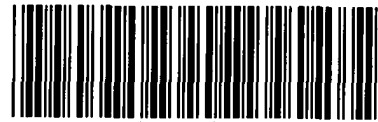


Charity Registration No. 1102588

Company Registration No. 05010957 (England and Wales)

DENSTONE COLLEGE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

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DENSTONE COLLEGE LIMITED

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DENSTONE COLLEGE LIMITED

COMPANY INFORMATION YEAR ENDED 31ST AUGUST 2017

DIRECTORS AND ADVISORS

Directors

Mr K P Threlfall (Chairman)
Mrs E L Bell MA
Mr G R Bowe BA (retired 13/1/2017)
Mr D T Brown ACA
Mr J S F Cash BSc MRICS
Mr M F Coffin MA (Cantab) FCA
Mr A D Coley
Mrs J Dickson BSc OT
Mrs E J Evans BA (Hons)
Mr B W Hinton MBA FCIPD MCIM
Mrs B C Hyde BA Hons, Dip MS, MBA
Mr C J Lewis
Mrs B A McNally-Young
His Honour Judge R T N Orme LLB (Hons) (retired 15/11/2016)
Mr D J Wilkinson MA(Oxon), MLitt(Oxon), FRSA (appointed 3/2/2017)
Mr N T Ratcliffe BPharm, PhD, DMS, FRPharmS, FRSB, CBiol, SFHEA, FTOPRA, MCMI (appointed 3/2/2017)

Secretary

Mr D M Martin ACIB

Charity No.

1102588

Company No.

05010957

Principal address and Registered Office

Denstone College
Uttoxeter
Staffordshire ST14 5HN.

Key Management Personnel

Head

Mr D M Derbyshire BA MSC

Bursar

Mr D M Martin ACIB

Second Master (Internal)

Mr M R M Norris MA (Oxon)

Second Master (External)

Mr J Hartley BA

Auditor

Grant Thornton UK LLP
Victoria House
199 Avebury Boulevard
Milton Keynes MK9 1AU

Bankers

Lloyds Bank
1 Pride Hill
Shrewsbury SY1 1DG

Solicitors

Farrer & Co	Veale Wasbrough Vizards
66 Lincoln's Inn Fields	Orchard Court
London	Bristol
WC2A 3LH	BS1 5WS

Investment Advisers

UBS Wealth Management (UK) Limited
W C House
London EC1 3BY

Insurance Brokers

Marsh Education Practice
1-5 Perrymount Road
Haywards Heath
West Sussex RH16 3SY

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

The directors present their report and financial statements for the year ended 31st August 2017 and confirm they comply with the requirements of the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

The charity was formed in 2004 and is registered with the Charity Commission as charity number 1102588. The charity is a limited liability company and wholly owned subsidiary of The Woodard Corporation (charity number 1096270). The charitable company is incorporated in the United Kingdom. Directors of the Company are also Fellows (members) of the Woodard Corporation and participate in the election of its board of management and are committed to its charitable objects.

Note 32 provides details of connected charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by Articles of Association as adopted by Special Resolutions dated 2 July 2015 and 20 March 2013, replacing those dated 9 January 2004 amended by Special Resolution dated 25 January 2006. They permit funds to be managed in such a manner as the directors see fit, provided that such powers are only exercised for the purposes of attaining the objects and in a manner which is legally charitable. The Articles of Association forbid the distribution of any property or funds, which are to be applied solely towards the promotion of the objects of the company.

Governing Body

The governors are the directors and charitable trustees of the company and comprise the Governing Body of Denstone College and are elected to hold office for five years. The College is governed by the Governing Body, also referred to as "Council", which operates using a number of committees. Membership of each committee is outlined on page 17. The Governing Body met three times during the year along with a less formal strategy meeting in January.

Recruitment and Training of Governors

All governors are Corporate Fellows of the Woodard Corporation. Corporate Fellows are responsible for electing the Woodard Corporation Board. Governors are recruited on the basis of nominations from College contacts and from selection when a post becomes available. The governing body look to ensure a mix of skills and select new governors on the basis of background, competence, specialist skills and, in the case of Fellows, Christian commitment. Governors are provided with induction training by the Head, Bursar and staff and a wider programme of training events is organised by the Woodard Corporation. The College also encourages governors to attend events run by the Association of Governing Bodies of Independent Schools (AGBIS) and the Boarding Schools' Association (BSA).

Where possible the governors consider that the skills and experience of the Board should comprise the following:

- A Governor with a legal background.
- A Governor with a financial/accounting background.
- A Governor with education experience.
- A Governor with senior managerial or business experience.
- A Governor with experience of equal opportunities or disability needs.
- At least one female Governor and at least one male Governor.

One Governor may have one or more of these skills.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

Volunteers

Governors are volunteers providing their time for free to support the governance of the College. The College also relies on a number of others, the Friends of Denstone for example, who help in raising funds, assisting in College events and providing other help where required. The Governing Body would like to thank all of the volunteers for their help and acknowledge the assistance given.

Organisational Management

The College is governed by the Governing Body which delegates work to a number of committees. Committee Membership is outlined on page 17. The Directors determine the general policy of the Company. The day to day management of the Company is delegated to the Headmaster, Bursar and Second Masters, as the Key Management personnel, supported by the Senior Management Team, overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the Governors which provide for only significant expenditure decisions and major capital projects to be referred to the Governors for prior approval.

The Headmaster oversees the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching support staff. The Headmaster and Bursar are invited to attend Governors' meetings.

- 1 Finance & Premises Committee – formerly separate, these committees have been merged. The committee considers and approves revenue and capital budgets, cash flow information and financial reports, including financial statements. It approves financial policies and, aided by a separate committee, oversees the enterprise company. It also develops the College's estates strategy, including new capital developments and maintenance of the buildings. It makes recommendations to the Governing Body for approval and met three times this year.
- 2 Education Committee – this committee is responsible for oversight of the academic performance of the College and for educational policy, as well as overseeing boarding and pastoral matters. It makes recommendations to the Governing Body. It met twice during the year.
- 3 Marketing Committee – this committee oversees the considerable marketing activities and liaison with the local community, setting strategy, agreeing marketing priorities and providing guidance to the College marketing team. It oversees the College website and met twice during the year.
- 4 Credit Committee – this committee is responsible for oversight of the collection of debts, principally College fees, and enforcing sanctions when fees remain unpaid. The committee reports to Council and reviews any outstanding current pupil fees immediately prior to each of the three half terms. It also reviews specific cases as the need arises.
- 5 Health & Safety and Site Committee – this committee is responsible for oversight of the College's internal Health & Safety Committee which meets termly, ensuring that remedial action is carried out and reporting to the Council. The committee also considers the general maintenance and standards of existing College buildings. It met formally once during the year, although Health & Safety monitoring and any Health & Safety issues are raised at every full Council meeting.
- 6 Information and Communication Technology (ICT) Committee – this committee is responsible for overseeing the College's computer hardware, software and various IT networks, development of IT in the classroom and the general safe use of IT and the internet throughout the College. It meets on an ad hoc basis as issues arise and reports to Council when necessary.
- 7 Personnel and Human Resources Committee – this committee meets on an ad hoc basis with the HR Manager, and if necessary, the Headmaster and Bursar, as issues arise and reports to Council when necessary. It met formally once during the year.
- 8 Safeguarding Committee – this new Committee reviews, monitors and supports safeguarding within the College and makes recommendations to the Governing Body, not least for their annual approval of the Safeguarding policy each February. The Chairman of this committee is in regular dialogue with the College's Safeguarding Leads.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

- 9 Foundation Committee – this committee oversees both fund-raising and friend-raising initiatives, particularly amongst our alumni.
- 10 Remuneration Committee – this committee meets prior to the June Council meeting and also on an ad hoc basis when necessary, to recommend for approval by the Board the remuneration of key management personnel, and to consider salary reviews generally, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding staff fairly and responsibly for their individual contributions to the College's success.

The remuneration of key management personnel is set by the Board. The appropriateness and relevance of remuneration levels is reviewed annually, including reference to comparisons, where permitted, with other schools to ensure that the school remains sensitive to the broader issues of pay and employment conditions elsewhere. We aim to provide scope for rewarding excellence. Delivery of the school'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.

An interim committee was set up to coordinate the new Headmaster recruitment programme although the final decision was made by the full Governing Body.

Group Structure and Relationships

The College has a wholly owned non-charitable subsidiary, Denstone College Enterprises Limited, the activities and trading of which are letting school premises and facilities, and retailing. Note 32 provides details of connected charities.

The College has developed links with a wide range of organisations to ensure the widest possible access to our facilities and schooling. Through membership of HMC, BSA, AGBIS and ISBA, and through networking with peer groups, the College ensures that it is able to attain the highest standards of quality and performance inside and outside the classroom. We encourage our pupils to develop an awareness of the social context of the all-round education they receive at the school and they are engaged in a number of activities to enhance their understanding. The College is grateful to the Friends of Denstone and to Old Denstonians who are generous in supporting the work of the College, and whose support we greatly appreciate. We have a thriving alumni group, the Denstone Association, which continues to further enhance the alumni relationship principally through its website www.denstoneassociation.org. We also cooperate with many local charities in our ongoing endeavours to widen public access to the schooling we can provide, to optimise the educational use of our cultural and sporting facilities and to awaken in our pupils, in the public interest, an awareness of the social context of the all-round education they receive.

Employment Policy

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

Investment Policy and Objectives

The Company's memorandum and articles of association permit funds to be invested in such manner as the Directors see fit, providing that such powers of investment are only exercised for the purpose of attaining the objects and in a manner that is legally charitable. Notwithstanding the current low level of interest returns, in practice the College does not undertake any investment in quoted securities either for unrestricted funds or for the Fees in Advance Scheme. Investment in quoted securities is limited to our restricted and endowed funds, and these are managed through the Woodard Corporation in line with the requirements of the Trustee Act 2000. The Corporation have appointed UBS Wealth Management (UK) Ltd as investment manager. Their investment policy is to preserve the capital value of investments and maximise the return and income on all investments.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

CHARITABLE OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Charity's objects, as set out in the Articles of Association, are to promote and extend education (including spiritual, moral, social, cultural and physical education) in accordance with the doctrines and principles of the Church. The Church is defined as being the Church of England and churches in full communion with the See of Canterbury.

In setting objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit. The Company is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. Our fees are set at a level to ensure the financial viability of the College and at a level that is consistent with our aim of providing a first class education to all pupils. The College's charitable objectives are 'to promote and extend education', and these objectives are recognised as benefiting the public when pursued in the context of formal education in a body where all surplus funds are re-invested. The Woodard Corporation and all of the schools it owns are charitable bodies, with no external shareholders and no possibility of making distributions, including in the form of dividends. All surpluses are re-invested in education.

Intended impact

Woodard schools strive for the best all round education of every aspect of each individual; they ensure high standards of religious education; and they see themselves as communities working together for the benefit of all members, and of the Church and the nation. They are strong Christian foundations which adhere to catholic belief as found in the Church, to Christian worship focused in the Eucharist, and to the care of each individual and the whole school community particularised in the ministry of the Chaplain.

Aims

Denstone College is a boarding and day school for pupils from the ages of 11 to 18. It aims to support children in reaching their potential in all areas of their activity at the school, and in the wider community. This may be in academic subjects but could just as easily be reflected in success in art, drama, sport, music or dance. We produce 'well rounded' individuals who are able to make a positive contribution to society. All Woodard schools aim to provide a rounded education to help the pupils to make their way in adult life.

Primary objectives

The primary objectives of Denstone College to fulfil these aims are:

- to provide a stimulating learning environment in which pupils can develop their academic potential to the full;
- to provide a happy and secure pastoral environment in which pupils can learn to live together and thus foster a sense of community, respect for one other and good citizenship;
- 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 judgment and to communicate those decisions appropriately and effectively;
- to provide financial support to enable children whose parents are unable to afford the full fees to benefit from a Denstone College education;
- to provide a clear, simple and effective management structure capable of taking timely decisions and allocating necessary resources appropriately, and
- to provide the necessary administrative and logistic framework to meet the needs of members of staff and pupils alike.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

Strategies to achieve the primary objectives

These included the on-going review by the Senior Management Team, overseen by the Governing Body, of the curriculum, the quality of teaching and learning, and a series of selective marketing initiatives all aimed at pupil recruitment and retention, and boarding. Ongoing changes to both the GCSE and A-level curriculum present challenges and Continuing Professional Development for all staff was therefore again given a high priority. The College continues to exercise close financial monitoring and the provision of good value for money.

The objectives set for this school year are outlined below but, in summary, were to continue to build on our recent excellent academic and outstanding boarding inspections, to continue the academic momentum and to maintain pupil numbers and a healthy year-end surplus, before depreciation and special projects. Our College Chapel remains the focal point for the College Community and our wonderful new library continues to help develop independent study skills for all our students.

The construction of a second new teaching block, the Derbyshire Building, for Mathematics and for Modern Foreign Languages, has now been completed. This further enhances the quality of classroom provision and in turn now provides us with opportunities in terms of the use of the vacated space.

Further development of links with local junior schools in both the state and independent sectors, and facilitating wider community access to our facilities, remain a priority.

Principal Activities of the Year

The principal activity of the College is the delivery of quality education to pupils from different social, economic and cultural backgrounds and aged from 11 to 18 years, with a wide range of activities both within and outside the classroom. We also run a number of summer school activities and the school is open at other times for use by the local community. Pupil numbers a decade ago stood at 524 but pupil numbers at the start of the 2016/17 school year stood at 611, with the breakdown as follows;

<u>2016/2017</u>		<u>2015/2016</u>	
611	(169 boarders)	592	(162 boarders)
Boys	Girls	Boys	Girls
362	249	346	246

Public Benefit

Within the objects, we aim to create an environment to nurture children, to get the best from them and to allow them to develop and fulfil their potential. We provide them with a first class independent education, strong pastoral support and a wide range of sporting and artistic opportunities. Our ethos of 'Confidence, Happiness and Achievement' is at the heart of everything. Our public benefit aim is that all pupils will be self-confident and desire to contribute to the wider community.

In the furtherance of these aims the Denstone College governors, as the charity trustees, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

The College welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that our school will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

Our school is a part of a wider community and we are keen that our staff and pupils participate. The College also offers a resource to support a range of educational activities for the benefit of local children attending state schools and their teachers. Our governors are committed to developing our programme of cooperation and joint working with local maintained sector junior and secondary schools. The activities undertaken and the success of our programme are explained in the 'review of achievements and performance for the year' section of this report.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

Woodard and its schools provide a significant benefit to the public. The College strives to ensure that measures of public benefit are appropriate, and that significant sections of the public are not excluded from the opportunity to benefit from the education and facilities offered due to the need to pay a fee. In addition to significant provision of bursaries and other forms of financial support, the College provides a wide range of opportunities for community benefit and facilities, and events are often open to all. Further detail of the public benefit offered is included in the section entitled 'Review of Achievements and Performance for the Year' below.

It is a key requirement of evidencing public benefit that any private benefit to individuals or elements of the charity will be incidental to the Charity's objectives. An example of private benefit may be the reimbursement of travelling expenses for trustees attending training courses: any private benefit to individuals or elements of Woodard are incidental to delivery of the charitable objectives.

Bursaries & Scholarships

Bursaries

The governors view our bursary awards as important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education we offer. Our bursary awards are available to all who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk, for example in the case of redundancy, and particularly at key phases of their education. In assessing means we use the methodology promulgated by the Independent Schools' Bursars Association, which takes a number of factors into consideration including family income, investments and savings and family circumstances for example dependant relatives and the number of siblings. Our school does not have an endowment and in funding our awards we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards.

The bursary awards range from 5% to 50% remission of fees. However, we now award two 100% 6th form awards, or the equivalent spread across more than two students if more appropriate, the criteria being no past experience of private education. We will also consider help for extra-curricular activities and trips. Information about how to apply for fee assistance through bursaries is available to all applying to the College and on our website.

This year, hardship bursaries totalled £316k (2016 £323k) and represented 3.3% (3.5%) of our gross fees. They provided assistance to 47 (37) pupils being 7% (6%) of roll. We had 5 (7) pupils benefitting from a full remission. Total remissions where means testing has taken place, either resulting in these bursaries or scholarships or a combination, totalled £378k (£373k) and represented 4%(4%) of gross fees. A small number of bursaries are in place that are not necessarily means tested but make the academic and social benefits of boarding affordable.

Scholarships

The purpose of our scholarship awards is to recognise high academic potential or the ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the individual's academic potential or evidence of exceptional abilities which will contribute to our co-curricular activities. In addition, awards may be subject to conditions imposed by the original donor. Scholarships are considered at entry into 1st, 3rd and Lower Sixth forms and most are awarded with a fixed remission of fees typically of between 5% and 20%. Where further assistance is required, scholarship awards may be supplemented by a means tested bursary. We advertise the availability of scholarship awards each summer in the local press and further details of our scholarship policy are available on our website www.denstonecollege.org

This year, the College awarded scholarships to 178 (166) pupils, based on their educational merit and potential, totalling £393k (£351k) and representing 4% (4%) of our gross fees. Of this number, 24 (16) also qualified for means-tested bursary support and are included in the figures above relating to bursary awards. The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the year as a result of reviews. The availability of all such awards for fee-assistance, together with the terms and conditions for each kind of award, is advertised on our website at www.denstonecollege.org

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

Other Policies on Assistance:

Financial planning policy and Fees in Advance

Timely financial planning is often the key for many parents and indeed grandparents who are hoping to send their children to Denstone College and a school fees plan is available to help those who wish to fund educational costs through regular contributions. Discounts are available for those wishing to pay lump sums into our Fees in Advance Scheme.

Sibling and Forces Remissions

To underline the value we place on continuity for families, we offer discounts where parents have or will have had more than two children at the College. A 25% remission is given against the fees of a third sibling, throughout their time here and regardless of whether elder siblings are still at Denstone. Where they themselves benefit, we will also consider awarding 5% remissions to Forces families.

Boarding Initiative

As part of our commitment to boarding, flexibility is the keynote of our packages, all of which are tailored to meet the needs of modern family life. We offer full boarding, weekly boarding, and for day pupils, termly boarding, which is a unique opportunity to try boarding for one term in any academic year at a very competitive rate.

Assistance for our teaching staff

As part of our emphasis on attracting and retaining high calibre staff, we offer a discount scheme where staff members choose to educate their children at the College.

Review

The College includes details of the various concessions in our welcome booklet and on the website. All parents making enquiries about possible entry are provided with a description of the criteria for bursaries and scholarships. In most cases the budget for bursaries is allocated using a "needs blind" approach as far as possible, whilst giving priority to the continuity of education of those pupils already at the College. All criteria and policies relating to concessions are kept under review and are updated when necessary. Whilst the College keeps fees at a very competitive level, we aim to provide opportunities for a wide range of people to access the benefits of the charity. In 2016/17, including sibling and staff discounts as well as scholarships and bursaries, 296 (276) awards were made and a total of 258 (253) pupils, such that 42% (42%) received some form of remission.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational Performance of the College

The key objectives last year are repeated below *in italics* along with comment on achievements.

1. *Following further debate regarding the optimum size of the school, the conclusion was that the optimum size is around 620 pupils. The aim for 2016/17 is for 610 pupils. We started the school year with 611 on roll, and sustained at this level until Easter, when numbers fell slightly to 600.*
2. *To complete the new teaching block presently in course of construction at the front of school, for Mathematics and Modern Languages, on time and on budget. This is currently scheduled for March 2017 and, with associated costs, fees and VAT, £2.7M. The wonderful new 12-classroom building was indeed completed in March 2017, with total spend within budget at £2.58M.*
3. *Despite increasing girls' boarding capacity from 57 to 65 over the summer, demand is likely to further increase. Whilst the major extension option, for which we have planning permission and tender returns, is being resisted on cost grounds, it is proposed that a more modest extension to 'Green Wing' be completed at an indicative cost of £250k in time for September 2017. The extension was constructed, to a larger footprint and a much higher specification, and completed ready for the coming school year in September 2017. This 16-bed facility, including en-suites, was completed for £365k and is referred to in more detail below under 'improving facilities'.*

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

4. *To further consider options for the use of the space vacated by Mathematics and Modern Foreign Languages in the summer of 2017. The creation of a new Art Studio, which in turn will allow the expansion of the Design & Technology department, remains one option, albeit this is likely to necessitate bank borrowing. Permanent and long-term options are still under consideration but, in the meantime, good use is being made of this space.*
5. *Whilst the long term objective is 5%, to achieve a year-end surplus, before depreciation and special projects, of 7.5% of net fee income. This is to fund the above as well as the maintenance of our impressive buildings and resourcing the on-going development of teaching and learning. The surplus, in unrestricted funds, before depreciation was 7.4% of net fee income.*
6. *To continue to manage effectively and successfully the ongoing A level and GCSE reforms. The enforced move to linear rather than modular examinations, and the demise of AS exams, is being managed well by Heads of Departments, and a full programme of mock exams is now in place.*
7. *To further develop our strong links with Smallwood Manor Preparatory School as our main Year 7 feeder school, with a particular emphasis now on providing IT and Marketing support. We have continued to provide significant support, in these areas and others, to what remains our main feeder school.*
8. *To continue to widen access by providing two further free means-tested 6th form places, as well as considering further 'Hignell' and 'Swales' awards for suitably gifted scholars. Three new pupils received such awards equating to 2.6 free places. We also now provide classroom teaching support to some students from Painsley School in Cheadle.*

The Promotion of Education

During the year we educated over 600 children between the ages of 11 and 18. The College provides a very high standard of education and this is validated in review of the academic results, our measurements of added value and through external inspection. The College offers a broad curriculum and educates children with a wide range of ability. We continue to demonstrate particular excellence across a broad range of subjects, and both inside and outside the classroom, as evidenced by the results shown below.

Academic Results

The educational performance of the College was again excellent, as demonstrated by the public examination results at A level where 75% were graded A*/ B. 14 students achieved A* or A in all the subjects they entered. Notable departmental areas of achievement included Art, Geography, English Literature and Maths. We have also seen considerable successes in the two vocational courses we now run in ICT and Sport. Our results are well above the national average for all schools and outperform a number of high profile independent schools.

The College aims to help pupils to make their way in adult life. Of the 89 students going on to university, 76% achieved their first choice destination of which 55% were Russell Group Universities, and 78% were either Russell or Times Top 20 universities. As ever, students are going on to study a broad range of courses at good quality universities. As well as a further successful Oxbridge candidate, we had a number of students going on to read Medicine, Engineering and Mathematics.

At GCSE, 82% were A*/B grades with 54% at A*/ A and 27% at A*. 25 pupils out of 104 5th formers gained at least 6 A* grades and 6 pupils achieved A* grades in all the subjects entered. The core subjects of Maths and English again performed particularly well following the introduction for them of the IGCSE, with notable performances also in DT, Drama and PE. Our overall 'YELLIS' residual suggests pupils on average achieved 0.4 grades higher than expected, based on baseline tests taken at the start of the 4th form.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

Improving Facilities

We continue to improve facilities through constant investment in the fabric of the buildings and assets, and ambitious programmes to provide the best facilities to support teaching and learning. Over the last seven years we have built a new Music School, Teaching Block and Sports Pavilion, as well as the reconstruction of our second floodlit all-weather AstroTurf pitch, three new netball and tennis courts and the refurbishment of the swimming pool. The space vacated by the English department has facilitated a superb new library, with an impressive stock of new books and other learning resources.

This year we can add our wonderful new teaching block, The Derbyshire Building, which is a 12 classroom building with smartboards and the latest in classroom technology and furniture. Pupils are now enjoying state-of-the-art teaching technology, including new Smartboards, which are going to be replicated across all teaching departments over the coming months.

We have also built a 16-bed extension to our girls' boarding accommodation, which includes en-suite facilities as well as quality work and social areas to give 6th girls some pre-university experience of self-sufficiency. We have also created a relaxation area in the Senior School that is dedicated to 6th form boarders, predominantly boys, as well as refurbishing 4th form boys' boarding accommodation. There is also a rolling programme of investment in other boarding areas.

Pastoral support, particularly for our boarding pupils, is given a high priority with a number of staff accommodated and therefore available on campus. Further investment has been made in staff accommodation to enable us to recruit and retain quality staff. As ever, the opportunity is taken to rewire and re-plumb where necessary.

Clearly, we also remain committed to the general maintenance of our impressive 144 year old buildings and to ensure compliance with fire safety, risk assessments and other statutory obligations.

An impressive 6-bay all-weather cricket net facility has now been installed along with improvements to the existing grass net facility. Enhancements have also been made to our Sports Hall facilities, which now include a new climbing wall.

Arts, Music and Drama

One of the important elements of any Woodard school is the concentration on arts, music and drama. Denstone College is involved in all different aspects of these activities and an inter-house 'Cultural Cup' has been introduced incorporating a wide range of pupil activities.

As well as a curriculum subject, over 200 pupils have individual music lessons. Over 100 pupils took part in this year's Summer Serenade concert. Again we have a number of pupils in the National Children's Choir and the National Youth Choir of Great Britain, along with representation in various National Youth Orchestras. As well as the main Chapel, Girls' Chamber and Men's Choirs, pupils have the opportunity to join a whole host of music groups including the Brass, Flute, Saxophone and Clarinet Groups, the Percussion Ensemble, the String Quartet, a Music Theory Group, the main College Orchestra and Swing and Jazz Bands. We encourage pupils to get involved in bands and ensembles covering all different genres and styles of music from jazz to rock and pop. A number of smaller concerts also now take place to give younger and learning pupils the confidence to perform in front of an audience.

The main drama production, following 'Les Misérables' last year, was 'Wendy and Peter Pan', with the challenge of Jesus Christ Superstar for the coming year. Quality performances were again played out to full audiences over four nights. There was again a separate 3rd form play, as well as a series of 2nd form plays, performed by 2nd formers but written and directed by 6th formers. Those pupils taking Drama and Theatre Studies at GCSE and A level again performed a variety of productions as part of their curriculum assessments, receiving glowing commendations from the exam board moderators.

The drama department ensure that productions give opportunities for pupils of all ages, both on stage and behind the scenes in wardrobes or on the technical sound and lighting side. There are regular theatre trips, particularly but not exclusively for drama students. Students again entered the Rotary Young Photography Competition, winning various awards across the various age ranges.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

Sport

The enormous range of opportunities offered at Denstone College reflects the integral role sport plays within College life. In Sport Denstonians continue to be participators not spectators, with all pupils taking part in games at the same time on Monday, Wednesday and Saturday afternoons. This year 87.3% of the College played 721 games across our 78 teams.

The 1st XV rugby team had another successful season and frequently feature in Rugby World and across social media with a strong fixture list including Oakham, Cranleigh and Kirkham. We now have four recent leavers playing full-time time rugby in the Premiership and in Wales and one playing full time rugby 7s.

Hockey continues to be the major sport for girls and boys in the Michaelmas and Lent Terms respectively. 12 pupils progressed into the coveted Midlands Junior Regional Performance Centre (JRPC), three progressing to the top tier. The U18 girls' team were county champions and only lost one match all season. With increased investment there has been a surge in the popularity of boys hockey, there is a huge sense of excitement for the 2018 season.

The College has continued to develop its wide ranging and successful cricket programme. We have developed even stronger links with Staffordshire and Derbyshire. Derbyshire 1st XI trained here last summer and there are plans for the Staffordshire 1st XI to play fixtures at the College in the future. We have had our fourth Denstonian make his 1st class debut in as many years. Cricket is now unisex with seven girls representing the College in the junior age groups.

Football continues to be an increasingly popular option for boys in the Lent Term, and rounders for girls in the summer term, with teams again competing competitively across the age ranges.

The standard of, and interest in, tennis has risen dramatically over the past few years and has led to the building of three new courts and a growing fixture list. Teams are now being entered into the National AEGON championships, both genders, as well as competing in the Derby Club League with the 1st VI getting promoted last season.

In netball, we regularly fielded 17 teams concurrently and have improved the quality of our fixture lists due to the amount of girls wanting to represent the College. We have also improved the quality of our netball coaching provision as the sport grows in popularity.

Athletic Development at Denstone continues to be an industry leader with regular visits from other schools, which has seen the introduction of an impressive strength and conditioning routine to run alongside pupil's opportunities in the cardiovascular (cv) gym. This has been born out by our very low injury rates. We now have two full coaches as well as an internship programme which provides additional support to a wide range of sporting activities. The thoroughly enjoyable annual Sports Day at the end of summer term provides a high level of pupil participation and inter-house competition.

Lacrosse has continued its exponential level of popularity with fixtures at 1st, 2nd and U15 level. The judo club continues to grow. With the benefit of our own 9-hole course, golf continues to provide an alternative activity for a number of pupils and each year the College enters the HMC Foursomes competition. We also have an equestrian team and pupils who compete at both dressage and show-jumping. Our refurbished swimming pool gives opportunities for both recreational and competitive swimming, and clearly our new climbing wall will provide further opportunities for our pupils.

Tours continue to be of significant importance at Denstone with 49 boys and girls touring Sri Lanka in July 2017 playing cricket, netball and tennis. A rugby tour is taking 32 boys to Hong Kong and Japan in 2018. As well as these long-haul trips, there are regularly overnight tournaments and fixtures such as hockey to Kent and rugby to the St Joseph's National Festival and Rosslyn Park.

Significant Events

In March, a comprehensive recruitment programme was completed culminating in the appointment of Miles Norris as Headmaster Elect in succession to David Derbyshire, who will be retiring in the summer of 2018 after over 20 years of loyal and dedicated service.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

The College is now due its next full Regulatory Compliance and Educational Quality Inspection and much preparation work has already been completed in readiness.

Wider Education

The Woodard Corporation is involved in the development of academies as part of the government's initiative. In support of this project all Woodard schools have provided support, where asked, through provision of educational expertise, participation in governance and direct curriculum support.

We are always prepared to provide opportunities for work experience places for pupils. We are also committed to providing opportunities for students at university to gain practical teaching experience as part of their PGCE teacher training course, with a further Loughborough under-graduate gaining valuable experience with us this year. We also again provided a one year internship programme for four graduates helping them to gain experience both inside and outside the classroom.

Community

Through development of, and provision of access to, new facilities the College remains at the heart of the community. Facilities, which are often offered at rates below commercial levels, that are made open to the public include:

- Our new all-weather cricket nets that are made available to both local senior and junior clubs, often along with coaching to participants.
- Our swimming pool, which is made available to local swimming clubs and to Staffordshire County Council for use by local primary and middle schools such as All Saints School in the village of Denstone and Norbury School.
- In addition to swimming lessons for our secondary age pupils, we now provide 'Learn to Swim' teaching lessons for local children aged between 2 and 8, with over 300 participating.
- The Sports Hall is made available for local groups across various sports and leisure activities.
- Both our grass and all-weather sports pitches are recognised as being of high quality and there are regularly school matches against local schools in a variety of sports, with the outside community also able to use these facilities. Various youth academies and local boys' soccer clubs enjoy evening sessions particularly on our floodlit all-weather pitch.
- We regularly host county, and indeed area, hockey, rugby and cricket matches and trials, including this year England cricket trials at various age levels.
- Our music school, Chapel and theatre are made available to a wide range of choral and other local societies and outside users, either as a formal auditorium or a general hall. The local community are welcome to attend our Carols by Candlelight and other Chapel services.
- Our own drama and musical performances, either in the theatre or Chapel, are open to members of the village community.
- The College allows 80 associate members from the local community to use our golf facilities.
- Local primary and prep schools make use of our classroom, art and science blocks together with our teaching resource as part of their own curriculum development.
- Subject to the necessary permissions, we can host wedding ceremonies and receptions.
- Through our Enterprise Company, we provided our facilities to children in various soccer, rugby, cricket and general activity groups during the summer holidays, as well as to 'Stagecoach', a drama group specifically for younger children.

Other Activities undertaken in the Community

These include the many that benefit from the fundraising efforts of our pupils and staff, and from volunteer work locally and further afield. The Chaplain has held parish services at local churches and schools. The Choir regularly sing at a local nursing home and the Swing and Jazz Bands play at local charity and fund raising events. Members of the College CCF contingent meet with local Army, Air Training and Sea Cadets in competition. Local cadet forces and Uttoxeter Rifle Club use the outdoor range. The Design & Technology Department regularly enters "Young Innovator" competitions in conjunction with local Rotary Clubs. The College Duke of Edinburgh members visit the elderly and help with local projects. Our Director of Rugby is in regular contact with local rugby clubs.

We continue to value our links with the local community and make facilities available to them, not least hosting the current round of village 'neighbourhood planning consultations'.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

Outreach

As detailed above, two local primary schools use our swimming pool facilities and some of our fifth and sixth form students undertake community based projects, as well as helping at the local preparatory school, particularly with DT and drama projects. Every other year, around 15 pupils spend up to 4 weeks on a 'True Adventure' trip to help with various projects in remote and deprived areas around the world.

We continue to extend our classroom teaching provision to some Lower 6th form students from Painsley School in Cheadle who come to Denstone College for some of their Music and French classes. The charity is continuing to develop wider community links and widening educational access to their facilities, at fee rates below commercial levels. Subsidised arrangements are now in place for the swimming pool and sports hall, and we continue to host a summer school programme.

Wider Experiences

There were again many school trips including the entire 3rd Form visiting the National Arboretum and various military museums. Politics students visited Westminster in the Autumn and Philosophy and Ethics students again visited Paris. 4th formers studying Spanish visited Barcelona with 6th formers visiting Madrid. Some 70 pupils went on the annual ski trip to Alpe d'Huez. The CCF cadets have various opportunities that provide thought provoking experiences for them. Our Remembrance Service was again poignant. Younger pupils have the opportunity to go on weekend expeditions to the Peak and Lake Districts and there were again rock climbing trips to Tenerife as well as winter mountaineering in the Cairngorms.

Combined Cadet Force (CCF), Outdoor Pursuits and Duke of Edinburgh Awards

From 4th form upwards, all pupils have the opportunity to join the CCF, which includes a strong RAF contingent. They were judged the best CCF team and overall winners of the Brigade Cadet Skills at Arms Meeting in the summer.

Some 69 pupils completed Duke of Edinburgh Awards, with 15 gaining Gold awards, 14 Silver and 40 Bronze. The 1st and 2nd forms enjoy an activity week at the end of the summer term comprising climbing, abseiling, canoeing, archery and various team building events. Also this year, we entered nine teams in the Midlands 30:30 Endurance Event, winning both the mile and 30 kilometre events and raising over £21k for the Soldiers, Sailors and Airmen Families Association (SSAFA).

Charitable Activities

As well as chapel collections, students take part in a wide range of sponsored events and fundraising activities. They are given the opportunity to nominate often local beneficiaries and over £10,000 was raised and distributed to some 15 different charities.

Fundraising Performance

No major fundraising initiatives were undertaken this year but again we have embarked on a series of 'friend-raising' events particularly within our alumni. Further 'professions days' have taken place, for medics and legal professionals respectively, with a Financial Services Society now also established. The purpose of these groups is to enable networking within the alumni as well as careers guidance and informative presentations to our existing pupils. We are about to host a further reunion for Old Denstonians who were here in the 1960's and we hope modest donations may be forthcoming.

Investment Performance Against Objectives

Investment in quoted securities is limited to our restricted and endowed funds. These are managed through the Woodard Corporation whose investment policy is to preserve the capital value of investments and maximise the return and income on all investments. These are currently managed by UBS Wealth Management (UK) Limited. None of the Directors has any beneficial interest in that company.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

FINANCIAL REVIEW

Results for the Year

The net incoming resources from College activities, excluding restricted funds and before depreciation, amounted to £630k (2016 £440k before pension provision), which represents 7.3% (5.5%) of net fee income. Whilst this was below our initial target for the year, it is in line with our objective of achieving a surplus, before depreciation, of 7.5% of net fee income.

This surplus has been achieved against a background of strongly rising operating costs, not least in terms of staffing, so that in the circumstances we consider this to be a satisfactory achievement.

Although David Derbyshire is not due to retire as Headmaster until the summer of 2018, the decision was made to undertake a thorough recruitment process in March, with Miles Norris now appointed as Headmaster Elect. The recruitment and advertising costs, and the complete refurbishment of the Headmaster's House, were borne this year. As referred to above, we have created a relaxation area in the Senior School that is dedicated to 6th form boarders, refurbished our 4th form boys' boarding accommodation and continued our rolling programme of investment in other boarding areas. Our desire to control spending has not meant the curtailment of planned projects or reactive maintenance and in the general upkeep of our impressive Grade 2 listed main school building.

In terms of Capital Expenditure, we have successfully completed the construction of our wonderful new teaching block, The Derbyshire Building, where the whole project, including furniture and impressive IT equipment, came in under budget at £2.58M. We have also built a 16-bed extension to our girls' boarding accommodation, which includes en-suite facilities, at a cost of £365k and a quality 6-bay all-weather cricket net facility at a cost of £147k. The rolling programme of IT hardware replacement has been continued with a further £67k investment, and with the installation of new Smartboards across the whole teaching network planned over the next two years.

Funding all the above out of routine income and expenditure, rather than term loans, has understandably put some pressure on cashflow and Lloyds have now kindly supported us with a £850k overdraft facility.

Our trading company, Denstone College Enterprises Limited, which hires out the College facilities during school holidays and outside school hours, as well as undertaking commercial activity including the School Shop, unfortunately had a less successful year but was able to gift-aid back £38k to the College's operating surplus.

Denstone College provides a pension to support staff under the terms of the Pensions Trust Growth Plan. As a result of this pension scheme being under funded, Denstone College is committed to contributing to a recovery plan. During the course of the year Denstone College made contributions to the recovery plan of £32k and the recognised liability under the plan reduced by £30k, with this value being recognised in the SOFA. Further details can be found in note 27.

Parents of pupils at the College often make significant sacrifices to pay the fees. In doing so they help to relieve the state of the financial burden of educating over 575 UK based children. The saving to the public purse is estimated to have a value in the last year of over £3.6M. The College is unable to recover the VAT on purchases it makes. During the past year, Denstone College has paid an estimated £500k in VAT on goods and services.

In addition to the very substantial benefits our school brings to our pupils, the local community and society, through the education we offer and our bursary programme, also benefit from a social asset without cost to the Exchequer.

Reserves Level and Policy, and Financial Viability

It has been our policy to utilise funds to ensure that high quality up-to-date facilities are provided for the benefit of pupils. The aim is to budget so as to provide sufficient working capital to meet the present needs and future development requirements of the College without the requirement to have recourse to sales of tangible fixed assets. Unrestricted funds have increased by £421,927 and now total £5,050,394 as shown in note 23. Denstone College plans to fund longer term capital expenditure and meet long term liabilities through careful management of resources and through building reserves

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

through operations and trading. The long term aim is to plan for surpluses before depreciation of a minimum of 5% of net fee income.

The governors have invested substantial sums into new school buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching and boarding facilities for our pupils. In common with most independent schools, and due to having to fund our own capital investment plans, free reserves are at a negative balance illustrating the extent of the investment in our school. The College's total reserves of £5.5m at the year-end included £314k of endowed funds, £172k of restricted funds and £5m unrestricted funds. Denstone College also reserves for £281k of pension-funding deficit. Fixed assets held for charity use totalled £8.9m.

The Governors consider that, given the strength of the Charity's balance sheet, the cash flow from full student rolls, the on-going popularity of our College and the good working relationship with our bank, there is no need to build up a free reserve.

PRINCIPAL RISKS AND UNCERTAINTIES

The governors consider the economic turbulence of recent years, and the affordability of fees by parents across the independent sector, to be one of the principal risks faced by the school. The school is currently full, but there is no room for complacency. Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). 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.

The Governing Body is responsible for the identification and management of risks. The major risks, to which the charity is exposed, as identified by the directors, have been reviewed and systems or procedures have been established to manage those risks. Detailed examination of the risks and establishment of controls to mitigate them is delegated to the Senior Management Team. The process is overseen by the Governing Body, mainly through the appropriate committee chairmen, such that a formal Risk Analysis is undertaken by the full Council on an annual basis to ensure that future planning takes account of these risks. This process was again undertaken in February 2017.

The principal risks to which the College is exposed include those affecting protection of pupils and security and preservation of charitable assets both now and in the future. Significant risk areas:

- the market in which the College operates is highly competitive and we monitor developments in education to ensure that pupils always receive a first class, holistic and varied educational experience in our College
- we strive to ensure that all staff are able to work in a safe and supportive environment and policies, procedures and training in Human Resource management and Health and Safety help to ensure that the College meets expectations
- the College operates in a highly regulated sector, including in matters of child protection, and we appoint appropriate professional advisers to ensure we can keep up to date with all requirements; College or individual membership of bodies being the constituent associations of the Independent Schools Council also ensure that we have access to up to date information and support
- the College operates in an increasingly litigious environment and we appoint appropriate professional advisers and purchase insurance using specialist brokers and advisers to ensure that we can keep up to date with all requirements and meet all challenges
- all organisations face difficult economic conditions and Directors and Senior Managers in the College keep abreast of economic conditions locally, nationally and internationally to identify trends and develop plans to address issues

The key controls used by the College include:

- formal agendas and minutes for all meetings of the Governing Body and committees
- terms of reference for all committees
- comprehensive strategic planning, financial forecasting, budgeting and management accounting
- established, identifiable organisational structures and reporting lines which are regularly reviewed
- comprehensive formal written policies
- clear authorisation limits
- vetting procedures, as required by law, for protection of the vulnerable

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2017

The College plans strategically having regard for risk. The Executive provide the Governing Body with regular reports which include details of the principal strategic objectives and the activity to achieve those objectives. The College also records significant achievements and updates the Governing Body and Woodard on short-term plans. The strategy is discussed between the Governing Body and the Woodard Board and protocols have been developed and agreed which outline the relationship between the two bodies.

Financial risk management objectives and policies

The College uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from operations to finance the group's operations. The main issues arising from the group's financial instruments are liquidity risk, interest rate risk and credit risk. The Directors adopt policies for managing each of the risks and these are summarised below:

- Liquidity risk – the College seeks to manage financial risk by day to day monitoring to ensure sufficient liquidity is available to meet foreseeable needs, and by negotiating adequate facilities from our bank if and when necessary.
- Interest rate risk – the College finances operations through a mixture of retained surpluses and bank and other borrowings if and when necessary. The exposure to interest rate fluctuations is managed by day to day monitoring.
- Credit risk – College policy is that school bills are payable on or before first day of term and the chasing of unpaid accounts is given high priority.

FUTURE PLANS

The key objectives for the forthcoming year are;

1. To strive for a successful outcome from our next full ISI Regulatory Compliance and Educational Quality Inspection that is now due.
2. To ensure full succession planning so as to ensure a smooth transition on change of Headship in the summer of 2018.
3. To sustain a pupil roll in excess of 600 with a further increase in boarding numbers from the 2016 starting position of 169.
4. Having funded in excess of £3M Capital Expenditure in 2016/17 out of cashflow, rather than term loan, to ensure a surplus, before depreciation, in excess of 7.5% of net fee income, in order to steadily restore cash balances.
5. To further enhance our facilities, generally and specifically by continuing the programme of replacing interactive whiteboards with new Smartboards in all teaching areas, by refurbishing and upgrading 5th form boys' boarding provision and by providing new CNC machines in DT in order for that department to effectively deliver its new curriculum.
6. To continue to build links with local junior schools in both the state and independent sectors, and specifically to further develop our strong links with Smallwood Manor Preparatory School as our main Year 7 feeder school.
7. To continue to widen access by providing two further 'Governor Awards', being free or heavily subsidised means-tested 6th form places to give students in the maintained sector career and life changing opportunities, as well as considering further 'Hignell' and 'Swales' awards for suitably gifted scholars.
8. To effectively manage and maximise the benefits of the Corporation-wide move to WCBS PASS for our financial accounting software, and to integrate this with the College's main Management Information System software, iSAMS, so as to improve our overall efficiency.

Good Governance continues to receive a high priority using the Committee structure.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

DIRECTORS

The Directors who served during the year, and the committees of which they are members, are:

Mr K P Threlfall (Chairman)	Finance & Premises, Remuneration, Foundation. (Also invited to attend other Committees in his capacity as Chairman).
Mr G R Bowe	Education
Mr D T Brown	Finance & Premises
Mr JSF Cash	Finance & Premises, Health & Safety and Site
Mr A D Coley	Finance & Premises
Mrs J Dickson	Safeguarding
Mr B W Hinton	Education, Marketing, Safeguarding, Personnel, ICT, Remuneration
Mrs B C Hyde	Marketing, Education, Remuneration
Mr C J Lewis	Finance & Premises, Marketing, Credit
Mrs B A McNally-Young	ICT
Judge R T N Orme	Education, Foundation, Personnel, Remuneration, Safeguarding
Mr M F Coffin	Finance & Premises, Marketing
Mrs E L Bell	Education, Personnel
Mrs E J Evans	Finance & Premises, Marketing
Mr D J Wilkinson	Education, Safeguarding
Mr N T Ratcliffe	Education

The College expresses its gratitude to Mr G R Bowe and Judge R T N Orme who retired during the course of the year and welcomes Mr D J Wilkinson and Mr N T Ratcliffe who have now joined the Governing Body.

None of the Directors has any beneficial interest in the Company.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2017

AUDITORS

Following a competitive tender process, the directors have recommended that RSM are appointed as the company's external auditors at the next Annual General Meeting, for the year to 31 August 2018 onwards. As such, Grant Thornton UK LLP do not offer themselves for reappointment under section 487 (2) of the Companies Act 2006.

DIRECTORS RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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 the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The directors 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm 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 directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors of Denstone College on *27th Feb May 2018*, including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:

MR K P THRELFALL

CHAIRMAN

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED YEAR ENDED 31ST AUGUST 2017

Opinion

We have audited the financial statements of Denstone College Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the Group Charitable Company Statement of Financial Activities, the Group Charitable Company Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets 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 parent charitable company's affairs as at 31 August 2017 and of the group's and the parent charitable company's incoming resources and application of resources including, the group's and the parent 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 have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

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 parent 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.

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED YEAR ENDED 31ST AUGUST 2017

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages [2 to 18] 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 Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, 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 and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED YEAR ENDED 31ST AUGUST 2017

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.

Grant Thornton UK LLP

Fiona Baldwin BMus ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: *9 March 2018*

DENSTONE COLLEGE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2017 £	2016 £
Income and endowments from:						
Charitable Activities						
School fees receivable	2	8,663,824	-	-	8,663,824	8,077,262
Ancillary trading income	3	711,049	-	-	711,049	657,830
Other trading activities						
Non-ancillary trading income	4	201,229	-	-	201,229	302,676
Other activities						
Investments						
Investment income	5	-	7,256	9,670	16,926	17,608
Bank and other interest	6	787	-	-	787	8,236
Voluntary sources						
Grants and donations	7	142,223	-	-	142,223	201,294
Other incoming resources						
TOTAL INCOMING RESOURCES		9,719,112	7,256	9,670	9,736,038	9,264,906
Expenditure on:						
Raising funds						
Non-ancillary trading	8	200,108	-	-	200,108	300,353
Other income generating activities						
Financing costs	9	44,832	-	-	44,832	45,750
Investment management			2,739	3,568	6,307	2,802
Fundraising and development		31,964	-	-	31,964	39,380
TOTAL DEDUCTIBLE COSTS		276,904	2,739	3,568	283,211	388,285
Charitable Activities						
Education and grant making	8	9,020,281	62,893	9,671	9,092,845	8,751,844
TOTAL EXPENDITURE		9,297,185	65,632	13,239	9,376,056	9,140,129
Net income and expenditure before transfers		421,927	(58,376)	(3,569)	359,982	124,777
Realised (losses)/gains on investment assets	14,15	-	2,036	74	2,110	60,079
Unrealised (losses)/gains on investment assets	14,15	-	1,836	18,523	20,359	(17,342)
Net income/(expenditure)		421,927	(54,504)	15,028	382,451	167,514
Transfers between funds	26					
Other recognised gains/(losses)						
Net Movement in funds for the year		421,927	(54,504)	15,028	382,451	167,514
Fund balances at 1st September 2016		4,628,367	226,815	299,460	5,154,642	4,987,128
FUND BALANCES AS AT 31ST AUGUST 2017		5,050,294	172,311	314,488	5,537,093	5,154,642

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 25 to 47 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2017 £	2016 £
Income and endowments from:						
Charitable Activities						
School fees receivable	2	8,663,824	-	-	8,663,824	8,077,262
Ancillary trading income	3	711,049	-	-	711,049	657,830
Other trading activities						
Non-ancillary trading income	4	1,121	-	-	1,121	1,811
Other activities		-	-	-	-	-
Investments						
Investment income	5	-	7,256	9,670	16,926	17,608
Bank and other interest	6	787	-	-	787	7,654
Voluntary sources						
Grants and donations	7	142,223	-	-	142,223	201,294
Other incoming resources						
TOTAL INCOMING RESOURCES		9,519,004	7,256	9,670	9,535,930	8,963,459
Expenditure on:						
Raising funds						
Non-ancillary trading	8	-	-	-	-	-
Other income generating activities		-	-	-	-	-
Financing costs	9	44,832	-	-	44,832	44,656
Investment management		-	2,739	3,568	6,307	2,802
Fundraising and development		31,964	-	-	31,964	39,380
TOTAL DEDUCTIBLE COSTS		76,796	2,739	3,568	83,103	86,838
Charitable Activities						
Education and grant making	8	9,020,281	62,893	9,671	9,092,845	8,751,844
TOTAL EXPENDITURE		9,097,077	65,632	13,239	9,175,948	8,838,682
Net income and expenditure before transfers		421,927	(58,376)	(3,569)	359,982	124,777
Realised (losses)/gains on investment assets	14,15	-	2,036	74	2,110	60,079
Unrealised (losses)/gains on investment assets	14,15	-	1,836	18,523	20,359	(17,342)
Net income/(expenditure)		421,927	(54,504)	15,028	382,451	167,514
Transfers between funds	26	-	-	-	-	-
Other recognised gains/(losses)						
Net Movement in funds for the year		421,927	(54,504)	15,028	382,451	167,514
Fund balances at 1st September 2016		4,628,367	226,815	299,460	5,154,642	5,154,742
FUND BALANCES AS AT 31ST AUGUST 2017		5,050,294	172,311	314,488	5,537,093	5,154,742

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 25 to 47 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31ST AUGUST 2017

	Note	Group 2017 £	2016 £	Charity 2017 £	2016 £
FIXED ASSETS					
Tangible assets	13	8,866,321	6,867,519	8,866,321	6,867,519
Investments	14	435,026	478,720	435,126	478,820
Fees in Advance scheme investments	14	-	-	-	-
Property investments		-	-	-	-
		9,301,347	7,346,239	9,301,447	7,346,339
CURRENT ASSETS					
Stock		60,526	65,265	12,788	17,649
Debtors	15	538,720	507,703	597,823	709,273
Cash at bank and in hand		95,342	844,754	47,546	668,420
		694,588	1,417,722	658,157	1,395,342
CURRENT LIABILITIES					
Creditors payable within one year	16	3,255,402	2,358,560	3,219,072	2,336,180
		(2,560,814)	(940,838)	(2,560,915)	(940,838)
NET CURRENT ASSETS					
		(2,560,814)	(940,838)	(2,560,915)	(940,838)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		6,740,533	6,405,401	6,740,532	6,405,501
LONG TERM LIABILITIES					
Creditors payable after one year	17	922,340	939,659	922,340	939,659
Provisions for liabilities	27	281,000	311,000	281,000	311,000
		5,537,193	5,154,742	5,537,192	5,154,842
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY					
		5,537,193	5,154,742	5,537,192	5,154,842
NET ASSETS					
		5,537,193	5,154,742	5,537,192	5,154,842
REPRESENTED BY:					
CALLED UP SHARE CAPITAL	22	100	100	100	100
ENDOWED FUNDS					
	24	314,488	299,460	314,488	299,460
RESTRICTED FUNDS					
	24	172,311	226,815	172,311	226,815
UNRESTRICTED FUNDS					
General reserve	24	5,050,294	4,628,367	5,050,293	4,628,467
Pension reserve		-	-	-	-
		5,537,193	5,154,742	5,537,192	5,154,842

The financial statements were approved and authorised for issue by the Board on 27th February 2018 and signed on its behalf by

Mr K P THRELFALL CHAIRMAN
Company registration number 05010957

The notes on pages 25 to 47 form part of these financial statements

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year are:

a) **Basis of Accounting**

The accounts of the group have been prepared under the Companies Act 2006 and in accordance with the Statement of Recommended Practice for Charities ('SORP (FRS102)') and with applicable UK Accounting Standards. They are drawn up on the historical cost accounting basis except that property and share investments held as fixed assets are carried at fair value.

Denstone College meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details are provided in note 26, and in the accounting policies for depreciation of fixed assets, for pensions and for bad debts. The financial statements are presented in Sterling (£).

b) **Going Concern**

The accounts have been prepared on a going concern basis. The Denstone College Board reviews the financial information for the company and the group, and consider whether the group and company are a going concern for a period of at least 12 months from the date of approval of the accounts. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

c) **Group Accounts**

The financial statements consolidate the financial statements of the company, and all its subsidiary companies, charitable trusts and funds with all inter-company balances being eliminated. Entities are consolidated where Denstone College exercises overall control either through ownership of shares, or through having common trustees with a common objective. Accounting policies are consistently applied between group companies.

d) **School Fees Receivable and Similar Income**

Fees receivable and other educational income are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants. Fees in Advance Scheme Contracts are those fees received in advance of education to be provided in future years under a specific contract. The fees are held as investments in interest bearing assets until either taken to income to match liabilities in the term when used, or else refunded. Any surplus of assets over liabilities is held within the fund as a buffer. Debts are provided for if not recovered within one term. Estimating amounts to provide against recovery of debts is a matter of judgement.

e) **Ancillary and Non-Ancillary Trading Income**

Ancillary trading income represents amounts from activities to generate funds within the charitable objects, for example school shop sales, coaches to and from school and school trips. Non-ancillary trading income represents amounts from activities not directly related to the charitable objects, for example lettings of school facilities out of term time and rental from spare school buildings. Income from these activities is recognised in the SOFA when the goods are sold or services provided.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

f) **Voluntary sources, Grants and Donations**

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

Voluntary income for 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 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 case of donated services or facilities.

g) **Expenditure**

Expenditure is accrued as soon as there is a contractual obligation or a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates. Bad debts are provided for in accordance with the group bad debt policy.

h) **Finance and Other Costs**

Other costs include amounts accrued in accordance with the terms of Fees in Advance Scheme Contracts.

i) **Pension Costs**

The College Company participates in the Teachers' Pensions scheme, which is an unfunded government scheme and which provides benefits based on final pensionable pay. The funds of the scheme are separate from the Company, although the Company's share of the scheme cannot be identified as the scheme is a multi-employer scheme, and so the pension costs are accounted for as a defined contribution scheme.

The company offers membership of the Pensions Trust Growth Plan to employees other than the academic staff. The Pensions Trust Growth Plan is a multi-employer pension scheme where the scheme assets are pooled for investment purposes and cannot be attributed to individual employers. Benefits are paid from the total scheme assets. It is in most respects a money purchase arrangement, but has some guarantees. As a result, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the company, though, due to the guarantees inherent in the scheme, the company remain potentially liable for a debt on withdrawal from the scheme. In accordance with Financial Reporting Standard (FRS) 102 (section 28) therefore, the scheme is accounted for in a fashion which is similar to a defined contribution scheme.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. More detail is given in notes 26 and 27.

j) **Tangible Fixed Assets and Depreciation**

In accordance with Section 35.10 (d) of FRS102, Denstone College has elected to use the carrying value of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost at the date of transition to FRS102, 1 September 2014.

Tangible fixed assets are stated at cost less depreciation. Individual capital items, or projects, with a value greater than £10,000 are capitalised. Assets in the course of construction are stated at cost less any provision for impairment. They are transferred to completed assets when substantially all of the activities necessary to get the asset ready for use are complete. Where appropriate cost includes our own labour costs in relation to construction, and directly attributable overheads.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

Where tangible fixed assets have been acquired with the aid of specific grants they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset based on current market prices, over its expected useful life, as follows:

Freehold land is not depreciated

Freehold Buildings:	- Variable according to the building and written off over the expected useful life (see note below)
Freehold improvements	- Over the useful economic life of the improvement
Computer equipment	- 25% on cost
Plant & Machinery	- 25% on cost
Main school boilers	- Between 10% and 25% on cost
Fixtures and fittings	- Between 4% and 25% on cost
Motor vehicles	- 25% on cost

The company has reviewed its tangible assets, which comprise land, buildings and initial fixtures and fittings. The company undertakes an annual review of all buildings assessing their useful economic life. In some cases, the useful economic life of a building is anticipated to be of considerable length, often in excess of 100 years. The buildings are capitalised in the financial statements at historic cost. Where the calculated depreciation charge is a material figure, it is charged in these financial statements but, where the carrying value is not more than the estimated recoverable amount and the depreciation on the building is not material to these financial statements, it has been assessed, but not charged on the basis that it is not material. The directors will continue to carry out annual assessments of the recoverable amount and the estimated useful life of all buildings and where the depreciation is a material value, it will be charged. The review is based on the directors' assessments of the market value and the future economic benefit derived from an asset versus its carrying value in the financial statements.

When the company undertakes a significant refurbishment project that will have an economic benefit, the cost of the refurbishment is capitalised, recorded separately under 'Freehold Improvements', its useful life is estimated and it is depreciated over that useful life.

Denstone College exercises judgement in selection of appropriate rates for depreciation of fixed assets, and for matters of impairment.

k) Financial Instruments

Denstone College 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.

l) Securities and Fees in Advance Investments

Securities and Fees in Advance investments are carried at fair value, which is deemed to be 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. Realised gains and losses are the difference between sales proceeds and opening market value where the investment was held at the beginning of the year, or sales proceeds less cost of purchase where the investment was acquired in the year. The revaluation reserve reflects the accumulated total of unrealised gains. Uninvested cash is the balance of liquid cash, held as an investment, which has not been invested in securities.

m) Stocks

Stocks comprise raw materials, consumable stores and goods held for resale: they are valued at the lower of cost and net realisable value.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

n) **Leasing Commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the period of the lease whichever is the shorter. The interest element of the obligations is charged to the SOFA over the period of the lease. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the lease term. Lease incentives are accounted for over the lease term on a straight-line basis.

o) **Fund Accounts**

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity. Endowment funds are further sub-divided into permanent and expendable, where required by the terms of the trust.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

p) **Taxation**

Denstone College is a registered charity and as such is exempt from income tax and corporation tax under the provisions of Section 478 of the Corporation Tax Act 2010. There is no similar exemption for VAT, which is included in expenditure or in the cost of assets as appropriate.

The college has a subsidiary company that is subject to taxes including corporation tax and VAT in the same way as any commercial organisation. The tax charged to the profit and loss account is based on the subsidiary company's profit for the year and takes into account tax arising because of timing differences between the treatment of certain items for tax and accounting purposes. The subsidiary company distributes the majority of its profits to Denstone College under Gift Aid and tax liabilities are kept to a minimum.

q) **Cash flow statement**

The cash flows of Denstone College Limited are included in the consolidated cash flow statement of The Woodard Corporation. Denstone College Limited is exempt under the terms of Section 1 of FRS 102 from publishing a cash flow statement.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

2. CHARITABLE ACTIVITIES - SCHOOL FEES RECEIVABLE

	2017 £	2016 £
The school fees income comprises		
Gross fees	9,725,629	9,133,308
Less: Total scholarships, bursaries, etc	(1,093,981)	(1,086,763)
Add back: Scholarships, Grants etc paid for by Restricted Funds	32,176	30,717
	<u>8,663,824</u>	<u>8,077,262</u>

296 scholarships, bursaries and other awards were paid to 258 pupils (2016: 276 awards to 253 pupils). Within this, means-tested bursaries totalling £233,320 were paid to 32 pupils (2016: £261,491 to 32 pupils)

3. CHARITABLE ACTIVITIES – ANCILLARY TRADING INCOME

	2017 £	2016 £
Extras	666,445	622,548
Entrance fees and registration fees	23,220	22,466
Pupil transport	-	-
Rent receivable and other sales	-	-
Commissions and other income	21,384	12,816
Sundry other income	-	-
	<u>711,049</u>	<u>657,830</u>

4. OTHER TRADING ACTIVITIES

	2017 £	2016 £
Non-ancillary trading income		
Denstone College Enterprises turnover	200,108	300,865
Lettings income	-	-
Rents receivable	-	-
Interest receivable – pupil bills	1,121	1,811
School shop	-	-
	<u>201,229</u>	<u>302,676</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

5. INVESTMENTS - INVESTMENT INCOME

	Unrestricted	Restricted	Endowed	Total 2017 £	Total 2016 £
Securities investment income					
Equities	-	3,253	8,453	11,706	17,608
Fixed interest	-	4,003	1,217	5,220	-
Cash	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	7,256	9,670	16,926	17,608

6. INVESTMENTS - BANK AND OTHER INTEREST

	Unrestricted	Restricted	Endowed	Total 2017 £	Total 2016 £
Bank interest	787	-	-	787	8,236
Other interest	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	787	-	-	787	8,236

7. VOLUNTARY SOURCES - GRANTS AND DONATIONS

	Unrestricted	Restricted	Endowed	Total 2017 £	Total 2016 £
Grants to Denstone College from Enterprise Company	37,708	-	-	37,708	60,930
Other Grants and Donations	104,515	-	-	104,515	140,364
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	142,223	-	-	142,223	201,294

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

8. ANALYSIS OF EXPENDITURE

a) Total expenditure

	Staff costs (note 10) £	Support Costs £	Depreciation (Note 13) £	Total 2017 £	Total 2016 £
Costs of raising funds					
Non ancillary trading	-	200,108	-	200,108	-
Financing cost (note 9)	-	43,628	-	43,628	4,213
Bank interest	-	1,204	-	1,204	-
Investment management	-	6,307	-	6,307	2,802
Fundraising and development	31,964	-	-	31,964	39,380
Total cost of generating funds	31,964	251,247		283,211	46,395
Charitable expenditure					
Education and grant making	-	-	-	-	-
Teaching	4,459,879	426,922	56,622	4,943,423	4,606,635
Welfare	560,034	448,729	8,823	1,017,586	959,064
Premises	745,592	987,178	139,375	1,872,145	2,001,234
School administration and governance	459,094	682,107	4,185	1,145,386	1,106,063
Grants awards and prizes (note 8b)	-	72,563	-	72,563	8,917
Movement in pension recovery plan (note 27)	-	30,000	-	30,000	110,374
Total charitable expenditure	6,224,599	2,647,499	209,005	9,081,103	8,792,287
Total Expended	6,256,563	2,898,746	209,005	9,364,314	8,838,682

b) Grants' awards and prizes

Denstone College makes awards to individual families to support schooling.

	2017 £	2016 £
From Restricted Funds:		
Prizes and leaving awards	62,892	-
From Endowed Funds:		
Prizes and leaving awards	9,671	8,917
	72,563	8,917

8. ANALYSIS OF EXPENDITURE (Continued)

c) Governance included in support costs

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

Denstone College reimburses governors for out of pocket expenses including travel subsistence and accommodation, where a claim is made. Three trustees were reimbursed during the year.

	2017 £	2016 £
Remuneration paid to auditor for audit services	13,736	12,730
Remuneration paid to auditor for non-audit services	-	-
Reimbursement of personal expenses to governors	783	820
Other governance costs	-	-
	<u>14,519</u>	<u>13,550</u>

9. FINANCING COSTS

	2017 £	2016 £
Fees In Advance debt financing costs	34,397	35,443
Lease finance costs	-	-
Pension Scheme financing cost	-	-
Bank charges	8,480	4,213
Other finance costs	-	-
Pension Provision Interest Expense		
Provision for bad and doubtful debts	751	5,000
	<u>43,628</u>	<u>44,656</u>

10. STAFF COSTS

	2017 £	2016 £
The aggregate payroll costs for the year were:		
Wages and salaries	5,194,446	4,880,483
Social security costs	486,566	419,201
Other pension costs	577,611	646,959
Private Medical	2,517	3,256
	<u>6,261,140</u>	<u>5,949,899</u>

Included in staff costs are redundancy or termination payments totalling £20,000 (2016: nil).

The Headmaster, Bursar and Second Masters are classed by the College as being the Key Management Personnel.

None of the governors received remuneration or other benefits from Denstone College or from any connected body.

Aggregate employee benefits of key management personnel	<u>£519,289</u>	<u>£488,184</u>
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DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

10. STAFF COSTS (Continued)

The number of higher paid employees whose annual emoluments were £60,000 or more was:

	2017 No	2016 No
£60,001 - £70,000	2	2
£80,001 - £90,000	1	1
£170,000 - £180,000	-	1
£180,000 - £190,000	1	-

The number with retirement benefits accruing:
- in Defined Contribution schemes was

1	1
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Of which the contributions amounted to

£6,629	£8,094
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- in Defined Benefit schemes was

3	3
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Of which the contributions amounted to

£53,114	£46,549
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The average number of employees during the year calculated on a head count basis, was 216 (2016: 210).

	2017 No	2016 No
Teaching	99	81
Support	113	125
Other activities	4	4
	216	210

For 2017 there are no employees (2016: no employees) earning over £60,000 per year that have chosen not to participate in a pension scheme

11. DIRECTORS

None of the directors (or any persons connected with them) received any remuneration during the year. Scholarships and other remissions totalling £47,966 were awarded to children of directors attending the College (2016: £43,275).

12. TAXATION

The company is a registered charity and therefore no liability to taxation arises on its charitable activities.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

13. TANGIBLE FIXED ASSETS

Group and company	Freehold Land & Buildings £	Buildings under Construction £	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost						
At 1 st September 2016	6,574,238	1,009,741	729,474	433,833	31,195	8,778,481
Additions	2,888,868	-	192,430	119,000	17,250	3,217,548
Disposals	-	-	(8,417)	-	-	(8,417)
Transfers	-	(1,009,741)	-	-	-	(1,009,741)
At 31st August 2017	9,463,106	0	913,487	552,833	48,445	10,977,871
Depreciation						
At 1 st September 2016		-	617,055	192,213	20,569	1,910,962
	1,081,125	-	52,429	26,858	6,736	209,005
Additions	122,982	-	(8,417)	-	-	(8,417)
Disposals	-	-	-	-	-	-
At 31st August 2017	1,204,107	-	661,067	219,071	27,305	2,111,550
Net book value at 31st August 2017	8,258,999	-	252,420	333,762	21,140	8,866,321
Net book value at 31st August 2016	5,493,113	1,009,741	112,419	241,620	10,626	6,867,519

The above represents the consolidated position. The Tangible Fixed Assets for the company are as above, save for the fixed assets of the enterprise company, which consist solely of Plant & Equipment £10,040. However, this is fully depreciated, such that the opening and closing net book values for the company and the group are the same.

All the company's assets are used for charitable purposes.

Finance leases and hire purchase contracts

The College had no finance lease or hire purchase obligations.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

14. SECURITIES INVESTMENTS

	2017 £	2016 £
Group investments		
At 1 September	478,720	433,559
New money invested	-	-
Reinvested income	-	-
Amounts extracted	61,862	-
Investment management fees	6,306	(684)
Realised gains/(losses) on investments	2,110	42,737
Unrealised gains/(losses) on investments	20,359	-
Uninvested cash	2,005	3,108
Group investments at 31 August	435,026	478,720
Investment in subsidiaries	100	100
Company investments at 31 August	435,126	478,820
Investments comprise:		
Listed investments		
Fixed interest	121,870	-
Equities	294,213	475,612
Unlisted investments		
Land and buildings	-	-
Other	-	-
Cash	18,943	3,108
Group investments at 31 August	435,026	478,720
Investment in subsidiaries	100	100
Company investments at 31 August	435,126	478,820

Denstone College owns all of the share capital of Denstone College Enterprises Limited, a company incorporated in England/Wales. Further details are provided in note 32.

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 and Fees in Advance Scheme Investments deposits are managed for Denstone College by UBS Wealth Management (UK). All investments are managed and held in the UK.

Holdings at the year-end comprising more than 5% of the total are:

M&G Investment Fund Corporate Bonds	15.0%
IShares GBP Corporate Bonds	14.3%
Artemis Income Fund Units	30.3%
Columbia Threadneedle Cross Border UK funds	14.8%
IShares Plc FTSE Units	18.7%
IShares Plc USD Units	6.9%

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

15. DEBTORS

	Group 2017 £	2016 £	Company 2017 £	2016 £
School fees receivable	354,161	345,676	354,161	345,676
Trade debtors	39,516	9,902	-	-
Staff loans	-	-	-	-
Other debtors	63,631	2,004	63,631	2,004
Prepayments and accrued income	79,199	150,121	79,199	150,121
Tax recoverable	-	-	-	-
Amounts due from subsidiary company	-	-	98,619	211,472
Amounts due from Woodard Group	2,213	-	2,213	-
	538,720	507,703	597,823	709,273

16. CREDITORS: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	754,937	-	754,937	-
Other loans	-	-	-	-
Net obligations under finance leases	-	-	-	-
Deposits from parents	37,017	40,551	37,017	40,400
Fees received from parents in advance of term	833,561	825,095	833,561	825,095
Trade creditors	496,554	264,099	496,554	250,893
Taxation and social security	130,412	121,394	124,413	117,097
Other creditors	89,071	138,248	60,589	138,248
Fees in Advance Scheme	731,019	694,829	731,019	694,829
Accruals	180,147	273,464	178,298	268,738
Deferred income	-	-	-	-
Amounts due to/(from) subsidiary company	-	880	-	800
Amounts due to Woodard Corporation	2,684	-	2,684	-
	3,255,402	2,358,560	3,219,072	2,336,180

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

17. CREDITORS: amounts falling due after one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	-	-	-	-
Other loans	-	-	-	-
Net obligations under finance leases	-	-	-	-
Deposits from parents	276,155	267,959	276,155	267,959
Other creditors	-	-	-	-
Fees in Advance Scheme	646,185	671,700	646,185	671,700
Amounts due to subsidiary company	-	-	-	-
Amounts due to parent company	-	-	-	-
	922,340	939,659	922,340	939,659

18. BANK LOAN

The College has an overdraft facility of £850,000 with Lloyds Bank subject to annual review.

19. FEES IN ADVANCE SCHEME

Parents and others may enter into a contract to pay for fixed contributions towards pupil tuition fees for a number of years in advance. The money may be returned subject to specific conditions on the receipt of notice. Assuming pupils remain in the school, fees in advance will be applied as follows:

	2017 £	2016 £
After 5 years	6,058	52,269
Within 2 to 5 years	320,034	333,931
Within 1 to 2 years	320,093	285,500
	646,185	671,700
Within 1 year	731,019	694,829
	1,377,204	1,366,529

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

19. FEES IN ADVANCE SCHEME (Continued)

Summary of movements in liability	£
Balance at 1 September 2016	1,366,529
New contracts	744,469
Repayments	(21,350)
Amounts used to pay fees	(712,444)
Amount accrued to contract as debt financing cost	-
Balance at 31 August 2017	1,377,204

20. FINANCE LEASE OBLIGATIONS

The College had no finance lease obligations

21. COMMITMENTS UNDER OPERATING LEASES

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Expiry date:				
Within 1 year	-	-	29,004	10,922
Within 1 to 2 years	-	-	29,004	-
Within 2 to 5 years	-	-	11,827	-
After 5 years	-	-	-	-
	0	0	69,835	10,922

22. SHARE CAPITAL

	2017	2016
	£	£
Authorised		
100 Ordinary Shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary Shares of £1 each	100	100

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

23. FUNDS

Denstone College's funds are analysed under the following headings:

a) ENDOWED FUNDS

Special Endowment

The Special Endowment funds of the company include a number of individual trust and prize funds set up by donors as permanent capital. The income generated is restricted to funding scholarships, bursaries, grants and prizes.

b) RESTRICTED FUNDS

The Benefit fund is held in trust by the Woodard Corporation to assist former pupils by contributing towards the school fees of their children or dependents or in such other manner (being exclusively charitable) as the Trustees consider for their benefit. The Fund has been built up by voluntary contributions. The College Council has power to determine on behalf of the Trustees which pupils shall receive benefit and the nature and extent of such benefit. The purpose is to provide financial support to pupils whose family circumstances would otherwise prevent them from attending the College.

c) UNRESTRICTED FUNDS

Unrestricted funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.

	Unrestricted £	Restricted £	Endowed £	Total 2017 £	Total 2016 £
Tangible fixed assets	8,866,321	-	-	8,866,321	6,867,519
Securities investments	-	148,528	286,498	435,026	478,720
Net current (liabilities)/assets	(2,612,587)	23,783	27,990	(2,560,814)	(940,838)
Long term and pensions liabilities	(1,203,340)	-	-	(1,203,340)	(1,250,659)
	<u>5,050,394</u>	<u>172,311</u>	<u>314,488</u>	<u>5,537,193</u>	<u>5,154,742</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

24. SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 Sept 2016 £	Incoming resources £	Resources expended £	Gains/ (losses) £	At 31 August 2017 £
Endowed - Expendable					
Revaluation Reserves	78,027	-	-	18,523	96,550
Scholarship, Bursary & Prize Trust Funds	221,433	9,670	13,239	74	217,938
	299,460	9,670	13,239	18,597	314,488
Restricted Funds					
Revaluation Reserves	90,447	-	-	1,836	92,283
Scholarship, Bursary & Prize Funds	136,368	7,256	65,632	2,036	80,028
	226,815	7,256	65,632	3,872	172,311
Unrestricted Funds					
General Reserve	4,628,367	9,719,112	9,395,017	--	4,952,462
Pension Reserve					
	4,628,367	9,719,112	9,395,017	-	4,952,462
Total Funds	5,154,642	9,736,038	9,473,888	22,469	5,439,261

25. CAPITAL COMMITMENTS

At 31 August 2017, the group had capital commitments as follows:

	2017 £	2016 £
Expenditure contracted for but not provided in the accounts	<u>0</u>	<u>1,685,259</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

26. PENSION SCHEMES

Teachers' Pension Scheme

The College 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 or appropriate to consistently identify the liabilities of the TPS which are attributable to the College. As required by Section 28.11 of FRS102, the College accounts for this scheme as if it were a defined contribution scheme.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in schools and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012, and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2016. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the Teachers' Pension Scheme in the period amounted to £816,238 (2016: £775,860).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

26. PENSION SCHEMES (Continued)

Pensions Trust Growth Plan

The Company participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Denstone College paid contributions at the rate of 1% and 6% during the accounting period. 34 members paid contributions at the rate of 1% and 45 paid contributions at the rate of 6% during the accounting period. As at the balance sheet date there were 75 active members of the Plan employed by Denstone College. Denstone College continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contribution payable.

The valuation results at 30 September 2014 were completed in 2015 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £793.4 million and the Plan's Technical Provisions (i.e. past service liabilities) were £969.9 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £176.5 million, equivalent to a funding level of 82%.

In determining the investment return assumptions, the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

26. PENSION SCHEMES (Continued)

The Scheme Actuary provided an update to the funding position at 30 September 2016. At this date, the market value of the Plan's assets was £900.8 million and the Plan's Technical Provisions (i.e. past service liabilities) was £1,051.7 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £150.9 million, equivalent to a funding level of 86%.

The financial assumptions underlying the valuation as at 30 September 2016 were as follows:

	% p.a.
Annualised yield on the FTSE Actuaries' Government Securities Over 15 Year Fixed Interest Yield Index	1.4
Market implied inflation as calculated by the difference between the annualised yield on long-dated (over 15 years) fixed interest Gilts and the annualised real yield (over 5 years) on index-linked Gilts (assuming an average of 2.5% p.a. inflation)	3.3
Pre retirement discount rate	2.6
Post retirement discount rate	1.7
Inflation (RPI)	3.0

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. See note 26 for further details.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. See note 27 for further details.

27. PENSION SCHEME DEFICIT RECOVERY PLAN

As outlined in note 26, the College participates in the Pensions Trust Growth Plan, which is a multi-employer scheme providing benefits to over 1,300 non-associated participating employers. The scheme is a defined benefit schemes in the UK. It is not possible for the College to obtain sufficient information to enable it to account for the scheme as defined benefit schemes. Therefore, it accounts for it as a defined contribution scheme.

The schemes are subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The schemes are classified as 'last-man standing arrangements'. Therefore, Woodard schools are potentially liable for other participating employers' obligations if those employers are unable to meet their share of scheme deficits following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficits on an annuity purchase basis on withdrawal from the scheme.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

27. PENSION SCHEME DEFICIT RECOVERY PLAN (Continued)

Pensions Trust Growth Plan Deficit Contributions

A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

From 1 April 2016 to 30 September 2025:	£12.9m per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Values of Provision	2017 £000s	2016 £000s
Present value of provision	281	311
Reconciliation of opening and closing provisions	2017 £000s	2016 £000s
Provision at 1 September	311	231
Unwinding of the discount factor	3	5
Deficit contribution paid	(32)	(30)
Remeasurements - impact of any change in assumptions	(1)	16
Remeasurements - amendments to the contribution schedule	-	89
Provision at 31 August	281	311

Income and expenditure impact	2017 £000s	2016 £000s
Interest expense	3	5
Unwinding of the discount factor	-	-
Remeasurements - impact of any change in assumptions	(1)	16
Remeasurements - amendments to the contribution schedule	-	89
Contributions paid in respect of future service *	-	-
Costs recognised in income and expenditure account	32	30

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

27. PENSION SCHEME DEFICIT RECOVERY PLAN (Continued)

Assumptions	2017 % per annum	2016 % per annum
Rate of discount	1.20	1.08

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Deficit Contributions Schedule

The following schedule shows the deficit contributions agreed between the company and the scheme at each year end period:

	2017 £000s	2016 £000s
Year 1	33	32
Year 2	34	33
Year 3	35	34
Year 4	36	35
Year 5	37	36
Year 6	38	37
Year 7	39	38
Year 8	40	39
Year 9	3	40
Year10		3
	295	316

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

28. SUBSIDIARIES

The Company owns all of the share capital of Denstone College Enterprises Limited, a company incorporated in England and Wales (Company number: 05181951). This company carries out trading activity on behalf of the College including commercial letting and sales from the College's tuck shop.

Denstone College Enterprises Limited had a turnover of £298,653 (2016: £300,864), gross profit of £41,936 (2016: £63,064), and a profit before tax and gift aid of £37,708 in the year ended 31 August 2017 (2016: profit of £60,930). At 31 August 2017 the company had shareholder's funds of £0 (2016: £0).

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

29. Consolidated Statement of Financial Activities – Comparative figures by fund type

Year Ended 31 August 2016	Unrestricted £	Restricted £	Endowed £	Total £
Income and endowments from				
Charitable activities				
School fees receivable	8,077,262	-	-	8,077,262
Ancillary trading income	657,830	-	-	657,830
Other trading activities				
Non-ancillary trading income	302,676	-	-	302,676
Other activities	-	-	-	-
Investments				
Investment income	-	8,691	8,917	17,608
Bank and other interest	8,236	-	-	8,236
Voluntary sources				
Grants and donations	201,294	-	-	201,294
Other incoming resources				
Total Incoming Resources	<u>9,247,298</u>	<u>8,691</u>	<u>8,917</u>	<u>9,264,906</u>
Expenditure on:				
Raising funds				
Non ancillary trading	300,353	-	-	300,353
Other income generating activities	-	-	-	-
Financing costs	45,750	-	-	45,750
Investment management	-	2,802	-	2,802
Fundraising and development	39,380	-	-	39,380
Total Deductible Costs	<u>385,483</u>	<u>2,802</u>	<u>-</u>	<u>388,285</u>
Charitable activities				
Education and grant making	8,742,927	-	8,917	8,751,844
Total resources expended	<u>9,128,410</u>	<u>2,802</u>	<u>8,917</u>	<u>9,140,129</u>
Net income and expenditure before transfers	118,888	5,889	-	124,777
Realised (losses)/gains on investment assets	-	37,141	22,938	60,079
Unrealised (losses)/gains on investment assets	-	(19,656)	2,314	(17,342)
Net income/(expenditure)	<u>118,888</u>	<u>23,374</u>	<u>25,252</u>	<u>167,514</u>
Transfers between funds	-	-	-	-
Other recognised gains/(losses)	-	-	-	-
Pension scheme actuarial gains/(losses)	-	-	-	-
Net movement in funds for the year	<u>118,888</u>	<u>23,374</u>	<u>25,252</u>	<u>167,514</u>
Fund balances brought forward	4,509,479	203,441	274,208	4,987,128
Fund Balances Carried Forward	<u>4,628,367</u>	<u>226,815</u>	<u>299,460</u>	<u>5,154,642</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2017

30. CONTINGENT LIABILITIES

The Company has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for the Company was £641,200, including Series 3 liabilities.

31. ULTIMATE CONTROLLING PARTY

The Woodard Corporation Limited is the ultimate controlling party, a registered charity number 1096270, which is incorporated in England and Wales. Copies of the financial statements of the Woodard Corporation can be obtained from High Street, Abbots Bromley, Rugeley, Staffordshire, WS15 3BW. The accounts of Denstone College Limited are included within the consolidated financial statements of the Woodard Corporation Limited.

32. RELATED PARTIES

As stated in note 31, Denstone College Limited is a wholly owned subsidiary of The Woodard Corporation. An amount of £60,141 (2016: £56,777) was paid during the year to Woodard Corporation by way of a levy to meet running costs. There was a nil balance (2016: £0) outstanding at the year end.

The company also controls a subsidiary trading company, Denstone College Enterprises Limited.

33. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the directors are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cashflows. Accounting policies are shown at note 1 to the financial statements.

Pension scheme deficit reduction payments

As explained at note 27, there is a deficit reduction plan in place in respect of Denstone College's membership of the Pension Trust's Growth Plan. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the selection of an appropriate discount rate.

Pension scheme contingent liability

As explained at note 30, there is a contingent liability in the event that Denstone College were to withdraw its membership of the Pension Trust's Growth Plan. The independent qualified actuaries advising the Pensions Trust in respect of the contingent withdrawal liability exercise significant judgement in determining the amount of that liability. Judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.