profit of £147k (2019: (£330k) loss) and the aggregate share of assets, liabilities and funds of the Joint Venture is £287k (2019: £140k).

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

13. DEBTORS	School 2020 £'000	School 2019 £'000	Group 2020 £'000	Group 2019 £'000
Fees	173	179	173	179
Sundry debtors	78	119	194	231
Prepayments	107	89	107	99
Staff loans	122	186	122	186
Amounts due from Cranleigh Enterprises Ltd	91	-	-	-
Amounts due from Cranleigh Education Services Ltd	-	-	-	-
Gift aid donations from subsidiary companies	299	1,094	-	-
	870	1,667	596	695

All debtors are due within one year, except for £115k (2019:£176k) of staff loans, which are due after more than one year.

The above fees are net of bad debt provision £394k (2019:£308k).

14. CREDITORS : amounts falling due within one year	School 2020 £'000	School 2019 £'000	Group 2020 £'000	Group 2019 £'000
Bank loans (see Note 17)	2,604	2,586	2,604	2,586
Fees received in advance	615	594	615	594
Final term deposits	1,822	1,575	1,822	1,575
Taxation, social security and pension contributions	692	751	692	751
Amounts due to Cranleigh Enterprises Ltd	-	58	-	-
Overdraft	-	939	-	939
Other creditors and accruals	1,056	1,448	1,152	1,611
	6,789	7,951	6,885	8,056
Advance fees (see Note 16)	1,181	1,487	1,181	1,487
	7,970	9,438	8,066	9,543

15. CREDITORS : amounts falling due after one year	School 2020 £'000	School 2019 £'000	Group 2020 £'000	Group 2019 £'000
Bank loans (see Note 17)	16,674	17,286	16,674	17,286
Advance fees (see Note 16)	1,390	1,985	1,390	1,985
	18,064	19,271	18,064	19,271

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

16. ADVANCE FEE PAYMENTS

Parents may enter into a contract to pay to the School up to the equivalent of ten years' tuition fees in advance. The amounts received are treated as deferred income and form part of the School's working capital. Fees are taken to income for each term as the relevant pupils progresses through the School. Advance payments may be returned subject to specific conditions on the receipt of one term's notice.

	2020	2019
	£'000	£'000
Assuming pupils will remain in the School, advance fees will be applied as follows :		
After 5 years	-	138
Within 2 to 5 years	1,390	1,847
Within 1 year (Note 14)	1,181	1,487
	<u>2,571</u>	<u>3,472</u>

The balance represents the accrued liability under the contracts, and the movements during the year were:

	£'000	£'000
Balance at 1 August 2019		3,472
New contracts		994
Amounts accrued to contracts		48
		<u>4,514</u>
Amounts utilised in payment of fees:		
To the School	(1,824)	
To other schools	(65)	
Refunds	<u>(54)</u>	
		<u>(1,943)</u>
Balance at 31 July 2020		<u>2,571</u>

17. LOAN FINANCE

Credit facilities with Handelsbanken are currently in place, on which interest is payable at normal commercial rates. The loan facilities are secured by separate First Legal Mortgages executed by the School over certain freehold properties owned by the School. The structure is shown in the following table.

	£'000
5.33% Fixed rate amortizing credit facility expiring 23 April 2022	3,203
Libor + 1.65% amortizing credit facility expiring 25 July 2022	1,339
5.28% Fixed rate amortizing credit facility expiring 30 March 2024	2,565
Libor + 1.65% revolving credit facility expiring 30 March 2022, £3m available, £2m utilised	3,000
2.91% Fixed rate amortizing credit facility expiring 17 July 2022	2,281
3.24% Fixed rate amortizing credit facility expiring 2 April 2023	2,335
2.95% Fixed rate amortizing credit facility expiring 22 November 2022	2,308
2.77% Fixed rate amortizing credit facility expiring 12 August 2022	2,286
3.07% Fixed rate amortizing credit facility expiring 29 March 2024	961
	<u>20,278</u>

The facilities are repaid by quarterly installments with the exception of the revolving credit which is repayable on maturity. All facilities mature as follows:

	2020	2019
	£'000	£'000
After 5 years	14,038	14,739
Within 2 to 5 years	2,636	2,547
Within 1 year	2,604	2,586
	<u>19,278</u>	<u>19,872</u>

In addition there is a revolving current account overdraft facility from Handelsbanken of £3m expiring on 30 September 2021.

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

18. STATEMENT OF FUNDS

	Balance 1 August 2019 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £'000	Balance 31 July 2020 £'000
Fees Relief Fund Fund	-	55	(55)	-	-
Foundation	1,125	374	(38)	7	1,468
Total restricted funds	1,125	429	(93)	7	1,468
Total unrestricted funds	38,123	27,672	(27,104)	(1,842)	36,849
Total funds	39,248	28,101	(27,197)	(1,835)	38,317

The funds of the Foundation are considered to be restricted given the aims and objects are narrower than the School and as such are accounted for as a restricted fund in the Group.

19. COMPARATIVE STATEMENT OF FUNDS (*restated*)

	Balance 1 August 2018 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £'000	Balance 31 July 2019 £'000
Foundation	852	225	(31)	79	1,125
Total restricted funds	852	225	(31)	79	1,125
Total unrestricted funds	37,419	28,962	(27,988)	(270)	38,123
Total funds	38,271	29,187	(28,019)	(191)	39,248

20. PENSION SCHEMES

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

Defined benefit schemes

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 £1,654k (2019: £1,203k) and at the year end £134k (2019: £96k) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation 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%.

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

20. PENSION SCHEMES (continued)

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.

Cranleigh School Pension Scheme

The School operates a defined benefit scheme for non-teaching staff, the Cranleigh School Pension Scheme. The scheme was closed to new members with effect from 1 January 2013, though it remains open to existing members. As of 1 January 2013, the School established a generous defined contribution scheme for new employees (see page 34).

Contributions are made to the scheme in accordance with the recommendations of the scheme's actuary and are charged to the Statements of Financial Activities. Following the signing of the latest valuation in May 2019 the School's contribution increased to 22.5%. In addition the School paid contributions totalling £89,400 in respect of the past service deficit. At 31 July 2020 £0 was accrued in respect of pension contributions to this scheme (2019: £0).

Following the latest full Actuarial Valuation at 6 April 2018, the Trustees of the Cranleigh School Pension Scheme agreed with Cranleigh School, the employer, to continue with a recovery plan designed to eliminate the deficit from 6 May 2019 until 31 January 2028. Cranleigh School will make lump sum contributions of £7,450 per calendar month to fund the past service deficit.

The School has provided £119k to cover the potential cost of meeting the possible commitment to pay additional guaranteed minimum pension (GMP) equalisation costs following the October 2018 ruling by the High Court in the Lloyds Bank case

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

20. PENSION SCHEMES (continued)

	2020 £'000	2019 £'000
(a) The amounts recognised in the balance sheet are as follows :		
Present value of funded obligations	(27,136)	(23,948)
Fair value of plan assets	<u>24,926</u>	<u>23,423</u>
less asset not recognised	-	-
Deficit amount shown in the balance sheet	<u>(2,210)</u>	<u>(525)</u>
(b) Changes in the present value of the defined benefit obligation	2020 £'000	2019 £'000
Opening defined benefit obligation	23,948	20,920
Service cost	568	644
Interest cost	483	554
Actuarial loss/(gain)	2,910	2,547
Benefits paid	<u>(773)</u>	<u>(717)</u>
Defined benefit obligation at year end	<u>27,136</u>	<u>23,948</u>
(c) Changes in the fair value of the Scheme assets	2020 £'000	2019 £'000
Opening fair value of the scheme assets	23,423	21,082
Interest on assets/Expected return	478	558
Actuarial gain/(loss)	1,194	1,869
Employer's contributions	482	496
Employees' contributions	122	135
Benefits paid	<u>(773)</u>	<u>(717)</u>
Closing defined benefit obligation	<u>24,926</u>	<u>23,423</u>
(d) Amounts included within the Statement of Financial Activities	2020 £'000	2019 £'000
Current service cost	(2,210)	(525)
Past service cost (GMP equalisation)	-	(119)
Expected return on scheme assets	478	558
Interest on pension liabilities	<u>(483)</u>	<u>(554)</u>
Total amount charged to the Statement of Financial Activities	<u>(2,215)</u>	<u>(640)</u>
Net Actuarial gains/(losses)	<u>(1,716)</u>	<u>(678)</u>
less asset not recognised	-	162
Net Actuarial gains/(losses) recognised in the year	(1,716)	(516)
Net Cumulative actuarial gains/(losses)	<u> </u>	<u> </u>

The School expects to contribute £475k to the scheme in 2020/21

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

20. PENSION SCHEMES (continued)

	2020 £'000	2019 £'000
(e) Reconciliation of movements in Present Value of Plan : Liabilities and Assets		
Net liability at the beginning of the year	-	-
Movements in the year:		
Employer's current service cost	(446)	(390)
Employer's past service cost	-	(119)
Employer's contribution	482	496
Net interest on the Defined Benefit Asset/Liability	5	4
Actuarial gains less scheme asset not recognised	(1,716)	(1,716)

Net liability at end of the year	(1,675)	(1,725)
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(f) The categories of scheme assets as a percentage of total assets	2020	2019
Equities	44	47
Bonds	52	49
Annuities	4	4
Cash	-	-

(g) Principal assumptions at the balance sheet date (expressed in percentages as weighted averages)

Discount rate	1.45	2.05
Expected return on plan assets	1.45	2.05
Rate of increase in salaries	2.90	3.25
Rate of increase in pensions in payment	3.50	3.55
Rate of increase in pensions in deferment in excess of the GMP	2.25	2.05
RPI	2.90	3.25
CPI	2.00	2.25
Assumes life expectations in years on retirements age 65		
Retiring today - males	22.4	21.60
Retiring today - females	24.3	23.00
Retiring in 20 years - males	23.7	22.90
Retiring in 20 years - females	25.5	24.70

(h) The amounts for the current and previous periods are :

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Defined benefit obligation	(27,136)	(23,948)	(20,920)	(21,942)	(19,383)
Scheme assets	24,926	23,423	21,082	19,996	18,247
Deficit	(2,210)	(525)	-	(1,946)	(1,136)
Experience adjustments on liabilities	491	(1,191)	(2,675)	(253)	(1,912)
Experience adjustments on assets	1,194	1,869	597	1,176	1,848

Defined contribution scheme

The Cranleigh School Group Personal Pension Plan started in January 2013. This is a money purchase group personal pension scheme managed by Aviva. Basic contributions are 4% for the employee and 8% for the employer. The employer's contributions are charged in the Statement of Financial Activities in the period in which the salaries to which they relate are due. The employer's contributions in the year amounted to £227,549 (2019: £207,376). At 31 July 2020 £0 was accrued in respect of pension contributions to this scheme (2019 : £0).

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

21. FINANCIAL INSTRUMENTS

The charity 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 amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

At the balance sheet date the charity held financial assets at amortised cost of £1,716k (2019: £2,130k). Financial assets at fair value through income or expenditure of £0k (2019: £0k) and Financial liabilities at amortised cost of £26,130k (2019: £28,814k)

22. RELATED PARTY TRANSACTIONS

The Headmaster of Cranleigh School is also the Trustee of 1170. This charity has used the facilities of Cranleigh School for fundraising meetings. There was no charge for these services and there were no amounts owed to the School at 31 July 2020 (2019: Nil)

There have been no related party transactions that require disclosure other than transactions with other group entities, as set out below:

In 2020 the Charity charged Cranleigh Enterprises Limited minibus running costs totalling £25,080 (2019: £36,900). This is calculated as a fee per term based on fuel and maintenance costs

In 2020 Cranleigh Enterprises Limited charged the Charity minibus usage costs totalling £39,600 (2019: £58,320). This is calculated as a fee per term based on the reasonable wear and tear of the vehicles.

In 2020 Cranleigh Enterprises Limited charged the Charity stationery and book costs totalling £54,995 (2019: £84,046). This is based on the recommended retail price.

23. CAPITAL COMMITMENTS

As at 31 July 2020 the Group had no capital commitments for the construction works on the capital development programme.

24. OPERATING LEASES

As at 31 July 2020 the Group had the following non-cancellable operating leases, payable as follows:

	2020 £'000	2019 £'000
Within 2 to 5 years	40	95
Within 1 year	112	144
	<u>152</u>	<u>239</u>

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

25. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total Funds 2019 £'000
INCOME FROM:			
Charitable activities			
School fees	25,848	-	25,848
Other income	1,264	-	1,264
Other trading activities			
Facilities and trading income	1,613	-	1,613
Other incoming resources	140	-	140
Share of surplus from Joint Venture	-	-	-
Investments			
Investment income	69	23	92
Bank and other interest	-	-	-
Voluntary sources			
Donations and legacies	28	175	203
Fundraising events	-	27	27
Total incoming resources	<u>28,962</u>	<u>225</u>	<u>29,187</u>
EXPENDITURE ON:			
Raising funds			
Trading costs	498	-	498
Share of loss from Joint Venture	330	-	330
Other income-generating activities	-	1	1
Financing costs	828	-	828
Investment management	24	-	24
Fundraising & development	-	3	3
Total deductible costs	<u>1,680</u>	<u>4</u>	<u>1,684</u>
Charitable activities			
Education and grant making	26,308	27	26,335
Total expenditure	<u>27,988</u>	<u>31</u>	<u>28,019</u>
NET INCOMING FUNDS FROM OPERATIONS BEFORE TRANSFERS AND INVESTMENT GAINS	974	194	1,168
Gains/(losses) on investments	246	79	325
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME AND CAPITAL (INFLOW)	1,220	273	1,493
Pension scheme actuarial gain/(loss)	<u>(516)</u>	<u>-</u>	<u>(516)</u>
NET MOVEMENT IN FUNDS FOR THE YEAR	704	273	977
FUNDS B/FWD 1 AUGUST 2018	<u>37,419</u>	<u>852</u>	<u>38,271</u>
FUNDS C/FWD 31 JULY 2019	<u>38,123</u>	<u>1,125</u>	<u>39,248</u>

CRANLEIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

26. ALLOCATION OF NET ASSETS TO FUNDS

Fund balances at 31 July 2020:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets	64,709	-	64,709
Current assets	1,861	87	1,948
Current liabilities	(8,066)	-	(8,066)
Long term liabilities	(18,064)	-	(18,064)
Pension scheme assets	(2,210)	-	(2,210)
Total net assets	38,230	87	38,317

27. COMPARATIVE ALLOCATION OF NET ASSETS TO FUNDS

Fund balances at 31 July 2019	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets	66,210	-	66,210
Current assets	2,290	87	2,377
Current liabilities	(9,543)	-	(9,543)
Long term liabilities	(19,271)	-	(19,271)
Pension scheme liabilities	(525)	-	(525)
Total net assets	39,161	87	39,248