

Registered number: 04177718
Charity number: 1087124

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees

Mrs C A E Cook (appointed 19 June 2019)
Mr A Q D Cornforth
Mr M W Fletcher
Mrs B A Forster (appointed 28 October 2019)
Mrs E M F Griffin, Chair
Mr D G Jackson
Mr C H Jenkinson
Mrs E C Kenward
Mrs C M Lane (resigned 11 August 2019)
Mrs P M Lines
Mrs C M McGrory
Miss T M McNamara
Mr C J Russell, Deputy Chair
Mr K D Shaw MBE
Commodore B J Warner

Company registered number

04177718

Charity registered number

1087124

Registered office

Princethorpe College
Princethorpe
Rugby
CV23 9PX

Company secretary

E J K Tolcher

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

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Advisers (continued)

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

Wright Hassall LLP
Olympus Avenue
Leamington Spa
Warwickshire
CV34 6BF

Bankers

HSBC Bank Plc
PO Box 24
55 Corporation Street
Coventry
CV1 1QJ

The Head Teachers

Mr E D Hester - Princethorpe College
Mr R P Duigan - Crackley Hall School
Mr J P Thackway - Crescent School

Foundation Bursar

Mr E J K Tolcher

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the audited financial statements of The Princethorpe Foundation for the 1 September 2018 to 31 August 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

CONSTITUTION

The Princethorpe Foundation is a company limited by guarantee, registered number 4177718. It is a registered charity in England and Wales, number 1087124.

The governing instruments under which the charitable company operates comprise the memorandum and articles of association of the company and the instrument of government. The articles were amended in December 2019 to clarify the requirements relating to the retirement and reappointment of trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Directors of the charitable company ('the Foundation') are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees are also members of the company for the purpose of company law.

The Trustees who served during the year are named on page 1.

Mrs C A E Cook and Mrs B A Forster were presented for appointment having become trustees since the last Annual General Meeting.

Mrs P M Lines and Miss T M McNamara retired and, being eligible, offered themselves for reappointment.

Three trustees have served more than twelve consecutive years and it is considered to be in the best interest of the Foundation for each trustee to serve beyond that period. Mr A Q D Cornforth, Mr D G Jackson & Mr C J Russell retired and, being eligible, offered themselves for reappointment.

Mrs C M Lane has resigned as a trustee, director and member of the Foundation during the 2018-19 year.

Trustees are committed to the standards outlined in the Charity Commission's Charity Governance Code. A review of the Code and how the Foundation functions is currently underway.

Day to day management of the Foundation is delegated by the Trustees to the following executives:

Mr E D Hester (Senior Head of the Foundation)
Mr R P Duigan (Head of Crackley Hall)
Mr J P Thackway (Head of Crescent School)
Mr E J K Tolcher (Foundation Bursar and Company Secretary)

Selection and induction of trustees

Trustees are selected with a view to maintaining on the governing body a balance of skills in a range of disciplines including education, finance, law, religious and pastoral issues and general business acumen. Individual qualities such as motivation and availability are also important for what is an unpaid and time consuming commitment. Suitable candidates are identified by personal recommendations from members of staff, existing parents and trustees.

New trustees receive a comprehensive information pack detailing the role of a trustee, the Foundation and its structure, objectives and strategy. Statutory obligations are also explained and copies of relevant Charity

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Commission guidance are issued. In addition, each new trustee is briefed by the Heads and the Foundation Bursar and, subject to availability, offered places on bespoke training sessions organised by national bodies such as AGBIS (Association of Governing Bodies in Independent Schools).

Management structure

The Foundation consists of three schools:

- Princethorpe College, a co-educational senior school for pupils aged 11 to 18;
- Crescent School, a co-educational junior school for pupils aged 4 to 11 in Rugby;
- Crackley Hall School, a co-educational junior school for pupils aged 4 to 11 in Kenilworth. The school incorporates Little Crackers Nursery for pupils aged 2 to 4.

The Trustees meet as a full board on at least one occasion each term and undertake the management of the Foundation through a structure of sub committees. A finance committee meets at least termly and monitors all aspects of the Foundation's finances including capital expenditure, making annual budgetary recommendations to the governing body and considering applications for bursaries. Other committees meet regularly to oversee such activities as education, staffing, safeguarding, marketing and communications, premises, health and safety and governance. The development board has been established as a sub committee to oversee fundraising.

Day to day management of the Foundation is delegated to the Heads and Foundation Bursar who report to the Trustees and to the various sub committees relevant to their individual responsibilities. There is a regular meeting of the Foundation's senior executives which comprise the Heads, the Foundation Bursar, the Deputy and Assistant Heads from Princethorpe College and the Foundation Assistant Heads. The group, known as the Foundation Executive Committee, are the key management personnel.

Remuneration

Remuneration is set by the Board, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to the Foundation's success.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools to ensure that the Foundation remains sensitive to the broader issues of pay and employment conditions elsewhere.

Delivery of the Foundation's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Employment policy

The Foundation is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. 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.

Communication with employees continues through normal management channels in a variety of forms to apprise staff of current issues.

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The Foundation's objectives are to establish, conduct and carry on an independent school, college and nursery or any one or more thereof, for the education of boys, girls and young adults of all or no religious denominations and of such ages as the Trustees may from time to time determine, and to do all things as are or may be incidental or conducive to the attainment of the above objects.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Aims

The Foundation aims to provide a caring Christian environment to children with a broad range of ability wherein their needs can be met and their talents developed. The Foundation pursues these objectives by creating a healthy balance between freedom and structure with an emphasis on self-discipline through responsibility and trust, supported by a high level of pastoral care.

Current year's objectives

The main objectives for the year were:

- to continue to improve on the high levels of academic achievement, especially when assessed in terms of value added;
- as a whole community, to follow faithfully the ethos of the school, creating an environment where each child will flourish;
- to continue to enhance the wide range of co-curricular activities that are so enjoyed by the pupils;
- to continue the programme of refurbishment and expansion of facilities.

Current year's strategies to achieve aims

Strategies employed to achieve these objectives include:

- attracting and recruiting high calibre staff;
- optimising pupil/teacher ratios;
- improving training and staff development;
- providing scholarships and bursaries to allow talented pupils from less well off backgrounds to enrol;
- managing finances so as to retain competitive fees whilst maximising funds available to improve quality of education and facilities for pupils.

Current year's principal activities

The Foundation successfully provided education to over 1,300 pupils. A total of 321 (2018: 291) pupils received help with fees to the total value of £1,123,681 (2018: £1,143,716) and the scholarships and bursaries fund is at a level equivalent to 7.2% (2018: 7.7%) of fee income.

The Trustees have been successful in raising some funds from existing parents and others towards the general bursary fund which is actively publicised. The Thomas More Scholarship is also actively publicised and is a means tested scholarship programme which is available for Catholic pupils.

The Trustees are indebted to the parents' associations of all schools whose organisation of events bring together the wider school communities and whose support of school events is invaluable as well as raising significant sums of money to support the schools.

PUBLIC BENEFIT

Charitable aims, relevant benefits and beneficiaries

The Trustees are satisfied that the schools' aims are charitable, and that its operation was and is consistent with those aims. The Trustees have also given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

In accordance with the governing instruments of the Foundation the chapel at Princethorpe College is provided to the local parish for services including weekly Mass, baptisms, weddings and funerals. No charge is made by the Foundation for these events although an occasional donation is received from the parish towards the running costs.

The Foundation provides free of charge teaching at Our Lady's Primary School in Princethorpe. The Foundation intends to extend and enhance its support for local primary schools.

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TRUSTEES' REPORT (continued)
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As part of the Foundation's educational provision, the schools encourage pupils to contribute to the wider community. Its recent audit of public benefit has identified a wide range of other charitable activities in which pupils are involved:

- fundraising for a wide variety of charities and other organisations;
- Christmas Lunch & Summer Afternoon Tea for senior citizens from local care homes and from the local parish;
- fundraising and practical help in local schools, care homes and institutions through Youth St Vincent de Paul Society;
- Community Service as part of Sixth Form General Studies.

Children and young people who are not pupils at the schools have also benefited from the Charity's activities consistent with its objects:

- the facilities of the Foundation are provided free or at reasonable cost to a wide variety of external groups for functions for children and young people including youth sports groups, children's fun days and music festivals;
- the Foundation provides coaching in hockey to external youth teams and to individual external pupils;
- the provision of training to teachers, including remedial training sessions, in maintained schools;
- teachers provide support for exam boards for example as examination moderators, examiners, examination leadership, and in service training (INSET) for AQA for teachers for all sectors;
- a Music Day, a Football Festival and a Hockey Festival are run annually for local schools including state schools;
- a nationally acclaimed cross country course is used by pupils in the independent and maintained sectors.

There are also activities that have provided other charitable benefit, in addition to benefits directly associated with the objects of the Charity:

- pupils completing post-graduate studies with various academic bodies have the facility of carrying out teaching practice;
- a regular Reading Group is open to both parents and local people;
- the use of facilities by external groups;
- the schools' facilities are used by a variety of groups at no or low cost;
- Princethorpe College takes part in the annual Heritage Open Day.

The Trustees are satisfied that there is no evidence of detriment or harm associated with the schools' activities. The Trustees are satisfied that any private benefits are incidental, the fee remission provided for staff being part of the employment terms offered to attract and retain high quality staff.

Access

The Foundation applies appropriate academic entrance requirements to ensure that its pupils are able to benefit from the education provided. The Foundation wishes to ensure that admission to the schools is not restricted by financial circumstances excepting that overall there has to be a proper balance between income and costs such that the continuation of the Foundation will not be financially imperilled.

When setting the fees for the schools Trustees are mindful of the need to ensure accessibility for as wide a range of socio economic background as possible and therefore fee levels and increases are kept as low as practicable.

The Trustees are satisfied that the opportunity to benefit from the Foundation's activities is not unreasonably restricted. The Bursary Fund is used to enable access to members of the public who might not be able to afford the full fees. Means tested bursaries were granted to 87 pupils totalling £503,833 with 17 pupils receiving fee remissions of 75% or more including 5 pupils receiving full fee remissions.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The provision of free places means that people in poverty are not excluded from the opportunity to benefit from the schools' activities.

Fundraising

The Foundation contacts the members of its community, namely alumni, current and past parents and friends of the schools, regarding fundraising activities. The Foundation does not contact general members of the public who are not identified as a stakeholder group of the school. All fundraising efforts make clear that any donations are voluntary and do not place any undue pressure on an individual. Once subscribed, it is very easy for individuals to unsubscribe and stop receiving any form of communications from the Development Office.

We are registered with the Fundraising Regulator and attend relevant conferences to ensure best practice is applied.

In the last financial year there have not been any breaches or failure to comply with fundraising regulatory standards of any regulatory body governing fundraising policies. There have not been any formal complaints against the Foundation's fundraising procedures.

STRATEGIC REPORT

Review of achievements and performance for the year:

The links between the junior and senior schools are strong and continue to deepen. The Foundation is the sole provider of independent education in Kenilworth up to the age of 11 years. The Foundation has a ten year building development plan for its schools. The development office continues its programme of raising awareness of its aims and objectives.

Crackley Hall:

- the school continues to benefit from high quality accommodation following a substantial building programme in recent years;
- academic results remain excellent with a high percentage of school leavers securing scholarships at their secondary schools of choice; new testing programmes help to facilitate close scrutiny of pupils' progress, thereby impacting on value-added and pupil achievement;
- sport results remain outstanding with the school winning various competitions, with some pupils competing on a national level; a full inter school fixtures programme allows greater pupil participation at all levels of ability.
- Performing Arts continues to excel with a range of productions and all entrants to LAMDA examinations passed, with a high number of distinctions in most cases; equally all music grade candidates passed with outstanding results.
- various art entries progress to the ISA national art finals with one piece judged as a national winner.

Crescent School:

- a planned programme of improvements and refurbishments to the site and related facilities is well under way. This has seen significant work done in the library, school hall, specialist classrooms and reception areas of the building;
- there is a high participation rate in additional sport both in and out of the school and all upper school children have represented the school in sport fixtures; the school has been U11 IAPS national hockey finalists for the last three years;
- all KS2 children meet the N.C. standards for swimming with the majority exceeding expectation;
- pupils competed at a national level in swimming and athletics and there were also team successes at regional and county level;
- Music is very strong with a high number of pupils having individual music lessons and achieving merits or distinctions in examinations and 100% pass rate has been achieved for LAMDA exams.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Princethorpe College

- achievement at A level and GCSE continues to be strong; almost a third of A-levels were at A* A grades and a remarkable 31% of GCSE grades were at level 9 or 8 and 48% were between level 9-7 (the old A*-A), representing our finest results on record;
- achievement at A level and GCSE continues to be exceptionally strong with very high "value added" scores; almost a third of A-levels were at A* A grades and a remarkable 31% of GCSE grades were at level 9 or 8 and 48% were between level 9-7 (the old A*-A), representing our finest results on record;
- our co-curricular programme is outstanding with a huge range of activities, sport, music and drama which accommodates all ages and abilities;
- the school is oversubscribed and pupil numbers are optimised in all year groups, with a growing number of strong external candidates in the Sixth Form;
- participation in co curricular sport continues to be very successful across a range of boys and girls sports including several county and national titles;
- the pupils have had a great range of cultural and sporting trips abroad including sports tours to Holland and South Africa;
- there have been a huge number of fund-raising activities for charitable causes, many of them pupils led, such as support for local care home and night shelters. Outdoor education is a central pillar of our offering: 170 pupils are working toward Gold, Silver or Bronze Duke of Edinburgh Awards and the number of awards achieved continues to increase each year;
- Music and Drama are thriving with a great variety of productions and concerts through the year and both have benefitted from the refurbishment and upgrade to the Clarkson Theatre.
- partnerships with local state school include support with teaching and sports programmes as well as use of our grounds and facilities;
- the standard of Art throughout the College is exceptional with outstanding examination results and a number of pupils recognised with prizes in national competitions;
- the College continues to benefit from the range of building projects and campus improvements over the last ten years most recently The Limes building which has proved to be a superb addition to the teaching accommodation providing 14 additional classrooms, two ICT suites, a language lab, tutorial and student resource and study areas.

Financial review

The results for the year are shown on page 14. The overall results reflect an operating surplus for the year of £635,613 (2018: £265,189).

Reserves policy

The Trustees have a responsibility to protect the Foundation against uninsurable risks and future uncertainties and to establish a level of reserves which satisfies operating prudence, bearing in mind the impact of potential change in the economic, political and legislative environment within which the Charity functions.

The Foundation does not possess large endowment reserves to generate income to assist in the financing of the charity.

The Foundations total reserves of £18,867,354 at the year end included £705,045 of restricted funds and unrestricted funds of £18,162,309.

Restricted and endowed funds are, because of the particular spending constraints attached to them, not available for funding the general operations of the school. The unrestricted funds are expendable in accordance with the Objects of the Foundation. However, these unrestricted funds have already been invested by the governing body in the building, development and refurbishment of school buildings and other fixed assets used by the school. Accordingly, there are no current free reserves (unrestricted funds less the net book value of fixed assets financed by those funds). Given our plans for new buildings, this nil balance will continue for several years.

The Trustees are of the view that it is appropriate to retain a minimum cash balance of £1m on its bank

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

accounts. The Trustees have established this reserve.

Principal risks and uncertainties

The Trustees are responsible for the management of risk to which the charity is exposed. The major risks to the Foundation as identified by the Trustees have been reviewed and systems or procedures have been established to manage those risks. An annual re assessment of risks is conducted as part of the strategy and business review process.

The principal risks and uncertainties that the Trust faces include:

- increased competition;
- adverse economic conditions;
- adverse government policy and practices;
- regulatory costs;
- recruitment of staff and trustees;
- adverse publicity;
- increase in costs outside of the foundation's control;
- political and economic uncertainty.

Each of these would be high impact but their likelihood is monitored carefully and none are thought likely.

Future plans

The Foundation's strategy and business plan looks forward five years and is reviewed and revised annually. Strategic objectives for the period are:

- to attract and recruit high calibre teaching and support staff;
- to maintain and improve the academic performance of the schools;
- to maintain optimum staff/pupil ratios;
- to grant scholarships and bursaries thereby enabling talented pupils from less well off backgrounds to enrol;
- to manage finances such that fees are kept at competitive levels commensurate with the maintenance and improvement of a high quality learning and working environment;
- to restore the chapel;
- to improve the facilities at the schools through a programme of building works and enhancements;
- to continue the fund raising initiative to support the provision of bursaries to widen access to the Foundation and highlight future plans including fund raising for capital and special projects, one of which is a new science building and improvements for Geography and Economic & Business Studies.

INVESTMENT POWERS

Under the memorandum and articles of association, the Foundation has the power to invest monies not immediately required for the furtherance of its objects in such manner as the Trustees may from time to time determine.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

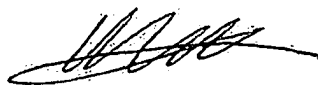
- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the charitable company's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

AUDITORS

Crowe U.K. LLP have indicated their willingness to continue in office.

The Report of the Trustees, including the Strategic Report, was approved by the Trustees on **9/12/19** in their capacity as both trustees and directors, and signed on their behalf by:


.....
Mrs E M F Griffin, Chair of Trustees


.....
Mr C J Russell

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PRINCETHORPE FOUNDATION

Opinion

We have audited the financial statements of The Princethorpe Foundation (the 'charitable company') for the year ended 31 August 2019 set out on pages 14 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PRINCETHORPE FOUNDATION

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PRINCETHORPE FOUNDATION

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 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.


Helen Drew (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 14-1-20

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and legacies	2	-	40,161	40,161	59,113
Charitable activities:					
School fees receivable	3	13,721,461	-	13,721,461	13,065,613
Registration fees		25,550	-	25,550	28,649
Other ancillary trading income	4	2,665,425	-	2,665,425	1,938,441
Other trading activities	5	245,985	-	245,985	237,571
Investments	6	17,296	-	17,296	5,867
Total income		16,675,717	40,161	16,715,878	15,335,254
Expenditure on:					
Raising funds:					
Trading activities		124,250	-	124,250	126,761
Financing costs	8	179,701	-	179,701	166,483
Charitable activities:					
Education and grant making		15,739,336	36,978	15,776,314	14,776,821
Total expenditure	7	16,043,287	36,978	16,080,265	15,070,065
Net income before other recognised gains and losses		632,430	3,183	635,613	265,189
Net movement in funds		632,430	3,183	635,613	265,189
Reconciliation of funds:					
Total funds brought forward		17,529,879	701,862	18,231,741	17,966,552
Total funds carried forward		18,162,309	705,045	18,867,354	18,231,741

The notes on pages 17 to 36 form part of these financial statements.

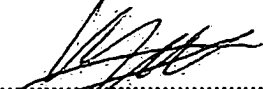
THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)
REGISTERED NUMBER: 04177718

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	10		21,870,392		22,005,577
Investments	11		1		1
			<u>21,870,393</u>		<u>22,005,578</u>
Current assets					
Stocks	12	146,852		135,415	
Debtors	13	602,463		746,080	
Cash at bank and in hand		2,751,955		2,041,183	
		<u>3,501,270</u>		<u>2,922,678</u>	
Creditors: amounts falling due within one year	14	(3,411,487)		(3,539,973)	
Net current assets/(liabilities)			<u>89,783</u>		<u>(617,295)</u>
Total assets less current liabilities			<u>21,960,176</u>		<u>21,388,283</u>
Creditors: amounts falling due after more than one year	15		(3,092,822)		(3,156,542)
Net assets			<u>18,867,354</u>		<u>18,231,741</u>
Charity Funds					
Restricted funds	16		705,045		701,862
Unrestricted funds	16		18,162,309		17,529,879
Total funds			<u>18,867,354</u>		<u>18,231,741</u>

The financial statements were approved and authorised for issue by the Trustees on 9/12/19 and signed on their behalf, by:


.....
Mrs E M F Griffin, Chair of Trustees


.....
Mr C J Russell

The notes on pages 17 to 36 form part of these financial statements.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>1,831,570</u>	<u>1,973,330</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		17,296	5,867
Proceeds from the sale of tangible fixed assets		-	6,970
Purchase of tangible fixed assets		(751,694)	(1,247,172)
Payments for assets under construction		(203,568)	-
Net cash used in investing activities		<u>(937,966)</u>	<u>(1,234,335)</u>
Cash flows from financing activities:			
Repayments of borrowings		(61,854)	(58,986)
Interest paid on borrowings		(120,978)	(123,145)
Net cash used in financing activities		<u>(182,832)</u>	<u>(182,131)</u>
Change in cash and cash equivalents in the year		710,772	556,864
Cash and cash equivalents brought forward	19	<u>2,041,183</u>	<u>1,484,319</u>
Cash and cash equivalents carried forward	19	<u><u>2,751,955</u></u>	<u><u>2,041,183</u></u>

The notes on pages 17 to 36 form part of these financial statements.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies

1.1 Company status

The Princethorpe Foundation is a Company limited by guarantee (registered number 04177718), which is registered in England and Wales. It's charity registration number is 1087124. The registered office and principal place of business is Princethorpe College, Princethorpe, Rugby, CV23 9PX.

It's principal activity is the provision of day schooling.

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Princethorpe Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.3 Critical accounting estimates and areas of judgment

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

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies (continued)

1.5 Fees and similar income

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

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

1.6 Donations and legacies

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

Donations received for the general purpose of the Foundation are credited to unrestricted funds. Where the donor or 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 restriction 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 Foundation in the case of donated services or facilities.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the Bank.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies (continued)

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.9 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2% straight line
Motor vehicles	- 20% straight line
Fixtures and fittings	- 5-20% straight line
Computer equipment	- 20-33.3% straight line

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting Policies (continued)

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.11 Debtors

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

1.12 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.16 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting Policies (continued)

1.17 Pensions

The Foundation participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible to identify the assets or liabilities of the TPS which are attributable to the Foundation. As required by FRS102 the Foundation accounts for this scheme as if it were a defined contribution scheme. The Foundations contributions, which are in accordance with the recommendations of the Government Actuary, are charges in the period in which the salaries to which they relate are payable.

Contributions are also made to pension schemes for certain non-teaching staff. Contributions are charged to income and expenditure account as paid.

2. Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	40,161	40,161	59,113
<i>Total 2018</i>	-	59,113	59,113	

3. Charitable activities - School fees receivable

	2019 £	2018 £
Gross fees	15,566,067	14,913,027
Less: total scholarships, bursaries and allowances	(1,844,606)	(1,847,414)
	<u>13,721,461</u>	<u>13,065,613</u>

Scholarships, bursaries and other awards were paid to 613 pupils (2018: 608). Within this means tested bursaries totalling £503,833 were paid to 87 pupils (2018: £530,765 to 99 pupils).

The total income from school fees is all unrestricted in both years.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Charitable activities - Ancillary trading income

	2019 £	2018 £
Transport	519,986	544,664
Insurance income	48,246	54,266
Trip income	1,289,970	579,054
Catering income	743,459	713,175
Sundry receipts	63,764	47,282
	<u>2,665,425</u>	<u>1,938,441</u>

The total ancillary trading income is all unrestricted in both years.

5. Trading activities income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Shop	177,898	-	177,898	179,548
Lettings and other income	68,087	-	68,087	58,023
	<u>245,985</u>	<u>-</u>	<u>245,985</u>	<u>237,571</u>

In 2018 the total income from trading activities was unrestricted.

6. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest received	17,296	-	17,296	5,867
	<u>17,296</u>	<u>-</u>	<u>17,296</u>	<u>5,867</u>
<i>Total 2018</i>	<u>5,867</u>	<u>-</u>	<u>5,867</u>	

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Analysis of Expenditure by expenditure type

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Costs of raising funds:					
Trading costs	-	-	124,250	124,250	126,761
Financing costs (note 8)	-	-	179,701	179,701	166,483
Subtotal costs of raising funds	-	-	303,951	303,951	293,244
Charitable activities:					
Teaching	7,549,773	271,362	695,874	8,517,009	8,120,072
Welfare	74,999	35,925	1,513,716	1,624,640	1,636,826
Premises, repair and maintenance	615,203	605,256	1,416,689	2,637,148	2,544,221
Support costs and governance	851,797	177,904	1,967,816	2,997,517	2,475,702
Subtotal charitable activities	9,091,772	1,090,447	5,594,095	15,776,314	14,776,821
Total 2019	9,091,772	1,090,447	5,898,046	16,080,265	15,070,065
Total 2018	8,898,694	1,059,403	5,111,968	15,070,065	

In 2018, of the total expenditure, £15,060,065 was to unrestricted funds and £20,000 was to restricted funds.

Governance costs included in support costs

	2019 £	2018 £
Remuneration paid to auditor for audit services	13,150	12,750
Remuneration paid to auditor for assurance services	990	960
Remuneration paid to auditor for non-audit services	2,580	2,730
Remuneration paid to auditor for taxation advisory services	8,910	8,982
Reimbursement of expenses to Trustees	1,569	1,159
Other governance costs	18,212	18,033
	45,411	44,614

Travel expenses, seminar fees and subsistence costs were reclaimed by 5 Trustees (2018: 10).

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Financing costs

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bad debts	58,723	-	58,723	43,338
Bank loan interest payable	120,978	-	120,978	123,145
	<u>179,701</u>	<u>-</u>	<u>179,701</u>	<u>166,483</u>
<i>Total 2018</i>	<u>166,483</u>	<u>-</u>	<u>166,483</u>	

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	7,534,136	7,388,871
Social security costs	672,393	659,296
Other pension costs	885,243	850,527
	<u>9,091,772</u>	<u>8,898,694</u>

During the year termination payments were made which amounted to £31,565 (2018: £39,118).

The average number of persons employed by the company during the year was as follows:

	2019 No.	2018 No.
Teachers and teacher support	213	210
Domestic	7	7
Maintenance and estates	30	30
Administration	48	41
	<u>298</u>	<u>288</u>

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	4	2
In the band £80,001 - £90,000	0	2
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	1
In the band £140,001 - £150,000	0	1
In the band £160,000 - £170,000	1	0

No Trustees received remuneration or other benefits during the year (2018: £Nil).

The total employee benefits of the key management personnel were £1,112,443 (2018: £1,124,379).

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2018	24,930,133	314,827	3,510,779	1,590,347	-	30,346,086
Additions	151,728	37,599	418,896	143,473	203,568	955,262
Disposals	(5)	(25,454)	(511,666)	(195,915)	-	(733,040)
At 31 August 2019	25,081,854	326,972	3,418,009	1,537,905	203,568	30,568,308
Depreciation						
At 1 September 2018	4,751,589	181,188	2,281,355	1,126,377	-	8,340,509
Charge for the year	538,028	45,018	282,327	225,074	-	1,090,447
On disposals	(5)	(25,454)	(511,666)	(195,915)	-	(733,040)
At 31 August 2019	5,289,612	200,752	2,052,016	1,155,536	-	8,697,916
Net book value						
At 31 August 2019	19,792,242	126,220	1,365,993	382,369	203,568	21,870,392
At 31 August 2018	20,178,544	133,639	1,229,424	463,970	-	22,005,577

All tangible fixed assets were used for charitable purposes.

Freehold land of £1,437,750 (2018: £1,437,750) included above has not been depreciated.

The freehold land and buildings donated to the foundation by MSC Charity Trust with effect from 1 September 2001 were professionally valued prior to the donation by Howkins & Harrison for Princethorpe College and Innes England for Crackley Hall. The values attributed to these properties were £5,900,000 and £842,099 respectively.

Inalienable and historic assets

In addition to the capitalised fixed assets held for the Foundation's own use, the Foundation also has a substantial endowment of assets bequeathed on trust for retention in perpetuity as a permanent record of the Foundation's history. These comprise a variety of religious artifacts whose intrinsic value is also bound up with the Foundation's history. These are irreplaceable originals to which no reliable cost or value can be attributed and accordingly these assets have not been capitalised in the financial statements.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 September 2018 and 31 August 2019	<u>1</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Princethorpe Enterprises Limited

The company holds 100% of the Ordinary share capital. The registered address of Princethorpe Enterprises Limited is Princethorpe College, Princethorpe, Rugby, CV23 9PX.

The aggregate of the share capital and reserves as at 31 August 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Princethorpe Enterprises Limited (company registration number 07129698)	<u>1</u>	<u>-</u>

Investments at market value comprise:

	2019 £	2018 £
Group	<u>1</u>	<u>1</u>

All the fixed asset investments are held in the UK

12. Stock

	2019 £	2018 £
Finished goods and goods for resale	<u>146,852</u>	<u>135,415</u>

Stock recognised as an expense in the Statement of Financial Activities during the year was £124,250 (2018: £126,761).

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. Debtors

	2019 £	2018 £
Fee debtors	180,461	221,440
Other debtors	19,850	64,707
Prepayments and accrued income	402,152	459,933
	<u>602,463</u>	<u>746,080</u>

An impairment loss of £58,723 (2018:£43,388 loss) was recognised against fee debtors.

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	63,818	61,592
Trade creditors	844,683	914,152
Other taxation and social security	163,132	167,146
Final term deposits (see below)	384,960	380,040
Other creditors and accrued charges	650,658	487,667
Fees received in advance and other deferred income	1,304,236	1,529,376
	<u>3,411,487</u>	<u>3,539,973</u>

Fees received in advance and other deferred income

	£
Deferred income at 1 September 2018	1,529,376
Resources deferred during the year	1,304,236
Amounts released from previous years	(1,529,376)
Deferred income at 31 August 2019	<u>1,304,236</u>

Final term deposits

In the normal course of business and based on the going concern basis, the profile of pupils leaving the school and therefore having their deposits repaid, the expected repayment of deposits will be:

	2019 £	2018 £
In one year or less	27,300	32,700
Between one and two years	29,400	27,300
Between two and five years	127,800	131,400
Over five years	200,460	188,640
	<u>384,960</u>	<u>380,040</u>

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	<u>3,092,822</u>	<u>3,156,542</u>

Included within the above are amounts falling due as follows:

	2019 £	2018 £
Between one and two years		
Bank loans	<u>66,126</u>	<u>63,821</u>
Between two and five years		
Bank loans	<u>209,476</u>	<u>205,383</u>
Over five years		
Bank loans	<u>2,817,220</u>	<u>2,887,338</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2019 £	2018 £
Repayable by instalments	<u>2,817,220</u>	<u>2,887,338</u>

The bank loans are secured by a debenture comprising fixed and floating charges over all the assets and undertaking of the Foundation and a first legal mortgage over the freehold property at Princethorpe College.

There are two loans. The first loan has an interest rate of 3.56%pa until October 2023 and then 1.5% above base rate thereafter, the loan is repayable by October 2028 by monthly instalments. The second loan has an interest rate of 3.86% until October 2023 and then 1.5% above base rate thereafter. The loan is repayable by October 2033 with monthly repayments commencing in October 2023.

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Statement of funds

Statement of funds - current year

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2019 £
Designated funds					
Tangible fixed asset fund	21,345,577	-	-	(115,185)	21,230,392
General funds					
General reserve	(3,815,698)	16,675,717	(16,043,287)	115,185	(3,068,083)
Total Unrestricted funds	17,529,879	16,675,717	(16,043,287)	-	18,162,309
Restricted funds					
Princethorpe Chapel fixed asset fund	660,000	-	(20,000)	-	640,000
Biodun Olanrewaju Memorial Prize	9,038	-	(1,000)	-	8,038
Princethorpe Bursary Fund	-	25,229	-	-	25,229
Princethorpe Science Building Fund	8,250	5,820	-	-	14,070
Princethorpe - other donations	16,574	7,440	(6,940)	-	17,074
Crackley Hall - donations	-	1,350	(1,038)	-	312
Crescent - donations	8,000	322	(8,000)	-	322
	701,862	40,161	(36,978)	-	705,045
Total of funds	18,231,741	16,715,878	(16,080,265)	-	18,867,354

THE PRINCETHORPE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2018 £</i>
Designated funds					
Tangible fixed asset fund	21,141,350	-	-	204,227	21,345,577
General funds					
General reserve	(3,092,721)	15,276,141	(14,987,329)	(201,789)	(3,005,698)
Total Unrestricted funds	<u>18,048,629</u>	<u>15,276,141</u>	<u>(14,987,329)</u>	<u>2,438</u>	<u>18,339,879</u>
Restricted funds					
Princethorpe Chapel fixed asset fund	680,000	-	(20,000)	-	660,000
Biodun Olanrewaju Memorial Prize	10,038	-	(1,000)	-	9,038
Princethorpe Bursary Fund	25,334	32,170	(57,504)	-	-
Princethorpe Science Building Fund	6,250	2,000	-	-	8,250
Princethorpe - other donations	1,425	15,943	(794)	-	16,574
Crackley Hall - donations	-	1,000	(1,000)	-	-
Crescent - donations	-	8,000	-	-	8,000
Crescent School - grant	4,876	-	(2,438)	(2,438)	-
	<u>727,923</u>	<u>59,113</u>	<u>(82,736)</u>	<u>(2,438)</u>	<u>701,862</u>
Total of funds	<u><u>18,776,552</u></u>	<u><u>15,335,254</u></u>	<u><u>(15,070,065)</u></u>	<u><u>-</u></u>	<u><u>19,041,741</u></u>

Tangible Fixed Asset Fund

The tangible fixed asset fund represents the net book value of tangible fixed assets excluding assets held as part of restricted funds.

Princethorpe Chapel Fixed Asset Fund

Under the terms of the gift by the MSC Charity Trust and in accordance with the memorandum of association of the Foundation, this endowment fund represents the gift of the chapel to the Foundation. The amount expended during the year represents the annual depreciation charge. This fund does not represent income available to be used on other projects. The chapel, which forms part of the premises, must be maintained as a public place of worship whilst owned by the Foundation.

Biodun Olanrewaju Memorial Prize

This fund has been set up by three former pupils in memory of their late father to provide an award to a Sixth Form leaver.

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16. Statement of funds (continued)

Princethorpe Bursary fund

The Bursary fund was established to enable students to continue to attend the college.

Princethorpe Science building fund

The Science building fund has been established to raise funds to contribute to the building of a new science building.

Princethorpe - other donations fund

This fund is to support activities at the college .

Crackley Hall - donations fund

This fund is to support activities at Crackley Hall.

Crescent - donations fund

This fund is support activities at Crescent School.

Crescent School - grant fund

The Crescent School received a grant from Warwickshire County Council in order to enhance the learning facilities for the early years, in particular with regard to the environment, seasons, weather and the natural world.

Summary of funds - current year

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2019 £
Designated funds	21,345,577	-	-	(115,185)	21,230,392
General funds	(3,815,698)	16,675,717	(16,043,287)	115,185	(3,068,083)
	<u>17,529,879</u>	<u>16,675,717</u>	<u>(16,043,287)</u>	<u>-</u>	<u>18,162,309</u>
Restricted funds	701,862	40,161	(36,978)	-	705,045
	<u>18,231,741</u>	<u>16,715,878</u>	<u>(16,080,265)</u>	<u>-</u>	<u>18,867,354</u>

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16. Statement of funds (continued)

Summary of funds - prior year

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2018 £
Designated funds	21,141,350	-	-	204,227	21,345,577
General funds	(3,092,721)	15,276,141	(14,987,329)	(201,789)	(3,005,698)
	<u>18,048,629</u>	<u>15,276,141</u>	<u>(14,987,329)</u>	<u>2,438</u>	<u>18,339,879</u>
Restricted funds	727,923	59,113	(82,736)	(2,438)	701,862
	<u>18,776,552</u>	<u>15,335,254</u>	<u>(15,070,065)</u>	<u>-</u>	<u>19,041,741</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	21,230,392	640,000	21,870,392
Fixed asset investments	1	-	1
Current assets	3,436,225	65,045	3,501,270
Creditors due within one year	(3,411,487)	-	(3,411,487)
Creditors due in more than one year	(3,092,822)	-	(3,092,822)
	<u>18,162,309</u>	<u>705,045</u>	<u>18,867,354</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	21,337,577	668,000	22,005,577
Fixed asset investments	1	-	1
Current assets	2,888,816	33,862	2,922,678
Creditors due within one year	(3,539,973)	-	(3,539,973)
Creditors due in more than one year	(3,156,542)	-	(3,156,542)
	<u>17,529,879</u>	<u>701,862</u>	<u>18,231,741</u>

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18. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	635,613	265,189
Adjustment for:		
Depreciation charges	1,090,447	1,059,403
Dividends, interest and rents from investments	(17,296)	(5,867)
Profit on the sale of fixed assets	-	(3,428)
(Increase)/decrease in stocks	(11,437)	17,663
Decrease/(increase) in debtors	143,617	(214,212)
(Decrease)/increase in creditors	(130,352)	731,437
Interest paid on borrowings	120,978	123,145
Net cash provided by operating activities	1,831,570	1,973,330

19. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	2,751,955	2,041,183
Total	2,751,955	2,041,183

20. Related party transactions

There have been no related party transactions in the period.

21. Capital commitments

The Foundation had contracted capital commitments at 31 August 2019 of £Nil (2018: £Nil).

22. Pension commitments

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 £759,909 (2018: £724,142) and at the year-end £98,966 (2018: £112) 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

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22. Pension commitments (continued)

employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

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

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

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

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

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

Other Pension Schemes

Contributions are also made to pension schemes for certain non-teaching staff. Contributions are charged as paid, this years contributions payable were £125,334 (2018: £126,385). At the year-end £15,758 (2018: £14,722) was accrued in respect of contributions to this scheme.

23. Operating lease commitments

At 31 August 2019 the total of the Charity's future 'minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	3,487	18,047
Between 1 and 5 years	-	3,487
	<u>3,487</u>	<u>21,534</u>

Operating leases rentals charged during the year were £18,047 (2018: £24,889).

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24. Financial instruments

	2019	2018
	£	£
Financial assets measured at fair value through income and expenditure	2,751,956	2,041,184
Financial assets measured at amortised cost	200,311	286,147
Financial liabilities measured at amortised cost	5,036,941	4,999,993

Financial assets measured at fair value through income and expenditure comprise cash at bank and investments.

Financial assets measured at amortised cost comprise fee debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loan, trade creditors, fee deposits, accruals and other creditors.

The School's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019	2018
	£	£
Total investment income for financial assets measured at fair value through income and expenditure	17,296	5,867
Impairment losses on financial assets measured at amortised cost	179,701	166,483