

SEDBERGH SCHOOL

REPORT AND ACCOUNTS

For the year ended 31 August 2020

**Registered charity: 1080672
Company number: 03946280**



**S E D B E R G H
S C H O O L**

Founded in 1525

SEDBERGH SCHOOL

REPORT AND ACCOUNTS
for the year ended 31 August 2020

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SEDBERGH SCHOOL
CHAIRMAN'S STATEMENT
for the year ended 31 August 2020

Sedbergh is a diverse organisation. In the UK it comprises Sedbergh Senior and Prep Schools, The Mulberry Bush Nursery, and commercial subsidiaries offering a wide range of short courses and developing schools overseas. It is supported by the global alumni association, the Old Sedberghian Club, and by the Sedbergh School Foundation.

All share one ethos delivering an outstanding education for boys and girls up to the age of 18. Our Schools are inclusive of pupils of a wide range of ability and talents and provide a broad selection of academic and extra-curricular opportunities to match. There is something for everyone here.

Sedbergh School was established in 1525. At the heart of our education lies the pastoral care of our pupils, whether they be boarding or day pupils. At Sedbergh they will meet exceptional teachers, make friends for life, and become part of a community from which they may benefit long after they leave.

It is hard to imagine a more inspiring place in which to live, work and learn. The magnificent location means pupils can enjoy school life in a safe, healthy and dynamic environment. Academic study is central for every pupil and will always take priority, but the experiences of a Sedberghian are never confined only to the classroom.

The current global pandemic has taught us many things – the importance of family values, fresh air and a healthy lifestyle, and the ability to adapt. It has also demonstrated the resilience and commitment of staff, pupils and parents. Alongside the challenges, the change of circumstances has precipitated many new initiatives, foremost amongst which are the acceleration of independent learning skills and the further adoption of technology in teaching and learning.

The shift to remote learning was managed with reluctant ease as the infrastructures and skills were already in place and we had spent three weeks practising with our staff and pupils in anticipation of the shift. One day of schooling was lost as the community moved home, but the following day began promptly with wake-up calls and morning assembly. Throughout the period when School attendance was suspended for all but vulnerable children and those of key workers, both Schools provided daily assemblies, sports, music and drama activities as well as on-line lessons, and undertook regular pastoral reviews and interviews with pupils.

We recognised the challenge of children being at home from March until September and so continued to provide a stimulating range of cultural activities and physical challenges throughout the summer holidays and the community came together to share their experiences online through the *#sedberghathome* hashtag. The outcome was the strongest possible support for the Schools amongst our parent and pupil community, a stable School roll in September 2020 and strong interest from prospective parents for 2021.

It has been a challenging year financially as well as operationally, with the reduction in Summer Term fees to a remote learning fee and the loss of SSDL's annual programme of courses. However, through careful stewardship and financial support from the government, we have mitigated this loss of revenue and the School's finances remain robust. I am particularly grateful to the staff of the School, for the contribution and sacrifices they have made to help achieve this outcome.

At the start of the Summer Term, the Principal launched a Hardship Fund to support the local community in Sedbergh town, to provide fee support for pupils whose education might otherwise have been interrupted due to Covid-related financial hardship, and to support staff who were significantly affected. The response of the School community was extraordinary: the first donation was received by the Foundation within seven minutes of launch and over £100,000 was donated by the conclusion of the appeal on 31 October 2020. The generosity of parents, Old Sedberghians and friends enabled us to make a significant donation to the Sedbergh United Charities Trust to administer within the town and to provide fee support which enabled pupils from 28 families to continue in School.

None of the foregoing would have been achieved without the universal support of so many within the Sedbergh School community. As Chairman, I wish to take this opportunity to record my deepest thanks to members of the Senior Leadership Team who have led the Schools on the ground through unprecedented challenges, and to all the School staff, who have worked tirelessly to ensure the best possible experience for all our pupils. Across the

SEDBERGH SCHOOL

CHAIRMAN'S STATEMENT for the year ended 31 August 2020

community, I offer sincere thanks to our parents and pupils for their support and engagement, and to the Old Sedberghian Club and the wider Sedbergh community for their encouragement and support. I would also like to thank fellow Board members for their unstinting commitment and support through this difficult period.

This is my first report, as the new Chairman of the Board. Much of the reason for the School's resilience has been the work of my predecessor, Hugh Blair. Hugh came to the end of his term of office in July 2020 after nine years as Chairman. During that time, he has overseen the appointment of almost the entire Board, brought new commercial acumen to the running of the Charity and expanded the Schools' footprint through the merger with Casterton School in 2013 and the opening of Rong Qiao Sedbergh School in 2018. I am enormously grateful to Hugh for all he has done for Sedbergh School, and for his support and friendship to me.

The Board has also prepared diligently for further change this year, and in October announced the planned retirement of Andrew Fleck, Principal. Prior to that, the Board commissioned a thorough review of management structures and processes to ensure the School's leadership structure would best serve the organisation and our pupils for the foreseeable future. Andrew has worked with the Board in designing the new structure which will see him succeeded by the current Headmaster of the Senior School, Dan Harrison.

The Senior Leadership Team has met almost daily since March 2020 and this has allowed the School to plan for immediate challenges, respond to a fast-changing situation and maintain its focus on further development. This report is written during a period of enforced School closure in February 2021, but already a complete programme is in place in readiness for re-opening on 8 March. Both Schools are prepared for ISI inspections which have been delayed due to the pandemic, and are focussed on developments for the future.

Our immediate priorities are continuing to deliver a world class education and to care for our pupils whilst preserving the financial strength of the School, and renewed growth in pupil numbers to help support new educational developments. Chief amongst these are the development of a Technology Centre in the Senior School which will provide innovative curriculum experiences in the fields of advanced design and manufacturing and computer science with a focus on major global challenges including water poverty, global-warming and transport sustainability. A new astro-turf pitch is in the planning stage and at Casterton, Sedbergh Prep School development work will focus on major refurbishment of our music facility and sports hall.

The School is also preparing to celebrate the 20th anniversary of co-education at Sedbergh in 2021, the bicentenary of the foundation of Casterton School in 2023 and the quincentenary of the foundation of Sedbergh School in 2025. We are proud of our history and look forward to the future with confidence and ambition.

Richard Gledhill
Chairman
Sedbergh School

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

The Board of Governors of Sedbergh School presents its report and financial statements for the year ended 31 August 2020 in accordance with the Companies Act 2006 and the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Companies Act 2006, the Charities Act 2011 and the Charities SORP (FRS102).

BACKGROUND TO SEDBERGH SCHOOL

Sedbergh School was founded in 1525 and received a Royal Charter from King Edward VI in 1551. The Senior School ('Senior School') is based in the market town of Sedbergh in the Yorkshire Dales, and the Preparatory School ('Prep School') and nursery ('The Mulberry Bush') are located nine miles away in the village of Casterton. Together the combined 'School' provides education to boys and girls between the ages of six months and 18 years. The Senior School is boarding, with nine boarding houses. The Prep School has a mix of both boarding and day pupils.

CHARITABLE OBJECTS

The object of the School is to advance education by carrying on in Great Britain a school or schools at which infants, children and pupils may obtain education and instruction in academic, sporting, musical, cultural, scientific, technical, vocational, social and commercial subjects, activities and crafts of every description.

OBJECTIVES AND ACTIVITIES

The mission of the School is:

To nurture each Sedberghian so that they realise their full potential in a unique and rigorous environment of excellence, characterised by committed endeavour, moral purpose and integrity of contribution.

In particular, the School aims to:

1. Identify and develop the potential of pupils in a variety of areas: academic, artistic, cultural, sporting, personal, social and spiritual; help them to obtain the best possible qualifications; and prepare them for the opportunities, responsibilities and experiences of life;
2. Provide a welcoming, friendly and supportive environment which recognises the worth of each individual;
3. Provide a fulfilling working environment for both teaching and support staff, and encourage their development;
4. Liaise closely with the parents of its pupils and encourage them to share in the life of the School and the house;
5. Work responsibly within its environment and community;
6. Attract pupils from a wide range of social and financial backgrounds.

Progress in delivering our aims is summarised below in the strategic report.

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)
for the year ended 31 August 2020

STRATEGIC REPORT

Achievement and performance

The academic year was affected by the Covid-19 pandemic and the closure of schools across the United Kingdom in March 2020. This significantly impacted both the Senior and Prep Schools in the Lent and Summer Terms.

The Senior School began the year with 554 pupils. A level and GCSE examinations did not take place in Summer 2020 and results were awarded on the basis of Centre Assessed Grades. Sedbergh's 105 A level and BTEC candidates had a similar academic profile to the previous year. Carefully targeted support of pupils was rewarded with an improvement in results compared to what might have been expected, with 45.8% of exams being graded A* to A and Di* to Di; 92.6% of all grades were A* to C or Di* to M. The value-added score per pupil averaged +0.72. On the basis of these results, 82% of pupils gained entry to their *firm* or *insurance* choice of university and a further 8 pupils entered via clearing.

115 year 11 candidates were awarded GCSEs, also on the basis of Centre Assessed Grades. 94.9% of pupils were awarded five or more grades 9-4, with 49% of examinations being graded 9-7. One candidate achieved ten grade 9s, and 14 achieved an average grade of 8 or higher.

The pandemic had a significant impact on School sport from early March. Limited fixtures took place in that month followed by a term of remote teaching due to School closure.

The Michaelmas Term began with the U15 Cricket team becoming the National T20 champions. Despite an evenly matched game with Blackrock College from Dublin Sedbergh secured a victory with the last ball of the game. The 1st XV Rugby team narrowly missed achieving a third consecutive unbeaten season, with a defeat by Millfield School. The girls' Hockey teams enjoyed an increase in whole-School fixtures and were county champions in three age groups. One pupil was selected for England U16, with many attending hockey performance centres. The Netball teams were county and North West champions at three age groups, with the 1st VII qualifying for the National Netball Finals (sadly cancelled). The U18 Fives team were runners up in the inaugural Northern School's Championships, and participation in Cross-Country running continued to grow with four teams competing in the King Henry VIII Relay. A large Equestrian team participated in the National Schools Equestrian Championships, with pupils from year 5 to year 13. Three riders achieved top eight places. There was wide-ranging participation in the *Sedbergh Global Run* in place of the cancelled Wilson Run: pupils, parents, staff and OSs around the world ran in their location in a virtual event.

The School's Music and Drama had a busy year planned: *Oliver!* was performed at the Brewery Arts Centre, Kendal in November; and Britten's *Ceremony of Carols*, the Christmas Concert and Carol Service brought the term to a conclusion. In Lent Term a capacity audience for A Night at the Movies in Powell Hall, and the School Choral Society, including singers from the town community, performed highlights of Handel's *Messiah* in the Hirst Centre. The Chamber Choir reached the final five of the BBC Young Choir of the Year competition; sadly the final was another victim of the pandemic. Pupils from across the School received an average distinction grade in their ABRSM exams, the best results for more than fifteen years, including a Diploma in flute in which the candidate was just two marks short of perfection.

The programme of voluntary service and conservation was further extended, with 100 pupils from years 10 to 13 participating in a wide range of activities on a weekly basis. These included classroom assistance in local primary schools, work in centres for adults with learning disabilities, sports coaching at the Prep School, working in charity shops and on local conservation projects and EcoSedbergh projects, and establishing a new Education for Heroes programme. This programme gives educational and study support to forces veterans in the north west. The Eco-Sedbergh group seeks to make significant changes designed to reduce the School's carbon footprint; the School was awarded the Eco-Schools Bronze Award for reducing energy consumption by 9%.

The national lockdown to reduce the spread of Covid-19 occurred with one week of the Lent Term remaining. Having anticipated this as a possibility, the School was well prepared to begin on-line teaching. This allowed a week of on-line lessons, as a result of which the timetable was amended for the Summer Term to give pupils and staff more time away from their screens. Alongside teaching, a daily email to pupils, parents and staff set a challenge for the day, alongside some suggested physical activity or exercise programme. Challenges ranged from cookery to Sudoku

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)
for the year ended 31 August 2020

puzzles. Pupils submitted photographs for the daily interhouse competition. Alongside this Housemasters/mistresses and Tutors maintained regular pastoral contact with pupils and parents; and Chapel services were streamed, as were major School events such as the Sportswomen's Dinner and Speech Day.

The Prep School began the year with a roll of 178 pupils, of which 72 were boarding on a full or weekly basis. The programme for boarding pupils continued to diversify with lectures on a wide range of subjects and a variety of evening and weekend activities making the most of the School's location. Year 7 pupils enjoyed a trip to France in the Michaelmas Term.

The curriculum for year 7 and 8 pupils was enhanced with the introduction of Philosophy for Children, taught by a specialist teacher, aimed at promoting thinking skills.

All pupils were provided with the opportunity to play a range of sports and every child had the opportunity to represent the School. The U13 boys' hockey team were county champions and competed in the North West Finals. Six year 8 girls were selected for the county netball squad. Cross country running continued to be popular; the squad won a number of events and six pupils qualified to run for South Lakes at primary age. Cricket training for boys and girls continued throughout the year; sadly no fixtures were possible.

All pupils in years 3, 4 and 5 performed in a musical production *My Pudding for a Chimney Sweep* and Nursery and Reception pupils put on a fine performance of the nativity musical *The Inn-Spectors*. Two casts of year 8 pupils performed Willy Russell's *Our Day Out*. Participation in LAMDA training and examinations increased, and pupils had the opportunity to learn 14 different instruments. The choirs had a busy programme including the Kirkby Lonsdale Christmas Festival, exeat concerts and Senior School Chapel services. All pupils were involved in charity fundraising, including a whole-School sponsored walk, fancy dress days and an elf run.

During the national lockdown, all Prep School pupils received live on-line lessons. Pupils in year 3 and below were provided with an exercise programme to help coordination and improve physical literacy; pupils in year 4 to 8 were given aerobic, strength and coordination challenges. Instrumental and drama lessons were provided on-line. Weekly assemblies were uploaded to YouTube. A small number of key worker children remained in School, and the majority of children enjoyed at least a partial return to the classroom at the end of Summer Term.

The Mulberry Bush Nursery at Casterton continued to provide first class nursery care and education to children aged six months and above. Numbers varied through the year, averaging 35 per week, and where possible the Nursery children joined the Prep School in its activities, for example World Book Day. The Nursery remained closed during the first national lockdown.

There were no inspections at either School during the year.

The impact of the Covid 19 Global pandemic

After a largely normal Michaelmas Term, focus quickly turned to the threat of the Covid-19 outbreak which developed rapidly in the early months of 2020. This resulted in the UK Government imposing significant travel and transport restrictions with mandated closures, self-isolation and quarantine restrictions in March of that year. In anticipation of enforced closure of both campuses the School developed extensive contingency plans to provide the highest quality of remote learning, extra curricula activities and pastoral care whilst maximising operational cost savings.

All teaching and learning activity moved to remote learning, which required a new level of digital teaching capability for pupils to access education in the UK and across the globe. Both sites were closed for the last week of the Lent Term and the whole of the Summer Term. However, the Prep School partially opened for most of the Summer Term to provide support for key workers and vulnerable children.

In response to the closure of the campuses the School implemented a detailed operational plan which included reducing the School fees to reflect the remote teaching, and a cost reduction plan which included furloughing a large number of non-teaching positions during this period.

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Mitigating the financial impact of Covid-19

The closure of the School alongside the cancellation of both Easter and Summer courses resulted in a significant loss of income. Additional costs were incurred on reopening, implementing a comprehensive regime of bio-security measures. The School responded swiftly implementing a range of mitigating cost saving measures including:

- the utilisation of the furlough scheme
- a 10% voluntary pay cut for all staff not on furlough for four months
- frozen operational budgets
- a reduction in maintenance, repairs and renewals programme
- a staff restructuring programme

As the future remained uncertain, the School also secured and drew down a Coronavirus Business Interruption Loan (CBILs) of £1m to add to existing liquid reserves.

PUBLIC BENEFIT ACTIVITIES AND COMMUNITY SUPPORT

Hardship Fund

Financial hardship as a result of the pandemic threatened the continuity of education of a number of pupils at the School and also the Sedbergh Community. Throughout the year the School has maintained a regular and extensive ongoing programme of communication with parents offering support during this difficult period with many parents experiencing uncertainty in terms of job security and future income. In conjunction with the wider Sedbergh community and together with the Sedbergh School Foundation, a Hardship Fund was established for the benefit of pupils, parents and members of our local community.

Community support

For several years the School has provided support within the local community, including a range of community ventures led by Sedbergh School staff and pupils who give generously of their free time in many quite extraordinary ways. The School has a proud history of work in our local and wider community.

Additional initiatives were developed and implemented in response to the pandemic including a local 'meals on wheels' service, shopping and delivery for mobility impaired and clinically vulnerable people, with volunteer staff working alongside other members of the community to provide assistance to those most affected.

The community work of so many pupils was officially recognised in 2020 by winning the *Best Community Work Award* at the Boarding Schools' Association (BSA) Awards 2020. The judges were impressed with the scale of our community work, in particular our charity campaign #SedberghGivesBack – quoting our entry by saying, "The hashtag #SedberghGivesBack is more than a social media campaign but a genuine commitment to helping others".

Public benefit

The School has an excellent record of facilitating access for children from a wide range of social and financial backgrounds, including the most disadvantaged, to provide them with the opportunity to benefit from the full breadth of a Sedbergh education with appropriate bursary and scholarship assistance, provided they meet the School's minimum entry requirements.

Parents who may not normally be able to afford the full fees are supported with means tested bursary awards within the funds available from permanent endowment assets and restricted funds. Bursary awards are made on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk. In assessing means, a number of factors are taken into consideration including family income, investments and assets, together with family circumstances such as dependant relatives and the number of siblings.

This year, the School provided bursary support to 121 pupils amounting to £0.81m which equates to 4.1% of gross fee income. Governors review both the School policy and actual awards. The policy, which must fit within the framework of what the School can sensibly afford, is designed to provide the widest possible access including to those

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who fall within the definition of low income households. Means tested support is reviewed on a periodic basis to identify any significant change in financial circumstance.

The Michael Robertson Scholarship Fund, a separate charity which does not form part of the group, has continued to provide income to support bursary awards, which totalled £0.22m in 2019/20. The Governors recognise this significant contribution and express their gratitude to the Robertson family and appreciation for the work of the Trustees in generating income for the School.

In addition, the Roger Lupton Scholarship scheme, funded by the Sedbergh School Foundation, provides life changing opportunities to children whose families otherwise could not consider a school such as Sedbergh. In 2019/20 there were six Roger Lupton Scholars in the School receiving support to the value of £0.15m.

The School is committed to the provision of equal opportunities and an environment that is free of any form of discrimination. Reasonable adjustments are made to meet the needs of pupils and staff who are, or become, disabled.

STRATEGIC PLAN 2020 -2025

The School's Strategic Plan is for the period 2020-2025. The key objectives of the Plan are summarised below, together with a summary of progress during the year and future plans.

- **Employability and education for the future**

To deliver a programme of study which will equip pupils to use technology safely and creatively, and to solve problems in such a way as to enhance their employment prospects. We will also deliver new curriculum development in both Schools.

In the Prep School further investment in technology has enabled children from year 2 to year 8 to explore robotics computer language training and computer aided design with significant further investment planned in ICT.

In the Senior School, new subjects have been introduced to the curriculum including Performing Arts, Digital Media and additional BTEC options. In addition, a longer term strategic review of the curriculum has commenced which will include enhanced provision for Design & Technology, global perspectives, Engineering and Computer Science.

In the summer of 2020, 221 pupils were awarded their A level, BTEC or GCSE examinations, the largest cohort in the School's history. Sixth form results were in line with expectations, with linear A levels and BTEC assessment including examination. GCSEs produced the second best set of results in the past ten years. There were many outstanding individual achievements within these results at both GCSE, A level and BTEC.

The School continued to develop strong links with Oxbridge Colleges and other universities in order to create an outstanding programme of preparation for entry to Oxford, Cambridge and elite universities in Britain, Europe and America.

Sedbergh has also maintained its international reputation for sporting excellence, developing a broader range of sports available to pupils, combined with the provision of outstanding music and drama.

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- **Manage actively the wellbeing and mental health of pupils and staff**

To ensure there is an ethos and environment which takes the mental health of pupils and staff seriously, and in which it is managed and monitored actively with staff and pupils being developed and supported, alongside investment in the subject in the curriculum. Pupil and staff well-being will continue to be actively promoted and ill-health managed swiftly and appropriately to make the School and all its subsidiaries an attractive place to live, work and learn.

- In the year the role of the School Counsellor has become an integral part of our pastoral provision. A range of new initiatives have been implemented to raise awareness and build resilience in our pupils including mental health awareness, mindfulness, wellbeing, prevention and reporting of bullying, online safety and extensive use of confidential surveys within the pupil body.
- Safeguarding policy and practice remains at the forefront of staff and Governor inset training, with regular assessment and review at all levels of daily operations. This training includes all staff including those working within the trading subsidiaries.

Staff welfare remains paramount and work has commenced on a full review of systems and practice to support wellbeing in the workplace with the launch of the staff intranet which includes access to counselling services and a suite of confidential health and wellbeing support services.

- **Sustainability**

To review every aspect of our operations to ensure that we operate on a sustainable basis including delivering target reductions in energy consumption and carbon emissions. Pupils will be involved in a range of initiatives to deepen their understanding of climate change and other environmental issues.

Investment in energy reduction measures as part of the planned refurbishment work of the campus has commenced and we continue to closely monitor our carbon footprint. Pupils have been engaged in a range of initiatives to raise awareness and involvement in all aspects of sustainability and the environment (further details on page 14).

The School recognises our corporate and social obligations to set clear targets to reduce greenhouse gas emissions with a range of extensive measures and investment planned over the next five years. They include plans for extensive boarding house modernisation.

- **Development of land and assets**

To progress plans for a new teaching facility to support further curriculum development in design and information technology; to modernise elements of the boarding house accommodation and to develop additional sports facilities.

The recently constructed Hirst Sports Centre at the Senior School was put to full use in the year, providing the School with an additional double court sports hall and an extensive fitness and conditioning centre which is equipped with the latest technology. It was also widely used for recreational and social activities by both pupils and the local community.

Development of a future vision for an educational journey which places real emphasis on global citizenship and technology skills in the workplace has continued and will provide the basis upon which detailed plans for a new Technology Centre will be finalised. Plans for the new facility have been aligned to a new curriculum development programme and we are in the process of engaging the design team for this exciting project.

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- **Overseas schools expansion**

To support the development and academic success of Rong Qiao Sedbergh School, Fuzhou and open additional overseas schools under licensing and service agreements

Rong Qiao Sedbergh School, in Fujian Province, China opened in September 2018 with 116 pupils, world-class facilities and a strong and experienced leadership team offering a blended British curriculum and compulsory Chinese curriculum in a bilingual school. The pupil roll is now over 400 and is projected to exceed 700 pupils by September 2021. Sedbergh School International Limited continues to benefit from an outstanding investor partner in the Rong Qiao Group based in Fujian province who continue to seek further opportunities for expansion of their educational division within mainland China.

- **Non-fee based revenue generation**

To deliver our targets for non-fee based revenue streams through a range of commercial ventures undertaken by our commercial subsidiaries, Sedbergh School International Limited and Sedbergh School Developments Limited.

Whilst the pandemic prohibited the majority of the planned fee generation activity for 2020, Sedbergh School Developments Limited was able to deliver successful day courses over the summer and a series of webinars and its outreach activity continued with Schools and clubs.

Looking forward we remain positive, and we aim to:

- Be recognised as a centre of excellence in the UK and the centre of excellence in the north of England for high quality coaching courses for children, coaches, parents, clubs and prep schools;
 - Enhance established and create new partnerships with schools and clubs nationally and internationally, offering bespoke packages via an elite coaching and support team;
 - Build on the success of the International Summer School to develop a market leading and innovative product range for the overseas market;
 - Strengthen the collaborative partnership with The Magic Academy, which is a world leading provider of sports coaching, and introduce corporate development packages to forge new links with the business world;
 - Generate a sustainable and growing revenue stream for the School from overseas schools; and
 - Secure a new partner for international school expansion and opening further schools overseas.
-

- **Financial security, including fundraising**

To deliver long term financial security through effective commercial risk management, delivery of our medium term financial goals and support of our affiliated organisations including fundraising and alumni development.

The charity monitors financial progress across both Schools and its commercial subsidiaries against a detailed five year rolling financial plan to deliver our long term financial goals which include:

- generating additional liquid reserves
- funding future capital expenditure
- to strengthen our competitive position in our UK and global markets.

Financial performance against defined milestones is subject to termly review by the Executive Committee and Board of Governors.

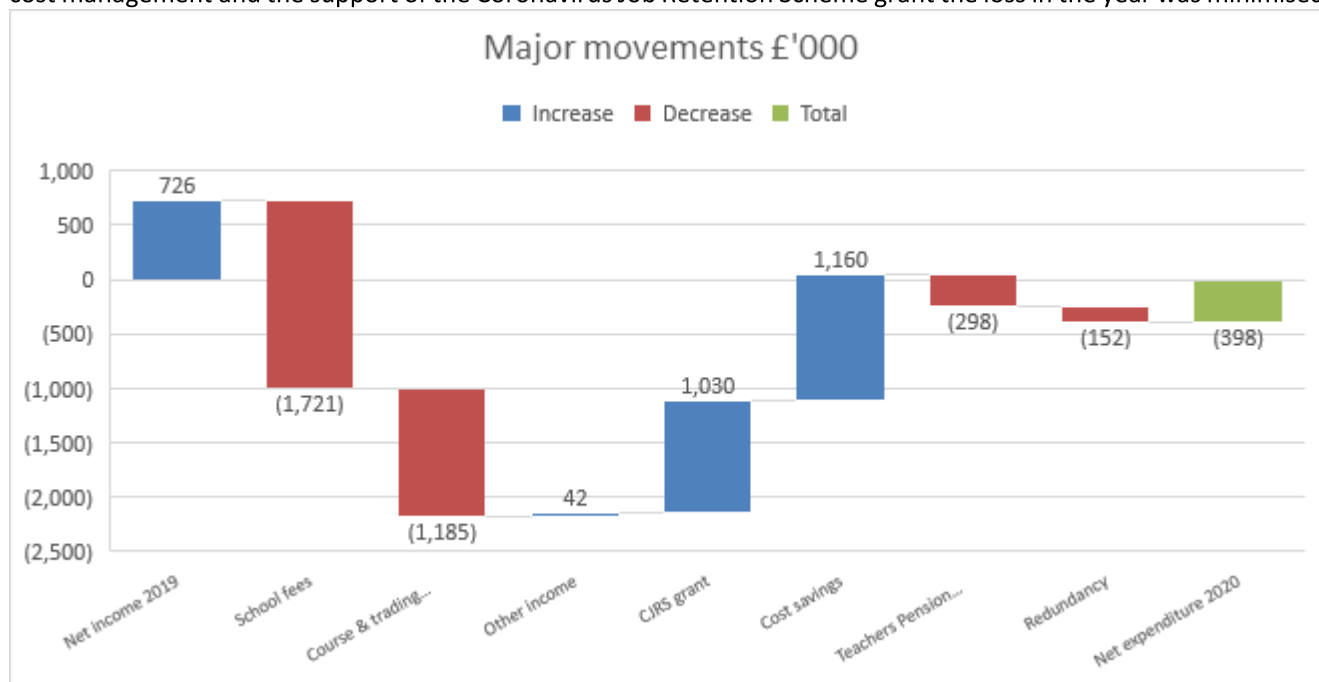
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Dynamic risk assessment measures are in place for each operational unit including the commercial subsidiaries and strategic risks are considered and reviewed by the Strategic Leadership Team on a monthly basis and by the Board of Governors on a termly basis.

Our fundraising activities are carried out through the Foundation which has continued to provide support via a pandemic Hardship Fund, the Roger Lupton Scholarship scheme and supporting ad hoc house-based projects throughout the School. Further details are set out on page 17 of this report, and page 48 of the Accounts. The School also continues to be well supported by its alumni via the Old Sedberghian Club. The Foundation has an ambitious fundraising plan to support the development of both Schools.

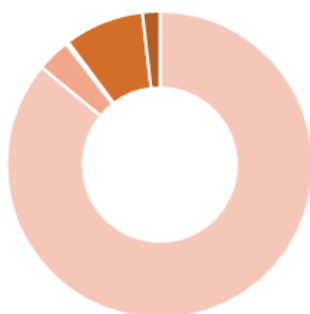
FINANCIAL REVIEW

The financial year ended 31 August 2020 was dominated by the impact of the pandemic, resulting in the closure of both School campuses and the move to remote working in the last week of the Lent Term and throughout the Summer Term, as well as the cancellation of nearly all short courses. This led to a significant loss of income but with careful cost management and the support of the Coronavirus Job Retention Scheme grant the loss in the year was minimised.



INCOME

- School fees 86%
- Trading turnover 3.5%
- Investments 0.3%
- Donations, legacies & grants 8.4%
- Other income 1.8%



Total income fell by 9% to £17.9m (£19.7m in 2018/19) resulting from the reduced fee and loss of short course income and offset by £1.03m of funding from the Coronavirus Job Retention Scheme (or furlough scheme). The fall in income was wholly attributable to the pandemic; pupil numbers (on a full time equivalent basis) across both schools remained in line with the prior year, although below pre-pandemic expectations. Successful retention of pupils during the pandemic is attributed to the support of both parent bodies, the quality of our remote learning provision and the dedication of our teaching staff.

Concessions as a percentage of gross fee income have remained at 22% (22% 2018/19) overall. The School policy on scholarship and bursary awards ensures that significant emphasis is placed upon providing means tested support.

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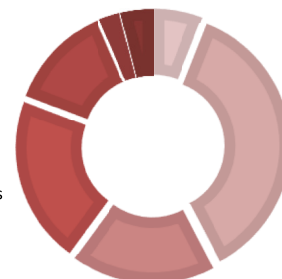
To offset the income loss a programme of cost savings was swiftly implemented:

- Operational budgets were reduced or frozen;
- The scheduled programme of capital investment was reduced;
- Staff took a voluntary pay cut for four months.

Overall, staff costs rose by 4% to £11.4m (£11.0m in 2018/19). This was due to unavoidable increased TPS contributions of £298k and redundancy costs of £152k. The voluntary pay cut offset inflationary pay increases.

EXPENDITURE

Trading and finance costs	5.9%
Teaching costs	36.4%
Boarding house, staff and medical costs	17.7%
Premises costs	20.7%
Management, admin, bad debt & provisions	12.8%
Grants, awards and prizes	2.5%
Publicity	3.9%



Key financial performance indicators

Key financial performance indicators used by the School include the following:

	<u>2019/20</u>	<u>2018/19</u>
Pupil numbers (adjusted on a full time equivalent basis)	723	724
Teaching costs as % of net fees	43.5%	37.8%
Premises and boarding costs as % of net fees	45.3%	44.4%

Non-financial key performance indicators include exam results as set out under the Achievement and Performance section of this report.

Redundancy and restructure programme

With the significant loss of income in 2020 and static pupil numbers, a redundancies and restructure programme was necessary; however this was significantly smaller than initially anticipated as pupil retention and the recruitment pipeline remained positive. The programme was completed in August 2020 at a cost of £152k and will result in an annual saving of £290k going forward.

Financial position

Net assets decreased by £0.25m to £17.73m (2018/19 £17.98m) during the year. Capital expenditure for the year was £0.7m, primarily on the ongoing refurbishments on the School land and buildings. The School will continue to invest in its infrastructure in line with its future plans.

Going concern

The Governors do not consider there to be any material uncertainty about the School's ability to continue as a going concern, as set out in the accounting policies. Having reviewed the funding facilities available to the School together with the expected future cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability. Accordingly, the School has continued to adopt the going concern basis in preparing the financial statements.

The School has net current liabilities at 31 August of 2020 of £0.9m (2019 net current liabilities: £1.65m) as a result of fees received in advance relating to future years. The funds in respect of future financial years are held in a separate bank account.

**TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)
for the year ended 31 August 2020**

POLICIES

Principal sources of funding

The principal sources of funding for the School are fees including fees received in advance, commercial income generated by the subsidiaries, and bank finance including medium term bank borrowings and a bank overdraft facility. In addition, the School receives support for bursaries and capital programmes from the Foundation and other charities and donors.

Reserves

The School policy is to invest retained surpluses to support the development of the School, while ensuring that sufficient reserves are held to meet any contingencies as they arise.

According to the Charities' SORP definition, free reserves should exclude endowment and restricted funds and funds which can only be realised by disposing of fixed assets held for School use. On this narrow basis, the School has no free reserves but the Governors are satisfied with the School's position given the unrestricted cash and unrestricted investments available, which at the end of the financial period amounted to £5.16m (2019: £4.82m) alongside the undrawn bank facilities of £2m. In addition, the School benefits from a portfolio of residential property totalling £5.6m.

The Governors continue to monitor cash, investments and reserves closely to ensure that sufficient reserves are available to meet potential threats to future income, in particular from a deterioration in the economic climate. Subject to this, it is the intention of the Board to reinvest operational surpluses generated into School improvements.

With the impact of the pandemic managed proactively, and with the receipt of the CBILs funds of £1m, the School has maintained its reserves and cash position.

Total funds of the School are £17.7m, which comprise: Endowment funds £1.7m, Restricted Funds £1.1m and General funds of £14.9m.

Investments

The School's funds under management were valued at £3.4m as at 31 August 2020. The School has an underlying investment strategy of long term capital preservation with the objective of delivering positive absolute returns with low volatility in capital values. The funds are split between the CF Ruffer Total Return Fund and short term cash deposits. The School investment policy is approved by the Governors and monitored by the Investments Sub-Committee. In accordance with this policy the funds performed adequately.

Public benefit

In setting objectives for means tested bursaries, community engagement and social inclusion, the Governors have had regard to the Charity Commission's guidance on public benefit.

Disabled persons

The School is committed to providing an environment which values and includes all pupils, staff and parents regardless of their educational, physical, sensory, social, spiritual, emotional and cultural needs. It seeks to challenge attitudes about disability and accessibility, and to develop a culture of awareness, tolerance and inclusion. The School complies with all relevant legislation relating to disabled persons.

The School's policy requires that a disabled job applicant would not be rejected for a reason which relates to his/her disability; job specifications are always used and selection criteria monitored to ensure that discrimination does not unwittingly occur; and recruitment and selection procedures are adapted where possible to ensure that they do not disadvantage disabled job applicants. The School takes steps to try to enable an employee who becomes disabled to remain in employment. In consultation with the employee, adjustments to facilitate their retention will be considered. Employees with disabilities are provided with opportunities to develop full and rewarding careers on an equivalent basis to other employees with similar skills and abilities.

**TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)
for the year ended 31 August 2020**

The Accessibility Plans for both campuses illustrate how the School plans over time to further increase accessibility for pupils, staff and visitors who have disabilities. The School aims to make reasonable adjustments to allow disabled pupils to access the education available, bearing in mind the historic nature of its buildings and widespread campuses. These Plans are reviewed every twelve months.

Risk management

The School maintains an up-to-date Strategic Risk Register which identifies the most significant risks to ongoing operations of the School and to the delivery of its strategic objectives. The register details the appropriate risk mitigation measures and is reviewed on a regular basis by the senior management team and on a termly basis by the Governors. Underneath this sits an Operational Risk Register, which is also reviewed regularly by the senior management team. Governors have also reviewed the School's insurance cover to ensure that it is adequate.

The principal risks to the School and the School's approach to mitigate the risk are as follows:

Category	Risk	Principal mitigating actions
Pandemic	Impact of infection in the School and threat to the local community Inability to provide all aspects of the Sedbergh education, including an enforced lockdown resulting in temporary closure of the School and resulting in loss of revenue Additional costs arising from the pandemic	<ul style="list-style-type: none"> – Pandemic working group established – Developed policies and procedures – Cost contingency plan actioned – Bio security measures implemented
Financial and Economic	A failure to generate sufficient cash flow to meet strategic objectives and minimum cash generation requirements	<ul style="list-style-type: none"> – Pupil fee forecasts – Cashflows and reserves policy – Marketing strategy – Monthly review of financial forecasts – Loan facility review – Capex programme review – Contingency planning
Staff	Inability to recruit and retain high calibre staff resulting in staff shortages. Loss of key staff or senior management team, due to illness or accident.	<ul style="list-style-type: none"> – Review of remuneration packages – Succession planning. – Health insurance and health checks for key staff.
Reputation	Reputational damage as a result of an adverse incident at the School or in a subsidiary.	<ul style="list-style-type: none"> – Appropriate policies, procedures and staff training – Communications plan in place.
Political	Possible political, taxation and regulatory changes (such as loss of charitable status, imposition of VAT on school fees, loss of business rate relief, levy changes, increases in Teachers' Pensions contributions, changes in overseas pupil visas).	<ul style="list-style-type: none"> – Regular review of forecasts with sensitivity analysis – Legal/financial advice – Advice from sector bodies eg ISC and ISBA – - Contingency plans.

The School subsidiaries hold their own registers of strategic and operational risks which are in a consistent format to that of the School and are reviewed by their respective boards on a regular basis.

**TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)
for the year ended 31 August 2020**

ENVIRONMENTAL AND SUSTAINABILITY

The School recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused.

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

	(kWh)	Kg CO ₂ e
Scope 1		
Gas Consumption	8,594,562	1,580,282
Transport	1,205,842	290,089
Scope 2		
Electricity Consumption	1,791,362	417,638
TOTAL	11,591,766	2,288,009

Intensity ratio Kg CO₂e per pupil	3,165
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Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric kilograms CO₂e per pupil, the recommended ratio for the sector.

Improvements in energy efficiency

We continue to work on improvements in energy efficiency, in line with the School's Strategic Plan, including:

- increased education and action on recycling and energy use in our physical and remote office environments
- reduced energy usage by better efficient products and materials – at the forefront of major repairs & renewals and capital projects including:
 - lighting upgrades to LED equivalents
 - upgrade to heating systems and reduction of all boilers by 2°C
 - insulation upgrade to properties as necessary
- continued reduction in reliance on printing
- making better use of technology to reduce travel requirements.

STATEMENT OF COMPLIANCE

The Governors have complied with their duty in regards to the matters in section 172 (1) (a)-(f) of the Companies Act 2006 ('the Act').

The Governors confirm that they have acted in the way they consider, in good faith, would be most likely to promote the success of the School and for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the School's employees;
- the need to foster the School's business relationships;
- the impact of the School's operations on the community and the environment;
- the desirability of the School maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the School.

Relationships

The School is influenced by our stakeholders, including our pupils and their families, suppliers, employees, the Government and our strategic partners. Our approach to all these parties is founded on the principle of open and honest dialogue based on a mutual understanding of needs and objectives.

**TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)
for the year ended 31 August 2020**

Relationships with parents are managed on an individual basis, through those in close contact with them through the education journey, as well as key communication forums and the interaction with staff on the school site and at events.

The School, the Governors and senior employees participate in various education sector associations and groups, which give access to supplier groups and decision-makers, Government and other regulatory bodies.

The School is a member of the Headmasters' & Headmistresses' Conference, the Independent Association of Prep Schools, the Independent Schools' Bursars' Association and the Association of Governing Bodies of Independent Schools.

Employee engagement

The School continues to place a high emphasis on mutually beneficial relationships with its employees, whom it regards as essential to the School's future success.

There is a well-established system for regular communication with staff at all levels in both Schools, including weekly departmental meetings, regular email updates, and formal and informal staff presentations, as well as a full in-service training programme and an extensive social diary. In addition, staff join weekly sessions in small groups to discuss School policies and regulations to check understanding, raise awareness and discuss any concerns or clarification required. Employees are encouraged to raise any issues or ideas for improvement they may have with their line manager or through the whistleblowing arrangements.

Staff at all levels are kept advised of the progress of the school in comparison with our strategic objectives and development plans, including matters that may be pertinent to their immediate interests. The Chairman of Governors and a staff liaison Governor both attend occasional staff meetings.

During the pandemic staff engagement and communication has been enhanced, although much of this has been done remotely.

The School puts great emphasis on providing equality of opportunity for all employees and ensure that fair selection and development procedures apply. The aim of the policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, sex, disability, marital status, colour, religion, race or ethnic origin, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. In the event of an employee becoming disabled whilst in the Schools employment, measures will be taken to ensure that they can continue in their employment as far as is practical.

POST BALANCE SHEET EVENTS

The pandemic has continued to impact the School in the period following the financial year ended 31 August 2020. As was the case in the Summer Term of 2020, and again in the latter half of Michaelmas Term and early Lent Term 2021, the remote learning provision was implemented, and fees adjusted to reflect this. Costs were reduced, staff furloughed and budgets frozen to minimise the impact on our reserves.

As we approve the financial statements the continuing impact of the pandemic, in particular on the economy, remains uncertain. We are continuing to follow the latest guidance provided by the Government, Independent Schools Council, Independent Schools' Bursars' Association and National Institute of Health Protection. Whilst we cannot be certain, we are hopeful that the Schools' main campuses will reopen for the Summer Term, although it is unlikely our Easter courses will be able to take place.

Following the recent government announcement we plan to reopen the Schools and welcome back pupils to Sedbergh and Casterton on 8 March 2021, and we plan to host limited Easter courses.

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document and constitution

Sedbergh School was endowed as a Chantry School in 1525 by Roger Lupton, Provost of Eton, and incorporated by Royal Charter of King Edward VI as a Free Grammar School in 1551. It was reconstituted under the Endowed Schools Act of October 1874. The Scheme, Provisions and subsequent amendments were repealed and reconstituted by Trust Deed in July 1956. This Trust Deed was amended during subsequent years, the last amendment being in 1980.

In 2000, the School became an incorporated charity (charity number 1080672, company number 3946280), entailing the preparation of new governing instruments and the transfer of the Charity's assets, with the exception of the Scholarship & Prize Funds which are classified as permanent endowment. These Scholarship & Prize Funds became linked charities with Sedbergh School, and are incorporated within the School accounts.

The Governing Body

The Trustees and Directors of Sedbergh School ("the Company") are the Governors of the School.

Under the Memorandum and Articles of Association, all Members of the Company are Directors of the Company and Governors of the School. The membership of the Board of Governors consists of two Ex-Officio Governors, one Representative Governor and up to fifteen Co-optive Governors.

The Representative Governor is appointed by the Council of St John's College, Cambridge. The two ex-officio members of the Board are the Lord Archbishop of York, represented by the former Archdeacon of Auckland, and Her Majesty's Lord-Lieutenant of Cumbria. The Co-optive Governors are appointed by the Board of Governors for a specific period not exceeding three years initially. One third of the Co-optive Governors retire from office at each Annual General Meeting. A Governor is eligible for re-election for up to three further terms of three years, up to the age of 70.

The Charity has one governing body for both the Senior School and the Prep School, with separate registrations with the Department for Education for each site. Details of the Governing Body are provided on page 19.

Management arrangements

The day to day running of both Schools is delegated to: the Principal, the Chief Operating Officer, the Headmaster: Sedbergh, the Headmaster: Casterton, Sedbergh Prep School and the senior management teams at the Senior and Prep Schools. The Principal and the Chief Operating Officer are responsible to the Board for the delivery of the strategic objectives set out in the strategic plan and attend the Governors' Board and relevant Sub-Committee meetings as appropriate.

The Board delegates authority through formal terms of reference to a range of committees and sub-committees including the Executive Committee, and the Audit & Compliance, Investments, Education and Nominations Sub-Committees. The commercial subsidiaries are separate limited companies who report to their own independent boards.

Arrangements for setting pay and remuneration of key management personnel

Remuneration for senior management positions is determined by the Remuneration Sub-Committee of the Executive Committee. The Sub-Committee reviews the terms and conditions of the senior office holders on an annual basis. Due consideration is given to national benchmarking reports, including periodic surveys by independent authorities such as AGBIS and Baines Cutler (an independent schools consultancy business), to ensure that their remuneration is commensurate with similar roles within the sector.

Indemnity insurance

Third party indemnity insurance was in place for the benefit of Governors during the period.

Appointment of new Governors

Members of the Governing Body are recruited by invitation to ensure that the right mix of skills, talent, expertise and experience is achieved to deliver effective governance and achievement of the strategic goals of the School. The

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

diversity of age, gender and ethnicity is also considered. A Nominations Sub-Committee meets regularly to consider new Governor appointments.

On appointment, new Governors receive induction training which takes into account their existing professional qualifications or area of expertise. An ongoing programme of Governor training is in place.

The appointment of a Chairman was overseen by a senior Governor who sought nominations from amongst Board members and consulted with each Governor and the members of the SLT. The conclusion of this process saw Richard Gledhill elected as Chairman from July 2020.

GROUP STRUCTURE AND RELATIONSHIPS

The Charity has two wholly owned subsidiaries and an associated company; in addition it has close relationships with the Old Sedberghian Club and with two other unconnected separate charities, as follows:

Subsidiaries

Sedbergh School Developments Limited

Sedbergh School Developments Limited was incorporated on 11 April 1996. Its principal activities continue to be the provision of courses and other commercial trading ventures.

Sedbergh School International Limited

Sedbergh School International Limited was incorporated on 7 October 2015 in order to facilitate the provision of educational activities outside of the United Kingdom.

Associate

Sedbergh Hotel Enterprises Limited

Sedbergh Hotel Enterprises Limited is an associated company, set up to procure, refurbish and run The Black Bull in Sedbergh. Sedbergh School Developments Limited holds 36% of the shares of Sedbergh Hotel Enterprises Limited.

Other

The Sedbergh School Foundation (the Foundation)

The Foundation is a separate charity, whose purpose is to raise funds and support current and future investment in facilities, amenities and activities undertaken by the School. There is a close relationship between the Foundation and the School, with a number of Governors sitting on the Board of the Foundation.

The Old Sedberghian Club ('OS' Club)

The OS Club is a separate society which provides the School alumni with an extensive programme of events, activities and support. The School benefits from the generosity of a thriving network of Old Sedberghians whose close support is greatly appreciated and gladly acknowledged.

The Michael Robertson Scholarship Fund

The Michael Robertson Scholarship Fund is an independent restricted fund, not part of the group, which kindly provides income on an annual basis to support bursary awards at the School.

Fundraising and the Foundation

The Foundation is an independent charity that provides financial support to the School. The Foundation made restricted grants to the School during the year totalling £0.20m providing additional scholarships and bursary support alongside several house based fundraising initiatives. The School did not carry out any direct fundraising activity on its own behalf and did not engage third party fundraisers.

As discussed in the Chairman's Statement, a Hardship Fund appeal was launched at the start of the pandemic, via the Foundation. The purposes of the Fund were to support the local community, provide fee support for pupils whose families suffered financially as a result of the pandemic, and to support staff in need. The remarkable sum of £105k was raised, all of which has been used to fulfil the purposes of the Fund.

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

As the School looks forward to the next five years, the Foundation Trustees and the Governors have developed an ambitious plan to celebrate the bicentenary of the foundation of Casterton School in 2023 which marks 200 years of the education of girls at Casterton; and the quincentenary of the foundation of Sedbergh School. Both anniversaries will be celebrated by drawing on the histories of the Schools and celebrating with alumni, pupils and parents.

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Governing body

- Chairman:
- H M Blair CPFA [retired 4 July 2020]
 - R J Gledhill, MA (Cantab), ACA *# [appointed 4 July 2020]
- Ex-Officio:
- The Lord Archbishop of York, represented by the Venerable N J W Barker MA (Oxon) #
 - Her Majesty's Lord-Lieutenant of Cumbria, Mrs C T Hensman BA (LSE)
- Representative:
- Dr E J L Waring PhD, MA (Cantab), LLM (Harvard), St John's College, Cambridge
- Co-optive:
- Mrs L Bates BA (Liverpool John Moores)*
 - A J N Bedford BA (North Carolina)
 - H M Blair CPFA [retired 4 July 2020]
 - J D Campbell OBE FRSA*
 - I W Durrans BA (Oxon), ACA*#
 - Sir Roger Gifford MA (Oxon)
 - R J Gledhill, MA (Cantab), ACA *#
 - Lt Gen Sir Andrew Gregory KBE, CB, MA (Cantab)
 - R N Papworth BA (Oxon) *#
 - M R Piercy MA (Leicester)
 - J H B Warburton-Lee

* Members of the Executive Committee at 31 August 2020

Members of the Audit and Compliance Committee as at 31 August 2020

Principal

A A P Fleck BSc (Nottingham), MA (Sussex)

Headmasters

Senior School:	D J Harrison MA (Cantab)
Prep School:	W R Newman BEd (Exeter), MA (Victoria)

Chief Operating Officer, Company Secretary and Clerk to the Governors

P S Marshall TD

Registered address

Sedbergh School
Malim Lodge
Sedbergh
LA10 5RY
www.sedberghschool.org

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

Bankers

Barclays Bank Plc
1st Floor, 3 Hardman Street
Spinningfields
Manchester M3 3HF

Investment managers

Ruffer LLP
31 Charlotte Square
Edinburgh
EH2 4ET

Auditor

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Insurance brokers

Marsh Brokers Ltd
Capital House
1 - 5 Perrymount Road
Haywards Heath RH16 3SY

Solicitors

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

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne NE1 4BF

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

The Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Governors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Haysmacintyre LLP has indicated a willingness to continue in office. A resolution to reappoint Haysmacintyre LLP as auditor will be put to the members at the AGM.

SEDBERGH SCHOOL

TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2020

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Sedbergh School for the purposes of company law and the Trustees for the purposes of Charity Law) are responsible for preparing the Trustees' and Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Sedbergh School Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the 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 charitable company will continue in business.

The Sedbergh School Governors are responsible for keeping adequate accounting records which disclose with sufficient accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report, which incorporates the Strategic Report, was approved by the Governors on 13th March 2021 and signed on their behalf by:



R J Gledhill
Chairman

SEDBERGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEDBERGH SCHOOL

Opinion

We have audited the financial statements of Sedbergh School for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities; the Group and School Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent charitable company's affairs as at 31 August 2020 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

SEDBERGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEDBERGH SCHOOL

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

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

Use of our report

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



Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 23 March 2021

SEDBERGH SCHOOL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account) for the year ended 31 August 2020

	Note	Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2020 £'000	Total 2019 £'000
Income from:						
Charitable Activities:						
- School fee income	2	15,389	-	-	15,389	17,110
- Other educational income	3	169	-	-	169	104
- Other ancillary income	3	124	-	-	124	155
Other trading activities:						
- Trading income	4	630	-	-	630	1,815
Investment income	5	34	19	-	53	46
Donations, legacies & grants	6	1,033	469	-	1,502	498
Other income:						
- Loss on sale of fixed assets		(3)	-	-	(3)	(14)
- Sundry income		34	-	-	34	18
Total Income		17,410	488	-	17,898	19,732
Expenditure on:						
Charitable Activities		16,739	473	6	17,218	17,338
Raising Funds:						
- Trading costs		896	-	-	896	1,467
- Financing costs		182	-	-	182	201
Total Expenditure	8	17,817	473	6	18,296	19,006
Net (Expenditure)/Income		(407)	15	(6)	(398)	726
Other Recognised (Losses)/Gains						
Gains on investments	9	61	34	63	158	11
Actuarial losses on defined benefit pension scheme	20	(14)	-	-	(14)	(105)
Net Movement in Funds		(360)	49	57	(254)	632
Total Funds Brought Forward		15,242	1,036	1,704	17,982	17,350
Total Funds Carried Forward	17	14,882	1,085	1,761	17,728	17,982

All activities are classed as continuing. The notes on pages 27 to 52 form part of these accounts.

SEDBERGH SCHOOL

BALANCE SHEETS At 31 August 2020

Company number: 03946280

	Note	Consolidated		School	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed Assets					
Tangible fixed assets	10	22,304	22,463	22,304	22,463
Investments	11	3,421	3,280	2,794	2,679
		<u>25,725</u>	<u>25,743</u>	<u>25,098</u>	<u>25,142</u>
Current Assets					
Stocks	12	233	304	226	297
Debtors	13	1,237	1,729	1,458	1,577
Cash at bank and in hand		3,891	3,601	3,648	3,339
		<u>5,361</u>	<u>5,634</u>	<u>5,332</u>	<u>5,213</u>
Creditors: amounts falling due within one year	14	(6,252)	(7,280)	(6,137)	(7,145)
Net Current Liabilities		<u>(891)</u>	<u>(1,646)</u>	<u>(805)</u>	<u>(1,932)</u>
Total Assets Less Current Liabilities		<u>24,834</u>	<u>24,097</u>	<u>24,293</u>	<u>23,210</u>
Creditors: amounts falling due after more than one year	15	(7,106)	(6,115)	(7,106)	(6,115)
Total Net Assets Excluding Defined Benefit Pension Scheme Asset		<u>17,728</u>	<u>17,982</u>	<u>17,187</u>	<u>17,095</u>
Defined Benefit Pension Scheme Asset	20	-	-	-	-
Total Net Assets		<u>17,728</u>	<u>17,982</u>	<u>17,187</u>	<u>17,095</u>
Funds					
Unrestricted funds					
- General reserve	18c	11,016	11,376	11,102	11,090
- Revaluation reserve	18c	3,866	3,866	3,866	3,866
- Pension reserve	18c	-	-	-	-
	18c	<u>14,882</u>	<u>15,242</u>	<u>14,968</u>	<u>14,956</u>
Endowment funds	18a	1,761	1,704	1,761	1,704
Restricted funds	18b	1,085	1,036	458	435
Total Funds		<u>17,728</u>	<u>17,982</u>	<u>17,187</u>	<u>17,095</u>

The School's net expenditure for the year was £23,000 (2019: net income £521,000) and the net movement in funds was £92,000 (2019: £433,000).

The financial statements were approved, authorised for issue and signed on behalf of the Board of Governors on 13th March 2021.



R J Gledhill
Chairman

SEDBERGH SCHOOL

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 August 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Operating Activities				
Net (costs)/income		(398)		726
Depreciation charge		873		831
Investment income		(53)		(46)
Interest paid		182		201
Investment management fee		18		28
Loss on sale of fixed assets		3		14
Defined benefit pension scheme		(14)		(50)
Decrease in stocks		71		34
Decrease/(increase) in debtors		492		(599)
(Decrease)/increase in creditors		(676)		1,265
Net cash provided by Operating Activities		<u>498</u>		<u>2,404</u>
Investing Activities				
Investment income	53		46	
Costs from sale of fixed assets	-		(14)	
Purchase of tangible fixed assets	(717)		(725)	
Proceeds from the sale of assets held for resale	-		660	
Proceeds from sale of investments	886		3,513	
Purchase of investments	(887)		(3,514)	
Net cash used in Investing Activities		<u>(665)</u>		<u>(34)</u>
Financing Activities				
Interest paid	(182)		(201)	
Receipts from loans	1,000		564	
Payments on loans	(344)		(86)	
Finance lease rentals	(17)		(26)	
Net cash provided by Financing Activities		<u>457</u>		<u>251</u>
Change in cash and cash equivalents in the period		<u>290</u>		<u>2,621</u>
Cash and cash equivalents at the beginning of the period		3,601		980
Cash and cash equivalents at the end of the period		<u>3,891</u>		<u>3,601</u>
Represented by:				
Cash at bank and in hand		<u>3,891</u>		<u>3,601</u>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS
31 August 2020

1 Accounting policies

Legal status

Sedbergh School is an incorporated (private company limited by guarantee) charity (charity no. 1080672, company no. 03946280), registered in England. The School's address is Sedbergh School, Malim Lodge, Sedbergh, LA10 5RY.

Sedbergh School was founded in 1525 and received a Royal Charter from King Edward VI in 1551. The object of Sedbergh School is to advance education by carrying on in Great Britain a school or schools at which infants, children and pupils may obtain education and instruction in academic, sporting, musical, cultural, scientific, technical, vocational, social and commercial subjects, activities and crafts of every description. Sedbergh School meets the definition of a public benefit entity under FRS 102.

Basis of accounting

The accounts are prepared under the Companies Act 2006, Charities Act 2011 and under the historical cost convention as modified by the adoption of fair value accounting for investments and the revaluation of private dwellings and property held for sale. These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities Statement of Recommended Practice ("Charities SORP (FRS 102)(second edition, effective January 2019)").

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated. The financial statements are presented in sterling which is also the functional currency of the School.

Basis of consolidation

The School's individual accounts include the linked charities Sedbergh School Prize Fund (charity no. 1080672-1), Sedbergh School Scholarship Fund (charity no. 1080672-2), Rosalie Mary Forster Bursary Fund (charity no. 1080672-3) and Casterton School Scholarship Fund (charity no. 1080672-4).

The consolidated accounts include the School, the Appeal Fund, the Education Fund, the School's trading subsidiary, Sedbergh School Developments Limited (company no. 03184583) and Sedbergh School International Limited (company no 9814021) together with the share of the results of its associate Sedbergh Hotel Enterprises Limited (company no 10598631), in which Sedbergh School Developments Limited has a 36% shareholding.

All financial statements are made up to 31 August 2020 except for Sedbergh Hotel Enterprises Limited which has a financial year end of 30 June 2020. The following accounting policies have been applied consistently in dealing with items that are considered material to the School's financial statements.

The charity has taken the exemption from presenting its unconsolidated income and expenditure account under section 408 of the Companies Act 2006.

Reduced disclosures

In accordance with FRS 102, the School has taken advantage of the exemptions from the following disclosure requirement in the individual financial statements of Sedbergh School:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures.
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

Going concern

The School has net current liabilities at 31 August of 2020 of £0.81m (2019: £1.65m) which is primarily due to fees received in advance of future financial years from parents who have taken advantage of early payment/incentive schemes £3.05m (2019: £3.91m) and included in creditors.

The COVID-19 pandemic has impacted income during 2020, in particular a reduction in boarding fees and course income due to the closure of these facilities in the Summer term and holidays. This has been mitigated by a programme of cost savings. Whilst the future results may be affected from this pandemic, the Governors have considered the current cash position and future forecasts including sensitivity analysis. Therefore, the Governors remain confident in its cash flow forecast and its ability to meet its ongoing obligations as they arise for the next twelve months from the date of approval of the financial statements. As a result, the financial statements are prepared on a going concern basis.

The Governors consider that there are no material uncertainties that could cast significant doubt on the School's ability to continue as a going concern.

Income

Income from School fees represents fees earned in respect of tuition given during the year. Fees received in respect of tuition to be given after the year end are included in creditors as fees received in advance. Fees receivable are stated after deducting allowances for scholarships and bursaries granted by the School, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Income from trading activities represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers during the period. Turnover is recognised when substantially all the risks and rewards of ownership have been transferred.

Donations received for the general purposes of the School are recognised where there is entitlement, the receipt is probable, and the amount can be measured with sufficient reliability. Donations subject to specific wishes of the donors are carried to relevant restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Other income, including investment income, is accounted for on an accruals basis.

Grant income, including income from the Coronavirus Job Retention Scheme, is recognised and accrued, in the period to which the relevant costs relate.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefit will be required in settlement and the amount of the obligation can be measured reliably. Amounts are discounted to present value for longer-term liabilities. Expenditure is summarised under functional headings on a direct costs basis.

Expenditure on raising funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Charitable activities include expenditure associated with the objects of the School and both the direct costs and support costs relating to this activity. Grants awarded are expensed as soon as they become legal or operational commitments. Management and administration costs include governance costs incurred in the governance of the School and its assets and are primarily associated with constitutional and statutory requirements.

Taxation

The School is a registered charity and therefore it is exempt from income and corporation tax on income and gains falling within chapter 3 Part 11 Corporation Tax Act 2010 or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

Taxation *(continued)*

The subsidiary undertakings, Sedbergh School Developments Limited and Sedbergh School International Limited are liable to income and corporation tax on their income and gains. Gift aid payments paid to the Charity will reduce the taxable income and gains. The subsidiaries are eligible to make gift aid payments to their holding company, the School. Details of Sedbergh School Developments Limited and Sedbergh School International Limited policies on gift aid can be found within their financial statements.

Fixed assets

The School buildings, boarding houses and land owned by the School at Sedbergh are included on the balance sheet at the historical cost.

Private dwellings ("residential properties") and property held for sale are held at valuation. All movements in value arising from a change in value of private dwellings, in excess of their original cost, are shown in the Statement of Financial Activities as revaluation gains or losses, with movements being credited/charged to the revaluation reserve. Any diminution in value below original cost is charged to the Statement of Financial Activities as an impairment. No subsequent depreciation has been charged as the estimated residual values of the properties are not materially different from their carrying values at 31 August 2020.

All other fixed assets are measured at their cost or values at the time of acquisition, net of depreciation and any impairment losses. Capital items costing less than £1,000 are written off as an expense as acquired.

Depreciation

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

School buildings	- 50 years
Fixtures and fittings	- 5 – 20 years
Computer equipment	- 3 years
All weather pitch	- 20 years
Motor vehicles	- 4 years
Leasehold improvements	- over the life of the lease

Land is not depreciated and assets under construction are only depreciated once they come into use.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the School estimates the recoverable amount of the asset.

Investments

Investments are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are shown in the Statement of Financial Activities and are allocated to the appropriate fund according to the allocation of the underlying asset.

Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the group's share of total income and equity of the associate, less any impairment. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the School has a legal obligation to make good the losses.

Investments in associates are accounted for at cost less impairment in the individual financial statements.

Stock

Stock is valued at the lower of cost (based on purchase price) and fair value.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

Pension schemes

Retirement benefits for the School's teaching staff are provided by the Teachers' Pension Scheme (TPS). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS 102, the School accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

The School contributes to a separate defined benefit scheme for non-teaching staff. This is an occupational defined benefit scheme. The defined benefit pension scheme current service costs are charged to the Statement of Financial Activities within staff costs. Net interest on the net defined benefit asset is recognised in the Statement of Financial Activities. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The School only recognises an asset in respect of a surplus on the scheme valuation to the extent that the asset is recoverable through reduced future contributions or through a reimbursement from the Scheme.

The School also contributes to a group money purchase scheme for non-teaching staff. Contributions are charged to the Statement of Financial Activities in the period in which the salaries to which they relate are payable. Defined contribution pension costs are allocated to unrestricted funds.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the School is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Fund accounting

The School has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

Unrestricted funds	Funds which are expendable at the discretion of the Governors in furtherance of the objects of the School. In addition to expenditure on the School's operations, such funds may be held in order to finance capital investment and working capital.
Restricted funds	Donations or legacies received which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the School.
Endowment funds	Funds given to the School where the income may be used in furtherance of the objects, but the capital must be retained.
Designated funds	The School may at its discretion set aside funds for specific purposes which would otherwise form part of the general reserves of the School.

Financial instruments

The School has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in full to all its financial instruments.

Trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value. Bank loans and other loans are initially recognised at their transaction value and subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Investments are initially measured at transaction price and subsequently measured at fair value through net income or expenditure.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the School substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Statement of Financial Activities so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are operating leases and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Critical accounting estimates and areas of judgement

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

The School makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pension scheme valuation assumptions

The present value of the defined benefit pension asset depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension asset. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2018 has been used by the actuary in valuing the pensions asset at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset.

The surplus on the pension scheme valuation as at 31 August 2020 has not been recognised as an asset because the Governors do not consider that it is recoverable.

Fee debtor provision

A provision for impairment of fee debtors is established when there is objective evidence that the amounts due will not be collected in line with the usual fee collections due to financial difficulty of the debtors.

Useful life of fixed assets

In making decisions regarding the depreciation of tangible fixed assets, management must estimate the useful life of said assets to the business. A change in estimate would result in a change in the depreciation charged to the Statement of Financial Activities in each year.

Residential property valuations

Residential properties are held at valuation. The Governors make informed decisions on an annual basis about property values in conjunction with the School's property advisers.

In the opinion of the Trustees there are no critical judgements involved in the preparation of the financial information.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

2	School fee income	2020	2020	2019	2019
		£'000	£'000	£'000	£'000
	Gross fees		19,695		21,998
	Bursaries		956		1,022
	Scholarships and Exhibitions		1,610		1,906
	Gross supplementary grants		2,154		2,354
			4,720		5,282
	Less : funded by:				
	Education Fund (restricted)	(4)		(7)	
	Appeal Fund (restricted)	(2)		(3)	
	Robertson Trust (restricted)	(218)		(220)	
	Scholarship and Prize Funds (restricted)	(11)		(12)	
	Sedbergh School Foundation (restricted)	(177)		(150)	
	Casterton School Scholarship Fund (restricted)	(2)		(2)	
			(414)		(394)
			4,306		4,888
	Net fees		15,389		17,110
3	Other income from charitable activities			2020	2019
				£'000	£'000
	Other educational income				
	Bookroom			33	38
	Sundry			1	-
	Fees in lieu of notice			118	54
	Surcharge interest on late fees			17	12
				169	104

Other educational income is generated by the School only and is credited to unrestricted funds.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

3	Other income from charitable activities (<i>continued</i>)	2020	2019
		£'000	£'000
	Other ancillary income		
	Rent	118	139
	Commissions	6	9
	Queens Hall	-	2
	Insurance	-	5
		<hr/>	<hr/>
		124	155
		<hr/>	<hr/>

Other ancillary income is generated by the School only and is credited to unrestricted funds.

4	Trading income	2020	2019
		£'000	£'000
	Short courses	32	989
	School uniform	232	267
	Facilities and lettings	19	103
	Royalty and service fee income	347	456
		<hr/>	<hr/>
		630	1,815
		<hr/>	<hr/>

5	Investment income	2020	2019
		£'000	£'000
	Bank interest received	20	9
	Dividends received from fixed asset investments	33	37
		<hr/>	<hr/>
		53	46
		<hr/>	<hr/>

2020 £19,000 (2019: £22,000) of investment income was credited directly to restricted funds.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

6 Income from donations, legacies and grants

	2020	2019
	£'000	£'000
Donations (unrestricted)	2	12
Donations (restricted)	74	116
Income from Sedbergh School Foundation (restricted)	177	150
Income from Robertson Trust (restricted)	218	220
Coronavirus Job Retention Scheme grant (unrestricted)	1,031	-
	<u>1,502</u>	<u>498</u>
	<u><u>1,502</u></u>	<u><u>498</u></u>

7 Expenditure

	2020	2019
	£'000	£'000
Charitable expenditure includes:		
Depreciation – owned assets	867	821
Depreciation – assets under finance leases	6	10
Operating lease cost	89	104
	<u>867</u>	<u>821</u>
	<u><u>867</u></u>	<u><u>821</u></u>

Other expenditure (exc VAT) includes:

Auditor's remuneration:		
Statutory audit of parent company and group accounts	26	26
Audit of subsidiaries where such services are provided by the group auditor	7	7
	<u>33</u>	<u>33</u>
Total audit	33	33
Other services	15	1
	<u>48</u>	<u>34</u>
	<u><u>48</u></u>	<u><u>34</u></u>

Financing costs

	2020	2019
	£'000	£'000
Interest on bank loans and overdrafts	182	200
Finance lease interest cost	-	1
	<u>182</u>	<u>201</u>
	<u><u>182</u></u>	<u><u>201</u></u>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

7 Expenditure (continued)

Staff costs	2020 £'000	2019 £'000
Wages and salaries	9,297	9,344
Social security costs	794	801
Pension costs	1,219	921
Redundancy costs	152	-
	<u>11,462</u>	<u>11,066</u>

The average number of staff employed by the School during the year:

	2020 No.		2019 No.	
	Full time	Part time	Full time	Part time
Teaching staff	107	61	109	55
Premises and grounds staff	24	4	23	4
Administration and clerical staff	30	26	32	19
Catering, boarding house and medical staff	68	134	66	130
	<u>229</u>	<u>225</u>	<u>230</u>	<u>208</u>

Neither the Governors nor persons connected with them received any remuneration or other benefits from the School or any connected organisation. Details of expenses paid to Governors are provided in note 19.

The number of employees whose emoluments, including benefits in kind, exceeded £60,000 was:

	2020 No.	2019 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	3	3
£90,000 - £100,000	1	-
£100,001 - £110,000	-	1
£120,000 - £130,000	1	1
£190,000 - £200,000	1	-
£200,001 - £210,000	-	1

Included in the above higher paid employees were 4 (2019: 5) accruing benefits under defined benefit schemes. Contributions in respect of these individuals totalled £67,543 (2019: £58,057).

Key management personnel

The School considered its key management personnel during the year to comprise the Principal, Chief Operating Officer and two headmasters, at the Senior School and the Prep School. The total employment benefits including employer pension contributions of the key management personnel were £0.65m (2019: £0.66m).

8 Analysis of expenditure

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SEDBERGH SCHOOL

NOTES TO THE ACCOUNTS (continued)

31 August 2020

8 Analysis of expenditure (continued)

	Staff costs £'000	Other £'000	Depreciation £'000	Total 2019 £'000
Charitable activities				
Teaching costs	5,907	590	-	6,497
Boarding houses, staff and medical provision	1,974	1,426	-	3,400
Premises costs	1,067	2,302	831	4,200
Management and administration	1,060	951	-	2,011
Grants, awards and prizes	-	458	-	458
Publicity	353	419	-	772
	<u>10,361</u>	<u>6,146</u>	<u>831</u>	<u>17,338</u>
Raising funds				
Trading	705	762	-	1,467
Share in net losses of associates	-	201	-	201
Interest on bank loans and overdrafts	<u>705</u>	<u>963</u>	<u>-</u>	<u>1,668</u>
	<u>11,066</u>	<u>7,109</u>	<u>831</u>	<u>19,006</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
			Governance costs (<i>included within management and administration costs</i>)	
Governors' meeting costs	-	23	-	23
Audit and accountancy	-	34	-	34
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All expenditure is charged to the unrestricted fund, with the exception of £0.44m (2019: £0.45m) of grants, awards and prizes and £37,000 (2019: £45,000) of management costs that are charged to the restricted fund and £6,000 (2019: £12,000) of management costs that are charged to endowed funds.

9 Fair value gains and losses

	2020 £'000	2019 £'000
Fair value gains and losses on financial assets:		
Gain on fixed asset investments	158	11

SEDBERGH SCHOOL

NOTES TO THE ACCOUNTS (continued)

31 August 2020

10 Tangible fixed assets

Consolidated and School	Residential property	Assets under construction	Leasehold improvements	Fixtures & fittings	Other assets	School land & buildings	All weather surfaces	Total
	£'000	£000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
As at 1 Sept 2019	5,596	31	1,052	9,731	746	14,042	604	31,802
Additions	-	112	-	317	97	191	-	717
Disposals	-	-	-	(18)	(11)	-	-	(29)
As at 31 August 2020	5,596	143	1,052	10,030	832	14,233	604	32,490
Depreciation								
At as 1 Sept 2019	-	-	87	6,090	701	1,970	491	9,339
Charge for the period	-	-	11	481	43	308	30	873
Disposals	-	-	-	(16)	(10)	-	-	(26)
As at 31 August 2020	-	-	98	6,555	734	2,278	521	10,186
Net book value								
As at 31 August 2020	5,596	143	954	3,475	98	11,955	83	22,304
As at 31 August 2019	5,596	31	965	3,641	45	12,072	113	22,463

The net book value of other assets includes £82,000 (2019: £33,000) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £6,000 (2019: £10,000). School land and buildings have been valued for insurance purposes in October 2020 at £150m (2019: £147m). In addition, the School's contents are insured at a value of £8.2m (2019: £8.2m).

Private dwellings are revalued on a regular basis, and a full Red Book RICS valuation was performed by Davis Bowring in July 2018, at open market value. The valuation of these properties was £5.6m. The Governors have considered the current market and, having consulted with external advisors, are of the opinion that there is no indication of a material change in the market value as at 31 August 2020.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

11 Investments

Consolidated	Total £'000
At market value:	
Balance at 1 Sept 2019	3,280
Additions	887
Disposal proceeds	(886)
Increase in market value	158
Management fee	(18)
	<hr/>
Balance at 31 August 2020	3,421
	<hr/> <hr/>

School	Total £'000
At market value:	
Balance at 1 Sept 2019	2,679
Additions	718
Disposals proceeds	(717)
Increase in market value	129
Management fee	(15)
	<hr/>
Balance at 31 August 2020	2,794
	<hr/> <hr/>

Subsidiary undertakings

The School controls 100% of Sedbergh School Developments Limited (company no. 03184583; with the same registered address as the School, detailed on page 19), which runs sporting and educational courses making use of the School's facilities. Its trading results and summary balance sheet, extracted from its audited accounts for the year ended 31 August 2020 were:

	2020 £'000	2019 £'000
Turnover	51	1,091
Cost of sales	(140)	(637)
	<hr/>	<hr/>
Gross profit/(loss)	(89)	454
Administration costs	(234)	(391)
	<hr/>	<hr/>
Net profit	(323)	63
	<hr/> <hr/>	<hr/> <hr/>

Trading income is credited to unrestricted funds.

	2020 £'000	2019 £'000
Total assets	78	356
Total liabilities	(324)	(278)
	<hr/>	<hr/>
Total reserves	(246)	78
	<hr/> <hr/>	<hr/> <hr/>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

11 Investments (continued)

The School also controls 100% of Sedbergh School International Limited (company no. 9814021; with the same registered address as the School, detailed on page 19) which was formed to facilitate opening of an overseas school. Its trading results and summary balance sheet, extracted from its audited accounts for the year ended 31 August 2020 were:

	2020 £'000	2019 £'000
Turnover	347	456
Cost of sales	(42)	(63)
Gross profit	<u>305</u>	<u>393</u>
Administration costs	(207)	(209)
Net profit	<u>98</u>	<u>184</u>

Trading income is credited to unrestricted funds.

	2020 £'000	2019 £'000
Total assets	201	233
Total liabilities	(41)	(50)
Total reserves	<u>160</u>	<u>183</u>

Associated Undertakings

Sedbergh School Developments Limited holds 36% of the shares of Sedbergh Hotel Enterprises Limited (company no. 10598631), set up to procure, refurbish and run The Black Bull in Sedbergh.

	2020 £'000	2019 £'000
At 1 Sept 2019	-	-
Investment during the period	-	-
Share of losses	-	-
At 31 August 2020	<u>-</u>	<u>-</u>

	Type of shares held	Proportion held (%)	Country of incorporation	Registered Office
Sedbergh Hotel Enterprises Limited	A ordinary shares	36%	UK	44 Main Street, Sedbergh, LA10 5BL

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

11 Investments (continued)

The audited results of Sedbergh Hotel Enterprises Limited for their year ended 30 June 2020 are as follows;

	2020 £'000	2019* £'000
Aggregate amount of capital and reserves	(1,132)	(918)
Loss for the period	(214)	(900)

* Updated for audited figures, previously unaudited figures were disclosed.

12 Stocks

	Consolidated		School	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Consumables	218	287	211	280
Bookroom stationery	15	17	15	17
	<u>233</u>	<u>304</u>	<u>226</u>	<u>297</u>

13 Debtors

	Consolidated		School	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Debtors for School fees and extras	560	1,378	560	1,087
Prepayments and accrued income	489	152	475	123
Other debtors	117	195	117	195
Amounts due from related undertakings	71	4	306	172
	<u>1,237</u>	<u>1,729</u>	<u>1,458</u>	<u>1,577</u>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

14 Creditors: amounts falling due within one year

	Consolidated		School	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	631	506	617	478
Accruals and deferred income	1,084	1,024	1,027	917
Parental deposits	700	1,076	700	1,076
Fees received in advance	3,053	3,907	3,053	3,907
Taxation and social security	243	221	199	221
Finance lease creditor	8	17	8	17
Other creditors	533	186	533	186
Bank loans	-	343	-	343
	<u>6,252</u>	<u>7,280</u>	<u>6,137</u>	<u>7,145</u>

Parental deposits

All new pupils joining the School must pay a deposit. This is refunded when the pupil leaves the School.

Fees received in advance

Parents may pay to the School up to the equivalent of seven years' fees in advance. Fees are apportioned over the pupil's time at the School. The money may be returned subject to specific conditions on the receipt of one term's notice.

Assuming pupils remain in the School, advance fees will be applied as follows:

	Consolidated and School	
	2020	2019
	£'000	£'000
Within 1 year	2,189	2,963
Within 1 to 2 years	449	447
Within 2 to 3 years	281	314
Greater than 3 years	134	183
	<u>3,053</u>	<u>3,907</u>

The movements during the year were as follows:

	Consolidated and School	
	2020	2019
	£'000	£'000
As at 1 Sept 2019	3,907	3,250
New Contracts	2,161	2,974
Amounts utilised in payment of fees to the School	(3,015)	(2,317)
As at 31 August 2020	<u>3,053</u>	<u>3,907</u>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

15 Creditors: amounts falling due after one year

	Consolidated and School	
	2020	2019
	£'000	£'000
Bank loans	7,098	6,099
Finance lease creditor	8	16
	<hr/>	<hr/>
	7,106	6,115
	<hr/>	<hr/>

Bank loans

During 2020 a new £1m loan facility was arranged under the Coronavirus Business Interruption Loan Scheme (CBILS) at an interest rate of 2.44% above base. The loan is repayable by way of 20 quarterly instalments of £0.05m starting in Sept 2021.

During 2018 a £6.5m loan facility was arranged at an interest rate of 2.25% plus Libor, which will be repaid by way of 15 quarterly instalments of £86,000 with a final repayment after 5 years. A capital repayment holiday has been agreed for twelve months.

The bank loans fall due as follows:

	Consolidated and School	
	Bank Loans	
	2020	2019
	£'000	£'000
Amounts falling due within 1 year (note 14)	-	343
Amounts falling due within 1 to 2 years	344	344
Amounts falling due within 2 to 5 years	6,754	5,755
	<hr/>	<hr/>
	7,098	6,442
	<hr/>	<hr/>

The bank loans, with an outstanding balance at 31 August 2020 of £7.10m (2019: £6.44m), are secured by way of legal charges over certain properties and a fixed and floating debenture over the School's assets.

The finance lease creditors of £16,000 (2019: £33,000) are secured against the assets to which they relate.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

16 Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash at bank and in hand	3,601	290	3,891
Sub-total	<u>3,601</u>	<u>290</u>	<u>3,891</u>
Loans falling due within one year	(343)	343	-
Loans falling due after more than one year	(6,099)	(999)	(7,098)
Finance lease obligations	(33)	17	(16)
Net funds/(debt)	<u>(2,874)</u>	<u>(349)</u>	<u>(3,223)</u>

17 Allocation of the charity net assets

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

As at 31 August 2020		Fixed assets	Net current assets/(liabilities)	Long term liabilities	Total
		£'000	£'000	£'000	£'000
Consolidated					
Endowment	(18a)	1,376	385	-	1,761
Restricted	(18b)	1,032	53	-	1,085
Unrestricted funds	(18c)	23,317	(1,329)	(7,106)	14,882
		<u>25,725</u>	<u>(891)</u>	<u>(7,106)</u>	<u>17,728</u>
School					
Endowment	(18a)	1,376	385	-	1,761
Restricted	(18b)	405	53	-	458
Unrestricted funds	(18c)	23,317	(1,243)	(7,106)	14,968
		<u>25,098</u>	<u>(805)</u>	<u>(7,106)</u>	<u>17,187</u>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

17 Allocation of the charity net assets (continued)

As at 31 August 2019		Fixed assets	Net current assets/(liabilities)	Long term liabilities	Total
		£'000	£'000	£'000	£'000
Consolidated					
Endowment	(18a)	1,320	384	-	1,704
Restricted	(18b)	983	53	-	1,036
Unrestricted funds	(18c)	23,440	(2,083)	(6,115)	15,242
		<u>25,743</u>	<u>(1,646)</u>	<u>(6,115)</u>	<u>17,982</u>
School					
Endowment	(18a)	1,320	384	-	1,704
Restricted	(18b)	382	53	-	435
Unrestricted funds	(18c)	23,440	(2,369)	(6,115)	14,956
		<u>25,142</u>	<u>(1,932)</u>	<u>(6,115)</u>	<u>17,095</u>

18a Endowment funds

	Balance at 1 Sept 2019	Income	Expenditure	Revaluation gains/(losses)	Balance at 31 Aug 2020
	£'000	£'000	£'000	£'000	£'000
Consolidated and School					
Collingwood and Baynes Foundation	452	-		3	455
Scholarship and Prize Fund	1,069	-	(5)	51	1,115
Casterton School Scholarship Fund	183	-	(1)	9	191
	<u>1,704</u>	<u>-</u>	<u>(6)</u>	<u>63</u>	<u>1,761</u>
	<u>1,704</u>	<u>-</u>	<u>(6)</u>	<u>63</u>	<u>1,761</u>
	Balance at	Income	Expenditure	Revaluation	Balance at
	1 Aug 2018	£'000	£'000	gains/(losses)	31 Aug
	£'000	£'000	£'000	£'000	2019
Consolidated and School					
Collingwood and Baynes Foundation	452	-	-	-	452
Scholarship and Prize Fund	1,075	-	(10)	4	1,069
Casterton School Scholarship Fund	184	-	(2)	1	183
	<u>1,711</u>	<u>-</u>	<u>(12)</u>	<u>5</u>	<u>1,704</u>
	<u>1,711</u>	<u>-</u>	<u>(12)</u>	<u>5</u>	<u>1,704</u>

The Collingwood & Baynes Foundation and the Scholarship and Prize Funds form part of the School's permanent endowment and were set up to provide scholarships and prizes to pupils attending the School.

Casterton School Scholarship Fund relates to funds transferred on the merger of Casterton and Sedbergh School. Charity Commission approval was obtained for these to be transferred from Casterton School to Sedbergh School.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

18b Restricted funds

	Balance at 1 Sept 2019 £'000	Income £'000	Expenditure £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2020 £'000
General Funds	291	468	(450)	-	309
Rosalie Mary Forster Bursary Fund	86	1	(1)	5	91
Casterton School Scholarship Fund	5	-	-	-	5
Casterton Old Girls Association Scholarship and Prize Fund	53	-	-	-	53
Casterton School Scholarship Fund	-	11	(11)	-	-
Casterton School Scholarship Fund	-	2	(2)	-	-
School Funds	435	482	(464)	5	458
Education Fund	366	4	(6)	18	382
Appeal Fund	235	2	(3)	11	245
Consolidated Funds	1,036	488	(473)	34	1,085
	Balance at 1 Aug 2018 £'000	Income £'000	Expenditure £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2019 £'000
General Funds	275	483	(467)	-	291
Rosalie Mary Forster Bursary Fund	86	1	(1)	-	86
Casterton School Scholarship Fund	5	-	-	-	5
Casterton Old Girls Association Scholarship and Prize Fund	53	-	-	-	53
Casterton School Scholarship Fund	-	12	(12)	-	-
Casterton School Scholarship Fund	-	2	(2)	-	-
School Funds	419	498	(482)	-	435
Education Fund	369	7	(10)	-	366
Appeal Fund	236	3	(5)	1	235
Consolidated Funds	1,024	508	(497)	1	1,036

The Education Fund was set up to provide funds to assist the sons of Old Sedberghians ("OSs") killed in the wars. It has since been widened to support primarily children of OSs without the means to attend Sedbergh, or indeed other pupils who are in need of financial support to attend the School.

The Appeal Fund was set up by the Governors in 1996 to fund various projects, including the raising of funds for Scholarships and Bursaries to pupils attending the School.

Casterton School restricted funds, including the Rosalie Mary Forster Bursary Fund, Casterton School Scholarship Fund and Casterton Old Girls Association, relate to funds transferred on the merger of Casterton and Sedbergh School. Charity Commission approval was obtained for these to be transferred from Casterton School to Sedbergh School. The Rosalie Mary Forster Bursary Fund remains a linked charity.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

18c Unrestricted funds

	Balance at 1 Sept 2019	Income	Expenditure	Transfers	Revaluation gains/(losses)	Other gains/(losses)	Balance at 31 Aug 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	3,866	-	-	-	-	-	3,866
Pension Reserve	-	-	2	12	-	(14)	-
General Funds	10,608	17,003	(17,041)	(6)	36	-	10,600
Bursary Fund – designated	477	5	(3)	(5)	24	-	498
Local Young People's Fund	25	3	(5)	-	1	-	24
Collingwood and Baynes Foundation	(20)	1	-	(1)	-	-	(20)
School Funds	<u>14,956</u>	<u>17,012</u>	<u>(17,047)</u>	<u>-</u>	<u>61</u>	<u>(14)</u>	<u>14,968</u>
Trading Company	286	398	(770)	-	-	-	(86)
Consolidated Funds	<u>15,242</u>	<u>17,410</u>	<u>(17,817)</u>	<u>-</u>	<u>61</u>	<u>(14)</u>	<u>14,882</u>
		=					

	Balance at 1 Aug 2018	Income	Expenditure	Transfers	Revaluation gains/(losses)	Other gains/(losses)	Balance at 31 Aug 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	3,866	-	-	-	-	-	3,866
Pension Reserve	55	2	-	48	-	(105)	-
General Funds	10,125	17,820	(17,296)	(43)	2	-	10,608
Bursary Fund – designated	480	5	(4)	(5)	1	-	477
Local Young People's Fund	26	3	(6)	-	2	-	25
Collingwood and Baynes Foundation	(20)	-	-	-	-	-	(20)
School Funds	<u>14,532</u>	<u>17,830</u>	<u>(17,306)</u>	<u>-</u>	<u>5</u>	<u>(105)</u>	<u>14,956</u>
Trading Company	83	1,548	(1,345)	-	-	-	286
Consolidated Funds	<u>14,615</u>	<u>19,378</u>	<u>(18,651)</u>	<u>-</u>	<u>5</u>	<u>(105)</u>	<u>15,242</u>
		=					

The Bursary Fund – designated, represents funds for Bursaries to pupils attending the School, not falling into the other funds.

Local Young Peoples' Fund is a fund to provide grants to local children pursuing educational goals.

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

19 Related parties

a) Transactions with Governors

The following Governors had children attending the School during the year:

	Number of children at the School
Mr J D Campbell	1
Mr J H B Warburton-Lee	2

Total expenses of £4,800 (2019: £11,000) were paid to 9 (2019: 9) Governors. These were in respect of travel and subsistence.

b) Transactions with subsidiaries and associate

Transactions with Sedbergh School Developments Limited (a 100% owned trading subsidiary of Sedbergh School) included expenditure of £0.1m (2019: £0.25m). As at 31 August 2020, Sedbergh School Developments Limited owed Sedbergh School £0.08m (2019: £0.15m). Amounts gift aided to Sedbergh School amounted to £nil (2019: £0.15m).

In addition during the year, Sedbergh School Developments Limited was in receipt of a loan from the School amounting to £0.3m of which £0.15m was drawn down as at 31 August 2020. Interest is charged on the loan at a rate of 3% and it is repayable within 5 years.

Transactions with Sedbergh School International Limited (a 100% owned trading subsidiary of Sedbergh School) included expenditure of £0.16m (2019: £0.17m). As at 31 August 2020, Sedbergh School International Limited owed Sedbergh School £0.002m (2019: £0.02m). Amounts gift aided to Sedbergh School amounted to £0.12m (2019: £0.01m).

Transactions with Sedbergh Hotel Enterprises Limited (an associate undertaking of Sedbergh School Developments Limited) included expenditure of £0.004m (2019: £nil). As at 31 August 2020 £nil (2019: £nil) was due between entities.

c) Sedbergh School Foundation

The purpose of the Foundation is to promote or improve the education given at Sedbergh School, or the facilities thereof, or the amenities thereof, or the well-being of the pupils educated there, in relation to their education either at the School or at some other place of education, after leaving the School.

The amount owed by Sedbergh School Foundation as at 31 August 2020 was £0.075m (2019: £0.002m). Grants from the Foundation amounted to £0.20m (2019: £0.29m).

The School has a lease agreement with the Foundation for the rental of Guldrey Lodge, at a current rate of £52,000 p.a. This has been charged to the Statement of Financial Activities during the year. The rent is reviewed annually in line with the specific terms of the lease agreement.

d) The Michael Robertson Scholarship Fund

Mr A A P Fleck, Principal of Sedbergh School, is a trustee of the Michael Robertson Scholarship Fund ("MRSF"), a registered charity (no. 1014388). The main objective of the Fund is to further the education of children attending Sedbergh School. MRSF had assets of £6.6m in its latest published accounts as at 31 December 2019. These are not included in the School's balance sheet.

During the year the MRSF funded bursaries totalling £0.22m (2019: £0.22m) which have been included within donations (note 6).

SEDBERGH SCHOOL

NOTES TO THE ACCOUNTS (continued)

31 August 2020

20 Pension schemes

The School's teaching staff belong to one principal pension scheme, the Teachers' Pension Scheme England and Wales ('TPS'). All full time and part time non-teaching staff are now eligible to join the Sedbergh School Money Purchase Plan.

Teachers' Pension 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.

Valuation of the Teachers' Pensions Scheme

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

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

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

Pension costs paid to TPS in the year amounted to £1.25m (2019: £1.11m), of which £0.85m (2019: £0.66m) related to employer's contributions and at the year-end £0.10m (2019 - £0.12m) was accrued in respect of contributions to this scheme.

The Group Self Invested Personal Pension (SIPP)

In May 2009, the School opened a new self-invested personal pension scheme for its non-teaching staff. Employers' contributions are currently paid at a minimum rate of 5.05% of employee's salary. Contributions by the School to the scheme totalled £0.26m (2019: £0.26m) and the balance outstanding with the scheme was £35,000 (2019: £38,000).

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

20 Pension schemes (continued)

Sedbergh School Pension Fund

The School also operates a defined benefit scheme in the UK for certain non-teaching staff. The last full actuarial valuation was carried out as at 31 August 2018. The initial results of that valuation have been projected to 31 August 2020 by a qualified independent actuary. The major assumptions used by the actuary were:

	2020	2019
	%	%
Rate of increase of pensions in payment	0.00	0.00
Discount rate	1.65	1.80
Inflation assumption RPI	3.05	3.25
Inflation assumption CPI	2.05	2.25

The mortality assumptions adopted at 31 August 2020, imply the following life expectancies:

	2020	2019
Male retiring at age 65 at year end	88.1	88.0
Female retiring at age 65 at year end	89.6	89.5
Male retiring at age 65 in 20 years	89.8	89.7
Female retiring at age 65 in 20 years	90.8	90.8

Analysis of amount debited/(credited) to the Statement of Financial Activities:

	2020	2019
	£'000	£'000
Service cost		
Net interest (credit)/expense	(2)	(2)
	<hr style="width: 100%; border: 0.5px solid black;"/> (2)	<hr style="width: 100%; border: 0.5px solid black;"/> (2)
Remeasurements of the net asset		
Return of fund assets (excluding amount included in net interest)	(11)	(58)
Actuarial losses/(gains)	9	57
Surplus on scheme not recognised	16	106
	<hr style="width: 100%; border: 0.5px solid black;"/> 14	<hr style="width: 100%; border: 0.5px solid black;"/> 105
Total defined benefit cost/ (credit)	<hr style="width: 100%; border: 0.5px solid black;"/> 12	<hr style="width: 100%; border: 0.5px solid black;"/> 103

Cumulative actuarial losses amounted to £nil at 31 August 2020 (2019: £nil).

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

20 Pension schemes (continued)

Changes in the fair value of plan assets and changes in present value of defined benefit obligation:

	2020	2020	2020
	Assets	Liabilities	Total
	£'000	£'000	£'000
Fair value of scheme assets/present value of (liabilities) at beginning of period	461	(355)	106
Contributions by employer	12	-	12
Benefits paid	(8)	8	-
Interest income/(cost)	8	(6)	2
Return on scheme assets (excluding amount included in net interest expense)	11	-	11
Actuarial (losses)/gains	-	(9)	(9)
	<hr/>	<hr/>	<hr/>
Fair value of scheme assets/present value of (liabilities) at end of period	484	(362)	122
Surplus on scheme not recognised	(122)	-	(122)
	<hr/>	<hr/>	<hr/>
	362	(362)	-
	<hr/>	<hr/>	<hr/>

Changes in the fair value of plan assets and changes in present value of defined benefit obligation:

	2019	2019	2019
	Assets	Liabilities	Total
	£'000	£'000	£'000
Fair value of scheme assets/present value of (liabilities) at beginning of period	345	(290)	55
Contributions by employer	48	-	48
Interest income/(cost)	10	(8)	2
Return on scheme assets (excluding amount included in net interest expense)	58	-	58
Actuarial (losses)/gains	-	(57)	(57)
	<hr/>	<hr/>	<hr/>
Fair value of scheme assets/present value of (liabilities) at end of period	461	(355)	106
Surplus on scheme not recognised	(106)	-	(106)
	<hr/>	<hr/>	<hr/>
	355	(355)	-
	<hr/>	<hr/>	<hr/>

The return on plan assets was:

	2020	2019
	£'000	£'000
Interest income	8	10
Return on plan assets (excluding amount included in net interest expense)	11	58
	<hr/>	<hr/>
Total return on plan assets	19	68
	<hr/>	<hr/>

SEDBERGH SCHOOL
NOTES TO THE ACCOUNTS (continued)
31 August 2020

20 Pension schemes (continued)

The fair values of assets of the scheme were:

	2020 £'000	2019 £'000
Corporates	63	68
Gilts	325	393
Current liability	(1)	-
Cash	97	-
	<hr/>	<hr/>
Total market value of assets	484	461
	<hr/> <hr/>	<hr/> <hr/>

The Fund has no investments in the School or in property occupied by the School.

Contributions of £nil are expected for the year to 31 August 2021.

21 Capital commitments

At 31 August 2020 the School had capital commitments of £24,000 (2019: £nil).

22 Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Amounts due:		
Within one year	97	95
Between one and five years	183	192
	<hr/>	<hr/>
	280	287
	<hr/> <hr/>	<hr/> <hr/>