

**Registered Charity Number: 527578**

**Malvern College  
(Incorporated under Royal Charter)**

**Annual report and consolidated financial statements  
for the year ended 31 July 2021**

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**for the year ended 31 July 2021**

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# Malvern College (Incorporated under Royal Charter)

## Reference and Administrative Information for the year ended 31 July 2021

### President and visitor

THE LORD BISHOP OF WORCESTER - The Right Rev'd Dr John Inge

### Status and administration

Malvern College is incorporated under Royal Charter originally granted in 1929, together with a Supplemental Charter granted in 1992. It is registered with the Charity Commission in England and Wales under charity registration number 527578.

### Charitable objects

The primary object of the College, as stated in the Royal Charter, is: "to carry on at Malvern or elsewhere a School for Boys and Girls or for children of either sex in which they may receive a sound religious, classical, mathematical, scientific and general education in conformity with the principles and doctrines of the Church of England."

### Council

#### Chairman

R K Black Esq \*

#### Vice Chairman

Miss S Duff \*

#### Treasurer

C A P Leonard Esq \* (attends audit committee)

J C F Barwell OBE

Mrs F Bridge

R Brierly

P G Brough Esq (resigned 05-12-20)

W Burke III Esq (resigned 05-12-20)

Professor K J Davey OBE (resigned 05-12-20)

Mrs M Edwards-Clark \* (resigned 05-12-20)

N Engert Esq

Mrs C Fairchild

J Foxall Esq #\* (resigned 24-06-21)

F Francis Esq

S M Hill Esq (resigned 28-05-21)

Professor P Jackson (resigned 05-12-20)

G E Jones Esq\* (resigned 05-12-20)

A Kennedy Esq

P Nicholls Esq

Mrs L Penrice

Mrs S Raby-Smith

Dr D Sandbrook

Dr C Stoecker (resigned 05-12-20)

T Straker QC \*

A Trotman Esq

B Walker Esq

T Whittaker Esq#

Dr H Wright (resigned 05-12-20)

### Nominated/elected by

Governors

Council

Council

Council

Army Board

Council

Governors

Lord Lieut. of Gloucestershire

Council

Governors

Air Council

Council

Governors

Governors

Governors

Vice-Chancellor of University of Birmingham

Headmaster and Assistant Teachers

Council

Governors

Vice-Chancellor of University of Oxford

Admiralty Board

Lord Lieut. of Worcestershire

Council

Governors

Governors

Vice-Chancellor of University of Cambridge

Council

Council

\* Members of the College Management Board

# Members of the Audit Committee.

Secretary to Council: G Ralphs Esq (resigned 31-12-20)  
A Walker Esq (interim from 01-01-21 until 27-03-21)  
R A M Breare Esq (appointed 28-03-21)

# Malvern College (Incorporated under Royal Charter)

## Reference and Administrative Information for the year ended 31 July 2021 (continued)

### Constitution of the Council

Nominated Councillors: the following may each nominate one Councillor for a five year term:  
The Lord Lieutenant for each of the Counties of Gloucestershire, Herefordshire and Worcestershire;  
The Vice-Chancellors of each of the Universities of Oxford, Cambridge and Birmingham;  
Each of the Boards of the Admiralty, the Army and the Royal Air Force; and  
The Headmaster or Headmistress and Assistant Masters and Mistresses.

### Elected Councillors:

The Governors of the Corporation elect ten Councillors, usually two per year, for a five year term.

### Co-opted Councillors:

The Council may appoint between six and ten Councillors for a five year term.

The above is only a summary. Full details of the Constitution are specified in the Bye-Laws in The Royal Charter.

### Officers & key management personnel:

Headmaster	A K Metcalfe Esq
Bursar & Secretary to the Council	G R H Ralphs Esq (resigned 31-12-20)
Chief Operating Officer & Secretary to the Council	R A M Breare Esq (appointed 28-03-21)
Senior Deputy Head	Mrs S G Angus
Deputy Bursar & Group Finance Director	Mrs K E Collyer

### Registered address and principal office:

Malvern College  
College Road  
Malvern  
Worcestershire WR14 3DF

### Bankers:

Lloyds Banking Group PLC  
48 Belle Vue Terrace  
Malvern  
Worcestershire WR14 4QG

### Independent Auditor:

Crowe U.K. LLP  
4th Floor, St James House  
St James Square  
Cheltenham  
Gloucestershire  
GL50 3PR

### Lawyers:

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

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021

The Council presents its Annual Report and the Audited Consolidated Financial Statements for the year ended 31 July 2021. Reference and Administrative Information is set out on pages 3 to 4 of this Report. This section also provides details of Malvern College's (the College) governing document, the nature of its Constitution and its Charitable Objects.

### CHAIRMAN'S STATEMENT

The challenges presented by the COVID-19 pandemic continued throughout the 2020-21 academic year. The Government mandated national school closures in January/February 2021 were announced as our boarders were already en-route for the Spring term. There followed an 8 week closure, but with over 150 pupils resident. The resilience of both the staff and pupils during this time was exemplary, and we were all delighted to re-open the campus in March.

The College was able to maintain continuity of learning for all our pupils, irrespective of location, by continuing to deliver and enhance our online education provision. On re-opening, the seamless integration of online learning and traditional classroom methodologies delivered an outstanding learning experience and excellent feedback from international students unable to travel back to the College.

Following the decision by the examination boards to cancel exams in the Summer term, the College was well placed to support its pupils through the process of teacher assessed grades and submissions. The outstanding IB, A-Level and GCSE results are a credit to the diligence and commitment of our pupils and staff. The IB cohort achieved an average point score of 39 with 47% (2020: 33%) scoring 40 or more IB points, including two candidates who attained the maximum of 45. The A Level results were strong with 65% A\*-A grades and 98% A\*-C grades; and the GCSE results saw the Hundred achieving 72% grades at level 9-7 and 86% at 9-6. This year four pupils were offered an Oxbridge place, with all successfully achieving the required grades. 83% of the Upper Sixth secured places at their first-choice university.

The College Council is acutely conscious that the College and our affiliated prep schools must remain accessible to pupils irrespective of parental means and social background. We focus particularly on those pupils and their parents who cannot afford its full cost with an increasing and wide provision of means-tested bursarial support. Further details are set out on page 8. In addition, in recognition of the impact of COVID-19 on pupils and parents, a temporary fee remission was awarded to all parents at a significant cost of £1.6m.

Recognising the burden that COVID-19 has placed on the wider Malvern district community, we have continued with the provision of food and supplies to local charities, extended our support of the NHS key workers to include other essential workers, and continued to provide Personal Protective Equipment to our local NHS services.

It has been an exciting year for our Prep schools as we have shared academic and operational best practice across the Malvern College family. We now educate more than 1,000 children between the ages of 3 to 18 in Worcestershire and Herefordshire. Both The Downs, Malvern and Abberley Hall have demonstrated exceptional resilience to the challenges of COVID-19, with strong pupil increases over the course of the year. Abberley Hall is consolidated into the Group accounts but The Downs, Malvern is not. This is due to differences in the arrangements regarding the appointment of Governors at each of the schools.

The international Malvern family continues to expand with the launch of Malvern College Switzerland, in September 2021 and the announcement of an exciting new venture, Malvern College Barbados in the near future. Despite the global pandemic, pupil numbers remain strong. The College now educates circa 3,400 pupils (2020: over 3,100 pupils) in its overseas schools, all of which are continuing to grow, driven by the high quality of the education offer they provide pupils and parents.

Financially, COVID-19 has continued to have a material negative impact upon the College's performance, with cash generation (as measured by earnings before interest, depreciation and asset sales) remaining significantly lower than pre-COVID levels at £1.63m (2020: £1.57m) and a Net Deficit for the Group of £0.7m (2020: Net Deficit £1.17m). This is despite a healthy growth in the international income and other income/donations and a continued grip on costs.

Malvern College Enterprises Limited, our events subsidiary reported a loss of £0.1m for the first time in its trading history. With the removal of restrictions, the events business is already recovering and has recently hosted more than 3,500 bed night lettings over the summer and our biggest ever wedding, with 275 guests in attendance.

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

Net debt at 31 July 2021 was £4.4m (2020: £4.6m) and capital expenditure for the year increased to £2.2m (2020: £0.9m) including the ongoing programme of House refurbishment. A full year of capital expenditure is planned for 2021-22 and we anticipate this returning to pre-covid levels.

We have had an exceptional start to the new 2021-22 academic year. September 2021 has seen a surge in pupil numbers, and with a new term has come the energy and enthusiasm that makes the College a special place to learn. The educational and health challenges presented by COVID-19 are still present, but our people, systems and processes continue to adapt; the Trustees and I are most grateful for the efforts of all the staff in the College, Abberley Hall and The Downs Malvern, and for the resilience and commitment of our pupils. The positive ethos and culture of the Malvern Family of Schools is very much in evidence.

The Malvern Family is a wider organisation than these statutory accounts suggest, with both The Downs, Malvern and the Malvernian Society being integral members of the family. Whilst we do not consolidate the Net Income and Net Assets of The Downs, Malvern and the Malvernian Society due to the manner in which the Trustees of those charities are appointed, the Net Assets of the four charities on an aggregated basis now total in excess of £45m, demonstrating the financial strength of the Malvern Family of Schools.

### THE MALVERN FAMILY SUMMARISED

	Entities	Pupils & Staff*
<b>Malvern College</b> Groups accounts (consolidated)	<ol style="list-style-type: none"> <li>1. Malvern College</li> <li>2. Malvern College Enterprises Ltd</li> <li>3. Malvern College International Ltd</li> <li>4. Abberley Hall Ltd</li> </ol>	Education 800 pupils Employing 490 staff
<b>Malvern College's</b> UK family (not consolidated)	The above 4 entities plus: <ol style="list-style-type: none"> <li>1. The Downs, Malvern College Prep School Ltd</li> <li>2. Malvernian Society Ltd</li> <li>3. Abberley Hall Enterprises Ltd</li> </ol>	Educating 220 pupils Employing 80 staff
<b>Malvern College's</b> International family (not consolidated)	Franchises: <ul style="list-style-type: none"> <li>• Five international schools operating in China &amp; Hong Kong (4), Egypt (1) and Switzerland (1).</li> </ul>	Educating 3,375 pupils Employing c1,060 staff

### AIMS, STRATEGIES & OBJECTIVES

The College's aim is to foster a breadth of education and opportunity based on the academic curriculum and pastoral care at the heart of the College, and to ensure that its pupils, of all abilities, benefit from this.

#### The College has the following strategic objectives, all of which complement the aim stated above:

- To provide an academic curriculum which encourages pupils to learn, challenges them to think, and fosters a desire to be the best they can be.
- To provide a secure, happy, attractive co-educational boarding environment promoting the welfare and fulfilment of all pupils, preparing them for life after leaving the College.
- To provide an environment in which pupils can reflect upon issues of existential significance, develop their understanding of the purpose and meaning of life and consider their place in the wider community with due regard to the diversity of spiritual traditions.
- To encourage creative and sporting endeavor and a sense of self and responsibility towards others within and outside the College community.
- To seek to generate substantial non-fee income from fundraising, commercial activities and franchising.
- To continue to develop the College's communications with current and potential stakeholders.
- To continue to monitor, develop and improve governance, leadership and performance management.
- To have due regard for the Public Benefit guidance issued by the Charity Commission.

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

### The short-term plans that were enacted in the year to achieve these objectives were:

- To develop balanced and meaningful enrichment & stretch opportunities for all year groups and increase participation.
- To build upon the departmental appraisal process by following up findings and setting specific targets for both the department and the individuals within it.
- To further develop a range of pupil-led societies that engage all pupils through a broader range of choices and effective communication.
- To operate throughout the year with tight control on costs and a thorough and successful pupil recruitment strategy.
- To review bursary levels and other public benefit contributions by the College continually.
- To develop the marketing function and enhance marketing communications.
- To provide the resources required to enable the College to meet its educational, financial, legal and charitable objectives.

The strategies, objectives and plans are included in the College Development Plan. The Plan is reviewed and updated by the College Senior Management Team to ensure that the objectives are being achieved. The fundraising activities are undertaken by the College Development Office in conjunction with the Malvernian Society. The College Management Board and Council reviews the progress of fundraising and future strategies and targets.

### Plans for future periods

The College Council and Management Board formally reviews the 10-year plan annually. The specific objectives for the coming year include:

- To develop a range of non-examined options for augmenting core GCSE choices;
- To develop greater understanding and co-operation between operational and teaching staff;
- To facilitate greater sharing and application of best practice across the family of schools to build personal and team excellence;
- To improve the bursary application process by introducing bursary management software;
- To continue with the boarding house refurbishment plan;
- To launch a fundraising appeal to enable the College to start the refurbishment of the Music School, now anticipated for 2022/23; and
- To continue to explore opportunities to extend our international schools programme.

Future plans are focused on the strategic development of the family, whilst capital expenditure plans focus on the continuation of the Boarding House refurbishment programme and the refurbishment of the Music School and the Lindsay Arts Centre. The strategic aims and goals for the medium term are to provide excellent education, secure the College's long-term financial strength and to enhance our national and international reputation.

### Public Benefit Objectives

The College Council confirms that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission. The significant activities undertaken to carry out our aims for the Public Benefit and our achievements measured against those aims include the following projects and programmes.

### Widening access to the College

The College Council is acutely conscious that the College must remain accessible to children irrespective of parental means. It is determined to ensure that the funds it has available are directed to cases of the greatest need.

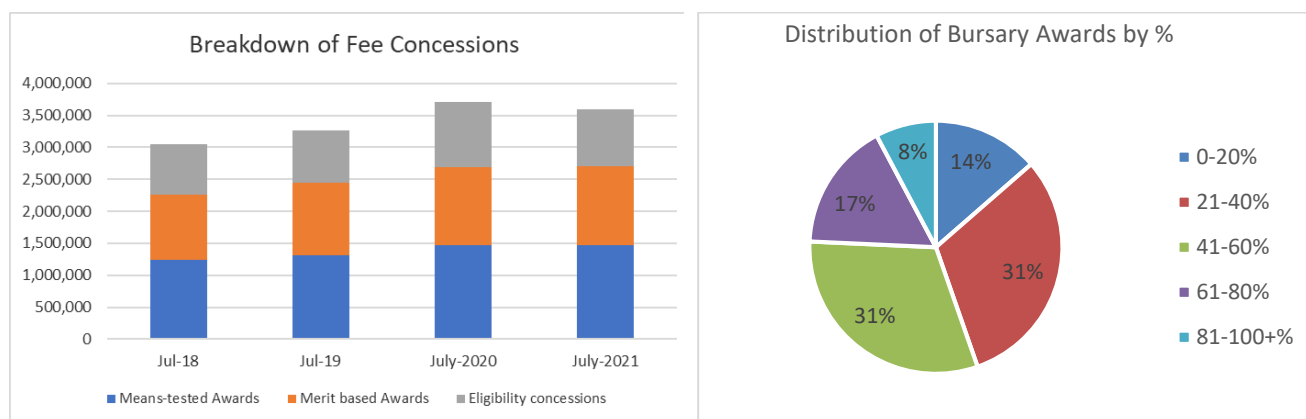
Bursaries are reviewed periodically based on a returned and completed bursary application form. The Bursary Committee comprising the Headmaster, Chief Operating Officer, Director of Marketing & Admissions, Head of Admissions and the Director of Finance considers all bursary applications on a case-by-case basis. Information about fee assistance through bursaries is provided on the College website and is contained within the College scholarship literature.

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

The College also offers fee concessions for academic, sporting, musical and artistic excellence in the form of Scholarships and Exhibitions; as well as to children whose parents are in the Armed Forces, to families with two or more children at the College, to former pupils of The Downs Malvern and Abberley Hall, to children of College employees and to children of Old Malvernians, Old Ellerslie Girls, Old Hillstonians, Old Downians and Old Abberlians. The College Council reviews the levels of these concessions annually and further details are provided on the College website.

During the year the College alone, awarded £3.5m (2020: £3.7m) of scholarships, bursaries and other awards (excluding the COVID-19 discount); with approximately 126 pupils (2020: 95) representing 20% (2020: 15%) of the total school roll being in receipt of some means-tested bursarial support.



### Community partnerships and services

Malvern College has for some time undertaken a wide range of activities, both in terms of engaging with our local community and developing mutually beneficial partnerships. This year these activities have been limited by the COVID-19 restrictions in place but they have included:

- A Community Service Programme where pupils assist in local charity shops;
- Schools Together partnership work where pupils provide weekly tuition in Modern Foreign Languages to local primary school children at Wyche Primary; assist with reading and lessons at Malvern Parish Primary School and The Wells Primary School;
- Growing formal partnership work with Dyson Perrins Secondary School, Malvern including Oxbridge preparation, foreign languages, rugby training, Chaplaincy, shared talks and lectures;
- Raising funds for charities, both local and international, selected by the pupils;
- Free swimming lessons for local children as part of its Swim England teacher training courses;
- Free of charge climbing instruction for Malvern Special Families;
- Reduced health club membership fees were offered for the employees of the local emergency services, NHS and local businesses during COVID;
- Following the closure of the campus during COVID, donation of food stocks to local charities and the NHS;
- Manufacture of visors by the DT department; and
- Donation of Personal Protective Equipment to local NHS services, some of which were donated to the College by our international parent body.

Outside of lockdown periods, the College buildings, Theatre, All Weather Pitches, tennis courts and playing fields are made available to maintained schools, charities, members of the public and other organisations at a reduced rate or free of charge.

During lockdown, the pathways through the College grounds were opened to the local community expressly so that they could take exercise in a spacious and quiet environment with few other people around.

### STRUCTURE, GOVERNANCE & MANAGEMENT

The Trustees collectively form the College Council which continues to meet once per term and remains the ultimate decision making body of the College.



# **Malvern College**

## **(Incorporated under Royal Charter)**

### **Report of the Council for the year ended 31 July 2021 (continued)**

#### **Committee Structure**

A committee of Council, the Management Board, comprising five or six Trustees, the Headmaster, the Chief Operating Officer, the Senior Deputy Head, the Finance Director, the Director of Malvern College International and the Headmasters of The Downs Malvern (TDM) and Abberley Hall (AH), meets once per month in term time. All major developments and decisions are presented to the College Council having first been deliberated by the Management Board.

The Senior Management Team (SMT), chaired by the Headmaster meets most weeks, drawing on other expertise throughout the College and Prep Schools as required. The Headmaster, who has overall day to day responsibility for the management of the College, consults with the SMT before making recommendations to the Management Board and ultimately to the College Council.

A College Audit Committee meets at least three times per year and consists of two or three members of Council and an independent member appointed by Council. This Committee scrutinises the College's Annual Report and Financial Statements, and its financial procedures and internal controls. The Committee oversees the relationship of the College with its external auditors, formally reporting to the College Council. The Audit Committee also reviews the Risk Register and management's procedures for review of the Register.

The remuneration of the Key Management Personnel is discussed in detail each year by the Remuneration Committee, with awareness of industry standards, and is approved by the full College Council.

The appointment of Council members and membership of the Committees are both identified and reviewed by the Nominations Committee.

#### **Recruitment and training of Trustees**

When a Trustee vacancy arises, the criteria of skills required, availability and eligibility, as dictated by the Royal Charter, are identified and reviewed by the Nominations Committee. The College's elected Trustees are appointed following the recommendations of both the Nominations Committee and the full Council. Trustees are appointed to serve for a 5-year term and typically retire after a maximum of three terms.

Induction for New Trustees is co-ordinated by the Secretary to the Council. All new Trustees receive an induction pack comprising Charity Commission Trustee information, DfE publications, Malvern College Annual Report and Accounts and extensive College information. Training is undertaken through the completion of on-line safeguarding training and attendance at College, organised Trustee training events as well as through attendance at Council meetings and by interaction with fellow Trustees. A record of training is maintained for each Trustee.

#### **Statement on the Charity Governance Code**

As the College is a not for profit organisation which aims to follow charity sector best practice, the Trustees, via the Audit Committee have familiarised themselves with the updated version of the Charity Governance Code (the "Code") published in December 2020. The Committee considers that the College's governance framework does align with many but not all aspects of the Code. A review of the Code was conducted in 2021 and no changes to the College's governance and standards were deemed necessary.

#### **Statement on Fundraising**

All fundraising activities for the College are carried out by highly professional College staff with assistance from the Malvernian Society, alongside the parents and pupils with the running of specific fundraising events. The College does not use external professional fundraisers or have any commercial participators. All fundraising activities report into the Headmaster and are monitored by the Chief Operating Officer, and are overseen by the members of the College Council.

No complaints relating to fundraising activities have been received by the College during the financial period. However, the College has in place procedures that would be followed in the event of a complaint being received with the initial response being the responsibility of the Chief Operating Officer. Any continuing issues would then be passed to the College Council to determine what further action might be required.

The College does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, the College considers that its processes and controls ensure that vulnerable people and

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

other members of the public are protected from any unreasonable intrusion of their privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or property.

### Risk Management

The Council, as Trustees of the Charity, has examined the principal areas of the College's operations and considered the major risks faced in each of the risk areas by reviewing the Risk Register prepared by the College's SMT. It is the opinion of the Council that the College has established resources and reviewed systems which, under normal operating conditions, should allow these risks to be mitigated to an acceptable level in its day-to-day operations.

The Trustees recognise that the COVID-19 pandemic, declared by the World Health Organisation (WHO) on 11 March 2020, poses a risk to the College, especially following HM Government's instruction that all schools should close their buildings for periods of time. The Trustees have considered a range of possible scenarios relating to the impact of the pandemic and to date the College has undertaken a number of actions aimed at mitigating this risk. These include:

- Introducing a comprehensive on-line education provision so as to enable the College to continue to be able to deliver educational and pastoral support to its pupils to the fullest extent possible during any lockdown;
- Reviewing all financial commitments, including operating expenditure and capital commitments and, where possible and appropriate, cancelling or postponing these; and
- Performing detailed financial modelling for a period of at least twelve months from the date these financial statements are approved so as to provide reasonable assurance to Trustees that the College remains a going concern and retains access to sufficient liquid resources. Given the risks and the financial modelling, the Trustees believe the College has sufficient cash headroom from its cash reserves and banking facilities.

The other major risks are considered to be occurrence of a critical IT, Health and Safety or management incident or a pupil-orientated incident. These risks are recorded on the College's Risk Register. The Council formally reviews the Risk Register on an annual basis. Changes to the College's risk profile are monitored and controlled on an operational basis by the College's SMT, the Operations Management Team and the Health and Safety Committee. These bodies report specific identified risks and the strategies for managing those risks to the Audit Committee, the College Management Board and Council.

The key controls used by the College include:

- Formal agendas and papers for all Committee, Management Board and Council meetings, with detailed minutes taken for each;
- Clear and detailed terms of reference for each Committee;
- Comprehensive strategic planning, budgeting and management accounting;
- External auditors' review including controls, policies and procedures;
- Established organisational structures and lines of reporting; and
- Trustees who have designated responsibility for child protection and health and safety.

In light of the current climate in relation to the COVID-19 pandemic the Trustees believe that the College's financial resources and contingency planning is sufficient to ensure the ability of the College to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements.

### Related Parties

#### Malvern College Enterprises Limited (MCEL)

Malvern College Enterprises Limited is one of the College's wholly owned trading subsidiaries and carries out non-charitable trading activities for the College. The results of MCEL are consolidated within the overall College results. Further details of MCEL's activities and performance are given in the Financial Review and Note 5 and Note 25 of the Financial Statements.

In September 2021, the guardianship business was devolved from MCEL and was incorporated as College Guardians Limited. It has the same board of Directors as MCEL and is a wholly owned trading subsidiary of Malvern College.

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

### Malvern College International Limited (MCIL)

Malvern College International Limited (MCIL) is one of the College's wholly owned trading subsidiaries and carries out the trading activities of the International Schools. The Governance structure is identical to MCEL. Further details of MCIL's activities and performance are given in the Financial Review and Note 5 and Note 25 of the Financial Statements.

### Abberley Hall

Abberley Hall is the trading name of Abberley Hall Limited (AH). AH is a prep school located in North Worcestershire, educating approximately 160 children aged between 2 and 13. The results of AH for the year to 31 July 2021 are consolidated into the 2021 results of Malvern College because, whilst the school is a separate charity, the College has control of the Board of Trustees. Further details of AH's activities and performance are given in the Financial Review and Note 5 and Note 25 of the Financial Statements. Additional information can be obtained from the schools website: [www.abberleyhall.co.uk](http://www.abberleyhall.co.uk).

As at 31 July 2021, the College had provided AH with £2.0m of funds for working capital and investment support with an undertaking to provide additional funds of £0.5m, i.e. a total of £2.5m, with a first fixed charge over the freehold properties of the school.

### The Malvernian Society Limited

The Malvernian Society Limited is a company limited by guarantee, which promotes the work of, and education at Malvern College, assists in fund raising and in cases of need, assists pupils in providing bursarial and/or scholarship support. In the year to 31 July 2021, the Malvernian Society generated net income of c.£1.7m and held net assets of £16.3m. The results of The Malvernian Society Limited are not consolidated with the results of Malvern College because the Society is a separate charity with an independent Board of Directors. The College receives annual grants towards the cost of scholarships, exhibitions, bursaries alongside ad hoc grants for specific projects from The Malvernian Society. See Note 25 of the Financial Statements for further details.

In August 2021, the employees of the Malvernian Society were TUPED across to Malvern College in order to bring the fundraising and development office functions under the oversight of the Chief Operating Officer but will remain accountable to the Trustees of the Society. The Malvernian Society will reimburse Malvern College for the costs associated with these employees.

### The Downs Malvern

The Downs Malvern (TDM) is the trading name of The Downs, Malvern College Prep School. The results of TDM are not consolidated with the results of Malvern College because the school is a separate charity with an independent Board of Trustees. TDM is closely affiliated with the College and the College provides operational support to TDM but retains its independence with its own Governing Body. See Note 25 of the Financial Statements for details.

### Council Members

Council members do not receive any remuneration in the performance of their duties but are related parties of the College. See Note 9 of the Financial Statements for details of applicable transactions during the year.

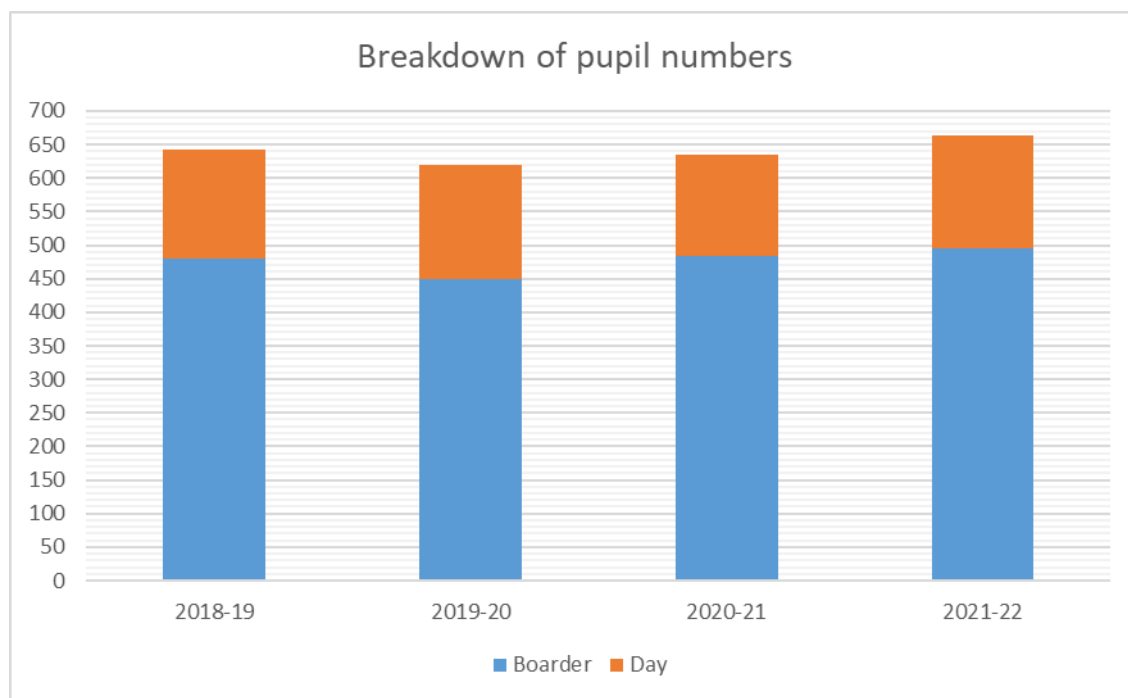
## REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

### Operational Performance of the College

At the start of the Autumn Term 2020, there were 615 (2019: 615) pupils in school. As at the Autumn Term 2021 this has grown to 664. An unexpected consequence of COVID-19 has been an increase in the proportion of full boarders which has grown from 73% in 2019-20 to 76% in 2020-21. This trend looks set to continue in 2021-2, with full boarders currently accounting for 75% of pupils and day boarders accounting for a further 4%.

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)



Following the cancellation of the summer 2021 exams and uncertainty regarding the exam processes there was some caution regarding the possible outcomes for the year. However, the results achieved by the pupils were exceptional and demonstrated the hard work of both the pupils and the academic staff in difficult conditions.

### International Baccalaureate (IB) Results: 2021

Our 2021 IB results continue a consistent trend of excellent performance over a number of years. A cohort average points score of 39 is our highest since 2012, with 47% of the cohort achieving 40+ points, and two candidates achieving 45 points.

### A Level Results: 2021

The Upper Sixth A Level candidates achieved excellent results, with 65% A\*-A grades. The A\*-C grade percentage was the highest ever at 98%. 16% of candidates achieved three or more A\*. 100% of candidates achieved A\*-E grades.

### University Applications: 2021

The Upper Sixth successfully secured offers from a range of UK universities for admission in 2021. 83% of candidates achieved offers from their first-choice university. Four Oxbridge candidates comfortably met their entry requirements. 69% of candidates have accepted a Russell Group place and overall 97% of students have accepted a university offer.

### GCSE Results: 2021

The Hundred achieved an extremely impressive 72% of grades at levels 9-7 (A\*/A equivalent) and 86% at 9-6 (A\*/B equivalent), which is the highest percentage recorded by a GCSE cohort at the College.

There were many other notable achievements outside of the classroom with numerous Cultural and Co-curricular activities taking place;

- The Sixth Form production of "Hamlet" and a musical theatre production of "Sister Act", live streamed to homes far and wide;
- The Music Department continued its programme of performances some socially distanced and others being recorded and distributed virtually to the Malvern Community;
- In November 2020, the College became an all-Steinway School. Thanks to a very generous donation, the College was able to invest in 28 new pianos, including an upright in every House.
- Outdoor Pursuits continues to grow in popularity, with a notable increase in girl's participation this year.

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

- The extensive range of activities include mountain biking, climbing, canoe polo and white water kayaking;
- Super-curriculum societies now include;

Politics, foreign affairs and modern history	Sport
Law	Film Club
Black students union	Empower her voice
Malvern press	Engineering Society
Hack Club	Wheeler-Bennett and Aston societies
Mind	Med/Vet society

- Pupil wellbeing was at the forefront throughout the year, with numerous workshops being offered to pupils. Our Pupil Thrive meetings continued, albeit online, and continued to be a sound forum for pupils to voice what was working and what could be improved.

During the year, the media have reported upon two serious issues impacting Independent Schools – Black Lives Matter and “Everyone’s Invited”. The Malvern family have actively looked to address these matters with our current cohort and have sought to learn from the reported experiences of our past pupils. It is firmly our belief that pupil leadership is crucial in generating a culture of respect which is grounded in the Malvern qualities of kindness, open-mindedness and self-awareness. We are being proactive in nurturing a ‘speak up culture’ where all members of the community are comfortable to raise issues and to discuss them, whilst also recognising that we need to be vigilant and to constantly work at this. A number of initiatives have been put in place and our “Pupil Thrive” meetings have been at the very core of our response.

Our traditional sports fixtures were severely impacted by the COVID-19 regulations but the Sports Department continued to provide exceptional training and a programme of skills development. The year wasn’t without its successes:

- 11 girls and 17 boys were selected for County cricket teams;
- One U6 boy signed a professional contract with Worcestershire CCC;
- The 1<sup>st</sup> XI had a fantastic season winning the National T20 Cup for the second time in three years;
- Three girls qualified for the Schools Equestrian Games Eventing Championship;
- In Hockey two girls were selected for England Trials and one for Hockey Wales;

This is only a small selection of the many academic, cultural and sporting achievements of the College’s pupils. Further information can be found on the College’s website: [www.malverncollege.org.uk](http://www.malverncollege.org.uk).

## Financial Review

### Financial statements for the year ended 31 July 2021

In a year where UK schools were closed by the Government in response to the COVID-19 pandemic for a second time, the financial tolerances of any educational organisation will be tested to extremes. The College was, and is, well placed to handle these financial challenges, however COVID-19 has again had a material negative impact upon the financial results for the year and the College recorded a Net Deficit of £0.7m (2020: Net Deficit £1.17m).

Operationally, the College continued with its good financial management to reduce costs in line with the lost income and to adopt a prudent approach to capital expenditure. The arrival of Rob Breare, the new Chief Operating Officer, saw a re-invigoration of the operations teams and renewed focus on our strategy across the whole family.

The professional approach of the College to fundraising and the generosity of the College family resulted in another year of substantial donations from the Malvernian Society (£1.0m), the main donations being the funding of the investment in Steinway Pianos across the campus and substantial contributions to the costs associated with the COVID-19 related equipment and testing. Additional fundraising to provide hardship support to parents negatively impacted by COVID-19 also enabled the College to extend its bursarial support in 2020-21.

The College continues to focus on fundraising to support its capital programme and increasingly to provide means tested bursaries - all funds are received by and held in the Malvernian Society Limited until released to the College (as set out in Note 19) and are not consolidated into the financial statements of the College. Over the last 10

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

years, funds of circa £12m have been raised through direct gifts and legacies from our alumni body for which we are most grateful.

The revenue and expenditure results are set out in the Group Statement of Financial Activities on page 20. The results of Abberley Hall Limited (for the year to 31 July 2021) are consolidated. Please note that the comparative figures for Abberley Hall are for the 11 months to 31 July 2020. The Group results are summarised as follows:

<b>EBITDA</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
College operations	(699)	(1,362)	1,385	1,645	2,125
Abberley Hall Operations	(1,021)	(392)	-	-	-
MCEL Net (Deficit)/ Income	(120)	349	1,129	845	491
MCIL Net Income	1,672	1,430	-	-	-
Furlough scheme grant income	268	933	-	-	-
Donations and other income	1,532	609	298	484	446
<b>EBITDA</b>	<b>1,632</b>	<b>1,567</b>	<b>2,812</b>	<b>2,974</b>	<b>3,062</b>
Depreciation	(2,356)	(2,427)	(2,245)	(2,217)	(2,317)
SWAP movement	338	1	(83)	328	498
Interest & SWAP payments	(333)	(345)	(356)	(389)	(412)
Interest received	3	37	29	31	53
<b>Net (Deficit)/Income*</b>	<b>(716)</b>	<b>(1,167)</b>	<b>157</b>	<b>727</b>	<b>884</b>

\*The 2020-21 balance does not agree to the Statement of Financial Activities as MCEL's net deficit for the year is not gift aided to the College. The 2019-20 balance does not agree to the Statement of Financial Activities as the introduction of the Abberley Hall assets is omitted from the above table.

Earnings before depreciation and interest of £1.63m (2020: £1.57m) were an improvement on last year despite the ongoing impact of COVID-19. The contribution from the Trading operations fell to £1.5m (2020: £1.8m) due to loss of the majority of events and activities in MCEL; but a substantial increase in Donations & other income to £1.0m which included the second tranche of the Steinway donation of £0.3m, enabled the College to maintain its EBITDA for the year despite the losses in MCEL and Abberley Hall. College operations generated a loss of £0.6m (2020: Loss £1.4m) much reduced from the previous year due to increased fee income from higher pupil numbers and the reduction in the exceptional COVID-19 fee remission of £1.6m granted to parents against the Summer 2021 invoice. The Group benefitted from grant income of £0.3m (2020: £0.9m) from the Government's Job Retention Scheme during the year. The results include the annual trading performance of Abberley Hall which incurred a loss of £1m after a COVID-19 fee remission of £0.1m (£0.3m) and exceptional restructuring costs of £0.25m.

These results evidence the resilience of the Group, whilst a Net Deficit has been incurred for the second year in a row, reflecting an extraordinary year of challenges across the Malvern family during the pandemic, it has been substantially reduced. Reducing the College's deficit to £0.6m from £1.36m demonstrates the positive steps taken by the College to adapt its educational approach and be proactive in managing its cost base.

As a result of the broader economic uncertainties resulting from COVID-19 and other political issues, which are likely to continue in the following years, the College and Abberley Hall both continue to review their respective cost bases. However, both schools remain committed to the ongoing development and enhancement of their facilities and are conducting a detailed review of their future capital programmes. The Group is continuing to progress its plan to renovate the Music School and Lindsay Art Centre beginning Summer 2022. In the meantime, expenditure is being focused on the core repair and maintenance of the College and Abberley Hall sites, alongside the on-going refurbishment of the boarding houses.

On the balance sheet, total net assets for the Group, with all land and buildings stated at cost less depreciation, amount to £22.2m (2020: £22.9m). Net current assets at July 2021 were £4.4m (2020: £5.4m) – both now include the assets and liabilities of Abberley Hall. As a result of FRS 102, the valuation of the SWAP is reported on the

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

balance sheet as at July 2021 and 2020 year ends. The movement in the valuations, which were provided by Lloyds Banking Group PLC, are shown in the Statement of Financial Activities.

In December 2020, the College arranged a loan facility of £1.0m with Lloyds Banking Group PLC. The final payment date of the loan is 11 years after draw down, which was 14 December 2020. In July 2020, as a precaution against potential adverse economic conditions over the next few years, the College arranged a loan facility (CBILS) of £5.0m with Lloyds Banking Group PLC. The final repayment date of the loan is 6 years after draw down which was 27 July 2020. In May 2007, the College arranged a loan facility of £13.5m with Lloyds Banking Group PLC. The final repayment date of the loan is 20 years after the Commitment Termination date, which was August 2011. A loan of £3.0m was drawn down in December 2012. This loan is being repaid over 14 years and repayment commenced in December 2013. The total combined amount of the drawdown on all facilities at the year-end was £13.4m. With cash and short-term deposits of £9m, the net debt at 31 July 2021 was £4.4m (2020: £4.6m). The College is fully compliant with all its banking covenants

The College places excess funds on deposit with Lloyds Banking Group plc.

### Malvern College Enterprises Limited

The College has a majority shareholding (80,899 of 80,900 shares) in its trading subsidiary, which carries out non-charitable trading activities for the College. Malvern College Enterprises Limited (MCEL) made a loss for the year so will not make a gift aid payment to the College (2020: £349k), thereby retaining its losses for the year. The trading operations of MCEL include membership and hiring of the Sports Complex, an in-house guardianship service, the letting of College facilities for holiday sports camps, conferences and weddings and commission from uniform and book sales. COVID-19 has substantially affected the business with the loss of summer schools, events and hire business due to the COVID-19 restrictions. The lifting of the COVID-19 restrictions has enabled the membership services to recommence and some events to be held in August, including our biggest ever wedding with 275 guests in attendance. Enquiries for events are increasing. The business will continue to develop and adapt and is forecast to again generate significant income in 2021-22 provided the College facilities remain open to the general public.

After the year end the guardianship services were incorporated into a new stand-alone entity called College Guardians Limited. This company is a wholly owned subsidiary of the College and will in future gift aid any profits to the College.

### Malvern College International Limited

The College has a 100% shareholding in its trading subsidiary, which carries out non-charitable trading activities relating to overseas schools for the College. MCIL will make a gift aid payment of its trading surplus for the current year of £1.67m (2020: £1.43m) to the College, thereby transferring all of its taxable profits to the College. The operations of MCIL continue to grow with the launch of Malvern College Switzerland in September 2021 and several new initiatives being considered for the medium to long term. The business of MCIL has been largely unaffected by COVID-19, with pupil numbers at all of the overseas schools remaining strong.

### Reserves

Unrestricted funds are needed:

- (a) to provide funds which can be designated to specific rebuilding and refurbishment projects to enable the College to provide boarding accommodation that complies fully with the National Boarding Standards, and teaching accommodation that meets Independent Schools Inspection standards; and
- (b) to provide a financial cushion that will enable the College to continue to function as an independent school in the event of a significant fall in pupil numbers (and thus fee income).

The current level of reserves is deemed to be equivalent to one term's operating expenditure, c£8m. Unrestricted funds are £22.2m (2020: £22.8m) which includes our current cash holding is £9.0m (2020: £8.5m). The level of reserves is considered sufficient to meet the identified needs.

The unrestricted College fund is £17.6m (2020: £17.6m) and the Group's free reserves are £3.2m (2020: £2.8m). Free reserves are unrestricted funds (including designated) after deducting stocks and fixed assets net of borrowing. In the current year (and previous year), the unrestricted fund, and so free reserves, have been increased by the recognition of the interest rate swap liability on the Balance Sheet under FRS 102. The level of free reserves is also low because of the College's policy of investing in the infrastructure. In 2020-21, the College

# Malvern College (Incorporated under Royal Charter)

## Report of the Council for the year ended 31 July 2021 (continued)

Council agreed to designate 25% of the MCIL gift aid payment to a designated fund. This year £0.4m has been transferred. The amount of this fund is £1.1m (2020: £0.68m) and is intended to help fund means-tested bursaries. In 2020/21, the continuation of the boarding house refurbishment programme was the major capital investment. In 2020/21,

the major investment in the project to refurbish the Music School was postponed until 2021-22 due to COVID-19. The continuation of the Boarding House refurbishment programme recommenced in the Summer 2021.

The College Council carefully and regularly monitors the College's financial performance against budget including inter alia pupil numbers (gross fee income), operating costs and capital expenditure on the capital projects. The deficit for the year ended 31 July 2021 was in line with the forecast for the year.

The College's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the College's overall objectives. Restricted funds are £0.15m (2020: £0.16m).

### Statement of Council Members' responsibilities

The Council members are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England & Wales requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Group for that period. In preparing these financial statements, the Council members are required to:

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

The Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Charity and Group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Charity's constitution, are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Independent Auditor

Crowe U.K. LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Council on 3<sup>rd</sup> March 2022



Robin K Black  
Chairman



# Malvern College (Incorporated under Royal Charter)

## Independent Auditor's Report to the Council Members of Malvern College

### Opinion

We have audited the financial statements of Malvern College for the year ended 31 July 2021 which comprise the consolidated Statement of Financial Activities, the Group and College Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 July 2021 and of the group's 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 Charities Act 2011.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with Report of Council; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

# Malvern College (Incorporated under Royal Charter)

## Independent Auditor's Report to the Council Members of Malvern College (continued)

### Responsibilities Council

As explained more fully in the Statement of Council's Responsibilities statement, Council 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 Council 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, Council are responsible for assessing the group and the parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Council and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the completeness and accuracy of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designing audit procedures over non-fee income, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our

## **Malvern College (Incorporated under Royal Charter)**

### **Independent Auditor's Report to the Council Members of Malvern College (continued)**

audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe UK LLP*

**Crowe U.K. LLP**  
Statutory Auditor  
4<sup>th</sup> Floor, St James House  
St James Square  
Cheltenham  
GL50 3PR

Date: 29 April 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**Malvern College**  
**(Incorporated under Royal Charter)**

**Group Statement of Financial Activities**  
**for the year ended 31 July 2021**

		Unrestricted funds		Restricted funds	Year ended 31 July 2021	Year ended 31 July 2020
		General	Designated		Total	Total
	Notes	£	£	£	£	£
<b>INCOME FROM:</b>						
<b>Charitable activities:</b>						
College fees	2	20,819,548	-	-	<b>20,819,548</b>	19,390,518
Ancillary trading income	3	950,071	-	-	<b>950,071</b>	1,224,456
<b>Other</b>	3	15,820	-	-	<b>15,820</b>	40,157
<b>Trading activities:</b>						
Trading income	5	2,707,136	-	-	<b>2,707,136</b>	3,163,474
Non-ancillary trading	3	579,086	-	-	<b>579,086</b>	526,139
<b>Investments</b>	6	3,003	-	-	<b>3,003</b>	37,365
<b>Transfer of Abberley Hall Ltd</b>	5	-	-	-	-	4,918,735
<b>Donations and Grants</b>	4	315,807	-	984,360	<b>1,300,167</b>	1,501,952
<b>TOTAL</b>		25,390,471	-	984,360	<b>26,374,831</b>	30,802,796
<b>EXPENDITURE ON:</b>						
<b>Raising funds:</b>						
Trading expenses	7	1,129,998	-	-	<b>1,129,998</b>	1,312,649
Financing costs	7	333,171	-	-	<b>333,171</b>	345,286
<b>Charitable activities:</b>						
Provision of Education	7	25,190,837	-	599,385	<b>25,790,222</b>	25,293,077
Donation to TDMCP	7	166,751	-	-	<b>166,751</b>	101,446
<b>TOTAL</b>	7	26,820,757	-	599,385	<b>27,420,142</b>	27,052,458
Net (expenditure)/income before fair value movements on financial instruments		(1,430,286)	-	384,975	<b>(1,045,311)</b>	3,750,338
Movement of SWAP liability	18	337,769	-	-	<b>337,769</b>	1,159
<b>Net (expenditure)/ income</b>		(1,092,517)	-	384,975	<b>(707,542)</b>	3,751,497
Transfers between funds	19	(30,919)	418,134	(387,215)	-	(1,159)
<b>Net movement in funds</b>		(1,123,436)	418,134	(2,240)	<b>(707,542)</b>	3,750,338
<b>RECONCILIATION OF FUNDS</b>						
Fund balances b/f 1 August	19	22,096,725	681,622	155,500	<b>22,933,847</b>	19,183,509
<b>Fund balances c/f 31 July</b>	19	20,973,289	1,099,756	153,260	<b>22,226,305</b>	22,933,847

The notes on pages 24 to 50 form part of the financial statements.

**Malvern College**  
**(Incorporated under Royal Charter)**

**College Statement of Financial Activities**  
**for the year ended 31 July 2021**

		Unrestricted funds		Restricted funds	Year ended 31 July 2021	Year ended 31 July 2020
	Notes	General	Designated	funds	Total	Total
		£	£	£	£	£
<b>INCOME FROM:</b>						
<b>Charitable activities:</b>						
College fees	2	18,670,655	-	-	<b>18,670,655</b>	16,795,788
Ancillary trading		814,017	-	-	<b>814,017</b>	985,345
MCEL Gift Aid	5	-	-	-	-	349,480
MCIL Gift Aid	5	1,672,534	-	-	<b>1,672,534</b>	1,430,513
<b>Trading activities:</b>						
Non-ancillary trading		542,618	-	-	<b>542,618</b>	557,039
<b>Investments</b>		18,205	-	-	<b>18,205</b>	37,312
<b>Donation of Abberley Hall</b>		-	-	-	-	4,918,735
<b>Donations and Grants</b>	4	268,412	-	973,840	<b>1,242,252</b>	1,313,391
<b>Other</b>		15,820	-	-	<b>15,820</b>	16,580
<b>TOTAL</b>		22,002,261	-	973,840	<b>22,976,101</b>	26,404,183
<b>EXPENDITURE ON:</b>						
<b>Raising funds:</b>						
Financing costs		309,564	-	-	<b>309,564</b>	332,620
<b>Charitable activities:</b>						
Provision of Education		21,820,680	-	592,298	<b>22,412,978</b>	21,828,616
Donation to TDMCP		166,751	-	-	<b>166,751</b>	101,446
Abberley Hall Investment impairment		1,024,336	-	(3,433)	<b>1,020,903</b>	392,359
<b>TOTAL</b>		23,321,331	-	588,865	<b>23,910,196</b>	22,655,041
Net (expenditure)/income before fair value movements on financial		(1,319,070)	-	384,975	<b>(934,095)</b>	3,749,142
Movement of SWAP liability	18	337,769	-	-	<b>337,769</b>	1,159
<b>Net (expenditure)/income</b>		(981,301)	-	384,975	<b>(596,326)</b>	3,750,301
Transfers between funds	19	(30,919)	418,134	(387,215)	-	-
<b>Net movement in funds</b>		(1,012,220)	418,134	(2,240)	<b>(596,326)</b>	3,750,301
<b>RECONCILIATION OF FUNDS</b>						
Fund balances b/f 1 August	19	22,077,942	681,622	155,500	<b>22,915,064</b>	19,164,763
<b>Fund balances c/f 31 July</b>	19	21,065,722	1,099,756	153,260	<b>22,318,738</b>	22,915,064

The notes on pages 24 to 50 form part of the financial statements.

**Malvern College**  
**(Incorporated under Royal Charter)**

**Group and College Balance Sheets**  
**as at 31 July 2021**

	Notes	Group		College	
		2021 £	2020 £	2021 £	2020 £
<b>Fixed assets</b>					
Tangible assets	10	<b>32,554,969</b>	32,927,653	<b>27,118,766</b>	27,621,814
Intangible assets	11	<b>50,795</b>	-	<b>50,795</b>	-
Investment in Abberley Hall Limited	5	-	-	<b>3,505,473</b>	4,526,376
Investments	12	-	-	<b>90,801</b>	90,801
<b>Total fixed assets</b>		<b>32,605,764</b>	32,927,653	<b>30,765,835</b>	32,238,991
<b>Current assets</b>					
Stocks	13	<b>120,768</b>	122,290	<b>90,914</b>	90,838
Debtors	14	<b>2,478,521</b>	2,092,390	<b>4,963,509</b>	3,816,733
Cash at bank & in hand	23	<b>9,004,890</b>	8,461,834	<b>7,395,338</b>	6,221,023
<b>Total current assets</b>		<b>11,604,179</b>	10,676,514	<b>12,449,761</b>	10,128,594
<b>Creditors: amounts falling due within one year</b>	15	<b>(7,244,351)</b>	(5,232,550)	<b>(6,256,858)</b>	(4,109,934)
<b>Net current assets</b>		<b>4,359,828</b>	5,443,964	<b>6,192,903</b>	6,018,660
<b>Total assets less current liabilities</b>		<b>36,965,592</b>	38,371,617	<b>36,958,738</b>	38,257,651
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(14,739,287)</b>	(15,437,770)	<b>(14,640,000)</b>	(15,342,587)
<b>Total net assets</b>		<b>22,226,305</b>	22,933,847	<b>22,318,738</b>	22,915,064
<b>Total funds of the Group/College:</b>					
Restricted funds	19	<b>153,260</b>	155,500	<b>153,260</b>	155,500
Unrestricted funds					
College fund	19	<b>17,556,205</b>	17,559,739	<b>17,571,818</b>	17,559,702
Abberley Hall fund	19	<b>3,509,517</b>	4,518,240	<b>3,493,904</b>	4,518,240
Designated fund	19	<b>1,099,756</b>	681,622	<b>1,099,756</b>	681,622
Non-charitable trading fund	19	<b>(92,433)</b>	18,746	-	-
Total unrestricted funds		<b>22,073,045</b>	22,778,347	<b>22,165,478</b>	22,759,564
<b>Total Group funds</b>		<b>22,226,305</b>	22,933,847	<b>22,318,738</b>	22,915,064

The financial statements on pages 20 to 50 were approved and authorised for issue by the Council on 3<sup>rd</sup> March 2022 and were signed on its behalf by:



**R K Black**  
**Chairman**

The notes on pages 24 to 50 form part of the financial statements.

**Malvern College**  
**(Incorporated under Royal Charter)**

**Group Statement of Cash Flows**  
**for the year ended 31 July 2021**

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities:</b>					
<b>Net cash provided by operating activities</b>	22	<b>2,663,554</b>		28,895	
<b>Cash flows from investing activities:</b>					
Investment income		<b>3,003</b>		37,365	
Payments to acquire tangible and intangible fixed assets		<b>(2,174,742)</b>		(879,572)	
Receipts from sales of fixed assets		<b>15,820</b>		284,738	
Abberley Hall cash balance				29,221	
<b>Net cash used in investing activities</b>		<b>(2,155,919)</b>		(528,248)	
<b>Cash flows from financing activities:</b>					
Financing costs		<b>(333,171)</b>		(345,286)	
Movement on finance leases		-		(7,310)	
Repayment of bank loans		<b>(631,408)</b>		(623,124)	
Funds advanced by new bank loan		<b>1,000,000</b>		5,000,000	
<b>Net cash provided by financing activities</b>		<b>35,421</b>		4,024,280	
<b>Change in cash and cash equivalents in the reporting period</b>		<b>543,056</b>		3,524,927	
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>8,461,834</b>		4,936,907	
<b>Cash and cash equivalents at the end of the reporting period</b>	23	<b>9,004,890</b>		8,461,834	

The notes on pages 24 to 50 form part of the financial statements.

# **Malvern College**

## **(Incorporated under Royal Charter)**

### **Notes to the financial statements for the year ended 31 July 2021**

#### **Charity information**

Malvern College was incorporated in the United Kingdom under Royal Charter in 1929 and has no share capital. The College is registered as a charity with the Charity Commission England and Wales (registered no: 527578). Its registered and principal office is College Road, Malvern, Worcestershire, WR14 3DF. This is also the registered address of its trading subsidiaries. Abberley Hall Limited is a private company limited by shares, incorporated in England and Wales (company no: 00602279). Abberley Hall Limited is registered as a charity with the Charity Commission England and Wales (charity no: 527598). Its registered and principal office is Abberley Hall, Abberley, Worcester, Worcestershire, WR6 6DD.

#### **1. Principal accounting policies**

The consolidated financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The College meets the definition of a public benefit entity under FRS 102.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

#### **Going Concern**

The College Council have considered the College's ten year financial forecasts to consider its ability to meet its liabilities as they fall due. They have considered the expectations of pupil numbers, forecast operating costs and current assets and do not believe there are material uncertainties over its ability to continue as a going concern. Accordingly the financial statements have been prepared on a going concern basis.

In light of the current climate in relation to the COVID-19 pandemic the Trustees have undertaken planning and forecasting and continue to closely monitor the developing situation. Despite the current circumstances the Trustees believe that the College's financial resources and contingency planning is sufficient to ensure the ability of the College to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, with the exception of the derivative financial instrument held at fair value.

#### **Basis of consolidation**

The Group Statement of Financial Activities, the Group Balance Sheet and the Consolidated Statement of Cash Flows include the financial statements of the College and its subsidiary undertakings made up to 31 July 2021, on a line-by-line basis. Intra group transactions and profits are eliminated fully on consolidation.

#### **Donations**

Donations are credited to revenue when the College has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.



# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 1. Principal accounting policies (continued)

#### Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided and it is probable that the income will be received. Fees receivable are stated after deducting allowances, scholarships, grants, bursaries and exhibitions allowed by the College and Abberley Hall Limited (the School).

#### Trading income

MCEL and MCIL's trading income is accounted for in the period in which the income is earned. The College and Abberley Hall's ancillary and non-ancillary trading income is accounted for in the period in which the income is earned.

#### Other income

Non-fee but educational income is accounted for in the period in which the income is earned.

#### Investment income

Bank interest earned on funds on deposit is accounted for in the period in which the investment income is earned.

#### Advanced fees

The College and the School offers parents the opportunity to pay for tuition fees in advance in accordance with a written contract. The amount received is invested and interest is accrued to contracts. This is treated as deferred income until the pupil joins the College or School whereupon the fees for each term is charged against the remaining balance and taken to income.

#### Final term deposits

Final term deposits are deposits placed when pupils join the College or the School, which are offset against fees and disbursements due for the last term each pupil attends. All deposits are held as deferred revenue.

#### Government Grants: Job Retention Scheme

Income from government grants, whether 'capital' grants or 'revenue' grants, is recognised when the College or School has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Where entitlements occurs before income is received, the income is accrued. Where income is received in advance of the College or School having entitlement to the funds the income is deferred.

#### Grants receivable

Grants receivable are credited to the Statement of Financial Activities in the period in which they are receivable.

#### Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. There are no costs which cannot be directly attributed to particular headings.

#### Termination payments

Termination payments are accounted for as soon as the College or School is aware of the obligation to make the payment.

#### Bursaries, grants and allowances payable

Grants from restricted funds are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards college or school fees at the College and School are treated as a reduction in those fees.

#### Support costs

Support costs comprise the direct costs, including staff, attributable to college or school activities, an appropriate apportionment of indirect costs and the school's governance costs.

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 1. Principal accounting policies (continued)

The College governance costs comprise the cost of external audit, the costs of Management Board and Council meetings and strategic salary costs. The strategic salary costs include the costs of preparing the statutory financial statements and the costs of senior staff involvement in the strategic management of the College.

#### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the Balance Sheet date.

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

#### **Recognition of liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

#### **Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Council for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

#### **Pension costs**

The College and School contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Council by the Scheme Administrator. The College and School contributes to one defined contribution scheme for non-teaching staff. Amounts paid in relation to these Schemes are charged to the Statement of Financial Activities when they fall due. All pension costs are allocated to unrestricted funds.

#### **Finance leases**

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **Operating leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease terms.

# Malvern College

## (Incorporated under Royal Charter)

### Notes to the financial statements for the year ended 31 July 2021 (continued)

#### 1 Principal accounting policies (continued)

##### Tangible fixed assets

Assets with a cost below £1,000 are not capitalised.

Land is not depreciated. Depreciation of other assets is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Assets in the course of construction are not depreciated until they are brought into use. The principal annual rates, applied on a straight line basis on other assets, used for this purpose are:

	%
Buildings	1.8-10.0
Computer equipment	25.0-33.0
Motor vehicles	25.0
Equipment and furniture	10.0-25.0

##### Investments

Investments in subsidiary undertakings are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

##### Stocks

Stocks comprise uniform, books, stationery & food stores which are stated at the lower of cost and net realisable value.

##### Debtors

Short term debtors are initially measured at transaction price, less any impairment. Prepayments are measured at the amount prepaid.

##### Cash

Cash is represented by cash in hand and deposits with financial institutions.

##### Creditors

Creditors are initially measured at the transaction price.

##### Basic financial instruments

The College 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.

##### Derivative financial instruments

The College uses derivative financial instruments to reduce exposure to interest rate movements. The College does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the Statement of Financial Activities immediately.

##### Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. The value of the interest rate swap has been provided by Lloyds Bank.

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 1 Principal accounting policies (continued)

#### JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the financial statements where these estimates and judgements have been made include the following:

#### Useful economic lives of intangible and tangible assets

The annual amortisation and depreciation charges for the intangible and tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the tangible assets, Note 11 for the intangible assets and Note 1 for the useful lives for each class of assets.

#### Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 14 for the net carrying amount of the debtors and associated impairment provision.

#### SWAP liability

The value of the SWAP obligation was established by Lloyds Banking Group PLC.

### 2. Fee income

Tuition fee income comprised:	Group		College	
	Year ended 31 July 2021 £	Year ended 31 July 2020 £	Year ended 31 July 2021 £	Year ended 31 July 2020 £
Gross fees	<b>26,316,701</b>	26,079,175	<b>23,506,205</b>	22,513,200
Less: allowances, grants	<b>(4,047,921)</b>	(4,372,888)	<b>(3,496,047)</b>	(3,716,729)
Less: COVID-19 fee concession	<b>(1,688,432)</b>	(2,539,036)	<b>(1,578,703)</b>	(2,223,950)
	<b>20,580,348</b>	19,167,251	<b>18,431,455</b>	16,572,521
Add back: Allowances paid for by restricted funds	<b>239,200</b>	223,267	<b>239,200</b>	223,267
	<b>20,819,548</b>	19,390,518	<b>18,670,655</b>	16,795,788

**Malvern College**  
**(Incorporated under Royal Charter)**

**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**3. Other income**

Group	Year ended 31 July 2021	Year ended 31 July 2020
	£	£
<b>Non-ancillary trading income</b>		
Lettings and other income	<b>579,086</b>	526,139
	<b>579,086</b>	526,139
<b>Ancillary trading income</b>		
Music, speech and drama income	<b>507,843</b>	586,378
Book sales	<b>78,888</b>	97,192
Registration fees, trip income and other income	<b>363,340</b>	540,886
	<b>950,071</b>	1,224,456
<b>Other income</b>		
Gain on sale of fixed assets	<b>15,820</b>	40,157

**4. Grants and donations**

	Group		College	
	Year ended 31 July 2021 £	Year ended 31 July 2020 £	Year ended 31 July 2021 £	Year ended 31 July 2020 £
Furlough grant income	<b>315,467</b>	933,105	<b>268,072</b>	748,097
Restricted donations and gifts	<b>984,360</b>	566,643	<b>973,840</b>	564,854
Unrestricted donations and gifts	<b>340</b>	2,204	<b>340</b>	440
	<b>1,300,167</b>	1,501,952	<b>1,242,252</b>	1,313,391

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 5. Subsidiary undertakings

#### a. Malvern College Enterprises Limited

The College owns 80,900 of the total ordinary share capital, consisting of 80,900 ordinary shares of £0.01 each, of Malvern College Enterprises Limited (Company no: 02706656), which is engaged in the business of letting facilities at the College, providing a guardianship service and supplying uniforms and sportswear to the College and its pupils via a third party. The remaining share is held by the Malvernian Society Ltd. The subsidiary donates most or all of its taxable profits to the College each year.

After the year end, the Guardianship Services carried out by Malvern College Enterprises Limited were transferred to a new legal entity, College Guardians Limited under the same ownership and Governance structure as MCEL. This entity started trading on 1 September 2021.

Its trading results for the year to 31 July 2021, as extracted from the audited financial statements, are summarised below:

	Results per subsidiary financial statements £	Consolidation entries £	Year ended 31 July 2021 £	Year ended 31 July 2020* £
<b>Turnover</b>	679,981	-	<b>679,981</b>	1,256,146
Inter-group income	40,169	(40,169)	-	-
Cost of sales	(122,616)	-	<b>(122,616)</b>	(259,283)
<b>Gross profit</b>	597,534	(40,169)	<b>557,365</b>	996,863
Administration	(677,813)	-	<b>(677,813)</b>	(656,481)
Inter-group expenses	(30,900)	30,900	-	-
<b>Operating (loss)/ profit</b>	(111,179)	(9,269)	<b>(120,448)</b>	340,382
<b>(Loss)/profit before tax and Gift Aid</b>	(111,179)	(9,269)	<b>(120,448)</b>	340,382
Gift Aid	-	-	-	-
<b>Retained (loss)/profit for the year</b>	(111,179)	(9,269)	<b>(120,448)</b>	340,382

\* After consolidation adjustments

The assets and liabilities of the subsidiary, Malvern College Enterprises Limited were:

	2021 £	2020 £
Current assets	<b>605,817</b>	854,420
Creditors: amounts falling due within one year	<b>(607,450)</b>	(744,874)
<b>Net current (liabilities)/assets</b>	<b>(1,633)</b>	109,546
Representing:		
Share capital	<b>809</b>	809
Share premium	<b>89,991</b>	89,991
Profit and loss account	<b>(92,433)</b>	18,746
<b>Total shareholders (liabilities)/funds</b>	<b>(1,633)</b>	109,546

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### b. Malvern College International Limited

The College owns 100% of the total ordinary share capital, consisting of 1 ordinary shares of £1.00 each, of Malvern College International Limited (Company no: 10907441), which is engaged in the business of overseas franchised schools. The company commenced trading in August 2017. The subsidiary donates most or all of its taxable profits to the College each year. Its trading results for the year to 31 July 2021, as extracted from the audited financial statements, are summarised below:

	Results per subsidiary financial statements £	Consolidation entries £	Year ended 31 July 2021 £	Year ended 31 July 2020 £
<b>Turnover</b>	2,002,103	-	<b>2,002,103</b>	1,827,263
Inter-group income	-	-	-	-
Cost of sales	(1,669)	-	<b>(1,669)</b>	(56,409)
<b>Gross profit</b>	2,000,434	-	<b>2,000,434</b>	1,770,854
Administration	(327,900)	-	<b>(327,900)</b>	(340,305)
Inter-group expenses	-	-	-	-
<b>Operating profit</b>	1,672,534	-	<b>1,672,534</b>	1,430,549
<b>Profit before tax and Gift Aid</b>	1,672,534	-	<b>1,672,534</b>	1,430,549
Gift Aid	(1,672,534)	1,672,534	-	-
<b>Retained profit</b>	-	1,672,534	<b>1,672,534</b>	1,430,549

\* After consolidation adjustments

The assets and liabilities of the subsidiary, Malvern College International Limited were:

	2021 £	2020 £
Current assets	<b>1,927,258</b>	1,566,651
Creditors: amounts falling due within one year	<b>(1,927,257)</b>	(1,566,650)
Net current assets	<b>1</b>	1
Representing:		
Share capital	<b>1</b>	1
Profit and loss account	-	-
Total shareholders funds	<b>1</b>	1

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### c. Abberley Hall Limited

In June 2019, an association between Malvern College and Abberley Hall Limited (Company Number: 00602279 Charity Number: 527598) was agreed. Malvern College have now appointed 50% of the Abberley Hall Governors and the Chair. The new Board was constituted in September 2019 and The College is therefore deemed to have control of Abberley Hall. The results are consolidated into the College's results from 1<sup>st</sup> August 2019. The subsidiary will retain any surpluses generated in future years. Its results for the year to 31 July 2021, as extracted from the audited financial statements, are summarised below:

	Results per subsidiary financial statements £	Consolidation entries £	Year ended 31 July 2021 £	Year ended 31 July 2020* £
<b>Income</b>				
Charitable activities	2,269,801	-	<b>2,269,801</b>	<b>2,833,841</b>
Trading activities	52,288	-	<b>52,288</b>	<b>80,065</b>
Other income	411	-	<b>411</b>	<b>23,630</b>
Donations and grants	57,915	-	<b>57,915</b>	<b>188,561</b>
<b>Total income</b>	<b>2,380,415</b>	<b>-</b>	<b>2,380,415</b>	<b>3,126,097</b>
<b>Expenditure</b>				
Raising funds	39,220	(15,613)	<b>23,607</b>	<b>12,666</b>
Charitable activities	3,362,098	-	<b>3,362,098</b>	<b>3,505,790</b>
<b>Total Expenditure</b>	<b>3,401,318</b>	<b>(15,613)</b>	<b>3,385,705</b>	<b>3,518,456</b>
<b>Net expenditure</b>	<b>(1,020,903)</b>	<b>15,613</b>	<b>(1,005,290)</b>	<b>(392,359)</b>
Funds balances b/f 1 September	4,526,376	-	<b>4,526,376</b>	<b>4,918,735</b>
<b>Funds balances c/f 31 July</b>	<b>3,505,473</b>	<b>15,613</b>	<b>3,521,086</b>	<b>4,526,376</b>

\* After consolidation adjustments

The assets and liabilities of the subsidiary, Abberley Hall Limited were:

	2021 £	2020 £
Fixed assets	<b>5,436,203</b>	5,305,839
Current assets	<b>508,841</b>	933,392
Creditors: amounts falling due within one year	<b>(325,284)</b>	(617,671)
Net current assets	<b>183,557</b>	315,721
Creditors: amounts falling due after more than one year	<b>(2,114,287)</b>	(1,095,184)
<b>Total net assets</b>	<b>3,505,473</b>	4,526,376
Representing:		
Restricted funds	<b>11,569</b>	8,136
Unrestricted funds	<b>3,493,904</b>	4,518,240
<b>Total shareholders funds</b>	<b>3,505,473</b>	4,526,376



**Malvern College**  
**(Incorporated under Royal Charter)**

**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**6. Investment income**

Group	Year ended 31 July 2021	Year ended 31 July 2020
	£	£
Bank and building society interest	<b>3,003</b>	37,365

**7. Expenditure**

Group	Staff costs	Other costs	Depreciation	Year ended 31 July 2021	Year ended 31 July 2020
	£	£	£	£	£
<b>Raising funds</b>					
Trading expenses	601,157	528,841	-	<b>1,129,998</b>	1,312,649
Financing costs	-	333,171	-	<b>333,171</b>	345,286
	601,157	862,012	-	<b>1,463,169</b>	1,657,935
<b>Charitable activities</b>					
Teaching	9,586,155	926,563	-	<b>10,512,718</b>	11,029,191
Welfare	1,762,026	2,642,742	-	<b>4,404,768</b>	3,963,955
Premises	797,945	2,870,453	2,496,631	<b>6,165,029</b>	5,757,800
Support costs of schooling	2,809,596	1,898,111	-	<b>4,707,707</b>	4,542,131
School's operating costs	14,955,722	8,337,869	2,496,631	<b>25,790,222</b>	25,293,077
<b>Donation to TDMCP</b>	-	166,751	-	<b>166,751</b>	101,446
<b>Total</b>	15,556,879	9,366,632	2,496,631	<b>27,420,142</b>	27,052,458

Included within support costs are governance costs of £50,570 (2020: £97,699) which mainly comprise the costs of administering the charity, audit and tax fees and Council's meeting expenses.

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**8. Net (expenditure)/income**

Group	Year ended 31 July 2021	Year ended 31 July 2020
	£	£
<b>Net (expenditure)/income is stated after charging/(crediting):</b>		
Depreciation	<b>2,496,631</b>	2,426,982
Operating lease rentals – equipment	<b>42,624</b>	71,173
Operating lease rentals – property	<b>19,500</b>	19,500
Fees payable to the College’s auditor for the audit of the parent charity and the consolidated financial statements	<b>32,680</b>	27,400
Fees payable to the College’s auditor for the audit of the College’s subsidiaries pursuant to legislation	<b>22,885</b>	16,850
Fees payable to the College’s auditor for non-audit services	<b>3,750</b>	6,570
Gain on disposal of fixed assets	<b>(15,820)</b>	(40,167)
Finance charges on finance lease	-	3,558

**9. Staff costs**

Group	Year ended 31 July 2021	Year ended 31 July 2020
	Number	Number
The monthly average headcount of persons employed by the Group during the year was:		
Teaching	<b>191</b>	211
Pastoral	<b>49</b>	62
Domestic	<b>83</b>	90
Administration	<b>143</b>	158
Trading	<b>19</b>	21
	<b>485</b>	542

Group	Year ended 31 July 2021	Year ended 31 July 2020
	£	£
Wages and salaries	<b>12,660,262</b>	12,862,396
Social security costs	<b>1,191,180</b>	1,185,003
Pension contributions (note 21)	<b>1,669,185</b>	1,722,393
Apprenticeship levy	<b>36,252</b>	36,394
	<b>15,556,879</b>	15,806,186

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 9. Staff costs (continued)

The number of employees whose emoluments exceeded £60,000 was:

Group	Year ended 31 July 2021	Year ended 31 July 2020
	Number	Number
£210,001-£220,000	-	1
£180,001-£190,000	1	1
£160,001 - £170,000	-	1
£100,001-£110,000	-	1
£90,001 - £100,000	2	-
£80,001 - £90,000	7	4
£70,001 - £80,000	2	2
£60,001 - £70,000	20	18

For those staff whose emoluments exceed £60,000 pension contributions amounting to £442,572 (2020: £357,416) were paid by the College. 27 (2020: 22) of the above staff members have benefits accruing under a defined benefit scheme and 5 (2020: 5) have benefits accruing under a money purchase scheme.

During the year, the Group made redundancy/termination payments amounting to £219,723 (2020: £148,044).

No Council members received remuneration in either accounting period. 1 Council member received reimbursements totalling £911 for travel expenses (2020: 8 Council members received £3,983). Mrs S Duff was paid £1,830 (2020: £1,605) by Abberley Hall Limited for consultancy services during the year.

### Senior Management Team Remuneration

	Year ended 31 July 2021	Year ended 31 July 2020
	£	£
Senior Management Team Remuneration	742,614	1,063,366

The above amounts include employers' National Insurance and pension contributions.

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**10. Tangible fixed assets**

<b>GROUP</b>	<b>Freehold land &amp; buildings</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Equipment &amp; furniture</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>						
Total at 31 July 2020	52,438,666	3,114,109	408,244	2,685,727	209,943	<b>58,856,689</b>
Additions	339,689	90,089	72,194	839,464	562,484	<b>1,903,920</b>
Abberley Hall additions	218,491	-	-	38,144	14,187	<b>270,822</b>
Transfers	-	(136,153)	-	84,710	(84,710)	<b>(136,153)</b>
Disposals	(102,936)	(1,144,403)	(71,415)	(324,997)	-	<b>(1,643,751)</b>
<b>31 July 2021</b>	<b>52,893,910</b>	<b>1,923,642</b>	<b>409,023</b>	<b>3,323,048</b>	<b>701,904</b>	<b>59,251,527</b>

**Accumulated Depreciation**

31 July 2020	20,806,955	2,675,430	344,040	2,102,611	-	<b>25,929,036</b>
Charge in year	1,951,868	168,416	35,831	200,051	-	<b>2,356,166</b>
AH Charge in year	104,961	5,298	-	30,206	-	<b>140,465</b>
Transfers	-	(85,358)	-	-	-	<b>(85,358)</b>
Disposals	(102,936)	(1,144,403)	(71,415)	(324,997)	-	<b>(1,643,751)</b>
<b>31 July 2021</b>	<b>22,760,848</b>	<b>1,619,383</b>	<b>308,456</b>	<b>2,007,871</b>	<b>-</b>	<b>26,696,558</b>

**Net book values**

<b>31 July 2021</b>	<b>30,133,062</b>	<b>304,259</b>	<b>100,567</b>	<b>1,315,177</b>	<b>701,904</b>	<b>32,554,969</b>
31 July 2020	31,631,711	438,679	64,203	583,116	209,943	32,927,653

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**10. Tangible fixed assets (continued)**

COLLEGE	Freehold land & buildings	Computer equipment	Motor vehicles	Equipment & furniture	Assets under construction	Total
	£	£	£	£	£	£
<b>Cost</b>						
31 July 2020	47,108,666	2,596,290	408,244	2,517,068	209,943	<b>52,840,211</b>
Additions	339,689	90,089	72,194	839,464	562,484	<b>1,903,920</b>
Transfers	-	(136,153)	-	84,710	(84,710)	<b>(136,153)</b>
Disposals	(102,936)	(1,144,403)	(71,415)	(324,997)	-	<b>(1,643,751)</b>
<b>31 July 2021</b>	<b>47,345,419</b>	<b>1,405,823</b>	<b>409,023</b>	<b>3,116,245</b>	<b>687,717</b>	<b>52,964,227</b>
<b>Accumulated Depreciation</b>						
31 July 2020	20,561,748	2,280,695	344,040	2,031,914	-	<b>25,218,397</b>
Charge in year	1,951,868	168,416	35,831	200,051	-	<b>2,356,166</b>
Transfers	-	(85,358)	-	-	-	<b>(85,358)</b>
Disposals	(102,936)	(1,144,403)	(71,415)	(324,990)	-	<b>(1,643,744)</b>
<b>31 July 2021</b>	<b>22,410,680</b>	<b>1,219,350</b>	<b>308,456</b>	<b>1,906,975</b>	<b>-</b>	<b>25,845,461</b>
<b>Net book values</b>						
<b>31 July 2021</b>	<b>24,934,739</b>	<b>186,473</b>	<b>100,567</b>	<b>1,209,270</b>	<b>687,717</b>	<b>27,118,766</b>
31 July 2020	26,546,918	315,595	64,204	485,154	209,943	27,621,814

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**11. Intangible fixed assets**

	<b>Group</b>		<b>College</b>	
	<b>Year ended 31 July 2021 £</b>	<b>Year ended 31 July 2020 £</b>	<b>Year ended 31 July 2021 £</b>	<b>Year ended 31 July 2020 £</b>
<b>Cost at 31 July 2020</b>	-	-	-	-
Additions	6,651	-	6,651	-
Transfers	129,502	-	129,502	-
Disposals	-	-	-	-
31 July 2021	<b>136,153</b>	-	<b>136,153</b>	-
<b>Accumulated depreciation</b>				
31 July 2020	-	-	-	-
Charge in the year	28,310	-	28,310	-
Transfers	57,048	-	57,048	-
31 July 2021	<b>85,358</b>	-	<b>85,358</b>	-
<b>Net Book Value</b>				
<b>31 July 2021</b>	<b>50,795</b>	-	<b>50,795</b>	-
31 July 2020	-	-	-	-

**12. Fixed asset investment**

<b>College</b>	<b>2021 £</b>	<b>2020 £</b>
Investment in subsidiary companies	<b>90,801</b>	90,801

Malvern College has a majority shareholding in Malvern College Enterprises Limited (see note 5). In July 2013, 80,000 shares of £0.01 were issued and allotted to Malvern College. Malvern College paid £0.01 per share and paid £800 in total. In January 2016, 900 shares of £0.01 were issued and allotted to Malvern College. Malvern College paid £100 per share and paid £90,000 in total. The transaction generated share premium of £89,991.

Malvern College has a 100% shareholding in Malvern College International Limited (see note 5). In August 2017, 1 share of £1.00 was issued and allotted to Malvern College. Malvern College paid £1 per share and paid £1 in total. The transaction generated share premium of £nil.

<b>College</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Investment in Abberley Hall at 1 August</b>	<b>4,526,376</b>	-
Acquired during the year	-	4,918,735
Impairment during the year (equivalent to loss in Abberley Hall)	<b>(1,020,903)</b>	(392,359)
<b>Value at 31 July</b>	<b>3,505,473</b>	<b>4,526,376</b>

The College holds no shares in Abberley Hall Limited which is consolidated due to control not share ownership.

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**13. Stocks**

	Group		College	
	2021 £	2020 £	2021 £	2020 £
Stationery and consumables	<b>120,768</b>	122,290	<b>90,914</b>	90,838

**14. Debtors**

	Group		College	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	<b>1,019,577</b>	592,674	-	-
Fee debtors	<b>667,003</b>	313,904	<b>558,472</b>	209,122
Amounts owed by Group undertakings	-	-	<b>3,846,928</b>	2,794,200
Other debtors	<b>221,088</b>	259,769	<b>103,312</b>	82,773
Prepayments	<b>537,699</b>	716,467	<b>442,146</b>	628,808
Accrued income	<b>33,154</b>	209,576	<b>12,651</b>	101,830
	<b>2,478,521</b>	2,092,390	<b>4,963,509</b>	3,816,733

Included in the Amounts owed by group undertakings are two loans totalling £2.015m made to Abberley Hall Limited. These loans are repayable in more than 12 months time. A loan of £1.0m was drawn down in July 2020. A loan of £1.015m was drawn down in December 2020. These loans will be repaid over 10 years commencing at a point in the future when business performance improves sufficiently to generate the required cash flow to enable the repayments to commence. The interest rate associated with the second loan is 2.32% (fixed rate).

Included in other debtors is an amount of £21,133 (2020: £30,199) which represents loans to staff, of which £12,533 (2020: £8,713) is repayable after more than one year.

Trade, fee and other debtors are stated after impairment provisions totalling £432,029 (2020: £487,670).

**15. Creditors: amounts falling due within one year**

	Group		College	
	2021 £	2020 £	2021 £	2020 £
Bank loan (note 16)	<b>1,841,589</b>	773,093	<b>1,841,589</b>	773,093
Trade creditors	<b>1,098,915</b>	1,025,664	<b>961,233</b>	856,984
Amounts owed to Group undertakings	-	-	<b>34,398</b>	14,928
Entrance fee deposits	<b>564,313</b>	477,243	<b>555,013</b>	441,771
Advanced fees (note 17)	<b>2,158,406</b>	1,493,145	<b>2,038,558</b>	1,327,221
Taxation and social security	<b>330,537</b>	297,331	<b>258,828</b>	186,790
Other creditors	<b>390,763</b>	357,714	<b>146,091</b>	-
Accruals	<b>677,280</b>	718,829	<b>400,998</b>	497,028
Deferred income	<b>182,548</b>	89,531	<b>20,150</b>	12,119
	<b>7,244,351</b>	5,232,550	<b>6,256,858</b>	4,109,934

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**16. Creditors: amounts falling due after more than one year**

	Group		College	
	2021 £	2020 £	2021 £	2020 £
Bank Loan	<b>11,592,448</b>	12,292,352	<b>11,592,448</b>	12,292,352
SWAP obligation (note 18)	<b>867,708</b>	1,205,477	<b>867,708</b>	1,205,477
Entrance fee deposits	<b>2,123,227</b>	1,831,704	<b>2,062,462</b>	1,784,495
Advanced fees (note 17)	<b>155,904</b>	108,237	<b>117,382</b>	60,263
	<b>14,739,287</b>	15,437,770	<b>14,640,000</b>	15,342,587

The College had total bank borrowings of £13,434,037 as at 31 July 2021 (2020: £13,065,445).

In May 2007, the College arranged, with Lloyds Banking Group plc, bank borrowing consisting of a loan facility of £13,500,000. The final repayment date of the loan is 20 years after the Commitment Termination date which was August 2011 (Facility 1). A Swap transaction has also been entered into with Lloyds Banking Group plc to protect against adverse interest movements during the period of significant borrowing.

A loan of £3.0m (Facility 2) was drawn down in December 2012. This loan is being repaid over 14 years which commenced in December 2013.

A loan of £5.0m (CBIL) was drawn down in July 2020. This loan is being repaid over 5 years commencing in July 2021.

A loan of £1.0m was drawn down in December 2020. This loan is being repaid over 10 years commencing in December 2021. The bank loan % to value of secured assets is 35% (2020: 35%).

**Bank loan maturity statement**

Group and College	2021 £	2020 £
<b>Bank loan maturity analysis</b>		
In less than one year	<b>1,841,589</b>	773,093
In more than one year but not more than two years	<b>1,878,860</b>	1,777,226
In more than two years but not more than five years	<b>5,660,909</b>	5,355,718
In more than five years	<b>4,052,679</b>	5,159,408
	<b>13,434,037</b>	13,065,445

Facility 1 – the bank loan is repayable in 80 consecutive quarterly instalments which commenced on 15 November 2011.

Facility 2 – the bank loan is repayable in 168 consecutive monthly instalments which commenced on 5 December 2013.

CBIL – the bank loan is repayable in 60 consecutive monthly instalments which commence on 29 August 2021.

Facility 3 – the bank loan is repayable in 120 consecutive monthly instalments which commence on 14 December 2021.

The Swap transaction fixed the interest rate for 75% of the total borrowing at 4.44% and the interest on remaining 25% is charged at 0.5% above the bank base rate or LIBOR.

Lloyds Banking Group plc has a first charge over the freehold land and buildings of Malvern College and a first charge over Other Asset known as negative pledge dated 28<sup>th</sup> April 1982.



# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 17. Advanced fees

Parents may pay to the College tuition fees in advance. Such payments may be returned, subject to specific conditions, on the receipt of one term's notice. Assuming pupils remain in the advanced fees payment scheme, payments will be applied to offset fees as follows:

	Group 2021 £	Group 2020 £	College 2021 £	College 2020 £
Within two to five years	79,071	-	79,071	-
Within one to two years	76,834	108,237	38,312	60,263
Over one year	155,905	108,237	117,383	60,263
Within one year	2,158,406	406,897	2,038,558	240,973
	<b>2,314,311</b>	515,134	<b>2,155,941</b>	301,236

Also included in advanced fees in creditors due within one year (note 15) are credit balances, of £1,943,474 (2020: £1,086,248) within the fees ledger.

The advanced fees balance represents the accrued liability under the contracts. The capital movements during the year were:

	Group £	Group £	College £	College £
At 1 August 2020		515,134		301,236
Abberley Hall contracts	158,370		-	
New contracts	173,996		173,996	
Terminated contracts	-		-	
Amounts accrued to contracts	2,585		2,585	
		<b>334,951</b>		176,581
Amounts utilised in payment of fees to the College		<b>(265,051)</b>		(265,051)
<b>At 31 July 2021</b>		<b>585,034</b>		<b>212,766</b>

### 18. Financial instruments

	Group 2021 £	Group 2020 £	College 2021 £	College 2020 £
Financial liabilities measured at fair value	867,708	1,205,478	867,708	1,205,478

Financial liabilities measured at fair value comprise the interest rate swap. The movement on the swap during the year was £337,769 (2020: £1,159).

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**19. Funds**

<b>Group</b>	<b>At 1 August 2020</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers, other recognised gains/losses</b>	<b>At 31 July 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Restricted funds</b>					
Restricted donations	110,176	973,840	(586,625)	(387,215)	<b>110,176</b>
Restricted grants	37,188	-	(5,673)	-	<b>31,515</b>
Abberley Hall	8,136	10,520	(7,087)	-	<b>11,569</b>
	<b>155,500</b>	<b>984,360</b>	<b>(599,385)</b>	<b>(387,215)</b>	<b>153,260</b>
<b>Unrestricted income funds</b>					
Designated fund	681,622	-	-	418,134	<b>1,099,756</b>
College fund	17,559,739	20,338,492	(22,321,410)	1,979,384	<b>17,556,205</b>
Abberley Hall	4,518,240	2,369,895	(3,378,618)	-	<b>3,509,517</b>
Trading companies	18,746	2,682,084	(1,120,729)	(1,672,534)	<b>(92,433)</b>
Total General funds (excluding Designated fund)	<b>22,096,725</b>	<b>25,390,471</b>	<b>(26,820,757)</b>	<b>306,850</b>	<b>20,973,289</b>
Total Group unrestricted funds	<b>22,778,347</b>	<b>25,390,471</b>	<b>(26,820,757)</b>	<b>724,984</b>	<b>22,073,045</b>
Total funds	<b>22,933,847</b>	<b>26,374,831</b>	<b>(27,420,142)</b>	<b>337,769</b>	<b>22,226,305</b>

Transfers –

Trading Company – The profit before tax and gift aid of Malvern College International Ltd. Further details are noted below.

College fund – The transfer relates to the trading companies transfer. The positive SWAP movement for the period of £337,769 is also included within the College funds transfer column.

Restricted funds –

Restricted donations – The balance is represented by donations not yet spent which have specific restrictions imposed by donors, the majority of which relates to donations for the hardship fund and some smaller fixed asset purchases.

Restricted grants – The balance is represented by grants not yet spent which have specific restrictions imposed by the donors for example prize funds.

Designated Fund –

The Designated Fund has historically represented 10% of net income to provide funds to help fund bursaries and infrastructure projects over a ten year time span. This year the College Council agreed that going forward 25% of the Gift Aid payment received from MCIL would be allocated to the designated fund, in order to build an endowment fund for supporting means-tested bursaries in the future.

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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**19a Comparative Funds**

Group	At 1 August 2019 £	Income £	Expenditure £	Transfers, other recognised gains/losses £	At 31 July 2020 £
<b>Restricted funds</b>					
Restricted donations	76,229	564,854	(226,267)	(304,640)	<b>110,176</b>
Restricted grants	37,188	-	-	-	<b>37,188</b>
Abberley Hall	-	13,966	(5,830)	-	<b>8,136</b>
	113,417	578,820	(232,097)	(304,640)	<b>155,500</b>
<b>Unrestricted income funds</b>					
Designated fund	681,622	-	-	-	<b>681,622</b>
College fund	18,369,724	19,109,701	(21,993,927)	2,074,241	<b>17,559,739</b>
Abberley Hall	-	8,030,866	(3,512,626)	-	<b>4,518,240</b>
Trading companies	18,746	3,083,409	(1,312,649)	(1,770,760)	<b>18,746</b>
Total General funds (excluding Designated fund)	18,388,470	30,223,976	(26,819,202)	303,481	<b>22,096,725</b>
Total Group unrestricted funds	19,070,092	30,223,976	(26,819,202)	303,481	<b>22,778,347</b>
Total funds	19,183,509	30,802,796	(27,051,299)	(1,159)	<b>22,933,847</b>

Transfers –

Restricted donations – The transfer relates to funds moving to the College fund representing contributions to the purchase of Steinway Pianos, which have been paid for but we are awaiting delivery at the year end.

Trading Company – The profit before tax and gift aid of Malvern College Enterprises Ltd and Malvern College International Ltd.

College fund – The transfer relates to the designated fund transfer and the trading companies transfer. The positive SWAP movement for the period of £1k is also included within the College funds transfer column.

Restricted funds –

Restricted donations – The balance is represented by donations not yet spent which have specific restrictions imposed by donors, the majority of which relates to donations for the hardship fund and some smaller fixed asset purchases.

Restricted grants – The balance is represented by grants not yet spent which have specific restrictions imposed by the donors for example prize funds.

Designated Fund –

The Designated Fund represents 10% of net income to provide funds to help fund bursaries and infrastructure projects over a ten year time span. This year due to the net deficit position no transfer to the fund has been made.

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 20. Analysis of the net assets between funds

The net assets are held for the various funds as follows:

#### Group and College

Net assets/(liabilities) of the Group's funds	Fixed assets	Net current assets	Long term liabilities	2021 Fund balances
	£	£	£	£
Restricted funds	37,190	116,070	-	153,260
General funds:				
College funds	27,132,371	3,064,447	(12,640,613)	17,556,205
Abberley Hall funds	5,436,203	171,988	(2,098,674)	3,509,517
Designated funds	-	1,099,756	-	1,099,756
Non-charitable trading funds	-	(92,433)	-	(92,433)
	32,605,764	4,359,828	(14,739,287)	22,226,305

#### 20a Comparative analysis of the net assets between funds

The net assets are held for the various funds as follows:

#### Group and College

Net assets/(liabilities) of the Group's funds	Fixed assets	Net current assets	Long term liabilities	2020 Fund balances
	£	£	£	£
Restricted funds	37,190	118,310	-	155,500
General funds:				
College funds	27,584,624	4,317,701	(14,342,586)	17,559,739
Abberley Hall funds	5,305,839	307,585	(1,095,184)	4,518,240
Designated funds	-	681,622	-	681,622
Non-charitable trading funds	-	18,746	-	18,746
	32,927,653	5,443,964	(15,437,770)	22,933,847

### 21. Pensions

#### Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,236,646 (2020: £1,516,702) and at the year-end £Nil (2020 - £Nil) was accrued in respect of contributions to this scheme.

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

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

## **Malvern College (Incorporated under Royal Charter)**

### **Notes to the financial statements for the year ended 31 July 2021 (continued)**

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

With effect from 31 January 2021, Abberley Hall withdrew from the Teachers' Pension Scheme. The Group pension charge for the year includes contributions payable by Abberley Hall to the TPS of £109,756 (2020: £241,331).

#### **Other pension schemes**

The College contributes to one defined contribution pension scheme on behalf of its employees. The cost to the College of these schemes is £262,383 (2020: £205,691).

Abberley Hall contributed to three defined contribution pension schemes on behalf of its employees. The cost to the School of these schemes for the year is £93,621 (2020: £11,247).

**Malvern College**  
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**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**22. Reconciliation of cash flows from operating activities**

Group	2021	2020
	£	£
Net (expenditure)/income for the year	<b>(707,542)</b>	(1,167,236)
<b>Adjustments for:</b>		
Investment income	<b>(3,003)</b>	(37,365)
Depreciation of tangible fixed assets	<b>2,496,631</b>	2,426,982
Financing costs	<b>333,171</b>	345,286
Surplus on disposal of current/fixed assets	<b>(15,820)</b>	(40,157)
Movement on SWAP liability	<b>(337,769)</b>	(1,159)
Decrease in stocks	<b>1,522</b>	50,826
Increase in debtors	<b>(386,131)</b>	(198,745)
Increase/(decrease) in creditors	<b>1,282,495</b>	(1,349,537)
<b>Net cash provided by operating activities</b>	<b>2,663,554</b>	28,895

**23. Analysis of net debt**

	• 31 July 2020 £	• Cash flow £	• 31 July 2021 £
Net cash:			
Cash at bank and in hand	8,461,834	543,056	<b>9,004,890</b>
	8,461,834	543,056	<b>9,004,890</b>
Loans falling due within one year	(773,093)	(1,068,496)	<b>(1,841,589)</b>
Loans falling due after one year	(12,292,352)	699,904	<b>(11,592,448)</b>
	(13,065,445)	(368,592)	<b>(13,434,037)</b>
<b>Net debt</b>	(4,603,611)	174,464	<b>(4,429,147)</b>

All the movements from the opening to closing components above result from the cash flows of the Group.

# Malvern College (Incorporated under Royal Charter)

## Notes to the financial statements for the year ended 31 July 2021 (continued)

### 24. Commitments

#### Operating leases

At 31 July 2021 the Group and the College had future total minimum lease payments under non-cancellable operating leases for each of the following periods:

Group	Land & Buildings 2021	Other 2021	Land & Buildings 2020	Other 2020
	£	£	£	£
Not later than one year	19,200	56,529	19,200	58,972
Later than one year and not later than five years	46,501	126,008	65,707	182,057
	<b>65,701</b>	<b>182,537</b>	84,907	241,029

College	Land & Buildings 2021	Other 2021	Land & Buildings 2020	Other 2020
	£	£	£	£
Not later than one year	19,200	41,554	19,200	43,701
Later than one year and not later than five years	46,501	103,317	65,707	144,870
	<b>65,701</b>	<b>144,871</b>	84,907	188,571

#### Capital commitments

The Group and the College had capital commitments at 31 July 2021 of £309,043 (2020: £Nil) with regard to the house refurbishment project. The Group had capital commitments at 31 July 2021 of £359,567 (2020: Nil) which includes the refurbishment of the Old Theatre at Abberley Hall and repairs to the Abberley Hall roof.

### 25. Related party transactions

#### The Malvernian Society Limited

The Malvernian Society Limited is a company limited by guarantee that promotes the work and education at the College, assists in the carrying on of a school or schools and in cases of need assists pupils in further training. A number of members of The Malvernian Society Limited's Committee are also members of Malvern College's Council.

This year, the College received £937,850 from The Malvernian Society. £317,215 was received for the purchase of Steinway Pianos, £205,366 was received for Assisted Places, £157,950 for the Hardship Fund, £86,892 for Pandemic Costs, £70,000 for Cricket Nets, £64,824 for a SAMBA testing machine, £10,100 for refurbishment of the Observatory, £9,018 for Rugby Posts, £9,985 for Sports Video Camera Equipment, and £3,000 towards annual prizes and £3,500 for other projects.

Last year, the College received £487,196 from The Malvernian Society. ££304,640 was received for the purchase of Steinway Pianos, £179,556 was received for Assisted Places and £3,000 towards annual prizes..

At the year-end, £6,386 (2020: £nil) was due from The Malvernian Society Limited. The College has also contributed £132,000 to The Malvernian Society (2020: £131,000) for subscriptions for life long membership of the Society for Upper Sixth leavers and a contribution towards their operating costs.

The Malvernian Society Limited owns some of the land and buildings within the College grounds. In 2010/11, the College sold a property to the Malvernian Society Limited and leased back that property for College use. That arrangement continued in 2019/20 and the rent paid from the College to the Malvernian Society Limited in the year was £19,200 (2020: £19,200).

The results of The Malvernian Society Limited are not included in the consolidated financial statements. Whilst they are deemed to be "related" they do not meet the Charities SORP definition of "Connected" and as such their results are not presented within these financial statements.

# Malvern College

## (Incorporated under Royal Charter)

### Notes to the financial statements for the year ended 31 July 2021 (continued)

#### The Downs Malvern

The Downs Malvern (TDM) is the trading name of The Downs Malvern College Prep School (TDMCP). In June 2007, the College agreed to contribute £5.5m to The Downs Malvern College Prep School. TDMCP is a separate registered charity.

A donation of £166,751 (2020: £101,446) was made by the College to TDMCP during the year in recognition of the net effect of staff concessions offered to staff at the College by TDMCP and offered to staff at TDMCP by the College. A Management Fee of £90,000 (2020: £90,000) was received from TDMCP during the year for the provision of bursarial services. An additional £13,500 (2020: £21,000) was received from TDMCP for additional ad hoc services such as IT support and IT subscriptions.

At the end of July 2021, £649 was owed to TDMCP by the College (2020: £nil).

#### Malvern College Enterprises Limited (MCEL)

The College invoiced £403,788 (2020: £589,657) to MCEL and MCEL invoiced £60,914 (2020: £58,853) to the College in the current year. The sales invoices from the College related to cost recharges, VAT transactions and commercial trading sales.

The College and MCEL have a licence and lease back agreement for the use of the current all-weather pitch. The College receives £30,900 for the licence fee and pays £40,169 for the lease costs.

At the year end, £134,620 (2020: £353,926) was owed by MCEL to the College and £2,164 (2020: £2,178) was owed by the College to MCEL.

#### Malvern College International Limited (MCIL)

The College invoiced £164,140 (2020: £187,400) to MCIL and MCIL invoiced £20,165 (2020: £32,853) to the College in the current year. The sales invoices from the College related to cost recharges, VAT transactions and commercial trading sales.

At the year end, £1,649,167 (2020: £1,430,600) was owed by MCIL to the College and £Nil (2020: £12,751) was owed by the College to MCIL.

#### Abberley Hall

Abberley Hall (AH) is the trading name of Abberley Hall Limited. In June 2019, as part of the agreement whereby AH has joined the Malvern College family of schools, the College had agreed to contribute £1.0m to Abberley Hall over the next four years via a capital grant. However during 2020, as a result of COVID, the Malvern College Trustees decided to advance the full £1m in the form of a loan in order to fund the short-term working capital and capital expenditure needs of AH. During the year, the Malvern College Trustees advanced a further £1m loan in order to fund the exceptional restructuring costs and remove the bank overdraft. The debt of £2m is secured with a first charge over the land and buildings of Abberley Hall. The College have appointed 50% of the AH Governors and the first meeting of the new Board was held on 13 September 2019. AH is a separate registered charity.

At the year end, £2,030,965 (2020: £1,000,825) was owed by AH to the College and £nil (2020: £nil) was owed by the College to AH.

At the year end, £nil (2020: £4,250) was owed by AH to Malvern College International Limited. This related to cost recharges associated with recruitment costs.

#### 26. Taxation

The College was a registered charity throughout the year and, as such, was not liable to corporation tax on the surplus of income over expenditure for the year, or to capital taxes on gains arising from the disposal of assets, carried out in the furtherance of the College's primary obligations.

The College, Malvern College Enterprises Limited and Malvern College International Limited are registered together in a VAT group. Malvern College Enterprises Limited and Malvern College International Limited gifts most or all of their taxable profits to the College and are subject to corporation tax on any remainder of taxable profits.



**Malvern College**  
**(Incorporated under Royal Charter)**

**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**27. Post balance sheet event**

After the year end, the Guardianship Services carried out by Malvern College Enterprises Limited were transferred to a new legal entity, College Guardians Limited under the same ownership and Governance structure as MCEL. This entity started trading on 1 September 2021.

Following an extensive period of consultation with the College's teaching staff, the College has decided to exit the Teachers' Pension Scheme on a transitional basis for all new staff with effect from September 2022. The existing teaching staff have the choice of remaining in the TPS or joining the new Scheme.

**Malvern College**  
**(Incorporated under Royal Charter)**

**Notes to the financial statements for the year ended 31 July 2021 (continued)**

**28. Comparative Consolidated Statement of Financial Activities**

		Unrestricted funds		Restricted	Year ended	Year ended 31
	Notes	General	Designated	funds	31 July 20	July 19
		£	£	£	Total	Total
		£	£	£	£	£
<b>INCOME FROM:</b>						
<b>Charitable activities:</b>						
College fees	2	19,390,518	-	-	<b>19,390,518</b>	19,432,355
Ancillary trading income	3	1,224,456	-	-	<b>1,224,456</b>	1,347,554
<b>Other</b>	3	40,157	-	-	<b>40,157</b>	9,343
<b>Trading activities:</b>						
Trading income	5	3,163,474	-	-	<b>3,163,474</b>	2,480,984
Non-ancillary trading income	3	526,139	-	-	<b>526,139</b>	770,725
<b>Investments</b>	6	37,365	-	-	<b>37,365</b>	29,159
<b>Transfer of Abberley Hall Ltd</b>		4,906,558	-	12,177	<b>4,918,735</b>	-
<b>Donations and Grants</b>	4	935,309	-	566,643	<b>1,501,952</b>	297,908
<b>TOTAL</b>		30,223,976	-	578,820	<b>30,802,796</b>	24,368,028
<b>EXPENDITURE ON:</b>						
<b>Raising funds:</b>						
Trading expenses	7	1,312,649	-	-	<b>1,312,649</b>	1,351,584
Financing costs	7	345,286	-	-	<b>345,286</b>	355,631
<b>Charitable activities:</b>						
Provision of Education	7	25,060,980	-	232,097	<b>25,293,077</b>	22,328,555
Donation to TDMCP	7	101,446	-	-	<b>101,446</b>	91,110
<b>TOTAL</b>	7	26,820,361	-	232,097	<b>27,052,458</b>	24,126,880
Net income before fair value movements on financial instruments		3,403,615	-	346,723	<b>3,750,338</b>	241,148
Movement of SWAP liability	17	1,159	-	-	<b>1,159</b>	(83,240)
<b>Net (expenditure)/ income</b>		3,404,774	-	346,723	<b>3,751,497</b>	157,908
Transfers between funds	18	303,481	-	(304,640)	<b>(1,159)</b>	-
<b>Net movement in funds</b>		3,708,255	-	42,083	<b>3,750,338</b>	157,908
<b>RECONCILIATION OF FUNDS</b>						
Fund balances b/f 1 August	18	18,388,470	681,622	113,417	<b>19,183,509</b>	19,025,601
<b>Fund balances c/f 31 July</b>	18	22,096,725	681,622	155,500	<b>22,933,847</b>	19,183,509