

**SEDBERGH SCHOOL**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 August 2022**

**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 2022**

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# **SEDBERGH SCHOOL**

## **CHAIRMAN'S STATEMENT for the year ended 31 August 2022**

If you have visited Sedbergh in the last year, or attended Foundation or Old Sedberghian Club events, the chances are that you will have heard the Headmaster talk about the four core values that are central to life at Sedbergh School – Humility, Ambition, Resilience and Kindness.

Walking round the School, talking to pupils and staff, you see everyday examples of these values in the thoughts and behaviours of Sedberghians; they provide a moral compass that help our pupils grow and thrive, at Sedbergh and in their life beyond School.

Over the last year, the value that has been most evident at the School, and in our pupils and staff, is Resilience. Sedbergh has bounced back from Covid-19 and all the challenges that this brought and is bigger and better for it.

This resilience is a tribute to the leadership and staff of the School, and to our pupils and their families, as well as to the wonderful support we continue to receive from the Old Sedberghian Club and our alumni, the Foundation and the wider School community. The pupils and staff have adapted to an ever-changing environment through Covid-19 lockdowns and returning to campus, assisted by the adoption of new technologies and working practices.

It is clear to me that the mental and physical resilience that the School nurtures and encourages in all our pupils is one of the most important benefits of a Sedbergh education. Life for school leavers, at university or college, in the world of work and socially, can be very challenging. However the life skills that pupils learn at Sedbergh through lectures, personal social and health education (PHSE) and participation in sport, music, drama and outdoor pursuits alongside the tremendous network of friends that they acquire here, provide invaluable support to all our alumni.

The Old Sedberghian Club is also working hard to help young OS navigate life after Sedbergh, maintain old friendships and make new ones, and access work experience and job opportunities. And since the year end, we have launched a mentoring support network for OS entrepreneurs and start-ups.

Resilience is of course a daily imperative for the people of Ukraine. In Michaelmas Term 2022 the School has welcomed three displaced children from Ukraine to Sedbergh on full scholarships. Since the year end the School has raised significant funds in association with Siobhan's Trust to purchase a mobile pizza vehicle which is currently based in eastern Ukraine, providing meals and practical support to desperate internally displaced refugees.

In conclusion, I would again like to thank my Board of Governors, who give so generously of their time and expertise, and the leadership and staff of the School. I am lucky to have such a strong team, who work tirelessly to sustain and develop our great School and to support, encourage and inspire our pupils.

Richard Gledhill  
Chairman  
Sedbergh School

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

The Board of Governors of Sedbergh School presents its Annual Report and Consolidated Financial Statements for the year ended 31 August 2022 and confirm that they comply with the requirements of the Companies Act 2006, the Charities Act 2011 and the Charities SORP (FRS 102) – 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 predominantly boarding, with nine boarding houses. The Prep School has a mix of both boarding and day pupils. Boarding houses are the heart of the School; the term-time home of our pupils and where they forge the closest friendships. The House system creates a smaller, tight-knit, cross-year community within the School where pupils are well supported by staff they know well. The sense of belonging inspires confidence, allows problems to be resolved and develops strong social skills.

#### **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 2022

#### STRATEGIC REPORT

##### Achievements and Performance

###### Getting back to normal

For the first time in nearly two years, the School was able to get back to a full programme of normal education and extra-curricular activities. Pupils and staff enjoyed the return to the classroom, sports fields and courts, lecture theatre and music studio, as well as to outdoor activities and time spent with friends in the School and boarding houses.

###### Senior School

The Senior School began the year with 569 pupils (2021: 531), its highest ever roll. The School has continued to grow, in part due to the quality of the remote learning provision during the Covid-19 pandemic.

As with all schools, A level and GCSE examinations were externally assessed for the first time since 2019, with pupils sitting in an examination hall for the first time ever, in some cases. The 111 candidates achieved the best ever A level and BTEC results, with 88.6% of grades at A\* to C/Di\* to M (2019: 77.1%), and 36.8% A\*-A/Di\*-D (2019: 23.4%). The value-added score per pupil averaged +0.36 (2019: -0.35). Amongst the results were some outstanding individual and departmental performances.

Despite being a difficult year for university entrance, on the basis of these results 96% of pupils wishing to go to university gained a place. The bespoke advice service offered to each pupil proved invaluable given the competition for places.

The School was also very proud of its year 11 pupils' outstanding GCSE results. 112 pupils sat these examinations: 93.3% of results were graded 9-4 (2019: 92.0%), and 38.6% grades 9-7 (2019: 40.7%) with an average value-added score of +0.37 (2019: +0.05), a significant achievement for this group. 19 pupils achieved an average of 7.5 or higher per subject.

The School returned after the summer with some Covid-related restrictions in place for a short period. However the School was soon able to return to normal operations including full competitive sport fixtures, inter-house competitions of all types, pupil-led academic societies, singing in Chapel services and the usual programme of concerts and recitals.

Maximising pupil participation in all areas of school life is important at Sedbergh, and the breadth of opportunities provided offers something for every pupil to enjoy beyond the classroom. Year 9 pupils undertake the John Muir Award in their first term, gaining outdoor skills and experience, and year 10 have a programme of adventurous activities in the Summer Term. This leads to participation in the Duke of Edinburgh Award Scheme, at Silver level for years 10 and 11, with fifteen pupils gaining this award, and Gold for sixth form pupils, with five pupils being invited to Buckingham Palace to receive their Gold awards. The School is able to take full advantage of its unique setting between the national parks of the Yorkshire Dales and Lake District for expeditions and activities.

The breadth of sport on offer is designed to ensure all pupils can participate – whatever their needs and ability. A structured games programme is provided five days a week, with a competitive fixture list in many sports. The year saw regional and national successes in hockey, netball, rugby, rugby sevens, fell and cross country running, athletics, equestrian, target shooting, swimming, sailing and cricket. The Wilson Run record was broken by almost one minute, and the same athlete broke two School records on the track on Sports Day; and Sedbergh had its first representative in an English cricket test match team for 87 years.

The programme of performing arts saw many pupils involved in concerts, plays and events. From *A Night at the Musicals* to *A Ceremony of Carols*, the musicians were busy through the year. The Hirst Centre was the venue for the Wilson Run concert for the first time, as it was for the Choral Society's performance of Mozart's *Requiem*. A School

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

production of *The Thirty-Nine Steps* in Michaelmas Term was followed by pupils from years 9 and 10 performing Terry Pratchett's *Wyrd Sisters*, and the year ended with the inaugural *Carnival Day* seeing pupils engaged in an unprecedented range of activities. The Chapel Choir toured Italy early in the summer holiday, including a televised concert in Milan Cathedral.

Speech Day in July saw the return of Mrs Sara Hirst, the School's first Senior Mistress, who had overseen the move to co-education 20 years earlier. The Headmaster introduced new awards for pupils who had demonstrated the key Sedberghian values of Humility, Ambition, Resilience and Kindness, linked to the hills that stand around the School.

## SEDBERGH VALUES



### Preparatory School

The Prep School also began the year with a record roll of 184 pupils (2021: 169), including the greatest ever number of new starters, and finished the Summer Term with 199 pupils.

The Prep School undertook a series of standardised tests to assess the effect of home learning as a result of Covid-19 lockdowns; the results demonstrated that pupils were well above the national average in the core subjects of Mathematics, English and Science. The support of pupils with additional learning needs was enhanced and new boarding routines were introduced providing better support for pupils, duty staff and form tutors. Field trips returned, making the most of the countryside on the School's doorstep.

As at the Senior School, participation beyond the classroom is an important feature of Sedbergh Prep School. A wide range of sports are offered, including for the first time girls' cricket fixtures, and pupils enjoyed a sports tour to Northern Ireland. The programme of music and drama included exeat and half term concerts, LAMDA performances, a Christmas musical, a Summer Term production of *Madagascar* and the introduction of a 'cub choir' for pupils in Years 1 and 2.

Charity activities and fundraising are an important facet of Prep School life; pupils raised funds for a wide range of charities by participating in an array of events, from cake stalls to non-uniform days and the whole-School Sponsored Walk. The School also collected an impressive number of items to send to Ukraine to support families displaced by the war.

The Prep School values summarised in 'The Ways of the Wolf' feature regularly in assemblies and communication with pupils and parents: ambition, collaboration, courage, creativity, kindness and responsibility.

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

#### 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. The Nursery is at its current capacity, with 65 children on its roll, including an increased number of babies post-Covid, and is thriving.

#### Inspections

Both Schools underwent inspections during the year. The Nursery was not inspected during the year.

The Senior School's Regulatory Compliance Inspection (RCI) took place in February 2022 and was combined with a material change visit to assess the School's proposal to increase the capacity of the School by 40 pupils. The School fully met the standards with no further action required. The inspectors also recommended the approval of the application to increase potential pupil numbers.

The Prep School underwent a Focused Compliance and Educational Quality Inspection in March 2022. The School passed the compliance inspection, again with no further action required. The inspectors ranked the School as 'excellent' for both the quality of the pupils' academic education and their personal development.

The Prep School inspection report praised **'excellent pupil progress across all abilities'**, underpinned by **'very strong study skills'**, excellent attitudes to learning and **'high levels of knowledge, skill and understanding across the curriculum'**. The quality of the children's academic achievement was found to be supported by **'well-resourced departments, time in the curriculum and opportunities to practise'**, as well as smaller class sizes and the positive relationships between staff and pupils, which were noted as **'exceptional'**.

The inspectors also commented on the pupils' **'extremely competent'** use of ICT and highlighted them as **'confident mathematicians'**, writers and readers who display **'excellent communication skills'**. It also noted that they make the most of **'the very rich range of sport, music, drama and outdoor opportunities'**, with success in these areas being exceptionally strong and celebrated by all.

The inspection reports are available on the School website.

#### PUBLIC BENEFIT ACTIVITIES AND COMMUNITY SUPPORT

##### Community support

For several years both staff and pupils have supported a wide range of community initiatives in Sedbergh, most recently through the Sedbergh Gives Back programme. Giving back is an important feature of life at Sedbergh School. From regular Thursday afternoon voluntary service sessions in local charity shops, primary schools, food banks and conservation programmes to the whole-day *Sedbergh Gives Back* house projects at the end of Michaelmas Term and the projects of Challenge Week, pupils learn the importance of helping others. A number of individual fundraising events were also held throughout the year for specific charities.

##### 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

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### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

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 £0.234m in the year (2021: £0.141m). 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.

The Roger Lupton Scholarship scheme, funded by the Sedbergh School Foundation, provides funding opportunities to children whose families otherwise could not consider a school such as Sedbergh. During the year there were four Roger Lupton Scholars in the School receiving support from the Foundation.

In addition the School has extended its scholarship scheme to provide free places to a number of pupils from a state school in Sedbergh, Settlebeck School, to attend Sedbergh for sixth form. Sedbergh School Foundation funded two such places to the value of £0.053m. Alongside £0.001m of remaining hardship funding this took total funding by the Foundation to £0.140m for the year (2021: £0.144m).

Including Michael Robertson and Sedbergh School Foundation funding, this year the School provided bursary support to 128 pupils amounting to £1.174m (2021: £1.022m) which equates to 4.9% of gross fee income.

#### **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.

#### **FINANCIAL REVIEW**

Following two years dominated by the impact of the Covid-19 pandemic, the financial year ended 31 August 2022, benefited from a return to a fully operational school with no physical closure of the site.

Total income received during the year amounted to £21.947m (2021: £17.879m). The majority of the Group's income is derived from school fee income which amounted to £19.234m (2021: £15.178m). In 2021 physical closures of the Schools necessitated the provision of remote learning and an associated reduction in fees. The absence of remote learning, an increase in pupil numbers and a fall in total concessions as a percentage of gross fees accounts for the 27% increase in school fee income.

Pupil numbers, on a full time equivalent basis, across both Schools rose by 6.2%. Successful retention and recruitment of pupils post the pandemic is attributed to the support of both parent bodies, the quality of our remote learning provision during the pandemic and the dedication of our teaching staff.

Trading income improved significantly increasing to £1.398m (2021: £0.897m) with the resumption of the International Summer School programme and record numbers of pupils attending short courses. Sedbergh School International Ltd received a reduced service fee from Sedbergh School Fuzhou due to Covid-19.

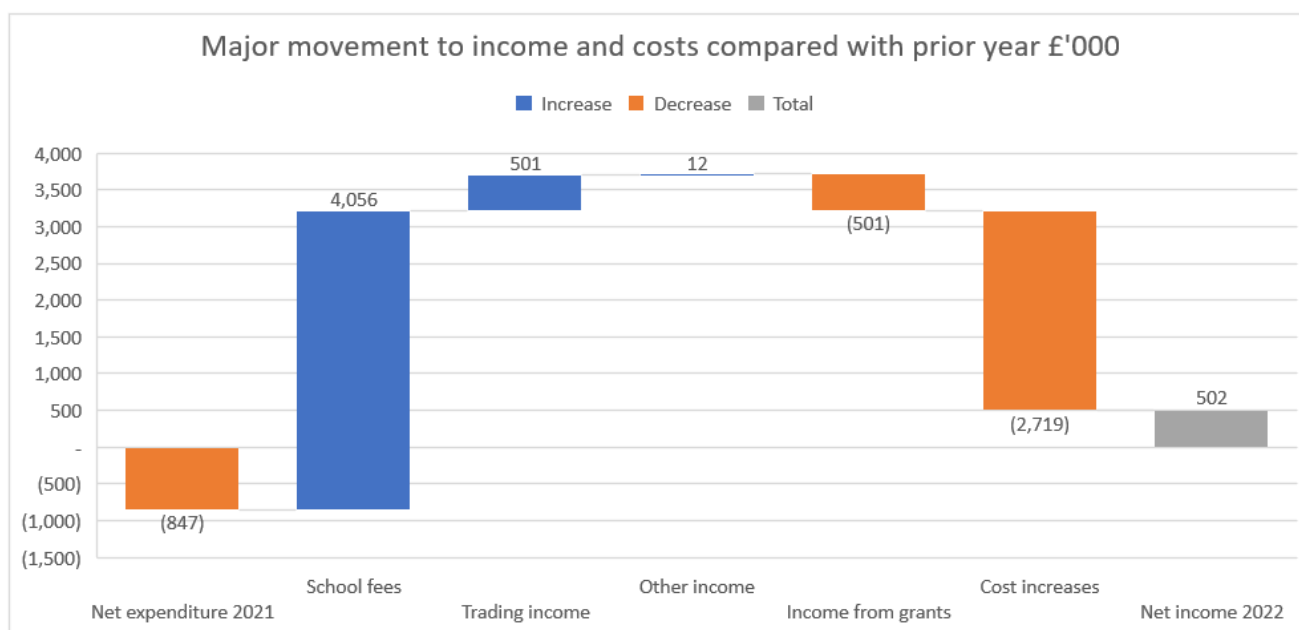
In 2021, in order to secure employees' jobs during the pandemic, the Group accessed the Coronavirus Job Retention Scheme claiming £0.504m. In September 2021 the scheme came to an end, resulting in a fall in income from grants of £0.501m.

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

Total expenditure increased by 14.5% to £21.445m (2021: £18.726m) with a return to full onsite provision of schooling, increased pupil numbers alongside cost pressures from inflation and legislative changes.

Staff costs have risen by 7.1% to £12.334m (2021: £11.515m), due to the rise in pupil numbers requiring additional staffing resource and pay awards, including a cost of living payment for all eligible staff.



#### Key financial performance indicators

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

	2022	2021
Pupil numbers (adjusted on a full time equivalent basis)	754	710
Teaching staff costs as % of net fees	34.2%	41.0%
Premises and boarding costs as % of net fees	46.9%	52.9%

The prior year KPI percentages are high due to the loss of income in 2021 due to Covid-19.

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

#### Financial position

The overall operating result for the year was net income of £0.502m (2021: net expenditure of £0.847m) driven by the increase in income. Adding the gains on investments relating to the Group's funds under management of £0.134m (2021: £0.234m), the revaluation gain of the residential property portfolio of £0.560m (2021: £nil) and deducting the actuarial losses on the non-teaching defined benefit pension scheme arising from the FRS 102 revaluation of £0.002m produces a total net increase in the Group's funds of £1.194m (2021: loss of £0.615m).

The Group's operating activities generated positive cash flow of £2.434m (2021: £0.094m). The positive movement returned cash generation to a position broadly comparable with pre-Covid levels in 2019. Investing activities included the purchase of tangible assets totalling £0.976m (2021: £1.035m); no additional funds were added to the managed investment portfolio. The repayment of loans, following a capital repayment holiday in 2021, totalled £0.564m (2021:

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

£nil) alongside interest payments of £0.199m (2021: £0.171m). The overall cash position therefore increased by £0.728m.

#### 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 marginally to £3.406m (2021: £3.345m) and the level of fixed investments which could be disinvested rose to £4.744m (2021: £4.633m).

#### STRATEGIC PLAN 2020-2025

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

##### • Employability and education for the future

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

In the Prep School, a new Head of Computer Science has maintained the momentum of recent years, supported by a Pre-Prep Co-Ordinator who also has a strong background in teaching this subject. The rollout of interactive screens to all classrooms has continued with more to follow in the next academic year. Computing clubs for interested pupils have included the physical dismantling and re-assembling of old PCs, as well as the creation of a 'flight simulator'.

In the Senior School, Computer Science was added to the curriculum for GCSE and A level. 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. This review also includes the provision of Information Technology within the whole school curriculum.

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.

Pupils have gone on to study their first choice of subject at a range of top university destinations in the UK and overseas including Durham, Lancaster, Newcastle, Loughborough, Oxford, Cambridge and Leeds. Some pupils also chose to enter employment or gain an apprenticeship opportunity in a specific field.

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

<ul style="list-style-type: none"> <li><b>Manage actively the wellbeing and mental health of pupils and staff</b></li> </ul>	
<p><b>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.</b></p>	<p>A range of initiatives is employed across both Schools 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.</p> <p>The School Counsellor continues to be an integral part of the School's pastoral provision.</p> <p>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.</p> <p>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.</p>
<ul style="list-style-type: none"> <li><b>Sustainability</b></li> </ul>	
<p><b>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.</b></p>	<p>The School has begun a major new investment in energy reduction measures as part of a longer term refurbishment of both campuses. This includes plans for the complete replacement of all lighting with LED during the financial year 2022/23.</p> <p>Ambitious targets to further reduce our carbon footprint are being finalised as part of a broader range of sustainability and corporate social responsibility objectives.</p> <p>Pupils are engaged in a range of initiatives to raise awareness and involvement in all aspects of sustainability and the environment.</p>
<ul style="list-style-type: none"> <li><b>Development of land and assets</b></li> </ul>	
<p><b>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.</b></p>	<p>Plans are well advanced for a new Technology Centre in the Senior School, aligned to the new curriculum development programme. Formal planning permission was obtained in autumn 2022 and preparatory works are scheduled to start in Lent Term 2023.</p> <p>Work began in January 2023 to provide two additional all-weather sports pitches in recognition of the importance of hockey, which is now a major sport at Sedbergh, and for a range of other sports.</p> <p>Further work to refurbish boarding houses and School buildings on the Sedbergh campus is being planned, including additional energy saving measures.</p> <p>Improvements to the sports hall on the Prep School campus are under way, and a new play barn will be constructed in 2022/23 to allow outdoor play for pre-prep children in all weathers.</p>

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

<ul style="list-style-type: none"> <li>Overseas schools expansion</li> </ul>	
<p><b>To support the development and academic success of Sedbergh School Fuzhou and open additional overseas schools under licensing and service agreements.</b></p>	<p>Sedbergh School Fuzhou, owned by the Rong Qiao Group, 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 in September 2022 now exceeds 700 pupils. Sedbergh School International Limited continues to benefit from an outstanding investor partner in the Rong Qiao Group based in Fujian province.</p> <p>Sedbergh School International Limited continues to explore opportunities for further schools in selected countries overseas, seeking additional investor partners and local operators to provide a unique Sedbergh education internationally.</p>
<ul style="list-style-type: none"> <li>Non-fee based revenue generation</li> </ul>	
<p><b>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.</b></p>	<p>Sedbergh School Developments Limited delivered its biggest ever programme of courses in the Easter and summer holidays in 2022, with record attendance by children from 6 to 16 years of age, as well as providing training webinars and outreach activity with schools and clubs.</p>
<ul style="list-style-type: none"> <li>Financial security, including fundraising</li> </ul>	
<p><b>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.</b></p>	<p>The School 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:</p> <ul style="list-style-type: none"> <li>generating additional liquid reserves</li> <li>funding future capital expenditure</li> <li>strengthening our competitive position in our UK and global markets.</li> </ul> <p>Financial performance against defined milestones is subject to termly review by the Executive Committee and Board of Governors.</p> <p>Pupil numbers and the recruitment pipeline are central to the financial health of the School. Pupil numbers are currently at record levels in both Schools, with strong interest from prospective parents for both 2023 and 2024 entry.</p> <p>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.</p> <p>Our fundraising activities are carried out through the Foundation, which has continued to provide support via the Roger Lupton and Settlebeck Scholarship schemes and ad hoc house-based projects throughout the School.</p>

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

	<p>The Foundation has an ambitious fundraising plan to support the development of both Schools as part of the quinqucentenary celebrations in 2025. The fundraising campaign was launched at a dinner in London in June 2022, and has already secured donations and pledges totalling more than £3m. In addition the Foundation has unrestricted funds of £2m to support the development plan.</p> <p>The School also continues to be well supported by its alumni via the Old Sedberghian Club and by the parents of current and past pupils.</p>
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#### 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 Leadership Team and on a termly basis by the Governors. Underneath this sits an Operational Risk Register, which is also reviewed regularly by the Senior Management Team. Governors have also reviewed the School's insurance cover to ensure that it is adequate.

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

Category	Risk	Principal mitigating actions
<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>– Strict financial management</li> <li>– Monthly review of financial forecasts</li> <li>– Pupil fee forecasts</li> <li>– Cashflows and reserves policy</li> <li>– Marketing strategy</li> <li>– Loan facility review</li> <li>– Capex programme review</li> <li>– Contingency planning</li> <li>– Review of teaching staff pension provision</li> </ul>
<b>Staff</b>	<p>Inability to recruit and retain high calibre teaching and operational staff, resulting in staff shortages.</p> <p>Loss of key staff or Senior Management Team, due to illness or accident.</p>	<ul style="list-style-type: none"> <li>– Staff communication and engagement</li> <li>– Staff training and development</li> <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>– 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>

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

Category	Risk	Principal mitigating actions
<b>External event eg pandemic</b>	Impact in the School and threat to the local community.  Inability to provide all aspects of the Sedbergh education, eg enforced lockdown resulting in temporary closure of the School and resulting in loss of revenue.  Additional costs arising from the event.	<ul style="list-style-type: none"><li>– Major incident planning</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>

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.

## 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 Group 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 Group has no free reserves but the Governors are satisfied with the position given the unrestricted cash and unrestricted investments available, which at the end of the financial period amounted to £4.925m (2021: £4.19m) alongside the overdraft facility of £2m. In addition, the School benefits from a portfolio of residential property totalling £6.156m (2021: £5.590m).

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 Group are £18.307m (2021: £17.113m), which comprise: endowment funds £1.889m (2021: £1.846m), restricted funds £0.843m (2021: £0.820m) and general funds of £15.575m (2021: £14.447m).

### Investments

The Group's funds under management were valued at £4.744m as at 31 August 2022 (2021: £4.633m). The Group 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 Group investment policy is approved by the Governors and monitored by the Investments Sub-Committee. The funds' performance benefited from the defensive strategy employed which protected against the extremely turbulent market following the UK's exit from the European Union and the Russian invasion of Ukraine.

### 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.

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

#### 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 Group 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 unwittingly occur; and recruitment and selection procedures are adapted where possible to ensure that they do not disadvantage disabled job applicants.

The School takes steps to try to enable an employee who becomes disabled to remain in employment. In consultation with the employee, adjustments to facilitate their retention will be considered. Employees with disabilities are provided with opportunities to develop full and rewarding careers on an equivalent basis to other employees.

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.

#### 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.

#### Summary of data for the year

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 ratio for the sector.

	2022		2021	
	kWh	Metric tonnes CO <sub>2</sub> e	kWh	Metric tonnes CO <sub>2</sub> e
<b>Scope 1</b>				
Gas Consumption	8,109,138	1,482,513	8,558,419	1,564,650
Transport	343,990	85,408	256,240	63,807
<b>Scope 2</b>				
Electricity Consumption	1,989,485	422,427	1,817,333	385,874
<b>TOTAL</b>	<b>10,442,613</b>	<b>1,990,348</b>	<b>10,631,992</b>	<b>2,014,331</b>
<b>Intensity ratio CO<sub>2</sub>e per pupil</b>		<b>2,640</b>		<b>2,837</b>

Despite a return to a fully operational campus compared to 2021 energy consumption has decreased, with a marked reduction in gas consumption due to energy saving improvements taking effect. In addition, the winter of 2022 was a statistically milder winter than average whereas the winter of 2021 was statistically colder than average.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

#### **Improvements in energy efficiency**

During the year there were a number of energy efficiency projects. These included new central heating systems, the replacement of a number of boarding houses windows with uPVC double-glazed units which significantly reduces heat loss and the commencement of a large whole school project to upgrade lighting to LED.

We continue to work on improvements in energy efficiency, in line with the School's Strategic Plan. Plans for the year ahead include;

- completion of the LED lighting project; upgrading numerous lighting systems with modern energy saving LED fittings and fitting presence detection where appropriate overcoming the human error of not switching lights off;
- replacement of the heating system in a Senior School boarding house;
- continued education and action on recycling and energy use in our 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.

#### **Other sustainability measures**

The School strives to improve its sustainability in a number of other ways, including a complete renewal of printing hardware using less electricity and consumables; recycling facilities are provided throughout both campuses and waste oil from kitchens is made into bio-fuel. Following the construction of the new all-weather hockey pitches, a significant area of additional woodland will be planted in memory of Her Majesty Queen Elizabeth II, adjacent to the School's nature reserves.

#### **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.

#### **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.

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.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

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, 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.

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 ethnicity, 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 School's employment, measures will be taken to ensure that they can continue in their employment as far as is practicable.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing document and constitution**

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

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

#### **The Governing Body**

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

Under the current 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 Memorandum & Articles of Association will be revised during the next financial year to reflect modern company law and practice.

Until 2 July 2022, the Governing Body included a Representative Governor appointed by the Council of St John's College, Cambridge; this position lapsed with the retirement of Dr E J L Waring at the end of the Summer Term and will not be replaced.

The two ex-officio members of the Board are the Lord Archbishop of York who appoints a representative (Revd M D Ineson), and His Majesty's Lord-Lieutenant of Cumbria.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

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.

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 Headmaster, Sedbergh School, the Chief Operating Officer, the Prep School Headmaster and the Senior Management Teams at the Senior and Prep Schools. The Headmaster, Sedbergh School and the Chief Operating Officer are responsible to the Board for the delivery of the strategic objectives set out in the strategic plan and attend the Governors' Board and relevant 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 the Safeguarding, Audit & Risk Sub-Committee (formerly known as the Audit & Compliance Sub-Committee) and the Investments Sub-Committee. The commercial subsidiaries are separate limited companies who report to their own independent boards.

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

Remuneration for senior management positions is determined by the 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 Solutions (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, as well as encouraging diversity of background and thinking on the Board. The Nominations & Remuneration Committee meets regularly to consider new Governor appointments.

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

### **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.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

#### **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 made restricted grants to the School during the year totalling £0.220m providing additional scholarships and bursary support alongside several house based fundraising initiatives. The School did not carry out any direct fundraising activity on its own behalf and did not engage third party fundraisers.

As 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 and its pioneering role in the education of girls in the north of England, and the quinqucentenary of the foundation of Sedbergh School in 2025. Both anniversaries will be celebrated by drawing on the histories of the Schools and commemorating the milestone with alumni, pupils and parents.

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022

#### REFERENCE AND ADMINISTRATIVE DETAILS

##### Governing body

- Chairman: - R J Gledhill, MA (Cantab), ACA\*#
- Ex-Officio: - The Lord Archbishop of York, represented by Revd M D Ineson MA, BA (Bristol), BEng (Birm)#  
- His Majesty's Lord-Lieutenant of Cumbria, Mrs C T Hensman CVO, BA (LSE)
- Representative: - Dr E J L Waring PhD, MA (Cantab), LLM (Harvard), St John's College, Cambridge [retired 2 July 2022]
- Co-optive: - The Venerable N J W Barker MA (Oxon) [retired 31 March 2022]  
- Mrs L Bates BA (Liverpool John Moores)\*  
- A J N Bedford BA (North Carolina)\*  
- R R Biggs MA (Oxon), BSc (Cape Town)  
- J D Campbell OBE FRSA\*  
- T J Davies BSc (Newcastle) \*  
- I W Durrans BA (Oxon), ACA\*#  
- Lt Gen Sir Andrew Gregory KBE, CB, DL, MA (Cantab)  
- Mrs K E Martin [appointed 1 January 2023]  
- R N Papworth BA (Oxon)\*#  
- M R Piercy MA (Leicester)  
- J H B Warburton-Lee

\* Members of the Executive Committee at 31 August 2022

# Members of the Safeguarding, Audit and Risk Sub-Committee as at 31 August 2022

##### Headmasters

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

##### Chief Operating Officer, Company Secretary and Clerk to the Governors

P S Marshall TD

##### Registered address

Sedbergh School  
Malim Lodge  
Sedbergh  
LA10 5RY  
[www.sedberghschool.org](http://www.sedberghschool.org)

##### Bankers

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

##### Investment managers

Ruffer LLP  
31 Charlotte Square  
Edinburgh  
EH2 4ET

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

**Auditor**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

**Insurance brokers**

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

**Solicitors**

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

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

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

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2022**

#### **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.

#### **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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- 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 22<sup>nd</sup> May 2023 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 2022 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 2022 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

## SEDBERGH SCHOOL

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

- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

#### **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 the Education (Independent School Standards) Regulations 2014, 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:

## SEDBERGH SCHOOL

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

- 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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: 30.5.23

10 Queen Street Place  
London  
EC4R 1AG

# SEDBERGH SCHOOL

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2022

	Note	Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2022 £'000	Total 2021 £'000
<b>Income from:</b>						
Charitable activities:						
- School fee income	2	19,234	-	-	19,234	15,178
- Other educational income	3	587	-	-	587	443
- Other ancillary income	3	136	-	-	136	175
Other trading activities:						
- Trading income	4	1,398	-	-	1,398	897
Investment income	5	23	18	-	41	33
Donations, legacies & grants	6	3	530	-	533	1,120
Other income:						
- Profit on sale of fixed assets		-	-	-	-	3
- Sundry income		18	-	-	18	30
<b>Total Income</b>		21,399	548	-	21,947	17,879
<b>Expenditure on:</b>						
Charitable activities		19,411	508	11	19,930	17,649
Raising funds:						
- Trading costs		1,316	-	-	1,316	906
- Financing costs		199	-	-	199	171
<b>Total Expenditure</b>	8	20,926	508	11	21,445	18,726
<b>Net Income/(Expenditure)</b>		473	40	(11)	502	(847)
<b>Transfer between funds</b>		46	(46)	-	-	-
<b>Other Recognised Gains/(Losses)</b>						
Revaluation of property	10	560	-	-	560	-
Gains on investments	9	51	29	54	134	234
Actuarial losses on defined benefit pension scheme	20	(2)	-	-	(2)	(2)
<b>Net Movement in Funds</b>		1,128	23	43	1,194	(615)
<b>Total Funds Brought Forward</b>		14,447	820	1,846	17,113	17,728
<b>Total Funds Carried Forward</b>	17	15,575	843	1,889	18,307	17,113

All activities are classed as continuing. The notes on pages 27 to 53 form part of these accounts.

# SEDBERGH SCHOOL

## BALANCE SHEETS at 31 August 2022

Company number: 03946280

		Consolidated		School	
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	10	22,939	22,359	22,939	22,359
Investments	11	4,744	4,633	4,058	3,967
		<u>27,683</u>	<u>26,992</u>	<u>26,997</u>	<u>26,326</u>
<b>Current Assets</b>					
Stocks	12	119	141	112	134
Debtors	13	1,436	1,218	1,881	1,484
Cash at bank and in hand		2,532	1,804	1,930	1,618
		<u>4,087</u>	<u>3,163</u>	<u>3,923</u>	<u>3,236</u>
<b>Creditors: amounts falling due within one year</b>	14	(7,493)	(6,508)	(7,230)	(6,451)
<b>Net Current Liabilities</b>		<u>(3,406)</u>	<u>(3,345)</u>	<u>(3,307)</u>	<u>(3,215)</u>
<b>Total Assets Less Current Liabilities</b>		<u>24,277</u>	<u>23,647</u>	<u>23,690</u>	<u>23,111</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(5,970)	(6,534)	(5,970)	(6,534)
<b>Total Net Assets Excluding Defined Benefit Pension Scheme Asset</b>		<u>18,307</u>	<u>17,113</u>	<u>17,720</u>	<u>16,577</u>
Defined benefit pension scheme asset	20	-	-	-	-
<b>Total Net Assets</b>		<u>18,307</u>	<u>17,113</u>	<u>17,720</u>	<u>16,577</u>
<b>Funds</b>					
Unrestricted funds					
- General reserve	18c	11,149	10,581	11,247	10,711
- Revaluation reserve	18c	4,426	3,866	4,426	3,866
- Pension reserve	18c	-	-	-	-
		<u>15,575</u>	<u>14,447</u>	<u>15,673</u>	<u>14,577</u>
Endowment funds	18a	1,889	1,846	1,889	1,846
Restricted funds	18b	843	820	158	154
<b>Total Funds</b>		<u>18,307</u>	<u>17,113</u>	<u>17,720</u>	<u>16,577</u>

The School's net income for the year was £0.476m (2021: net expenditure £0.799m) and the net movement in funds was £1.143m (2021: (£0.610m)).

The financial statements were approved, authorised for issue and signed on behalf of the Board of Governors on 22<sup>nd</sup> May 2023.



R J Gledhill  
Chairman

# SEDBERGH SCHOOL

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 August 2022

	2022		2021	
	£'000	£'000	£'000	£'000
<b>Operating Activities</b>				
Net income/(expenditure)		502		(847)
Depreciation charge		956		924
Investment income		(41)		(33)
Interest paid		199		171
Investment management fee		23		22
Profit on sale of fixed assets		-		(3)
Defined benefit pension scheme		(2)		(2)
Decrease in stocks		22		92
(Increase)/decrease in debtors		(218)		78
Increase/(decrease) in creditors		993		(308)
<b>Net cash provided by Operating Activities</b>		<u>2,434</u>		<u>94</u>
<b>Investing Activities</b>				
Investment income	41		33	
Purchase of tangible fixed assets	(976)		(1,035)	
Proceeds from sale of investments	1,304		917	
Purchase of investments	(1,304)		(1,917)	
<b>Net cash used in Investing Activities</b>	<u></u>	(935)	<u></u>	(2,002)
<b>Financing Activities</b>				
Interest paid	(199)		(171)	
Payments on loans	(564)		-	
Finance lease rentals	(8)		(8)	
<b>Net cash used in Financing Activities</b>	<u></u>	(771)	<u></u>	(179)
<b>Change in cash and cash equivalents in the year</b>		<u>728</u>		<u>(2,087)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		1,804		3,891
<b>Cash and cash equivalents at the end of the year</b>		<u>2,532</u>		<u>1,804</u>
<b>Represented by:</b>				
Cash at bank and in hand		<u>2,532</u>		<u>1,804</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS**  
**31 August 2022**

**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 2022 except for Sedbergh Hotel Enterprises Limited which has a financial year end of 30 June 2022. 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 2022**

**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 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, if made, paid to the Charity reduce the taxable income and gains. The subsidiaries are eligible to make gift aid payments to their holding company, the School.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**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 2022**

**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 2022**

**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 2022. 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 2022 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 2022**

**2 School fee income**

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Gross fees		23,887		19,393
		<hr/>		<hr/>
Bursaries		1,174		1,022
Scholarships		1,740		1,574
Other concessions		2,150		1,922
		<hr/>		<hr/>
		5,064		4,518
Less contributions from restricted funds				
Education Fund	(3)		(4)	
Appeal Fund	(2)		(2)	
Michael Robertson Scholarship Fund	(234)		(141)	
Scholarship and Prize Funds	(9)		(9)	
Sedbergh School Foundation	(140)		(144)	
Casterton Old Girls Association	(20)		-	
Casterton School Scholarship Fund	(2)		(2)	
Rosalie Mary Forster Bursary Fund	(1)		(1)	
		(411)		(303)
		<hr/>		<hr/>
		4,653		4,215
		<hr/>		<hr/>
Net fees		19,234		15,178
		<hr/>		<hr/>

**3 Other income from charitable activities**

	2022 £'000	2021 £'000
<b>Other educational income</b>		
Other fees	416	333
Bookroom	35	25
Sundry	15	-
Registration fees	45	45
Fees in lieu of notice	52	37
Surcharge interest on late fees	24	3
	<hr/>	<hr/>
	587	443
	<hr/>	<hr/>

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

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Other ancillary income</b>		
Rent	114	114
Commissions	4	6
Insurance	18	54
Sundry	-	1
	<hr/> 136	<hr/> 175
	<hr/> <hr/>	<hr/> <hr/>

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

**4 Trading income**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Short courses	963	385
School uniform	160	234
Facilities and lettings	40	1
Royalty and service fee income	235	277
	<hr/> 1,398	<hr/> 897
	<hr/> <hr/>	<hr/> <hr/>

**5 Investment income**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Dividends received from fixed asset investments	41	33
	<hr/> 41	<hr/> 33
	<hr/> <hr/>	<hr/> <hr/>

2022: £18,000 (2021: £17,000) of investment income was credited directly to restricted funds.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Donations (restricted)	136	300
Income from Sedbergh School Foundation (restricted)	140	144
Income from Michael Robertson Scholarship Fund (restricted)	234	141
Income from Casterton Old Girls Association (restricted)	20	-
Government funding (restricted)	-	31
Coronavirus Job Retention Scheme grant (unrestricted)	3	504
	<hr/> 533 <hr/>	<hr/> 1,120 <hr/>

**7 Expenditure**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Charitable expenditure includes:</b>		
Depreciation – owned assets	948	922
Depreciation – assets under finance leases	8	2
Operating lease cost	112	106
	<hr/>	<hr/>

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

Auditor's remuneration:		
Statutory audit of parent company and group accounts	28	27
Audit of subsidiaries where such services are provided by the group auditor	7	7
	<hr/>	<hr/>
Total audit	35	34
Other services	1	7
	<hr/> 36 <hr/>	<hr/> 41 <hr/>

**Financing costs**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Interest on bank loans and overdrafts	199	171
	<hr/> 199 <hr/>	<hr/> 171 <hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**7 Expenditure (continued)**

<b>Staff costs</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Wages and salaries	9,996	9,376
Social security costs	975	867
Pension costs	1,363	1,254
Redundancy costs	-	18
	<u>12,334</u>	<u>11,515</u>

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

	<b>2022 No.</b>		<b>2021 No.</b>	
	<b>Full time</b>	<b>Part time</b>	<b>Full time</b>	<b>Part time</b>
Teaching staff	110	61	101	64
Premises and grounds staff	26	4	24	4
Administration and clerical staff	32	26	30	26
Catering, boarding house and medical staff	89	117	81	122
	<u>257</u>	<u>208</u>	<u>236</u>	<u>216</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>2022 No.</b>	<b>2021 No.</b>
£60,001 - £70,000	5	5
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,000 - £100,000	1	1
£120,000 - £130,000	-	1
£130,000 - £140,000	2	-
£200,001 - £210,000	-	1

Included in the above higher paid employees were 8 (2021: 8) accruing benefits under defined benefit schemes. Contributions in respect of these individuals totalled £0.143m (2021: £0.127m).

**Key management personnel**

The School considered its key management personnel during the year to comprise the two Headmasters, at the Senior School and the Prep School, and the Chief Operating Officer. The total employment benefits including employer pension contributions of the key management personnel were £0.508m (2021: £0.660m). The prior year also included the Principal.

## 8 Analysis of expenditure

All expenditure is charged to the unrestricted fund, with the exception of £0.411m (2021: £0.30m) of grants, awards and prizes, £nil (2021: £30,000) of finance costs, £nil (2021: £2,000) of teaching costs, £40,000 (2021: £4,000) of boarding house costs and £57,000 (2021: £49,000) of management and administration costs that are charged to the restricted fund and £11,000 (2021: £9,000) of management costs that are charged to endowed funds.

**31 August 2022**

## 8 Analysis of expenditure (continued)

	Staff costs £'000	Other £'000	Depreciation £'000	Total 2021 £'000
<b>Charitable activities</b>				
Teaching costs	6,237	443	-	6,680
Boarding houses, staff and medical provision	2,229	1,512	-	3,741
Premises costs	1,133	2,230	924	4,287
Management and administration	1,169	866	-	2,035
Grants, awards and prizes	-	308	-	308
Publicity	339	259	-	598
	<u>11,107</u>	<u>5,618</u>	<u>924</u>	<u>17,649</u>
<b>Raising funds</b>				
Trading	408	498	-	906
Interest on bank loans and overdrafts	-	171	-	171
	<u>408</u>	<u>669</u>	<u>-</u>	<u>1,077</u>
	<u>11,515</u>	<u>6,287</u>	<u>924</u>	<u>18,726</u>
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
		Governance costs (included within management and administration costs)		
Governors' meeting costs	-	13	-	13
Audit and accountancy	-	41	-	41
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**9 Fair value gains and losses**

	2022	2021
	£'000	£'000
Fair value gains and losses on financial assets:		
Gain on fixed asset investments	134	234

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**10 Tangible fixed assets**

Consolidated and School	Residential property	Leasehold improvements	Fixtures & fittings	Other assets	School land & buildings	All weather surfaces	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
As at 1 Sept 2021	5,596	1,052	10,535	875	14,758	604	33,420
Additions	-	-	627	120	162	67	976
Revaluation	560	-	-	-	-	-	560
<b>As at 31 August 2022</b>	<b>6,156</b>	<b>1,052</b>	<b>11,162</b>	<b>995</b>	<b>14,920</b>	<b>671</b>	<b>34,956</b>
<b>Depreciation</b>							
At as 1 Sept 2021	-	109	7,013	788	2,601	550	11,061
Charge for the period	-	11	516	90	327	12	956
<b>As at 31 August 2022</b>	<b>-</b>	<b>120</b>	<b>7,529</b>	<b>878</b>	<b>2,928</b>	<b>562</b>	<b>12,017</b>
<b>Net book value</b>							
<b>As at 31 August 2022</b>	<b>6,156</b>	<b>932</b>	<b>3,633</b>	<b>117</b>	<b>11,992</b>	<b>109</b>	<b>22,939</b>
As at 31 August 2021	5,596	943	3,522	87	12,157	54	22,359

The net book value of assets held under finance leases is £53,000 (2021: £61,000) included within School land & buildings. The depreciation charge in respect of these assets was £8,000 (2021: £21,000). School land and buildings have been valued for insurance purposes in October 2022 at £158m (2021: £157m). In addition, the School's contents are insured at a value of £8.3m (2021: £8.3m).

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 a £0.560m increase in market value as at 31 August 2022.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**11 Investments**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>		
<b>At market value:</b>		
Balance at 1 Sept 2021	4,633	3,421
Additions	1,304	1,917
Disposal proceeds	(1,304)	(917)
Increase in market value	134	234
Management fee	(23)	(22)
	<hr/>	<hr/>
Balance at 31 August 2022	4,744	4,633
	<hr/> <hr/>	<hr/> <hr/>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>School</b>		
<b>At market value:</b>		
Balance at 1 Sept 2021	3,967	2,794
Additions	1,122	1,742
Disposals proceeds	(1,122)	(742)
Increase in market value	109	191
Management fee	(18)	(18)
	<hr/>	<hr/>
Balance at 31 August 2022	4,058	3,967
	<hr/> <hr/>	<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 2022 were:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	1,003	386
Cost of sales	(602)	(205)
	<hr/>	<hr/>
Gross profit	401	181
Administration costs	(300)	(242)
Interest	(10)	(5)
	<hr/>	<hr/>
Net profit/(loss)	91	(66)
	<hr/> <hr/>	<hr/> <hr/>
Trading income is credited to unrestricted funds.		
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Total assets	327	146
Total liabilities	(548)	(458)
	<hr/>	<hr/>
Total reserves	(221)	(312)
	<hr/> <hr/>	<hr/> <hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**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 2022 were:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Turnover	235	276
Cost of sales	(57)	-
Gross profit	<u>178</u>	<u>276</u>
Administration costs	(152)	(168)
Net profit	<u>26</u>	<u>108</u>

Trading income is credited to unrestricted funds.

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Total assets	299	223
Total liabilities	(177)	(41)
Total reserves	<u>122</u>	<u>182</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.

**Investment valuation**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
At 1 Sept 2021 and 31 August 2022	<u>-</u>	<u>-</u>

	<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 2022 are as follows;

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Aggregate amount of capital and reserves	<u>(1,299)</u>	<u>(1,161)</u>
Loss for the period	<u>(138)</u>	<u>(29)</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**12 Stocks**

	<b>Consolidated</b>		<b>School</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Consumables	88	116	81	109
Bookroom stationery	31	25	31	25
	<u>119</u>	<u>141</u>	<u>112</u>	<u>134</u>

**13 Debtors**

	<b>Consolidated</b>		<b>School</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors for school fees and extras	674	675	674	675
Trade debtors	-	123	-	-
Prepayments and accrued income	655	319	655	282
Other debtors	82	79	80	79
Amounts due from related undertakings	25	22	472	448
	<u>1,436</u>	<u>1,218</u>	<u>1,881</u>	<u>1,484</u>

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

	<b>Consolidated</b>		<b>School</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	693	390	659	381
Accruals and deferred income	1,357	1,028	1,291	980
Parental deposits	770	757	770	757
Fees received in advance	3,484	3,395	3,484	3,395
Taxation and social security	261	223	261	223
Finance lease creditor	-	8	-	8
Other creditors	364	143	201	143
Bank loans	564	564	564	564
	<u>7,493</u>	<u>6,508</u>	<u>7,230</u>	<u>6,451</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 2022**

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

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

	<b>Consolidated and School</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Within 1 year	2,966	2,687
Within 1 to 2 years	336	475
Within 2 to 3 years	91	168
Greater than 3 years	91	65
	<hr/>	<hr/>
	3,484	3,395
	<hr/>	<hr/>

The movements during the year were as follows:

	<b>Consolidated and School</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
As at 1 Sept 2021	3,395	3,053
New contracts	3,006	2,721
Refunded	(141)	(78)
Amounts utilised in payment of fees to the School	(2,776)	(2,301)
	<hr/>	<hr/>
As at 31 August 2022	3,484	3,395
	<hr/>	<hr/>

**Deferred income**

Deferred income at the year end relates to amounts received in advance from the Michael Robertson Scholarship Fund.

The movements during the year were as follows:

	<b>Consolidated and School</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
As at 1 Sept 2021	89	171
Released in year	(89)	(171)
Deferred in year	100	89
	<hr/>	<hr/>
As at 31 August 2022	100	89
	<hr/>	<hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

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

	<b>Consolidated and School</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	5,970	6,534
	<u>5,970</u>	<u>6,534</u>

**Bank loans**

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 five 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.

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 £50,000 from Sept 2021.

Following the withdrawal of the LIBOR rate the applicable interest rate, from 31 January 2022, was 2.25% above base, plus a 3 month credit adjustment of 0.0793%.

The bank loans fall due as follows:

	<b>Consolidated and School</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within 1 year (note 14)	564	564
Amounts falling due within 1 to 2 years	564	564
Amounts falling due within 2 to 5 years	5,406	5,970
	<u>6,534</u>	<u>7,098</u>

The bank loans, with an outstanding balance at 31 August 2022 of £6.534m (2021: £7.098m), are secured by way of legal charges over certain properties and a fixed and floating debenture over the School's assets.

£5.970m of the bank loan has been presented as falling due after one year despite an expiry date of April 2023. Subsequent to the year-end and as stated in note 22, the bank loan was renegotiated consolidating the existing term loan, CBILS loan and converting £1m of overdraft facility. As a result, repayment of this element of the bank loan is not expected within one year and therefore has been presented as falling due after one year. The new £7.252m term loan was arranged at an interest rate of 2.6% over base rate and will be repaid by way of 59 monthly instalments of £30,092 with a final repayment after five years.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**16 Analysis of changes in net debt**

	At 1 September 2021 £'000	Non Cash Movements £'000	Cash flows £'000	At 31 August 2022 £'000
Cash at bank and in hand	1,804	-	728	2,532
Sub-total	1,804	-	728	2,532
Loans falling due within one year	(564)	(564)	564	(564)
Loans falling due after more than one year	(6,534)	564	-	(5,970)
Finance lease obligations	(8)	-	8	-
Net funds/(debt)	(5,302)	-	1,300	(4,002)

**17 Allocation of the charity net assets**

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

**As at 31 August 2022**

		Fixed assets	Net current assets/(liabilities)	Long term liabilities	Total
Consolidated		£'000	£'000	£'000	£'000
Endowment	(18a)	1,504	385	-	1,889
Restricted	(18b)	790	53	-	843
Unrestricted funds	(18c)	25,389	(3,844)	(5,970)	15,575
		27,683	(3,406)	(5,970)	18,307
<b>School</b>					
Endowment	(18a)	1,504	385	-	1,889
Restricted	(18b)	105	53	-	158
Unrestricted funds	(18c)	25,388	(3,745)	(5,970)	15,673
		26,997	(3,307)	(5,970)	17,720

**As at 31 August 2021**

		Fixed assets	Net current assets/(liabilities)	Long term liabilities	Total
Consolidated		£'000	£'000	£'000	£'000
Endowment	(18a)	1,461	385	-	1,846
Restricted	(18b)	767	53	-	820
Unrestricted funds	(18c)	24,764	(3,783)	(6,534)	14,447
		26,992	(3,345)	(6,534)	17,113
<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
		26,326	(3,215)	(6,534)	16,577

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**18a Endowment funds**

	Balance at 1 Sept 2021 £'000	Income £'000	Expenditure £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2022 £'000
<b>Consolidated and School</b>					
Collingwood and Baynes Foundation	459	-	(1)	3	461
Scholarship and Prize Fund	1,183	-	(9)	44	1,218
Casterton School Scholarship Fund	204	-	(1)	7	210
	<u>1,846</u>	<u>-</u>	<u>(11)</u>	<u>54</u>	<u>1,889</u>
	Balance at 1 Sep 2020 £'000	Income £'000	Expenditure £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2021 £'000
<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>

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

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

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**18b Restricted funds**

	Balance at 1 Sept 2021 £'000	Income £'000	Expenditure £'000	Transfer £'000	Revaluation gains/ (losses) £'000	Balance at 31 Aug 2022 £'000
General Funds	-	530	(484)	(46)	-	-
Rosalie Mary Forster Bursary Fund	96	1	(2)	-	4	99
Casterton School Scholarship Fund	5	-	-	-	-	5
Casterton Old Girls Association	53	-	-	-	-	53
Scholarship and Prize Fund	-	9	(9)	-	-	-
Casterton School Scholarship Fund	-	2	(2)	-	-	-
Collingwood and Baynes Foundation	-	1	-	-	-	1
<b>School Funds</b>	<b>154</b>	<b>543</b>	<b>(497)</b>	<b>(46)</b>	<b>4</b>	<b>158</b>
Education Fund	406	3	(7)	-	15	417
Appeal Fund	260	2	(4)	-	10	268
<b>Consolidated Funds</b>	<b>820</b>	<b>548</b>	<b>(508)</b>	<b>(46)</b>	<b>29</b>	<b>843</b>

	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)	-	-	-
<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
<b>Consolidated Funds</b>	<b>1,085</b>	<b>633</b>	<b>(388)</b>	<b>(559)</b>	<b>49</b>	<b>820</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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**18c Unrestricted funds**

	Balance at 1 Sept 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Revaluation gains/(losses) £'000	Balance at 31 Aug 2022 £'000
Revaluation Reserve	3,866	-	-	-	560	4,426
Pension Reserve	-	2	-	-	(2)	-
General Funds	10,177	20,241	(19,802)	51	32	10,699
Bursary Fund – designated	528	5	(3)	(5)	20	545
Local Young People's Fund	26	3	(5)	-	(1)	23
Collingwood and Baynes Foundation	(20)	-	-	-	-	(20)
<b>School Funds</b>	<b>14,577</b>	<b>20,251</b>	<b>(19,810)</b>	<b>46</b>	<b>609</b>	<b>15,673</b>
Trading Company	(130)	1,238	(1,206)	-	-	(98)
<b>Consolidated Funds</b>	<b>14,447</b>	<b>21,489</b>	<b>(21,016)</b>	<b>46</b>	<b>609</b>	<b>15,575</b>

	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>

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

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

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**19 Related parties**

*a) Transactions with Governors*

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

	<b>Number of children at the School</b>
Mr J H B Warburton-Lee	1

Total expenses of £6,063 (2021: £300) were paid to 10 (2021: 1) Governors. These were in respect of travel and subsistence.

*b) Transactions with subsidiaries and associate*

Transactions with Sedbergh School Developments Limited (a 100% owned trading subsidiary of Sedbergh School) included expenditure of £0.59m (2021: £0.45m). As at 31 August 2022, Sedbergh School Developments Limited owed Sedbergh School £0.18m (2021: £0.13m). Amounts gift aided to Sedbergh School amounted to £nil (2021: £nil).

During 2020 Sedbergh School Developments Limited was in receipt of a loan facility from the School amounting to £0.300m of which £0.271m was drawn down as at 31 August 2022 (2021: £0.271m). Interest is charged on the loan at a rate of 3% above the Bank of England's base rate 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 £0.140m (2021: £0.190m). As at 31 August 2022, Sedbergh School International Limited owed Sedbergh School £0.009m (2021: £0.003m). Amounts gift aided to Sedbergh School amounted to £0.086m (2021: £0.087m).

Transactions with Sedbergh Hotel Enterprises Limited (an associate undertaking of Sedbergh School Developments Limited) included expenditure of £0.003m (2021: £0.001m). As at 31 August 2022 £nil (2021: £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 2022 was £0.010m (2021: £0.001m). Grants from the Foundation amounted to £0.221m (2021: £0.400m).

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*

The Michael Robertson Scholarship Fund ("MRSF"), a registered charity (no. 1014388). The main objective of the Fund is to further the education of children attending Sedbergh School. MRSF had net assets of £7.166m in its latest published accounts as at 31 December 2021. These are not included in the School's balance sheet.

In the prior year, the MRSF was identified as a related party due to A A P Fleck, the former Principal of the School being a Trustee of the MRSF. Following the retirement of A A P Fleck as Principal, he stepped down as a Trustee of the Fund therefore MRSF ceased to be a related party from 31 August 2021. During the prior year the MRSF funded bursaries totalling £0.141m which have been included within donations (note 6).

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**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 £1.019m (2021: £0.942m) and at the year-end £0.082m (2021: £0.073m) 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. 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.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation 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.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**20 Pension schemes (continued)**

**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 £0.323m (2021: £0.300m) and the balance outstanding with the scheme was £0.041m (2021: £nil).

**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 2022 by a qualified independent actuary. The major assumptions used by the actuary were:

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Rate of increase of pensions in payment	0.00	0.00
Discount rate	4.10	1.70
Inflation assumption RPI	3.45	3.45
Inflation assumption CPI	2.45	2.45

The mortality assumptions adopted at 31 August 2022, imply the following life expectancies:

	<b>2022</b>	<b>2021</b>
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end	88.0	88.2
Female aged 65 at year end	90.2	89.7
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end	89.7	89.9
Female aged 45 at year end	91.6	90.9

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net interest (credit)/expense	(2)	(2)
	<hr/> (2) <hr/>	<hr/> (2) <hr/>
<b>Remeasurements of the net asset</b>		
Return of fund assets (excluding amount included in net interest)	138	4
Actuarial (gains)/losses	(114)	1
Surplus on scheme not recognised	(22)	(3)
	<hr/> 2 <hr/>	<hr/> 2 <hr/>
Total defined benefit cost	<hr/> - <hr/>	<hr/> - <hr/>

Cumulative actuarial losses amounted to £nil at 31 August 2022 (2021: £nil).

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**20 Pension schemes (continued)**

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

	<b>2022</b>	<b>2022</b>	<b>2022</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	401	(282)	119
Contributions by employer	-	-	-
Benefits paid			
Interest income/(cost)	7	(5)	2
Return on scheme assets (excluding amount included in net interest expense)	(138)	-	(138)
Actuarial gains	-	114	114
	<hr/>	<hr/>	<hr/>
Fair value of scheme assets/present value of (liabilities) at end of period	270	(173)	97
Surplus on scheme not recognised	(97)	-	(97)
	<hr/>	<hr/>	<hr/>
	173	(173)	-
	<hr/>	<hr/>	<hr/>

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)
	<hr/>	<hr/>	<hr/>
Fair value of scheme assets/present value of (liabilities) at end of period	401	(282)	119
Surplus on scheme not recognised	(119)	-	(119)
	<hr/>	<hr/>	<hr/>
	282	(282)	-
	<hr/>	<hr/>	<hr/>

**The return on plan assets was:**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	7	7
Return on plan assets (excluding amount included in net interest expense)	(138)	(4)
	<hr/>	<hr/>
Total return on plan assets	(131)	3
	<hr/>	<hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**20 Pension schemes (continued)**

The fair values of assets of the scheme were:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Corporates	45	67
Gilts	225	334
Total market value of assets	<u>270</u>	<u>401</u>

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 2023 (2021: £nil).

**21 Capital commitments**

At 31 August 2022 the School had capital commitments of £0.217m (2021: £0.246m).

**22 Commitments under operating leases**

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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Amounts due:		
Within one year	70	89
Between one and five years	89	131
	<u>159</u>	<u>220</u>

**22 Subsequent events**

Subsequent to the year-end the bank loans, as detailed in note 14, were renegotiated and a £7.252m term loan was arranged consolidating the existing term loan, the CBILS loan and converting £1m of the existing overdraft facility. The new loan is repayable by way of 59 monthly instalments of £30,092 with interest at 2.6% above base rate.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2022**

**23 Comparative Statement of Financial Activities**

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