

**SEDBERGH SCHOOL**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**

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



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

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***Founded in 1525***

# **SEDBERGH SCHOOL**

## **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 August 2021**

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# **SEDBERGH SCHOOL**

## **CHAIRMAN'S STATEMENT for the year ended 31 August 2021**

Young people have had a raw deal during the pandemic. Their education has been disrupted, and their life at school and in further education has been put on hold for extended periods. At the same time, the mental health of many young people has been impacted by social isolation and other adverse consequences of the pandemic.

Anticipating these challenges, and mitigating their consequences for our pupils at Sedbergh, has been a constant priority for my Board and for the leadership of the School. Our staff have worked tirelessly to sustain the quality and breadth of the Sedbergh education and the pastoral care and support for all our pupils, both in School and, as necessary, at home during government-mandated school closures and self isolation.

I am hugely proud of what the School, the staff and the pupils themselves have achieved in this time, in spite of the pandemic. And I am grateful too, for the immense support we have received throughout this period from parents, from the Old Sedberghian Club and our alumni, and from the wider Sedbergh School community.

An important measure of what has been achieved is the record pupil numbers in the School at the start of the new school year in September 2021. Factors that have brought new families to Sedbergh include the quality and continuity of our education and pastoral care during the pandemic, the breadth of our educational provision and extracurricular activities, and the healthy environment and lifestyle at Sedbergh. The strength of the pupil roll in both the Senior School and at the Prep School is a clear demonstration of the quality and resilience of a Sedbergh education, and of the future opportunity that this engenders for our pupils and our staff.

As a Board, we are working very closely with the executive team to ensure strategic and operational resilience to uncertainty and potential turbulence in global markets and in the UK economy. We also remain alert to both challenges and opportunities in our local market. We are committed to a more sustainable world and we accept the challenge to advance our focus on the environment in all that we do.

Technology and digital media impacts increasingly on our everyday life. We want future generations of Sedberghians to be ready for the accelerating pace of change in technology, both at home and in the workplace, and we are developing our curriculum and our facilities to sustain this ambition. At the same time we will not deviate from our primary responsibility to ensure our pupils have the necessary life skills to be successful and happy individuals, with a clear moral compass.

Outside of School, we know that life for many in Sedbergh and the surrounding area has been very difficult during the pandemic. The School has therefore sought to scale up its community outreach programme, Sedbergh Gives Back, over the last two years. A variety of projects are supported each Thursday afternoon during term time as part of the voluntary service programme, and once a year all the boarding houses undertake a full day's work for charities or local communities. The School was recognised for its community work in 2021, winning the Community Involvement Award at the In-Cumbria Business Awards.

I am delighted to have had the opportunity to visit Sedbergh more in 2021 than in the previous year, and to meet more pupils and parents, as well as School staff. One event during the year stands out in my mind. In October, we celebrated twenty years of girls at Sedbergh, and the transformation they have helped bring about, in the life of pupils and in the culture and environment of the School. It was wonderful to see so many confident and successful young women returning to the School to celebrate this anniversary and to meet old friends and many of the teachers that helped shape their young lives. I am constantly grateful to the leadership of the School at that time, for the inspired decision to admit girls.

Next year sees another important anniversary in the history of girls' education. 2023 is the two hundredth anniversary of the founding of Casterton School by the Reverend Carus Wilson, to educate the daughters of clergy. Casterton became part of Sedbergh in 2013, and its impressive campus is now the home of our Prep School. Covid permitting, we will provide opportunities for Casterton Old Girls to visit their school next year, and to celebrate this important anniversary.

## **SEDBERGH SCHOOL**

### **CHAIRMAN'S STATEMENT for the year ended 31 August 2021**

I would like to reiterate my thanks to Andrew Fleck, who retired at the end of August 2021 after eleven years at the helm of the School, initially as Headmaster and latterly as Principal. Andrew's vision and ambition for the School has shaped the Sedbergh of the twenty-first century and has underpinned our continuing progress and success, and his strategy and management capability have helped us navigate some of the greatest opportunities, and also the biggest challenges, the School has ever faced.

Through his leadership, we have seen strong progress by both Schools on academic standards, in the quality of the Common Room, in the range of extracurricular activities and in the culture and ethos of the School. But to my mind the things that best demonstrate Andrew's achievements at Sedbergh are that, at the end of his tenure, we have a School full of happy, confident young people who are a credit to the School, and a first rate Common Room, full of great teachers who love Sedbergh.

Dan Harrison has taken over the leadership of the whole School, as Headmaster of Sedbergh School. I have worked closely with Dan since my appointment as Chairman, and I am delighted to have such an able and experienced Headmaster to lead the School.

Finally, I would like to pay tribute to Sir Roger Gifford, Old Sedberghian and Governor of Sedbergh School, who sadly died last year. Roger's wise counsel and his friendship is greatly missed by all of us.

I firmly intend to spend more time in Sedbergh in the coming year. I look forward to the opportunity to meet more pupils and their families, and to thank in person the staff of the School for all the great work that they do.

Richard Gledhill  
Chairman  
Sedbergh School

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

The Board of Governors of Sedbergh School presents its Annual Report and Consolidated Financial Statements for the year ended 31 August 2021 and confirm that they comply with the requirements of the Companies Act 2006, the Charities Act 2011 and the Charities SORP (FRS102) – Second Edition.

#### **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 Mulberry Bush nursery ('The Mulberry Bush') are located nine miles away in the village of Casterton. The two schools and the nursery (together 'the School') provide 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; and
6. Attract pupils from a wide range of social and financial backgrounds.

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

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

The academic year was significantly affected by the Covid-19 pandemic, with the closure of school premises across the United Kingdom in January 2021 for almost all of the Lent Term. Nonetheless the School sustained continuity of educational provision and extra-curricular activities throughout the year and achieved excellent results in A levels, BTECs and GCSEs, in the context of previous years and given that the School is non-selective.

##### **Senior School**

The Senior School began the year with 531 pupils (2020: 554) and finished the year with 547 pupils. The small decline in pupil numbers relative to the prior year was primarily due to the pandemic. Recruitment activity continued through the year, with record numbers confirmed for Michaelmas Term 2021, buoyed by the School's performance during the pandemic.

A level and GCSE results were based on teacher assessed grades, that were produced over the Summer Term following a rigorous process of assessment. After the grades had been submitted to the examination boards both the grades and assessment evidence were externally verified by the boards.

Sedbergh's 105 A level and BTEC candidates achieved excellent results overall, with a 100% pass rate across all subjects in year 13. Impressively, 50.0% of pupils achieved A\*-A or Di\*-Di grades (2020: 45.8%), and 90.0% of all results were A\*-C or Di\*-M (2020: 92.6%). On the basis of these results, 90 pupils gained 2021 entry to their firm or insurance choice of university, with a further six entering via clearing. The value-added score per pupil averaged +0.82 (2020: +0.72).

115 year 11 pupils sat GCSEs and also achieved outstanding results: 59% of grades were 9-7 (2020: 49%), with 97% of grade 4 or above (2020: 95%). On average each pupil achieved 9.1 passes at grade 4 or above, and 16 pupils achieved an average of 8.5 or higher per subject. This set of results showed an average value-added score of +1.21 (2020: +0.78).

The School has prioritised the continuity, quality and breadth of our educational provision during the pandemic. When school closures were mandated by the Government in early January, we were able to switch immediately to a comprehensive programme of remote learning, building on the success of our remote learning in the previous summer. A combination of 'Daily Briefing' emails and regular, on-line meetings with tutors and Housemasters and Housemistresses helped to keep the pupils engaged and to ensure the quality of our remote education and pastoral care. We received excellent feedback from both pupils and parents during this challenging period.

The Summer Term saw a return to competitive sport, including a number of sports normally undertaken in the Michaelmas and Lent Terms. This included competitive rugby at all levels, with fixtures against other schools, and the Wilson Run which took place in June, albeit as a closed event with only pupils in attendance. A full Sports Day was held in early July with tug o' war and Westmorland & Cumberland wrestling included in the programme.

Musical activity was very limited during the periods of remote learning, due to government restrictions surrounding choirs and ensembles; however individual instrumental lessons continued on-line. In the second half of the Summer Term the Chapel Choir led worship in weekly Chapel services, and the Wilson Run concert was held outside, at the Cloisters, on the day of the race.

##### **Preparatory School**

The Prep School began the year with a roll of 169 pupils (2020: 178), including 51 new pupils. Again, these numbers were encouraging during a time of economic difficulty for many.

Like the Senior School, continuity of high quality educational provision has been a priority for the Prep School. During the national lockdown in Lent Term 2021, all pupils received live on-line lessons, with a small cohort of key workers'

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

children attending in-person lessons in the School. The weekly programme was amended to devote greater time to numeracy and literacy, and three 'drop down days' were provided full of activities away from the screen.

Restrictions as a result of Covid-19 affected school sport throughout the year, with no fixtures taking place until Summer Term 2021. Meanwhile the School focussed on developing pupils' skills, through games lessons and in-School clubs for running, netball, swimming, cricket and tennis. Riding lessons continued to be popular. In the Summer Term, there was a return to training and sporting endeavours including athletics, cricket and rounders.

The pandemic meant that there were no live musical or dramatic performances in the Michaelmas or Lent Terms, but innovative alternatives enabled music and drama to continue in the Prep School. Video recordings were made of the pre-prep nativity performance and a production of *Jack & The Bean Stalk* by years 3-5, and other concerts made up of recordings of individual performance by pupils were streamed. LAMDA training and examinations continued with almost 50 participants, and 75 one-to-one music lessons took place each week.

#### **The Mulberry Bush**

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 50 per week. The Nursery remained open for the children of key workers during the second national lockdown.

#### **Inspections**

There were no inspections at either School during the year.

#### **Mitigating the financial impact of Covid-19**

The Board approved significant fee reductions for all pupils and in particular for boarders when the School was closed and remote learning was necessary, resulting in a significant loss of income.

In parallel, a programme of cost savings was implemented, taking into consideration the anticipated reopening of the campuses and the need to ensure operational capability was maintained. Operational budgets were reviewed, reduced or frozen, making considerable savings in the financial year. The School also benefited from the Government's Coronavirus Job Retention Scheme. Non-urgent capital projects were deferred where appropriate.

### **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, with many parents experiencing financial challenges. Throughout the year the School has maintained a programme of communication with parents during this difficult period, and has continued to offer support to a number of families directly and through The Hardship Fund launched in the previous year. This fund has distributed £90,000 to a number of families over the last two years. Again, we are very grateful to parents, Old Sedberghians and others who gave so generously to this fund.

#### **Community support**

For several years the School and its staff and pupils have supported a range of community initiatives in Sedbergh, most recently through the Sedbergh Gives Back programme. These include supporting a local community 'meals on wheels' service and a shopping and delivery service for mobility impaired and clinically vulnerable people. Allied with the weekly voluntary service programme and the annual house community service day forming the backbone of the outreach programme.

The community work of so many pupils was officially recognised in 2021, when the School won the Community Involvement Award at the In-Cumbria Business Awards.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

#### **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 meet the relevant criteria are supported with means tested bursary awards within the funds available. 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, as the School seeks to ensure opportunities are given to pupils across the full spectrum of affordability and social background. Means tested support is reviewed on a periodic basis to identify any significant change in financial circumstance.

Governors review both 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 who fall within the definition of low income households.

The Michael Robertson Scholarship Fund, a separate charity which does not form part of the School group, has continued to provide income to support bursary awards, which totalled £0.14m in 2020/21. 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 fully funded opportunities to children whose families otherwise could not consider a school such as Sedbergh. In 2020/21 there were five Roger Lupton Scholars in the School receiving support to the value of £0.12m.

Including Michael Robertson and Roger Lupton Scholarships, this year the School provided bursary support to 148 pupils amounting to £1.02m which equates to 5.3% of gross fee income.

The School has established a scholarship scheme to provide free places to two pupils from the local state school, which has no sixth form, to attend Sedbergh for years 12 and 13; the first pupils under this scheme entered the School in Michaelmas Term 2021.

#### **Equal opportunity**

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.

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- **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.

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021

In the Senior School, new subjects have been introduced to the curriculum including Computer Science. A longer term strategic review of the curriculum has proposed developments in Design & Technology, Global Perspectives, Engineering and Information Technology and Computer Science, in parallel with planned developments in the School's facilities.

In the summer of 2021, 220 pupils were awarded their A level, BTEC or GCSE qualifications. Sixth form results were in line with expectations. The School's GCSE results were the best in recent history. There were many outstanding individual achievements within these GCSE, A level and BTEC results.

The School has strong links with Oxbridge Colleges and other universities and has an outstanding programme of preparation for entry to Oxford, Cambridge and other 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 developing the teaching of PSHE and RSE by tutors. Pupil and staff well-being will continue to be actively promoted and ill-health managed swiftly and appropriately to make the School an attractive place to live, work and learn.**

A range of initiatives has been employed 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.

The School Counsellor continues to be an integral part of the School's pastoral provision.

Throughout periods of lockdown the Senior School engaged with pupils using the Daily Briefing emails, providing a variety of extra-curricular offerings, coupled with regular meetings with Tutors and Housemasters/Housemistresses. Lessons were delivered via Microsoft Teams with a shorter School day providing time in the afternoons for exercise and Daily Challenges away from the computer screen. Regular surveys of pupil well-being were undertaken and action taken as appropriate where concerns were raised. Similar surveys were undertaken at the Prep School in addition to twice-daily tutor meetings.

Safeguarding policy and practice remains at the forefront of staff and Governor 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; the staff intranet includes access to counselling services and a suite of confidential health and wellbeing support services.

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- **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.**

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021

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 also been engaged in a range of initiatives to raise awareness and involvement in all aspects of sustainability and the environment.

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.

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- **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.**

Plans are well advanced for a new Technology Centre aligned to the new curriculum development programme, with a full planning submission expected in the Summer of 2022.

A planning application has been submitted to provide additional all weather sports pitches in recognition of the importance of hockey as a major sport and to provide additional capacity for a range of general sports.

Work to refurbish boarding houses and School buildings on the Sedbergh campus is being planned, which will incorporate energy saving measures.

Improvements to the sports hall and music facilities on the Prep School campus are also under consideration.

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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 567 and is projected to exceed 700 pupils by September 2022. Sedbergh School International Limited continues to benefit from an outstanding investor partner in the Rong Qiao Group based in Fujian province. The Rong Qiao Group plans to seek further opportunities for expansion of their educational division within mainland China in future years.

Sedbergh School International Limited continues to explore opportunities for further schools abroad as it seeks additional investor partners and local operators to provide a unique Sedbergh education around the world.

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- **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 some of the planned fee generation activity for 2021, Sedbergh School Developments Limited was able to successfully deliver a full programme of residential courses over the summer, as well as webinars and outreach activity with schools and clubs.

**TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT)  
for the year ended 31 August 2021**

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- **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
- strengthening 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.

Dynamic risk assessment measures are in place for each operational unit including the commercial subsidiaries, and strategic risks are considered and reviewed by the Senior 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 the pandemic Hardship Fund, the Roger Lupton Scholarship scheme and ad hoc house-based projects throughout the School. The Foundation has an ambitious fundraising plan to support the development of both Schools as part of the quincentenary celebrations in 2025.

The School also continues to be well supported by its alumni via the Old Sedberghian Club.

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## **FINANCIAL REVIEW**

The financial year ended 31 August 2021 was, for the second year, dominated by the impact of the pandemic, resulting in the closure of the Senior School for a period of two weeks in the Michaelmas Term and both the Senior School and Prep School for seven weeks of the Lent Term. The physical closure of the School necessitated the provision of remote learning and the associated reduction in fees resulted in a second year of losses to charitable activity income.

The increase in school fee income of £0.25m reflected a reduced level of concessions. The loss of fee income was offset in part by a grant under the Coronavirus Job Retention Scheme amounting to £0.50m (2020: £1.03m), significantly lower than in the previous year due to the reduced period of furlough and number of staff involved.

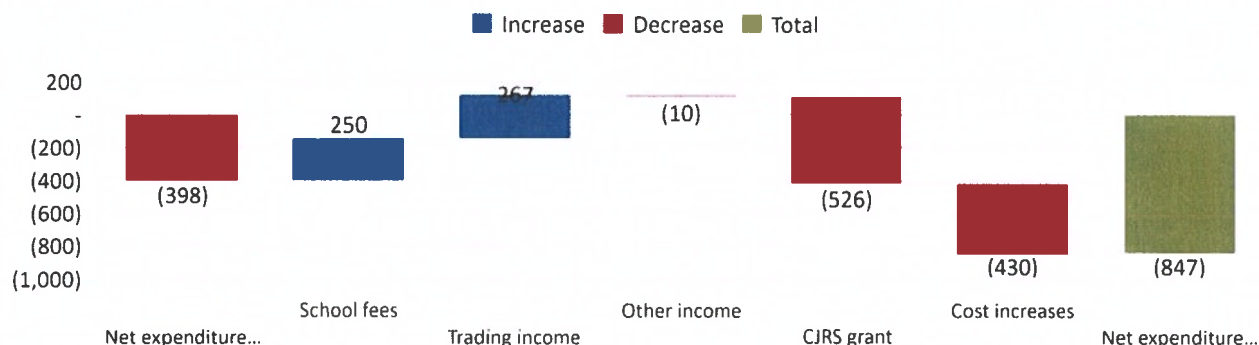
Operating costs were reduced where possible, although the long-term prosperity of the School was balanced against the need for short term cuts. In particular, the School needed to prepare for a significant increase in projected pupil numbers in the Michaelmas Term. These factors, together with inflationary pressures, resulted in increases in operating costs totalling £0.43m.

Trading income improved on the prior year by £0.27m predominately due to the increased number of short courses running; however the Tens tournament and the International Summer Schools programme were cancelled for the second year due to the pandemic.

## SEDBERGH SCHOOL

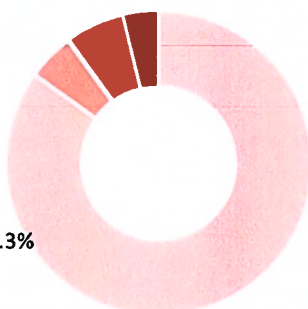
### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021

#### Major movement to income and costs compared with prior year £'000



#### INCOME

- School fees 85%
- Trading turnover 5%
- Investments 0.2%
- Donations & legacies 6.3%
- Other income 3.6%



#### Income

Total income remained in line with the prior year at £17.9m, reflecting similar levels of fee reductions as a result of the School closure and the shift to remote learning.

Pupil numbers (on a full time equivalent basis) across both Schools fell by 2% primarily due to the pandemic; however Nursery pupils increased. 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 reduced by 1.2% to 23.3% (2020: 24.5%) overall, notwithstanding the increased level of means tested support.

Short course income recovered in part due to the provision of more courses, but the International Summer School did not take place.

The Coronavirus Job Retention Scheme provided £0.5m of income compared with £1.03m in the prior year.

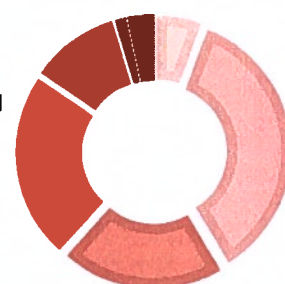
#### Expenditure

Total expenditure increased by 2.3% to £18.7m (2020: £18.3m). Strong cost control measures were in place during the year, and the School was able to respond swiftly when the Government mandated school closures, with operational budgets frozen or reduced.

Boarding house costs increased to 20% of the total cost base (2020: 18%) due to additional Covid-19 measures, including the provision of quarantine houses to enable overseas pupils to return to School and comply with the Government rules, and also due to increased food costs.

#### EXPENDITURE

- Trading and finance costs 6%
- Teaching costs 36%
- Boarding house, staff and medical costs 20%
- Premises costs 23%
- Management and administration 11%
- Grants, awards and prizes 1%
- Publicity 3%



Staff costs remained in line with the prior year at £11.5m (2020: £11.5m). Savings from the prior year redundancy programme were offset by the annual pay award.

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021

#### Key financial performance indicators

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

	<u>2020/21</u>	<u>2019/20</u>
Pupil numbers (adjusted on a full time equivalent basis)	710	723
Teaching staff costs as % of net fees	41.0%	41.2%
Premises and boarding costs as % of net fees	52.9%	46.7%

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

#### Financial position

Operating activities generated £0.09m of cash, reflecting the significant loss of income due to the pandemic together with increased costs.

Nevertheless the School continued to invest. Capital expenditure was £1.04m including the conversion of an existing building to provide a new sixth form centre, the creation of additional boarding capacity and significant upgrades to the lighting in the School Chapel, partly funded by generous donations from the Foundation. In addition £1m of cash was invested in short term deposits which can be easily converted back to cash.

The School benefited from a capital repayment holiday on its loan amounting to £0.3m.

The overall cash position therefore reduced by £2.09m.

Net assets decreased by £0.62m to £17.11m (2020: £17.73m).

#### 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.

Net current liabilities increased to £3.35m (2020: £0.89m) primarily as a result of increased fees received in advance relating to future years, the conversion of £1m of cash to fixed asset investments and the impact of the pandemic on operating cash flow.

## POLICIES

#### Principal sources of funding

The principal sources of funding for the School are fees, 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

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

investments available, which at the end of the financial period amounted to £4.19m (2020: £5.16m) alongside the overdraft facility 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.

Total funds of the School are £17.1m (2020: £17.7m), which comprise: endowment funds £1.8m (2020: £1.8m), restricted funds £0.8m (2020: £1.1m) and general funds of £14.4m (2020: £14.9m).

#### **Investments**

The School's funds under management were valued at £4.6m as at 31 August 2021 (2020: £3.4m). 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. The funds' performance was consistent with this policy.

#### **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 disabled job applicants would not be rejected for a reason which relates to their disability; job specifications are always used and selection criteria monitored to ensure that discrimination does not 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.

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:

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021

Category	Risk	Principal mitigating actions
<b>Pandemic</b>	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"> <li>– Pandemic working group</li> <li>– Review of policies and procedures</li> <li>– Remote learning plans and staff training</li> <li>– Cost contingency plans</li> <li>– Bio security measures</li> </ul>
<b>Financial and Economic</b>	A failure to generate sufficient cash flow to meet strategic objectives and minimum cash generation requirements.	<ul style="list-style-type: none"> <li>– Pupil fee forecasts</li> <li>– Cashflows and reserves policy</li> <li>– Marketing strategy</li> <li>– Monthly review of financial forecasts</li> <li>– Loan facility review</li> <li>– Capex programme review</li> <li>– Contingency planning</li> </ul>
<b>Staff</b>	Inability to recruit and retain high calibre teaching and operational staff, resulting in staff shortages.  Loss of key staff or senior management team, due to illness or accident.	<ul style="list-style-type: none"> <li>– Review of remuneration packages</li> <li>– Succession planning</li> <li>– Health insurance and health checks for key staff</li> </ul>
<b>Reputation</b>	Reputational damage as a result of an adverse incident at the School or in a subsidiary.	<ul style="list-style-type: none"> <li>– Appropriate policies, procedures and staff training</li> <li>– Communications plan in place</li> </ul>
<b>Political</b>	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"> <li>– Regular review of forecasts with sensitivity analysis</li> <li>– Legal/financial advice</li> <li>– Advice from sector bodies eg ISC and ISBA</li> <li>– Contingency plans</li> </ul>

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.

#### 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.

The School has followed the 2019 HM Government Environmental Reporting Guidelines. In addition, the School used the GHG Reporting Protocol – Corporate Standard and the 2020 UK Government's Conversion Factors for Company Reporting.

# SEDBERGH SCHOOL

## TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021

	2021		2020 restated*	
	kWh	Metric tonnes CO <sub>2</sub> e	kWh	Metric tonnes CO <sub>2</sub> e
<b>Scope 1</b>				
Gas Consumption	8,558,419	1,564,650	8,108,280	1,490,869
Transport	256,240	63,807	196,985	36,798
<b>Scope 2</b>				
Electricity Consumption	1,817,333	385,874	1,716,512	400,188
<b>TOTAL</b>	<b>10,631,992</b>	<b>2,014,331</b>	<b>10,021,778</b>	<b>1,927,856</b>
<b>Intensity ratio CO<sub>2</sub>e per pupil</b>		<b>2,837</b>		<b>2,666</b>

\*2020 figures have been recalculated following a review of the available records.

Whilst the School has progressive plans for reduction in consumption and emissions, gas consumption in particular increased due to factors associated with the pandemic.

### Intensity measurement

All figures have been quoted in terms of carbon dioxide equivalent which signifies the amount of CO<sub>2</sub> which would have the equivalent global warming impact. CO<sub>2</sub>e per pupil is the recommended metric for the sector.

### Improvements in energy efficiency

During the year improvements included: the full replacement of the windows of one building to uPVC double-glazed with significant reduced heat loss; and renewal of the central heating and hot water boiler system in a boarding house.

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;
- insulation upgrade to properties as necessary including extensive investment in double glazing in older buildings;
- appraisal of renewable energy options and our future purchasing strategy;
- reduced energy usage by using more efficient products and materials when undergoing major repairs & renewals and capital projects including:
  - lighting upgrades to LED equivalents
  - upgrade to heating systems

### STATEMENT OF COMPLIANCE

The Governors have complied with their duty in regard 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 had 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.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

#### **Relationships**

The School is influenced by our stakeholders, including our pupils and their families, employees, suppliers, 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.

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 interaction with staff on the School site and at events. During the pandemic, the School has implemented a range of additional and innovative virtual communications, to compensate for reduced in-person contact.

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. 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 ensuring that fair selection and development procedures apply. The aim of policies in this area 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**

There have been no material post balance sheet events.

#### **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.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

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 18.

#### **Management arrangements**

During the year, the day-to-day running of both Schools was delegated to: the Principal, the Chief Operating Officer, the Senior School Headmaster, the Prep School Headmaster and the senior management teams at the Senior and Prep Schools. The Principal and the Chief Operating Officer were responsible to the Board for the delivery of the strategic objectives set out in the strategic plan and attend the Governors' Board and relevant Committee and 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, Education and Nominations & Remuneration Committees and Audit & Compliance and Investments Sub-Committees. The commercial subsidiaries are separate limited companies who report to their own independent boards.

The Principal retired on the 31 August 2021. With effect from 1 September 2021, the day-to-day running of both Schools is delegated to: the Headmaster, the Chief Operating Officer, the Prep School Headmaster and the senior management teams at the Senior and Prep Schools.

#### **Arrangements for setting pay and remuneration of key management personnel**

Remuneration for senior management positions is determined by the Nominations & Remuneration Committee. The 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 diversity of age, gender and ethnicity is also considered. The Nominations & Remuneration Committee meets regularly to consider new Governor appointments.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

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.

#### **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 issued share capital 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 £0.4m providing additional scholarships and bursary support alongside several house based fundraising initiatives and two significant capital projects. The School did not carry out any direct fundraising activity on its own behalf and did not engage third party fundraisers.

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 in 2025. 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 2021**

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Governing body**

- Chairman: - R J Gledhill, MA (Cantab), ACA \*#
- Ex-Officio: - The Lord Archbishop of York, represented by the Venerable N J W Barker MA (Oxon) # [to 31 August 2021]  
- The Lord Archbishop of York, represented by Revd M D Ineson MA, BA (Bristol), BEng (Birm) [from 1 September 2021]  
- 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: - The Venerable N J W Barker MA (Oxon) [from 1 September 2021]  
- Mrs L Bates BA (Liverpool John Moores)\*  
- A J N Bedford BA (North Carolina)  
- R R Biggs MA (Oxon), BSc (Cape Town) [from 1 September 2021]  
- J D Campbell OBE FRSA\*  
- T J Davies BSc (Newcastle) [from 1 September 2021]  
- I W Durrans BA (Oxon), ACA\*#  
- Lt Gen Sir Andrew Gregory KBE, CB, DL, 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 2021

# Members of the Audit and Compliance Committee as at 31 August 2021

Sir Roger Gifford was a Governor until his death on 25 May 2021.

##### **Principal**

A A P Fleck BSc (Nottingham), MA (Sussex) retired 31 August 2021

##### **Headmasters**

Senior School: D J Harrison MA (Cantab)

Prep School: W R Newman BEd (Exeter), MA (Victoria)

With effect from 1 September 2021, D J Harrison became Headmaster of the School as a whole.

##### **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](http://www.sedberghschool.org)

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2021**

#### **Bankers**

Barclays Bank Plc  
1<sup>st</sup> Floor, 3 Hardman Street  
Spinningfields  
Manchester M3 3HF

#### **Auditor**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

#### **Solicitors**

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

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

#### **Investment managers**

Ruffer LLP  
31 Charlotte Square  
Edinburgh  
EH2 4ET

#### **Insurance brokers**

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

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

#### **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 2021**

#### **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:

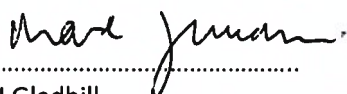
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the applicable UK Accounting Standards have been followed, subject to 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 12 March 2022 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 2021 which comprise the Consolidated Statement of Financial Activities; the Consolidated 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 2021 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.

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chairman's Statement. 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.

# SEDBERGH SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEDBERGH SCHOOL

### 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.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 20, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to independent school regulations, safeguarding regulations, health and safety requirements, GDPR, employment law, company law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006, Charities Act 2011 and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition and management override of controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year end; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

## SEDBERGH SCHOOL

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEDBERGH SCHOOL

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

#### 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  
Date: 5.5.22

10 Queen Street Place  
London  
EC4R 1AG

# SEDBERGH SCHOOL

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 August 2021

	Note	Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2021 £'000	Total 2020 £'000
<b>Income from:</b>						
Charitable activities:						
- School fee income	2	15,178	-	-	15,178	14,928
- Other educational income	3	443	-	-	443	612
- Other ancillary income	3	175	-	-	175	142
Other trading activities:						
- Trading income	4	897	-	-	897	630
Investment income	5	16	17	-	33	53
Donations, legacies & grants	6	504	616	-	1,120	1,502
Other income:						
- Profit/(loss) on sale of fixed assets		3	-	-	3	(3)
- Sundry income		30	-	-	30	34
<b>Total Income</b>		<b>17,246</b>	<b>633</b>	<b>-</b>	<b>17,879</b>	<b>17,898</b>
<b>Expenditure on:</b>						
Charitable activities		17,282	358	9	17,649	17,218
Raising funds:						
- Trading costs		906	-	-	906	896
- Financing costs		141	30	-	171	182
<b>Total Expenditure</b>	<b>8</b>	<b>18,329</b>	<b>388</b>	<b>9</b>	<b>18,726</b>	<b>18,296</b>
<b>Net (Expenditure)/Income</b>		<b>(1,083)</b>	<b>245</b>	<b>(9)</b>	<b>(847)</b>	<b>(398)</b>
<b>Transfer between funds</b>		<b>559</b>	<b>(559)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Recognised Gains/(Losses)</b>						
Gains on investments	9	91	49	94	234	158
Actuarial losses on defined benefit pension scheme	20	(2)	-	-	(2)	(14)
<b>Net Movement in Funds</b>		<b>(435)</b>	<b>(265)</b>	<b>85</b>	<b>(615)</b>	<b>(254)</b>
<b>Total Funds Brought Forward</b>		<b>14,882</b>	<b>1,085</b>	<b>1,761</b>	<b>17,728</b>	<b>17,982</b>
<b>Total Funds Carried Forward</b>	<b>17</b>	<b>14,447</b>	<b>820</b>	<b>1,846</b>	<b>17,113</b>	<b>17,728</b>

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

# SEDBERGH SCHOOL

## BALANCE SHEETS

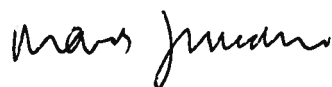
At 31 August 2021

Company number: 03946280

		Consolidated		School	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	10	22,359	22,304	22,359	22,304
Investments	11	4,633	3,421	3,967	2,794
		<u>26,992</u>	<u>25,725</u>	<u>26,326</u>	<u>25,098</u>
<b>Current Assets</b>					
Stocks	12	141	233	134	226
Debtors	13	1,218	1,237	1,484	1,458
Cash at bank and in hand		1,804	3,891	1,618	3,648
		<u>3,163</u>	<u>5,361</u>	<u>3,236</u>	<u>5,332</u>
<b>Creditors: amounts falling due within one year</b>	14	(6,508)	(6,252)	(6,451)	(6,137)
<b>Net Current Liabilities</b>		<u>(3,345)</u>	<u>(891)</u>	<u>(3,215)</u>	<u>(805)</u>
<b>Total Assets Less Current Liabilities</b>		<u>23,647</u>	<u>24,834</u>	<u>23,111</u>	<u>24,293</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(6,534)	(7,106)	(6,534)	(7,106)
<b>Total Net Assets Excluding Defined Benefit Pension Scheme Asset</b>		<u>17,113</u>	<u>17,728</u>	<u>16,577</u>	<u>17,187</u>
Defined Benefit Pension Scheme Liability	20	-	-	-	-
<b>Total Net Assets</b>		<u><u>17,113</u></u>	<u><u>17,728</u></u>	<u><u>16,577</u></u>	<u><u>17,187</u></u>
<b>Funds</b>					
Unrestricted funds					
- General reserve	18c	10,581	11,016	10,711	11,102
- Revaluation reserve	18c	3,866	3,866	3,866	3,866
- Pension reserve	18c	-	-	-	-
		<u>14,447</u>	<u>14,882</u>	<u>14,577</u>	<u>14,968</u>
Endowment funds	18a	1,846	1,761	1,846	1,761
Restricted funds	18b	820	1,085	154	458
<b>Total Funds</b>		<u><u>17,113</u></u>	<u><u>17,728</u></u>	<u><u>16,577</u></u>	<u><u>17,187</u></u>

The School's net expenditure for the year was £0.799m (2020: net expenditure £0.023m) and the net movement in funds was (£0.610m) (2020: £0.092m).

The financial statements were approved, authorised for issue and signed on behalf of the Board of Governors on 12 March 2022.



R J Gledhill  
Chairman

# SEDBERGH SCHOOL

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 August 2021

	2021		2020	
	£'000	£'000	£'000	£'000
<b>Operating Activities</b>				
Net costs		(847)		(398)
Depreciation charge		924		873
Investment income		(33)		(53)
Interest paid		171		182
Investment management fee		22		18
(Profit)/Loss on sale of fixed assets		(3)		3
Defined benefit pension scheme		(2)		(14)
Decrease in stocks		92		71
Decrease in debtors		78		492
(Decrease)/increase in creditors		(308)		(676)
<b>Net cash provided by Operating Activities</b>		<u>94</u>		<u>498</u>
<b>Investing Activities</b>				
Investment income	33		53	
Purchase of tangible fixed assets	(1,035)		(717)	
Proceeds from sale of investments	917		886	
Purchase of investments	(1,917)		(887)	
<b>Net cash used in Investing Activities</b>	<u></u>	(2,002)	<u></u>	(665)
<b>Financing Activities</b>				
Interest paid	(171)		(182)	
Receipts from loans	-		1,000	
Payments on loans	-		(344)	
Finance lease rentals	(8)		(17)	
<b>Net cash (used in) / provided by Financing Activities</b>	<u></u>	(179)	<u></u>	457
<b>Change in cash and cash equivalents in the period</b>		<u>(2,087)</u>		<u>290</u>
<b>Cash and cash equivalents at the beginning of the period</b>		3,891		3,601
<b>Cash and cash equivalents at the end of the period</b>		<u>1,804</u>		<u>3,891</u>
<b>Represented by:</b>				
Cash at bank and in hand		<u>1,804</u>		<u>3,891</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS**  
**31 August 2021**

**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. 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 2021 except for Sedbergh Hotel Enterprises Limited which has a financial year end of 30 June 2021. 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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**Going concern**

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.

The COVID-19 pandemic has impacted significantly for a second year running. Whilst the future results may be affected by this pandemic, at the time of approving the accounts the School has strong pupil numbers and pipelines. 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.

**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 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.

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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**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.

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.

**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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**Pension schemes (continued)**

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.

**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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**Leases (continued)**

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 2021. 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 2021 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 Governors there are no critical judgements involved in the preparation of the financial information.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**2 School fee income**

	2021 £'000	2021 £'000	2020 £'000	2020 £'000 Restated
Gross fees		19,393		19,234
Bursaries		1,022		956
Scholarships		1,574		1,610
Other concessions		1,922		2,154
		4,518		4,720
Less contributions from restricted funds				
Education Fund	(4)		(4)	
Appeal Fund	(2)		(2)	
Michael Robertson Scholarship Fund	(141)		(218)	
Scholarship and Prize Funds	(9)		(11)	
Sedbergh School Foundation	(144)		(177)	
Casterton School Scholarship Fund	(2)		(2)	
Rosalie Mary Forster Bursary Fund	(1)		-	
		(303)		(414)
		4,215		4,306
Net fees		15,178		14,928

The 2020 comparative figures have been restated to reclassify other fees into other educational income.

**3 Other income from charitable activities**

	2021 £'000	2020 £'000 Restated
<b>Other educational income</b>		
Other fees	333	401
Bookroom	25	33
Sundry	-	1
Registration fees	45	33
Fees in lieu of notice	37	127
Surcharge interest on late fees	3	17
	443	612

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

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**3 Other income from charitable activities (continued)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other ancillary income</b>		
Rent	114	136
Commissions	6	6
Insurance	54	-
Sundry	1	-
	<u>175</u>	<u>142</u>
	<u><u>175</u></u>	<u><u>142</u></u>

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

**4 Trading income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Short courses	385	32
School uniform	234	232
Facilities and lettings	1	19
Royalty and service fee income	277	347
	<u>897</u>	<u>630</u>
	<u><u>897</u></u>	<u><u>630</u></u>

**5 Investment income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest received	-	20
Dividends received from fixed asset investments	33	33
	<u>33</u>	<u>53</u>
	<u><u>33</u></u>	<u><u>53</u></u>

2021 £17,000 (2020: £19,000) of investment income was credited directly to restricted funds.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**6 Income from donations, legacies and grants**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Donations (unrestricted)	-	2
Donations (restricted)	300	74
Income from Sedbergh School Foundation (restricted)	144	177
Income from Michael Robertson Scholarship Fund (restricted)	141	218
Government funding (restricted)	31	-
Coronavirus Job Retention Scheme grant (unrestricted)	504	1,031
	<hr/> 1,120 <hr/>	<hr/> 1,502 <hr/>

**7 Expenditure**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Charitable expenditure includes:</b>		
Depreciation – owned assets	922	867
Depreciation – assets under finance leases	2	6
Operating lease cost	106	89
	<hr/>	<hr/>

**Other expenditure (excl VAT) includes:**

Auditor's remuneration:		
Statutory audit of parent company and group accounts	27	26
Audit of subsidiaries where such services are provided by the group auditor	7	7
	<hr/>	<hr/>
Total audit	34	33
Other services	7	15
	<hr/> 41 <hr/>	<hr/> 48 <hr/>

**Financing costs**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Interest on bank loans and overdrafts	171	182
	<hr/> 171 <hr/>	<hr/> 182 <hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

<b>7</b>	<b>Expenditure (continued)</b>		
	<b>Staff costs</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
	Wages and salaries	9,376	9,297
	Social security costs	867	794
	Pension costs	1,254	1,219
	Redundancy costs	18	152
		<u>11,515</u>	<u>11,462</u>

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

	<b>2021</b>		<b>2020</b>	
	<b>No.</b>		<b>No.</b>	
	<b>Full time</b>	<b>Part time</b>	<b>Full time</b>	<b>Part time</b>
Teaching staff	101	64	107	61
Premises and grounds staff	24	4	24	4
Administration and clerical staff	30	26	30	26
Catering, boarding house and medical staff	81	122	68	134
	<u>236</u>	<u>216</u>	<u>229</u>	<u>225</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:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	5	-
£70,001 - £80,000	1	3
£80,001 - £90,000	1	-
£90,000 - £100,000	1	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 8 (2020: 4) accruing benefits under defined benefit schemes. Contributions in respect of these individuals totalled £0.127m (2020: £0.068m).

**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 £0.66m (2020: £0.65m).

## 8 Analysis of expenditure

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## 8 Analysis of expenditure (continued)

All expenditure is charged to the unrestricted fund, with the exception of £0.30m (2020: £0.44m) of grants, awards and prizes, £30,000 finance costs, £2,000 teaching costs, £4,000 Boarding house costs and £49,000 (2020: £37,000) of management costs that are charged to the restricted fund and £9,000 (2020: £6,000) of management costs that are charged to endowed funds.

	2021 £'000	2020 £'000
Fair value gains and losses on financial assets:		
Gain on fixed asset investments	234	158

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**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
<b>Cost or valuation</b>								
As at 1 Sept 2020	5,596	143	1,052	10,030	832	14,233	604	32,490
Additions	-	12	-	555	43	425	-	1,035
Transfers	-	(100)	-	-	-	100	-	-
Disposals	-	(55)	-	(50)	-	-	-	(105)
<b>As at 31 August 2021</b>	<b>5,596</b>	<b>-</b>	<b>1,052</b>	<b>10,535</b>	<b>875</b>	<b>14,758</b>	<b>604</b>	<b>33,420</b>
<b>Depreciation</b>								
At as 1 Sept 2020	-	-	98	6,555	734	2,278	521	10,186
Charge for the period	-	-	11	507	54	323	29	924
Disposals	-	-	-	(49)	-	-	-	(49)
<b>As at 31 August 2021</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>7,013</b>	<b>788</b>	<b>2,601</b>	<b>550</b>	<b>11,061</b>
<b>Net book value</b>								
<b>As at 31 August 2021</b>	<b>5,596</b>	<b>-</b>	<b>943</b>	<b>3,522</b>	<b>87</b>	<b>12,157</b>	<b>54</b>	<b>22,359</b>
As at 31 August 2020	5,596	143	954	3,475	98	11,955	83	22,304

The net book value of assets held under finance leases is £61,000 (2020: £82,000) included within School land & buildings. The depreciation charge in respect of these assets was £1,500 (2020: £6,000). School land and buildings have been valued for insurance purposes in October 2021 at £157m (2020: £150m). In addition, the School's contents are insured at a value of £8.3m (2020: £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 2021.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**11 Investments**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>		
<b>At market value:</b>		
Balance at 1 Sept 2020	3,421	3,280
Additions	1,917	887
Disposal proceeds	(917)	(886)
Increase in market value	234	158
Management fee	(22)	(18)
	<hr/>	<hr/>
Balance at 31 August 2021	4,633	3,421
	<hr/>	<hr/>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>School</b>		
<b>At market value:</b>		
Balance at 1 Sept 2020	2,794	2,679
Additions	1,742	718
Disposals proceeds	(742)	(717)
Increase in market value	191	129
Management fee	(18)	(15)
	<hr/>	<hr/>
Balance at 31 August 2021	3,967	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 18), 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 2021 were:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	386	51
Cost of sales	(205)	(140)
Gross profit/(loss)	181	(89)
Administration costs	(242)	(234)
Interest	(5)	-
	<hr/>	<hr/>
Net loss	(66)	(323)
	<hr/>	<hr/>

Trading income is credited to unrestricted funds.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Total assets	146	78
Total liabilities	(458)	(324)
	<hr/>	<hr/>
Total reserves	(312)	(246)
	<hr/>	<hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**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 18) 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 2021 were:

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Turnover	276	347
Cost of sales	-	(42)
Gross profit	<u>276</u>	<u>305</u>
Administration costs	(168)	(207)
Net profit	<u>108</u>	<u>98</u>

Trading income is credited to unrestricted funds.

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Total assets	223	201
Total liabilities	(41)	(41)
Total reserves	<u>182</u>	<u>160</u>

**Associated Undertakings**

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

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
At 1 Sept 2020 and 31 August 2021	-	-

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

The audited results of Sedbergh Hotel Enterprises Limited for their year ended 30 June 2021 are as follows;

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Aggregate amount of capital and reserves	<u>(1,161)</u>	<u>(1,132)</u>
Loss for the period	<u>(29)</u>	<u>(214)</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**12 Stocks**

	<b>Consolidated</b>		<b>School</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Consumables	116	218	109	211
Bookroom stationery	25	15	25	15
	<u>141</u>	<u>233</u>	<u>134</u>	<u>226</u>

**13 Debtors**

	<b>Consolidated</b>		<b>School</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors for school fees and extras	675	560	675	560
Trade debtors	123	-	-	-
Prepayments and accrued income	319	489	282	475
Other debtors	79	117	79	117
Amounts due from related undertakings	22	71	448	306
	<u>1,218</u>	<u>1,237</u>	<u>1,484</u>	<u>1,458</u>

**14 Creditors: amounts falling due within one year**

	<b>Consolidated</b>		<b>School</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	390	631	381	617
Accruals and deferred income	1,028	1,084	980	1,027
Parental deposits	757	700	757	700
Fees received in advance	3,395	3,053	3,395	3,053
Taxation and social security	223	243	223	199
Finance lease creditor	8	8	8	8
Other creditors	143	533	143	533
Bank loans	564	-	564	-
	<u>6,508</u>	<u>6,252</u>	<u>6,451</u>	<u>6,137</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.

# SEDBERGH SCHOOL

## NOTES TO THE ACCOUNTS (continued) 31 August 2021

### 14 Creditors: amounts falling due within one year (continued)

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

	Consolidated and School	
	2021	2020
	£'000	£'000
Within 1 year	2,687	2,189
Within 1 to 2 years	475	449
Within 2 to 3 years	168	281
Greater than 3 years	65	134
	<u>3,395</u>	<u>3,053</u>

The movements during the year were as follows:

	Consolidated and School	
	2021	2020
	£'000	£'000
As at 1 Sept 2020	3,053	3,907
New contracts	2,721	2,161
Refunded	(78)	-
Amounts utilised in payment of fees to the School	(2,301)	(3,015)
As at 31 August 2021	<u>3,395</u>	<u>3,053</u>

### 15 Creditors: amounts falling due after one year

	Consolidated and School	
	2021	2020
	£'000	£'000
Bank loans	6,534	7,098
Finance lease creditor	-	8
	<u>6,534</u>	<u>7,106</u>

#### Bank loans

During 2020 a £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 from 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 was negotiated for the twelve months from September 2021 following which the instalments were rescheduled to £91,000 per quarter.

Following the withdrawal of the Libor rate, with effect from 31 January 2022, the applicable interest rate will be 2.25% above base, plus a 3 month credit adjustment of 0.0793%.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**15 Creditors: amounts falling due after one year (continued)**

The bank loans fall due as follows:

	<b>Consolidated and School</b>	
	<b>Bank Loans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within 1 year (note 14)	564	-
Amounts falling due within 1 to 2 years	564	344
Amounts falling due within 2 to 5 years	5,970	6,754
	<u>7,098</u>	<u>7,098</u>

The bank loans, with an outstanding balance at 31 August 2021 of £7.10m (2020: £7.10m), 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 £8,000 (2020: £16,000) are secured against the assets to which they relate.

**16 Analysis of changes in net debt**

	<b>At 1 September 2020</b>	<b>Non Cash Movements</b>	<b>Cash flows</b>	<b>At 31 August 2021</b>
	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	3,891	-	(2,087)	1,804
Sub-total	<u>3,891</u>		<u>(2,087)</u>	<u>1,804</u>
Loans falling due within one year	-	(564)	-	(564)
Loans falling due after more than one year	(7,098)	564	-	(6,534)
Finance lease obligations	(16)	-	8	(8)
Net funds/(debt)	<u>(3,223)</u>	<u>-</u>	<u>(2,079)</u>	<u>(5,302)</u>

**17 Allocation of the charity net assets**

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

<b>As at 31 August 2021</b>		<b>Fixed assets</b>	<b>Net current assets/(liabilities)</b>	<b>Long term liabilities</b>	<b>Total</b>
<b>Consolidated</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Endowment (18a)		1,461	385	-	1,846
Restricted (18b)		767	53	-	820
Unrestricted funds (18c)		24,764	(3,783)	(6,534)	14,447
		<u>26,992</u>	<u>(3,345)</u>	<u>(6,534)</u>	<u>17,113</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**17 Allocation of the charity net assets (continued)**

<b>As at 31 August 2021</b>		<b>Fixed assets</b>	<b>Net current assets/(liabilities)</b>	<b>Long term liabilities</b>	<b>Total</b>
<b>School</b>					
Endowment	(18a)	1,461	385	-	1,846
Restricted	(18b)	101	53	-	154
Unrestricted funds	(18c)	24,764	(3,653)	(6,534)	14,577
		<u>26,326</u>	<u>(3,215)</u>	<u>(6,534)</u>	<u>16,577</u>
<b>As at 31 August 2020</b>					
<b>Consolidated</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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>
<b>School</b>					
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>

**18a Endowment funds**

	<b>Balance at 1 Sept 2020 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Revaluation gains/(losses) £'000</b>	<b>Balance at 31 Aug 2021 £'000</b>
<b>Consolidated and School</b>					
Collingwood and Baynes Foundation	455	-	(1)	5	459
Scholarship and Prize Fund	1,115	-	(7)	75	1,183
Casterton School Scholarship Fund	191	-	(1)	14	204
	<u>1,761</u>	<u>-</u>	<u>(9)</u>	<u>94</u>	<u>1,846</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**18a Endowment funds (continued)**

Consolidated and School	Balance at 1 Sep 2019 £'000	Income £'000	Expenditure £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2020 £'000
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>

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.

**18b Restricted funds**

	Balance at 1 Sept 2020 £'000	Income £'000	Expenditure £'000	Transfer £'000	Revaluation gains/ (losses) £'000	Balance at 31 Aug 2021 £'000
General Funds	309	615	(365)	(559)	-	-
Rosalie Mary Forster Bursary Fund	91	1	(2)	-	6	96
Casterton School Scholarship Fund	5	-	-	-	-	5
Casterton Old Girls Association	53	-	-	-	-	53
Scholarship and Prize Fund	-	9	(9)	-	-	-
Casterton School Scholarship Fund	-	2	(2)	-	-	-
	<u>458</u>	<u>627</u>	<u>(378)</u>	<u>(559)</u>	<u>6</u>	<u>154</u>
<b>School Funds</b>	<b>458</b>	<b>627</b>	<b>(378)</b>	<b>(559)</b>	<b>6</b>	<b>154</b>
Education Fund	382	4	(6)	-	26	406
Appeal Fund	245	2	(4)	-	17	260
	<u>1,085</u>	<u>633</u>	<u>(388)</u>	<u>(559)</u>	<u>49</u>	<u>820</u>
<b>Consolidated Funds</b>	<b>1,085</b>	<b>633</b>	<b>(388)</b>	<b>(559)</b>	<b>49</b>	<b>820</b>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**18b Restricted funds (continued)**

	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
	-	11	(11)	-	-
Casterton School Scholarship Fund	-	2	(2)	-	-
<b>School Funds</b>	<b>435</b>	<b>482</b>	<b>(464)</b>	<b>5</b>	<b>458</b>
Education Fund	366	4	(6)	18	382
Appeal Fund	235	2	(3)	11	245
<b>Consolidated Funds</b>	<b>1,036</b>	<b>488</b>	<b>(473)</b>	<b>34</b>	<b>1,085</b>

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.

**18c Unrestricted funds**

	Balance at 1 Sept 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2021 £'000
Revaluation Reserve	3,866	-	-	-	-	3,866
Pension Reserve	-	2	-	-	(2)	-
General Funds	10,600	16,574	(17,614)	563	54	10,177
Bursary Fund – designated	498	4	(3)	(4)	33	528
Local Young People's Fund	24	3	(5)	-	4	26
Collingwood and Baynes Foundation	(20)	-	-	-	-	(20)
<b>School Funds</b>	<b>14,968</b>	<b>16,583</b>	<b>(17,622)</b>	<b>559</b>	<b>89</b>	<b>14,577</b>
Trading Company	(86)	663	(707)	-	-	(130)
<b>Consolidated Funds</b>	<b>14,882</b>	<b>17,246</b>	<b>(18,329)</b>	<b>559</b>	<b>89</b>	<b>14,447</b>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**18c Unrestricted funds (continued)**

	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)
<b>School Funds</b>	<b>14,956</b>	<b>17,012</b>	<b>(17,047)</b>	<b>-</b>	<b>61</b>	<b>(14)</b>	<b>14,968</b>
Trading Company	286	398	(770)	-	-	-	(86)
<b>Consolidated Funds</b>	<b>15,242</b>	<b>17,410</b>	<b>(17,817)</b>	<b>-</b>	<b>61</b>	<b>(14)</b>	<b>14,882</b>

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.

**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 £300 (2020: £4,800) were paid to 1 (2020: 9) Governor. 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 £0.45m (2020: £0.1m). As at 31 August 2021, Sedbergh School Developments Limited owed Sedbergh School £0.13m (2020: £0.08m). Amounts gift aided to Sedbergh School amounted to £nil (2020: £nil).

During 2020 Sedbergh School Developments Limited was in receipt of a loan facility from the School amounting to £0.3m of which £0.27m was drawn down as at 31 August 2021 (2020 £0.15m). Interest is charged on the loan at a rate of 3% and the loan is repayable in full by 2025.

Transactions with Sedbergh School International Limited (a 100% owned trading subsidiary of Sedbergh School) included expenditure of £0.19m (2020: £0.16m). As at 31 August 2021, Sedbergh School International Limited owed Sedbergh School £0.003m (2020: £0.002m). Amounts gift aided to Sedbergh School amounted to £0.087m (2020: £0.12m).

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

Transactions with Sedbergh Hotel Enterprises Limited (an associate undertaking of Sedbergh School Developments Limited) included expenditure of £0.001m (2020: £0.004m). As at 31 August 2021 £nil (2020: £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 2021 was £0.001m (2020: £0.075m). Grants from the Foundation amounted to £0.40m (2020: £0.20m).

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, was a trustee of the Michael Robertson Scholarship Fund ("MRSF") until 19<sup>th</sup> July 2021 when he resigned, 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 £6.3m in its latest published accounts as at 31 December 2020. These are not included in the School's balance sheet.

During the year the MRSF funded bursaries totalling £0.141m (2020: £0.22m) which have been included within donations (note 6).

**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 School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1.34m (2020: £1.25m) and at the year-end £0.10m (2020: £0.10m) was accrued in respect of contributions to this scheme.

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

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

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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**20 Pension schemes (continued)**

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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 a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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 cost cap mechanism revision is 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.

**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 £0.30m (2020: £0.26m) and the balance outstanding with the scheme was £nil (2020: £35,000).

**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 2021 by a qualified independent actuary. The major assumptions used by the actuary were:

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Rate of increase of pensions in payment	0.00	0.00
Discount rate	1.70	1.65
Inflation assumption RPI	3.45	3.05
Inflation assumption CPI	2.45	2.05

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

	<b>2021</b>	<b>2020</b>
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end	88.2	88.1
Female aged 65 at year end	89.7	89.6
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end	89.9	89.8
Female aged 45 at year end	90.9	90.8

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**20 Pension schemes (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Service cost</b>		
Net interest (credit)/expense	(2)	(2)
	<u>(2)</u>	<u>(2)</u>
<b>Remeasurements of the net asset</b>		
Return of fund assets (excluding amount included in net interest)	4	(11)
Actuarial losses	1	9
Surplus on scheme not recognised	(3)	16
	<u>2</u>	<u>14</u>
<b>Total defined benefit cost</b>	<u>-</u>	<u>12</u>

Cumulative actuarial losses amounted to £nil at 31 August 2021 (2020: £nil).

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

	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets/present value of (liabilities) at beginning of period	484	(362)	122
Contributions by employer	-	-	-
Benefits paid	(86)	86	-
Interest income/(cost)	7	(5)	2
Return on scheme assets (excluding amount included in net interest expense)	(4)	-	(4)
Actuarial (losses)/gains	-	(1)	(1)
	<u>401</u>	<u>(282)</u>	<u>119</u>
Fair value of scheme assets/present value of (liabilities) at end of period	(119)	-	(119)
Surplus on scheme not recognised	<u>282</u>	<u>(282)</u>	<u>-</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2021**

**20 Pension schemes (continued)**

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

	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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)
Fair value of scheme assets/present value of (liabilities) at end of period	484	(362)	122
Surplus on scheme not recognised	(122)	-	(122)
	362	(362)	-

The return on plan assets was:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	7	8
Return on plan assets (excluding amount included in net interest expense)	(4)	11
Total return on plan assets	3	19

The fair values of assets of the scheme were:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Corporates	67	63
Gilts	334	325
Current liability	-	(1)
Cash	-	97
Total market value of assets	401	484

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 2022 (2020: £nil).

**21 Capital commitments**

At 31 August 2021 the School had capital commitments of £0.246m (2020: £0.024m).

# SEDBERGH SCHOOL

## NOTES TO THE ACCOUNTS (continued)

31 August 2021

### 22 Commitments under operating leases

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

	2021 £'000	2020 £'000
Amounts due:		
Within one year	89	97
Between one and five years	131	183
	<hr/>	<hr/>
	220	280
	<hr/>	<hr/>