

**SEDBERGH SCHOOL**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 August 2023**

**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 2023**

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# **SEDBERGH SCHOOL**

## **CHAIRMAN'S STATEMENT for the year ended 31 August 2023**

After the COVID lockdowns, School closures and remote learning in the previous two years, life at Sedbergh School and at Casterton, Sedbergh Prep returned to a more familiar rhythm in 2022/23, with plays and concerts, fixtures and competitions, Chapel and hymn singing, the Wilson Run and of course public examinations.

We welcome these routines and cherish our traditions. But at the same time, we are constantly striving to enhance the experience of our pupils at Sedbergh, and the opportunities that a Sedbergh education offers. So, for example, in 2022/23 we have introduced Sedbergh Compass, a bespoke programme of PSHE and RSE teaching across all year groups: this is the first of *The Front Four*, a unique holistic education programme for our pupils. And going into the new School year, we launched the remaining elements of *The Front Four*, further details of which can be found in the Trustees' Report.

We are also continuing to invest in our School facilities. During the year a double astroturf pitch was built adjacent to the Hirst Centre, creating a wonderful sports hub for the senior school. The prep school netball courts and sports hall were also upgraded, and an outdoor classroom built allowing pre-prep children to be taught outdoors in all weathers. And we have an ambitious capital programme to celebrate our 500th anniversary in 2025, supported by the extraordinary generosity of so many of our alumni and past and present parents.

The School began 2022/23 with a record number of pupils of 779 across both Schools, and again in September 2023 with 787. This strong growth in pupil numbers has helped to restore the financial performance of the School after COVID and, importantly, to enable the School to meet the inflationary challenges that we have all faced over the last two years. Nonetheless we know that meeting the cost of a first-class independent education is a major investment for all our parents, and that many have to make significant sacrifices to meet this. And we also recognise that possible tax and other changes may add significantly to this cost after the next General Election. We are therefore continually seeking efficiency improvements in our educational provision and in the wider School operations.

I would like to thank all of our pupils and parents, the Senior Leadership Team and all our teachers and operational staff, and my Board of Governors, for all they do to make Sedbergh the great School that it is today.

Richard Gledhill  
Chairman  
Sedbergh School

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

The Board of Governors of Sedbergh School presents its Annual Report and Consolidated Financial Statements for the year ended 31 August 2023 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. Provide all of our pupils with the skills required to succeed in tomorrow's workplace, digitally confident in the rapidly changing world of technology;
5. Liaise closely with the parents of its pupils and encourage them to share in the life of the School and the house;
6. Work responsibly within its environment and community; and

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

7. Attract pupils from a wide range of social and financial backgrounds.

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

#### STRATEGIC REPORT

##### Achievements and Performance

##### Senior School

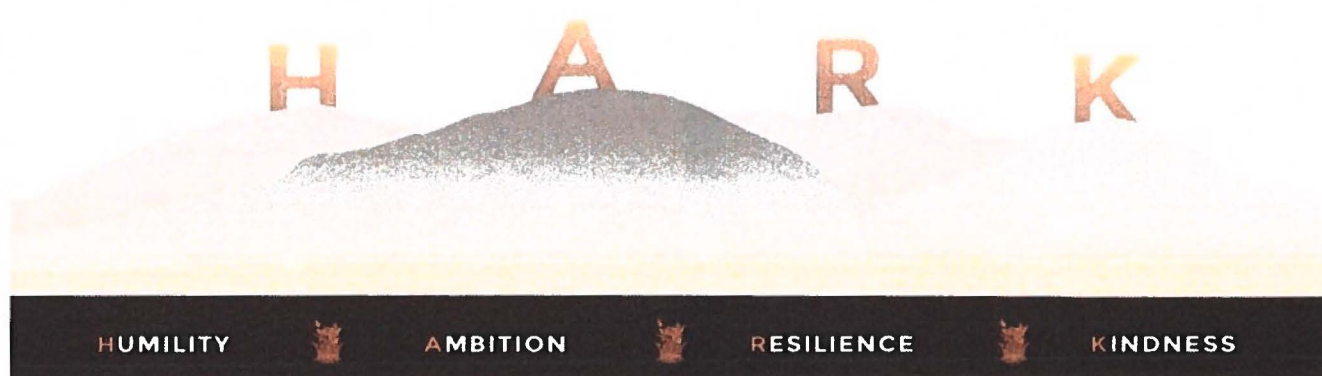
The Senior School began the year with 581 pupils (2022: 569), its highest ever roll.

Following the pandemic requiring Teacher Assessed Grades of public examinations, the examination boards restated the grade boundaries for marking, meaning that it would be harder to achieve the top grades at GCSE and A level. The School was therefore delighted that the year 13 candidates achieved an A\*-C rate of 81.5% and a value-added score of +0.19, both above the levels achieved in 2019 (pre-pandemic; 77.1%, -0.35) and higher than the national average. 30.3% of grades were A\*-A/Di\*-D (2019: 23.4%). Amongst the results were some outstanding individual and departmental performances, including a pupil achieving four A\* grades.

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 throughout the application process and following receipt of examination results proved invaluable given the competition for places.

The School was also very proud of its year 11 pupils' outstanding GCSE results, where again the grade boundaries were restated. 90.6% of results were graded 9-4 (2019: 92.0%), and 36.8% grades 9-7 (2019: 40.7%) with an average value-added score of +0.3 (2019: +0.05), a significant achievement for this group. 15 pupils achieved an average of 7.2 or higher per subject.

## SEDBERGH VALUES



The introduction of the Sedbergh values expressed in HARK in 2022 has been further developed with a new Compass programme delivering PSHE and RSE to pupils in all year groups. This is the first of four strands of a bespoke model of pastoral care of Sedberghians, to deliver an authentic, holistic education for pupils nurturing their social

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

development, emotional wellbeing and mental health, and laying the foundations for a future where they can thrive and be happy. The 'Front Four' programme began fully in Michaelmas Term 2023 and also includes community service (Service), the careers programme (Pathways), well-being and counter-bullying (Spirit).

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 twenty seven pupils gaining this award, and Gold for sixth form pupils, with ten 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 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, as it was for the Choral Society's coronation-themed concert. A School production of *Jesus Christ. Superstar* in Michaelmas Term was performed four times in front of full audiences at the Brewery Arts Centre, Kendal.

#### Preparatory School

The Prep School also began the year with a record roll of 198 pupils (2022: 184), including a large proportion of new starters (55).

The campus was redeveloped and the pupils have benefited from the resurfacing of the netball courts and the refurbishment of the sports hall. This included a renovation and relining of the floor, creating two basketball courts, and the installation of two additional cricket nets, now three in total. This has hugely increased the capacity to coach cricket throughout the year. Girls' cricket has continued to develop and is now the primary team game for the summer, though rounders continues to also feature in their curriculum.

The popularity and strength of girls' cricket was seen in the progression of the U13 girls to the National Indoor finals held at Lords, placing them in the top five teams in the country. A talented cohort of sportswomen also made national finals in hockey, netball and cross-country, winning the latter at IAPS level.

Academic developments have included the continued roll out of fully interactive digital whiteboards into all of our classrooms and the creation of an outdoor classroom; *The Den*. Used primarily, but not exclusively, by Key Stage 1 and Lower Key Stage 2 pupils, this space has proved instantly popular with both children and staff with investment in suitable teaching resources.

Performing arts highlights included the summer production of *Shrek* for Years 6 and 7 as well as the first Year 8 movie, based on the bicentenary of Casterton School and built around our core values.

Pupils in all year groups from Year 3 to 8 enjoyed the chance to take part in residential trips to various parts of northern England and down to London, ranging from outdoor education to cultural visits. The biennial Easter ski trip to Italy was a great success, with over 40 pupils taking part.

In addition to the regular inclusion at our sports festivals hosted at the Prep School, we have provided use of our swimming pool, free of charge, to a local primary school in Kirkby Lonsdale on a weekly basis through the Summer Term and look forward to continuing and strengthening this partnership with them through the years to come.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

#### **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 near capacity, with 59 children on its roll, and is thriving.

#### **Inspections**

No inspections took place during the year.

### **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, including raising over £60k for Siobhan's Trust to fund a mobile pizza van which provides hot food to refugees from the Ukraine war, and a collection of warm clothing and blankets, also for Ukrainian refugees.

From 2023/24, the Headmaster has introduced a minimum number of hours per year for pupils' giving back activities.

#### **Public benefit**

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

Parents who meet the relevant criteria are supported with means tested bursary awards within the funds available. Bursary awards are made on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk. In assessing means, a number of factors are taken into consideration including family income, investments and assets, together with family circumstances, as the School seeks to ensure opportunities are given to pupils across the full spectrum of affordability and social background. Means tested support is reviewed on a periodic basis to identify any significant change in financial circumstance.

Governors review both School policy and actual awards. The policy, which must fit within the framework of what the School can sensibly afford, is designed to provide the widest possible access including to those who fall within the definition of low income households.

The Michael Robertson Scholarship Fund, a separate charity which does not form part of the School Group, has continued to provide income to support bursary awards, which totalled £0.226m in the year (2022: £0.234m). 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 six Roger Lupton Scholars in the School receiving support from the Foundation including three Ukrainian boys.

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; there are now six such scholars in the School.

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

Sedbergh School Foundation funded two such places to the value of £0.051m. Total funding under these scholarship schemes by the Foundation amounted to £0.242m for the year (2022: £0.140m).

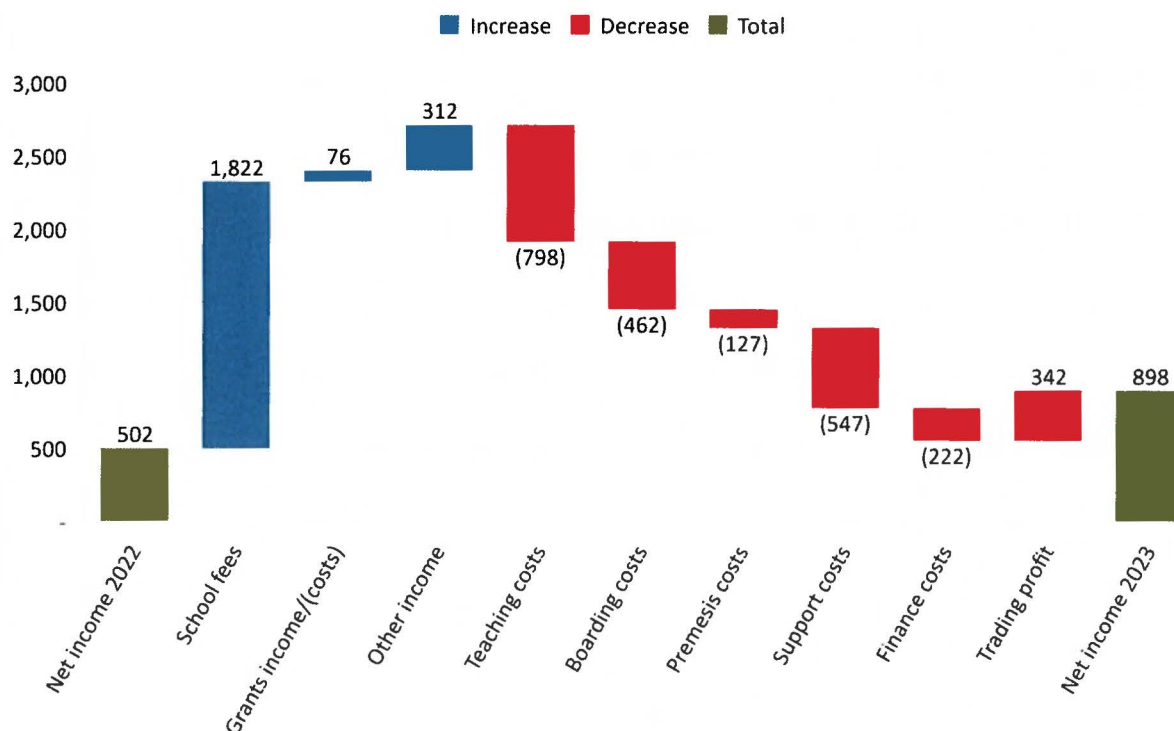
Including Michael Robertson Scholarship Fund and Sedbergh School Foundation funding, this year the School provided bursary support to 134 pupils amounting to £1.545m (2022: £1.174m) which equates to 5.6% of gross fee income.

#### 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

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



Total income received during the year amounted to £25.449m (2022: £21.947m). The majority of the Group's income is derived from school fee income which saw growth of 9.4% and amounted to £21.056m (2022: £19.234m). This growth was a result of an increase in pupil numbers of 4.1% across both Schools on a full-time equivalent basis, and fee increases in line with inflation.

Donations amounted to £1.199m (2022: £0.533m). This comprised donations towards bursaries, together with significant donations from The Sedbergh School Foundation towards major projects, including two new all-weather hockey pitches, an extensive LED conversion project and a new outdoor learning provision at the Prep School. Grant expenditure increased by £0.532m which had matching donation income.

Other income includes other educational income and investment income. Other educational income also saw significant growth of 20% with an increase in other fees eg Music, Tennis, Riding alongside an increase in fees in lieu of notice. Investment income was higher than the previous year £0.233m (2022: £0.041m) due to increases in interest

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

rates on cash deposits although the managed investment portfolio made a loss due to movements in the markets and a defensive investment strategy.

Expenditure on charitable activities increased by 13% to £22.454m (2022: £19.930m), £0.532m of the increase was due to the increase in grant expenditure which had matching donation income. The remaining £1.992m was the result of inflationary pressures and staff costs. Staff costs (including pensions) have risen by 12.3% to £13.848m (2022: £12.334m), due to the rise in pupil numbers requiring additional staffing resource, pay awards and a cost of living payment for all eligible staff to assist with the continuing cost of living crisis. Staff costs drive the majority of the increase in teaching costs, boarding costs, premises costs and support costs.

Finance costs increased to £0.421m (2022: £0.199m) due to increases in base rate alongside the increase in the term loan.

Trading income improved significantly increasing to £2.100m (2022: £1.398m) with the resumption of the International Summer School programme and record numbers of pupils attending short courses. Trading costs increased to £1.676m (2022: £1.316m) due to the significant increase in income but at a lower percentage thereby increasing the profitability of the trading activities.

#### Key financial performance indicators

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

	<u>2023</u>	<u>2022</u>
Pupil numbers (adjusted on a full time equivalent basis)	785	754
Teaching staff costs as % of net fees	34.6%	34.2%
Premises and boarding costs as % of net fees	45.6%	46.9%

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 £0.898m (2022: £0.502m) driven by the increase in income. Deducting the loss on investments relating to the Group's funds under management of £0.138m (2022: gain £0.134m), the revaluation gain of the residential property portfolio of £nil (2022: £0.560m) and deducting the actuarial losses on the non-teaching defined benefit pension scheme arising from the FRS 102 revaluation of £0.004m produces a total net increase in the Group's funds of £0.756m (2022: £1.194m).

The Group's operating activities generated positive cash flow of £2.181m (2022: £2.434m). Investing activities included the purchase of tangible assets £3.464m (2022: £0.976m) including two new all-weather Tiger-Turf hockey pitches; paid for in part by drawing down £0.815m from short term cash deposits. The repayment of existing loans totalled £0.453m (2022: £0.564m). In April 2023 the overdraft facility was reduced by £1m and the term loan increased by £1m. Interest payments totalled £0.411m (2022: £0.199m). The overall cash position therefore decreased by £0.128m.

#### 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. Material uncertainties have been identified as a result of potential political threats associated with VAT on school fees. Scenario analysis has been conducted to model potential outcomes associated to this and in each scenario the business is considered a going concern. Accordingly, the School has continued to adopt the going concern basis in preparing the financial statements.

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

Net current liabilities decreased to £3.125m (2022: £3.406m) and the level of fixed investments which could be disinvested amounts to £3.767m (2022: £4.744m).

#### STRATEGIC PLAN 2023-2028

The School's Strategic Plan for the period 2023-2028 is reviewed annually. 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 senior school the review of the curriculum will see further development of Global Perspectives, 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 and digital technology in teaching practice.

Sedbergh continues to maintain its international reputation for sporting excellence and continues to offer a broad range of sports available to all pupils, combined with the provision of outstanding creative arts.

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

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

**To ensure there is an ethos and environment which takes the mental health of pupils and staff seriously, and in which it is managed and monitored actively with staff and pupils being developed and supported, alongside developing the teaching of PSHE and RSE by tutors. Pupil and staff well-being will continue to be actively promoted and ill-health managed swiftly and appropriately to make the School an attractive place to live, work and learn.**

A range of initiatives 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. At the senior school these have been developed into the 'Front Four' programme being introduced in Michaelmas Term 2023, the Compass programme of PSHE/RSE teaching beginning in 2022.

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

Safeguarding policy and practice remains at the forefront of staff and Governor training, with regular assessment and review at all levels of daily operations. This training includes all staff, including those working within the trading subsidiaries.

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

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

- **Sustainability**

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

The School has begun a major new investment in energy reduction measures as part of a longer term refurbishment of both campuses. During the year, the School replaced all lighting with LED and motion detection sensors. This is being followed by further insulation and double glazing projects in 2023/24 and beyond. A programme of future works over the next five years has been developed.

Ambitious targets to further reduce our carbon footprint are being finalised as part of a broader range of sustainability and corporate social responsibility objectives.

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

- **Development of land and assets**

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

Plans are well advanced for a new Technology Centre in the senior school, aligned to the new curriculum development programme. Enabling works commenced during the year.

The sporting facilities at both schools were significantly enhanced during the year with the construction of a double astro-turf pitch with floodlighting at the senior school, and the refurbishment of the prep school sports hall providing additional facilities for the children on that campus.

Condition surveys have been completed on the boarding houses and School buildings on the Sedbergh campus as an early stage in the process of refurbishment which will include energy efficiency measures.

- **Overseas schools expansion**

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

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 2023 now exceeds 650 pupils. Sedbergh School International Limited continues to benefit from an outstanding investor partner in the Rong Qiao Group based in Fujian province.

The rebranding of a school in Ho Chi Minh city will see Sedbergh Vietnam open in September 2024. 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.

- **Non-fee based revenue generation**

To deliver our targets for non-fee based revenue streams through a range of commercial

Sedbergh School Developments Limited delivered its largest ever programme of courses in the Easter and summer holidays in 2023, with record attendance by children from 6 to 16 years of age, as well as providing training webinars

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### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

ventures undertaken by our commercial subsidiaries, Sedbergh School International Limited and Sedbergh School Developments Limited.

and outreach activity with schools and clubs. Over 3,000 children attended a SSDL training event across the UK. The unique coaching philosophy developed has been offered at courses and events in the north of England and overseas in the UAE and Europe.

The International Summer School enjoyed excellent bookings, delivering surplus significantly ahead of budget.

#### • Financial security, including fundraising

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

The 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:

- generating additional liquid reserves
- funding future capital expenditure including new facilities, energy reduction measures and major renovation works
- strengthening our competitive position in our UK and global markets.

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

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 2024 and 2025 entry.

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.

The School is developing detailed plans to consider the implications of VAT being imposed on school fees, and how this could be addressed across the organisation.

Our fundraising activities are carried out through the Sedbergh School Foundation, which has continued to provide support via the Roger Lupton and Settlebeck Scholarship schemes throughout the School.

The Foundation has an ambitious fundraising plan to support the development of both Schools as part of the quincentenary celebrations in 2025. The fundraising campaign launched in June 2022 has secured donations and pledges totalling more than £3.154m as at 31 August 2023.

A restructure of the alumni relations teams took place during the year, to bring the Foundation and OS Club under the strategic management of the Headmaster, whilst retaining their independent trustee structures. The School is able to provide significant administrative and finance management support to both organisations enabling them to focus effectively on their clearly defined alumni functions.

# SEDBERGH SCHOOL

## TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

### 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 budgetary control of operational and capital expenditure</li> </ul>
	The impact of future increases in employer contributions to Teachers' Pension Scheme ("TPS").	<ul style="list-style-type: none"> <li>– Regular cashflow forecasting and reserves</li> <li>– Revised global marketing strategy</li> <li>– Five year capex programme review</li> <li>– Formal consultation commenced with the teaching staff to cap future contributions to TPS from May 2024</li> </ul>
<b>Staff</b>	Inability to recruit and retain high calibre teaching staff	<ul style="list-style-type: none"> <li>– Detailed contingency planning</li> </ul>
	Inability to recruit operational staff, impacting on operational support provision	<ul style="list-style-type: none"> <li>– Development of a new competitive salary scale and allowance package for teaching staff will be implemented in May 2024</li> </ul>
	Strategic leadership and senior management changes of personnel.	<ul style="list-style-type: none"> <li>– Development of a new strategy for non-teaching staff recruitment</li> <li>– Future succession planning for executive and senior management positions</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>– Development and testing of the major incident plan</li> <li>– Strict adherence of and training on core policies</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, changes in overseas pupil visas).	<ul style="list-style-type: none"> <li>– Detailed plans to mitigate the impact of VAT on school fees</li> <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>
<b>External event eg pandemic</b>	Impact in the School and threat to the local community.	<ul style="list-style-type: none"> <li>– Major incident planning</li> </ul>
	Inability to provide all aspects of the Sedbergh education on either campus, resulting in loss of revenue.	<ul style="list-style-type: none"> <li>– Review of policies and procedures</li> <li>– Remote learning plans and staff training</li> </ul>
	Additional costs arising from the event.	<ul style="list-style-type: none"> <li>– Cost contingency plans</li> <li>– Bio security measures</li> </ul>

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

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 £4.045m (2022: £4.925m) alongside the overdraft facility of £1m. In addition, the School benefits from a portfolio of residential property totalling £6.156m (2022: £6.156m).

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 £19.063m (2022: £18.307m), which comprise: endowment funds £1.779m (2022: £1.889m), restricted funds £0.713m (2022: £0.843m) and general funds of £16.571m (2022: £15.575m).

##### **Investments**

The Group's funds under management were valued at £3.767m as at 31 August 2023 (2022: £4.744m). 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 last year but this year that same defensive strategy has led to losses. Post year end the funds have been disinvested and placed into fixed rate cash deposits.

##### **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. Further information can be found on page 5 of the Trustees' Report.

##### **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.

## SEDBERGH SCHOOL

### TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023

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.

The School commissioned an ESOS compliant intermediate energy audit and report, carried out by Arup during 2022/23 which reported in February 2023. The report made recommendations for phased reductions in energy consumption by 2040 through the following measures: monitoring use, fabric upgrades, system optimisation, system intervention, and the introduction of renewables.

#### 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.

	2023		2022 (Restated)	
	kWh	Metric tonnes CO <sub>2</sub> e	kWh	Metric tonnes CO <sub>2</sub> e
<b>Scope 1</b>				
Gas Consumption	8,785,177	1,603,646	8,655,909	1,582,473
Transport	393,065	97,924	343,990	85,408
<b>Scope 2</b>				
Electricity Consumption	1,970,304	381,017	1,989,485	422,427
<b>TOTAL</b>	<b>11,148,546</b>	<b>2,082,587</b>	<b>10,989,384</b>	<b>2,090,308</b>
<b>Intensity ratio CO<sub>2</sub>e per pupil</b>		<b>2,653</b>		<b>2,772</b>

2022 figures have been restated to reflect unbilled, but accrued for, invoices in the prior year.

The conversion factors have been updated in 2023 to reflect the latest UK Government data.

The results for 2023 reflect similar levels of energy consumption to 2022, with both winters being statistically similar. However, there was an increase in gas consumption despite the replacement of boilers with more efficient models, in the main due to weather patterns changing, with a very damp autumn in 2022, and a late cold spell in April 2023.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

There was a marginal decrease in electricity consumption which will grow because of energy saving measures that have been implemented.

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

During the year the programme to improve energy efficiency continued. The achievements included:

- replacement of a central heating boiler in a boarding house at a cost of £0.090m;
- boilers were renewed in smaller buildings;
- investment of £0.150m to replace windows with uPVC double-glazed units to significantly reduce heat loss in two boarding houses;
- investment of £0.400m in a whole School project to upgrade lighting to LED and introduced motion detection sensors in all buildings aiming to deliver a 15% energy saving for academic year 2023/24;
- provision of a further four electric vehicle charging points increasing EV charging capacity to eight vehicles; and
- introduction of a half term/weekend bus service for pupils to travel home to reduce multiple individual journeys by parents.

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

- continued replacement of the heating systems in senior school boarding houses and similar sized major building;
- continued programme of replacement of windows with uPVC double-glazed units;
- introduction of new and upgrades to existing boiler management systems for all buildings with significant gas usage;
- school wide roll-out of automatic energy monitoring systems;
- continued education and action on recycling and energy use in our office environments;
- continued insulation upgrade to properties as necessary including continued extensive investment in double glazing in older buildings;
- appraisal of renewable energy options and our future purchasing strategy to progress toward net zero;
- evaluation of sustainable travel including sports travel, off-site activities, business travel, staff travel to work and pupil transport to School; and
- a complete renewal of printing hardware using less electricity and consumables.

The School continues to follow the requirements of ESOS phase 2, including;

- reporting total energy consumption, including transport mileage, annually;
- appointing a lead assessor;
- conducting an energy audit; and
- actioning the initial recommendations of the energy audit report.

#### **Other sustainability measures**

The School is developing a full sustainability plan which in addition to operational energy and carbon footprint and sustainable travel includes the following subjects:

- education and integration of sustainability into School daily life – a long term campaign to influence both staff and pupils with the eventual inclusion of sustainability in the curriculum;
- water use – fast identification and resolution of leaking pipes and taps; reducing boarding house use by pupils;

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

- waste management including improved recycling, waste reduction, food waste bio-digestion and waste oil from kitchens sent to be made into bio-fuel;
- sustainable construction and refurbishment;
- sustainable procurement – through engagement with suppliers to assess their own commitment to sustainability;
- sustainable catering – reduction in fuel use through digital catering, food miles, locally produced produce, sustainable meat and fish products, reduction in food waste, and elimination of the use of disposable plastics; and
- biodiversity on campus – an acre of new woodland has been planted in memory of Her Majesty Queen Elizabeth II, adjacent to the School's nature reserves; tree planting to screen the new all-weather hockey pitches; maturing woodland planted over the last 20 years.

#### **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 recognises the importance of our stakeholders to the future of the school, 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 proactive and systematic communication based upon an open and honest dialogue and a clear appreciation 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.

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

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

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 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 Articles of Association were renewed during the year to meet current company and charity law and practice.

##### **The Governing Body**

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

Under the new 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 up to fifteen Co-optive Governors.

Until 5 July 2023, the Governing Body included His Majesty's Lord Lieutenant of Cumbria in an ex-officio position; this ceased with the retirement of the Lord Lieutenant on 5 July. The Articles of Association now allow for the Lord Lieutenant to nominate a representative to hold a Co-optive Governor position; this position is currently vacant.

The Lord Archbishop of York also nominates a representative (Revd M D Ineson) who holds one of the Co-optive Governor positions.

The remaining Co-optive Governors are appointed by the Board of Governors for a specific period not exceeding three years initially. A Governor is eligible for re-election for up to three further terms of three years. Governors are reappointed at the Annual Retirement Meeting of Governors (replacing the AGM), which will be held for the first time in March 2024.

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

##### **Management arrangements**

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

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

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 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.

##### **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)

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

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. The close relationship between the Foundation and the School has been enhanced during the year with a restructure of strategic management, as described earlier.

#### **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. There is a close working relationship between the Club, School and Foundation.

#### **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 £0.917m. This included providing additional scholarships and bursary support and funding towards significant capital projects, including two new all-weather hockey pitches and a new outdoor learning provision at the Prep school. In addition, an extensive LED conversion project was undertaken 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.

Preparations are well progressed for the celebration of the quincentenary of the foundation of Sedbergh School in 2025. A number of high profile events are scheduled and a new history of the School will be published, written by M A F Raw, former Head of History.

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

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

##### **Governing body**

- Chairman: - R J Gledhill, MA (Cantab), ACA\*#
- Ex-Officio: - His Majesty's Lord-Lieutenant of Cumbria, Mrs C T Hensman CVO, BA (LSE) [retired 5 July 2023]
- Co-optive: - Mrs L Bates BA (Liverpool John Moores)\* [retired 11 March 2023]  
- 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)  
- Revd M D Ineson MA, BA (Bristol), BEng (Birm) (representing The Lord Archbishop of York)#  
- Mrs K E Martin [appointed 1 January 2023]  
- Professor J Mennell BSc (Leeds), DL [appointed 17 June 2023]  
- R N Papworth BA (Oxon)\*#  
- M R Piercy MA (Leicester)  
- J H B Warburton-Lee

\* Members of the Executive Committee at 31 August 2023

# Members of the Safeguarding, Audit and Risk Sub-Committee as at 31 August 2023

##### **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)

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

#### **Bankers**

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

#### **Auditor**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

#### **Solicitors**

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

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

#### **Investment managers (up to Nov 23)**

Ruffer LLP  
31 Charlotte Square  
Edinburgh  
EH2 4ET

#### **Insurance brokers**

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

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

## **SEDBERGH SCHOOL**

### **TRUSTEES' ANNUAL REPORT (GOVERNORS' REPORT) for the year ended 31 August 2023**

#### **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**

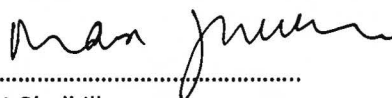
The Governors (who are also directors of Sedbergh School for the purposes of company law and the Trustees for the purposes of Charity Law) are responsible for preparing the Trustees' and Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards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

This report, which incorporates the Strategic Report, was approved by the Governors on 9 March 2024 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 2023 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 2023 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 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 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: 24 April 2024

10 Queen Street Place  
London  
EC4R 1AG

# SEDBERGH SCHOOL

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2023

	Note	Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2023 £'000	Total 2022 £'000
<b>Income from:</b>						
<b>Charitable activities:</b>						
- School fee income	2	21,056	-	-	21,056	19,234
- Other educational income	3	704	-	-	704	587
- Other ancillary income	3	141	-	-	141	136
<b>Other trading activities:</b>						
- Trading income	4	2,100	-	-	2,100	1,398
Investment income	5	219	14	-	233	41
Donations, legacies & grants	6	-	1,199	-	1,199	533
<b>Other income:</b>						
- Sundry income		16	-	-	16	18
<b>Total Income</b>		24,236	1,213	-	25,449	21,947
<b>Expenditure on:</b>						
Charitable activities		21,374	1,064	16	22,454	19,930
<b>Raising funds:</b>						
- Trading costs		1,676	-	-	1,676	1,316
- Financing costs		421	-	-	421	199
<b>Total Expenditure</b>	8	23,471	1,064	16	24,551	21,445
<b>Net Income/(Expenditure)</b>		765	149	(16)	898	502
<b>Transfer Between Funds</b>		236	(236)	-	-	-
<b>Other Recognised Gains/(Losses)</b>						
Revaluation of property	10	-	-	-	-	560
(Losses)/Gains on investments	9	(1)	(43)	(94)	(138)	134
Actuarial losses on defined benefit pension scheme	20	(4)	-	-	(4)	(2)
<b>Net Movement in Funds</b>		996	(130)	(110)	756	1,194
<b>Total Funds Brought Forward</b>		15,575	843	1,889	18,307	17,113
<b>Total Funds Carried Forward</b>	18	16,571	713	1,779	19,063	18,307

All activities are classed as continuing. The notes on pages 28 to 54 form part of these accounts.

# SEDBERGH SCHOOL

## BALANCE SHEETS at 31 August 2023

Company number: 03946280

	Note	Consolidated		School	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	10	25,237	22,939	25,237	22,939
Investments	11	3,767	4,744	3,204	4,058
		<u>29,004</u>	<u>27,683</u>	<u>28,441</u>	<u>26,997</u>
<b>Current Assets</b>					
Stocks	12	125	119	118	112
Debtors	13	2,148	1,436	2,237	1,881
Cash at bank and in hand		2,404	2,532	1,799	1,930
		<u>4,677</u>	<u>4,087</u>	<u>4,154</u>	<u>3,923</u>
<b>Creditors: amounts falling due within one year</b>	14	(7,802)	(7,493)	(7,596)	(7,230)
<b>Net Current Liabilities</b>		<u>(3,125)</u>	<u>(3,406)</u>	<u>(3,442)</u>	<u>(3,307)</u>
<b>Total Assets Less Current Liabilities</b>		<u>25,879</u>	<u>24,277</u>	<u>24,999</u>	<u>23,690</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(6,816)	(5,970)	(6,816)	(5,970)
<b>Total Net Assets Excluding Defined Benefit Pension Scheme Asset</b>		<u>19,063</u>	<u>18,307</u>	<u>18,183</u>	<u>17,720</u>
Defined benefit pension scheme asset	20	-	-	-	-
<b>Total Net Assets</b>		<u>19,063</u>	<u>18,307</u>	<u>18,183</u>	<u>17,720</u>
<b>Funds</b>					
Unrestricted funds					
- General reserve	18c	12,145	11,149	11,827	11,247
- Revaluation reserve	18c	4,426	4,426	4,426	4,426
- Pension reserve	18c	-	-	-	-
		<u>16,571</u>	<u>15,575</u>	<u>16,253</u>	<u>15,673</u>
Endowment funds	18a	1,779	1,889	1,779	1,889
Restricted funds	18b	713	843	151	158
<b>Total Funds</b>		<u>19,063</u>	<u>18,307</u>	<u>18,183</u>	<u>17,720</u>

The School's net income for the year was £0.568m (2022: £0.476m) and the net movement in funds was £0.463m (2022: £1.143m).

The financial statements were approved, authorised for issue and signed on behalf of the Board of Governors on 9 March 2024.



R J Gledhill  
Chairman

# SEDBERGH SCHOOL

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 August 2023

	2023		2022	
	£'000	£'000	£'000	£'000
<b>Operating Activities</b>				
Net income		898		502
Depreciation charge		1,166		956
Investment income		(233)		(41)
Interest paid		411		199
Investment management fee		24		23
Defined benefit pension scheme		(4)		(2)
(Increase)/decrease in stocks		(6)		22
(Increase) in debtors		(712)		(218)
Increase in creditors		637		993
<b>Net cash provided by Operating Activities</b>		<u>2,181</u>		<u>2,434</u>
<b>Investing Activities</b>				
Investment income	233		41	
Purchase of tangible fixed assets	(3,464)		(976)	
Proceeds from sale of investments	2,360		1,304	
Purchase of investments	(1,545)		(1,304)	
<b>Net cash used in Investing Activities</b>		<u>(2,416)</u>		<u>(935)</u>
<b>Financing Activities</b>				
Interest paid	(411)		(199)	
New loans	1,000		-	
Repayment on loans	(453)		(564)	
Finance lease rentals	(29)		(8)	
<b>Net cash provided by/(used in) Financing Activities</b>		<u>107</u>		<u>(771)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(128)</u>		<u>728</u>
<b>Cash and cash equivalents at the beginning of the year</b>		2,532		1,804
<b>Cash and cash equivalents at the end of the year</b>		<u>2,404</u>		<u>2,532</u>
<b>Represented by:</b>				
Cash at bank and in hand		<u>2,404</u>		<u>2,532</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS**  
**31 August 2023**

**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 subsidiaries, 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 2023 except for Sedbergh Hotel Enterprises Limited which has a financial year end of 30 June 2023. 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 2023**

**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 2023**

**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 2023

#### **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 2023**

**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 2023. 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 2023 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 2023**

<b>2</b>	<b>School fee income</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Gross fees		25,943		23,887
	Bursaries		(1,545)		(1,174)
	Scholarships		(1,508)		(1,740)
	Other concessions		(2,395)		(2,150)
			(5,448)		(5,064)
	Less contributions from restricted funds				
	Education Fund	82		3	
	Appeal Fund	2		2	
	Michael Robertson Scholarship Fund	226		234	
	Scholarship and Prize Funds	7		9	
	Sedbergh School Foundation	242		140	
	Casterton Old Girls Association	-		20	
	Casterton School Scholarship Fund	1		2	
	Rosalie Mary Forster Bursary Fund	1		1	
			561		411
			(4,887)		(4,653)
	Net fees		21,056		19,234
<b>3</b>	<b>Other income from charitable activities</b>		<b>2023</b>	<b>2022</b>	
			<b>£'000</b>	<b>£'000</b>	
	<b>Other educational income</b>				
	Other fees		447	416	
	Bookroom		66	35	
	Sundry		17	15	
	Registration fees		42	45	
	Fees in lieu of notice		115	52	
	Surcharge interest on late fees		17	24	
			704	587	

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

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Other ancillary income</b>		
Rent	116	114
Commissions	1	4
Insurance	4	18
Sundry	20	-
	<hr/> 141	<hr/> 136
	<hr/>	<hr/>

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

**4 Trading income**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Short courses	1,564	963
School uniform	-	160
Facilities and lettings	33	40
Royalty and service fee income	503	235
	<hr/> 2,100	<hr/> 1,398
	<hr/>	<hr/>

**5 Investment income**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Dividends received from fixed asset investments	30	41
Bank interest received	203	-
	<hr/> 233	<hr/> 41
	<hr/>	<hr/>

2023: £14,000 (2022: £18,000) of investment income was credited directly to restricted funds.

# SEDBERGH SCHOOL

## NOTES TO THE ACCOUNTS (continued)

31 August 2023

### 6 Income from donations, legacies and grants

	2023 £'000	2022 £'000
Donations (restricted)	731	136
Income from Sedbergh School Foundation (restricted)	242	140
Income from Michael Robertson Scholarship Fund (restricted)	226	234
Income from Casterton Old Girls Association (restricted)	-	20
Coronavirus Job Retention Scheme grant (unrestricted)	-	3
	<u>1,199</u>	<u>533</u>

### 7 Expenditure

	2023 £'000	2022 £'000
<b>Charitable expenditure includes:</b>		
Depreciation – owned assets	1,118	948
Depreciation – assets under finance leases	48	8
Operating lease cost	118	112
	<u></u>	<u></u>

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

##### Auditor's remuneration:

Statutory audit of parent company and group accounts	32	28
Audit of subsidiaries where such services are provided by the group auditor	9	7

Total audit	<u>41</u>	<u>35</u>
Other services	9	1
	<u>50</u>	<u>36</u>

#### Financing costs

	2023 £'000	2022 £'000
Interest on bank loans and overdrafts	411	199
Amortisation on bank loan arrangement fee	10	-
	<u>421</u>	<u>199</u>

# SEDBERGH SCHOOL

## NOTES TO THE ACCOUNTS (continued) 31 August 2023

### 7 Expenditure (continued)

Staff costs	2023 £'000	2022 £'000
Wages and salaries	11,211	9,996
Social security costs	1,088	975
Pension costs	1,571	1,363
Redundancy costs	4	-
	<u>13,848</u>	<u>12,334</u>

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

	2023 No.		2022 No.	
	Full time	Part time	Full time	Part time
Teaching staff	115	67	110	61
Premises and grounds staff	25	6	26	4
Administration and clerical staff	35	22	32	26
Catering, boarding house and medical staff	87	113	89	117
	<u>262</u>	<u>208</u>	<u>257</u>	<u>208</u>

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

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

	2023 No.	2022 No.
£60,001 - £70,000	13	5
£70,001 - £80,000	3	1
£80,001 - £90,000	-	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
£110,000 - £120,000	-	-
£120,000 - £130,000	1	2
£130,000 - £140,000	1	-
£140,000 - £150,000	1	-

Included in the above higher paid employees were 14 (2022: 8) accruing benefits under defined benefit schemes. Contributions in respect of these individuals totalled £0.241m (2022: £0.143m).

### 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 £0.558m (2022: £0.508m).

**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

	Staff costs £'000	Other £'000	Depreciation £'000	Total 2023 £'000
<b>Charitable activities</b>				
Teaching costs	7,326	708	-	8,034
Boarding houses, staff and medical provision	2,470	2,003	-	4,473
Premises costs	1,396	2,573	1,166	5,135
Management and administration	1,551	1,288	-	2,839
Grants, awards and prizes	-	1,006	-	1,006
Publicity	364	603	-	967
	<u>13,107</u>	<u>8,181</u>	<u>1,166</u>	<u>22,454</u>
<b>Raising funds</b>				
Trading	741	935	-	1,676
Interest on bank loans and overdrafts	-	421	-	421
	<u>741</u>	<u>1,356</u>	<u>-</u>	<u>2,097</u>
	<u>13,848</u>	<u>9,537</u>	<u>1,166</u>	<u>24,551</u>
<b>Governance costs (included within management and administration costs)</b>				
Governors' meeting costs	-	19	-	19
Audit and accountancy (exc VAT)	-	50	-	50

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## 8 Analysis of expenditure (continued)

**9 Fair value gains and losses**

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**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**10 Tangible fixed assets**

<b>Consolidated and School</b>	<b>Residential property</b>	<b>Leasehold improvements</b>	<b>Fixtures &amp; fittings</b>	<b>Other assets</b>	<b>School land &amp; buildings</b>	<b>All weather surfaces</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>							
As at 1 Sept 2022	6,156	1,052	11,162	995	14,920	671	34,956
Additions	-	-	1,338	143	72	1,911	3,464
Disposal	-	-	(20)	-	-	-	(20)
<b>As at 31 August 2023</b>	<b>6,156</b>	<b>1,052</b>	<b>12,480</b>	<b>1,138</b>	<b>14,992</b>	<b>2,582</b>	<b>38,400</b>
<b>Depreciation</b>							
At as 1 Sept 2022	-	120	7,529	878	2,928	562	12,017
Charge for the period	-	10	611	109	330	106	1,166
Disposal	-	-	(20)	-	-	-	(20)
<b>As at 31 August 2023</b>	<b>-</b>	<b>130</b>	<b>8,120</b>	<b>987</b>	<b>3,258</b>	<b>668</b>	<b>13,163</b>
<b>Net book value</b>							
<b>As at 31 August 2023</b>	<b>6,156</b>	<b>922</b>	<b>4,360</b>	<b>151</b>	<b>11,734</b>	<b>1,914</b>	<b>25,237</b>
As at 31 August 2022	6,156	932	3,633	117	11,992	109	22,939

The net book value of assets held under finance leases is £98,000 (2022: £53,000) included within School land & buildings. The depreciation charge in respect of these assets was £48,000 (2022: £8,000). School land and buildings have been valued for insurance purposes in October 2023 at £159m (2022: £158m). In addition, the School's contents are insured at a value of £9.7m (2022: £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. A subsequent increase of £0.560m was made at 31 August 2022 taking the total value to £6.2m. The Governors have considered the current market and, having consulted with external advisors, are of the opinion that there is no indication of a material change in the market value as at 31 August 2023.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**11 Investments**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>		
<b>At market value:</b>		
Balance at 1 Sept 2022	4,744	4,633
Additions	1,545	1,304
Disposal proceeds	(2,360)	(1,304)
Increase in market value	(138)	134
Management fee	(24)	(23)
	<hr/>	<hr/>
Balance at 31 August 2023	3,767	4,744
	<hr/>	<hr/>
<b>School</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>At market value:</b>		
Balance at 1 Sept 2022	4,058	3,967
Additions	1,201	1,122
Disposals proceeds	(1,937)	(1,122)
Increase in market value	(101)	109
Management fee	(17)	(18)
	<hr/>	<hr/>
Balance at 31 August 2023	3,204	4,058
	<hr/>	<hr/>

**Subsidiary undertakings**

The School controls 100% of Sedbergh School Developments Limited (company no. 03184583; with the same registered address as the School, detailed on page 19), which runs sporting and educational courses making use of the School's facilities. Its trading results and summary balance sheet, extracted from its audited accounts for the year ended 31 August 2023 were:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	1,597	1,003
Cost of sales	(1,003)	(602)
	<hr/>	<hr/>
Gross profit	594	401
Administration costs	(314)	(300)
Interest	(17)	(10)
	<hr/>	<hr/>
Net profit	263	91
	<hr/>	<hr/>
Trading income is credited to unrestricted funds in the consolidated accounts.		
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Total assets	632	327
Total liabilities	(590)	(548)
	<hr/>	<hr/>
Total reserves	42	(221)
	<hr/>	<hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**11 Investments (continued)**

The School also controls 100% of Sedbergh School International Limited (company no. 9814021; with the same registered address as the School, detailed on page 19) which was formed to facilitate opening of an overseas school. Its trading results and summary balance sheet, extracted from its audited accounts for the year ended 31 August 2023 were:

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Turnover	504	235
Cost of sales	(110)	(57)
Gross profit	<u>394</u>	<u>178</u>
Administration costs	(215)	(152)
Net profit	<u>179</u>	<u>26</u>

Trading income is credited to unrestricted funds in the consolidated accounts.

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Total assets	357	299
Total liabilities	(82)	(177)
Total reserves	<u>275</u>	<u>122</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>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
At 1 Sept 2022 and 31 August 2023	-	-

	<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 2023 are as follows;

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>(restated)</b> <b>£'000</b>
Aggregate amount of capital and reserves	<u>(1,414)</u>	<u>(1,098)</u>
Loss for the period	<u>(316)</u>	<u>(138)</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**12 Stocks**

	<b>Consolidated</b>		<b>School</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Consumables	33	88	26	81
Bookroom stationery	92	31	92	31
	<u>125</u>	<u>119</u>	<u>118</u>	<u>112</u>

**13 Debtors**

	<b>Consolidated</b>		<b>School</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors for school fees and extras	665	674	665	674
Trade debtors	348	-	-	-
Prepayments and accrued income	931	655	928	655
Other debtors	177	82	167	80
Amounts due from related undertakings	27	25	477	472
	<u>2,148</u>	<u>1,436</u>	<u>2,237</u>	<u>1,881</u>

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

	<b>Consolidated</b>		<b>School</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,167	693	1,070	659
Accruals and deferred income	1,388	1,357	1,279	1,291
Parental deposits	768	770	768	770
Fees received in advance	3,531	3,484	3,531	3,484
Taxation and social security	273	261	273	261
Finance lease creditor	35	-	35	-
Other creditors	280	364	280	201
Bank loans	360	564	360	564
	<u>7,802</u>	<u>7,493</u>	<u>7,596</u>	<u>7,230</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**

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 2023**

**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>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Within 1 year	3,137	2,966
Within 1 to 2 years	219	336
Within 2 to 3 years	86	91
Greater than 3 years	89	91
	<hr/>	<hr/>
	3,531	3,484
	<hr/>	<hr/>

The movements during the year were as follows:

	<b>Consolidated and School</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
As at 1 Sept 2022	3,484	3,395
New contracts	3,052	3,006
Refunded	(23)	(141)
Amounts utilised in payment of fees to the School	(2,982)	(2,776)
	<hr/>	<hr/>
As at 31 August 2023	3,531	3,484
	<hr/>	<hr/>

**Deferred income**

Deferred income at the prior 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>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
As at 1 Sept 2022	100	89
Released in year	(100)	(89)
Deferred in year	-	100
	<hr/>	<hr/>
As at 31 August 2023	-	100
	<hr/>	<hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

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

	<b>Consolidated and School</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	6,721	5,970
Finance lease creditor	95	-
	<u>6,816</u>	<u>5,970</u>

**Bank loans**

During the year, the bank loan was renegotiated. The existing term loan and CBILS loan were consolidated and a further £1m borrowed, the overdraft facility was however reduced by £1m. 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.

The bank loans fall due as follows:

	<b>Consolidated and School</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within 1 year (note 14)	360	564
Amounts falling due within 1 to 2 years	360	564
Amounts falling due within 2 to 5 years	6,361	5,406
	<u>7,081</u>	<u>6,534</u>

The bank loans, with an outstanding balance at 31 August 2023 of £7.081m (2022: £6.534m), are secured by way of legal charges over certain properties and a fixed and floating debenture over the School's assets.

**16 Analysis of changes in net debt**

	<b>At 1 September 2022</b>	<b>Non Cash Movements</b>	<b>Cash flows</b>	<b>At 31 August 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	2,532	-	(128)	2,404
Sub-total	<u>2,532</u>	<u>-</u>	<u>(128)</u>	<u>2,404</u>
Loans falling due within one year	(564)	(207)	411	(360)
Loans falling due after more than one year	(5,970)	249	(1,000)	(6,721)
Finance lease obligations	-	(159)	29	(130)
Net funds/(debt)	<u>(4,002)</u>	<u>(117)</u>	<u>(688)</u>	<u>(4,807)</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**17 Allocation of the charity net assets**

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

<b>As at 31 August 2023</b>		<b>Fixed assets</b>	<b>Net current assets/(liabilities)</b>	<b>Long term liabilities</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>					
Endowment	(18a)	1,394	385	-	1,779
Restricted	(18b)	660	53	-	713
Unrestricted funds	(18c)	26,950	(3,563)	(6,816)	16,571
		<u>29,004</u>	<u>(3,125)</u>	<u>(6,816)</u>	<u>19,063</u>
<b>School</b>					
Endowment	(18a)	1,394	385	-	1,779
Restricted	(18b)	98	53	-	151
Unrestricted funds	(18c)	26,949	(3,880)	(6,616)	16,253
		<u>28,411</u>	<u>(3,442)</u>	<u>(6,616)</u>	<u>18,183</u>
<b>As at 31 August 2022</b>					
		<b>Fixed assets</b>	<b>Net current assets/(liabilities)</b>	<b>Long term liabilities</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>					
Endowment	(18a)	1,504	385	-	1,889
Restricted	(18b)	790	53	-	843
Unrestricted funds	(18c)	25,389	(3,844)	(5,970)	15,575
		<u>27,683</u>	<u>(3,406)</u>	<u>(5,970)</u>	<u>18,307</u>
<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
		<u>26,997</u>	<u>(3,307)</u>	<u>(5,970)</u>	<u>17,720</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**18a Endowment funds**

	Balance at 1 Sept 2022 £'000	Income £'000	Expenditure £'000	Revaluation losses £'000	Balance at 31 Aug 2023 £'000
<b>Consolidated and School</b>					
Collingwood and Baynes Foundation	461	-	(1)	(5)	455
Scholarship and Prize Fund	1,218	-	(13)	(76)	1,129
Casterton School Scholarship Fund	210	-	(2)	(13)	195
	<u>1,889</u>	<u>-</u>	<u>(16)</u>	<u>(94)</u>	<u>1,779</u>
	Balance at 1 Sep 2021 £'000	Income £'000	Expenditure £'000	Revaluation gains £'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>

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 2023

### 18b Restricted funds

	Balance at 1 Sept 2022 £'000	Income £'000	Expenditure £'000	Transfer £'000	Revaluation losses £'000	Balance at 31 Aug 2023 £'000
General Funds	-	1,199	(963)	(236)	-	-
Rosalie Mary Forster Bursary Fund	99	1	(2)	-	(6)	92
Casterton School Scholarship Fund	5	-	-	-	-	5
Casterton Old Girls Association Scholarship and Prize Fund	53	-	-	-	-	53
Casterton School Scholarship Fund	-	7	(7)	-	-	-
Casterton School Scholarship Fund	-	1	(1)	-	-	-
Collingwood and Baynes Foundation	1	-	-	-	-	1
<b>School Funds</b>	<b>158</b>	<b>1,208</b>	<b>(973)</b>	<b>(236)</b>	<b>(6)</b>	<b>151</b>
Education Fund	417	3	(86)	-	(20)	314
Appeal Fund	268	2	(5)	-	(17)	248
<b>Consolidated Funds</b>	<b>843</b>	<b>1,213</b>	<b>(1,064)</b>	<b>(236)</b>	<b>(43)</b>	<b>713</b>

	Balance at 1 Sept 2021 £'000	Income £'000	Expenditure £'000	Transfer £'000	Revaluation gains £'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 Scholarship and Prize Fund	53	20	(20)	-	-	53
Casterton School Scholarship 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>

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.

General funds are pooled grants, the majority of which are from Sedbergh School Foundation, relating to facility improvements or the betterment of education.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**18c Unrestricted funds**

	Balance at 1 Sept 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Revaluation losses £'000	Balance at 31 Aug 2023 £'000
Revaluation Reserve	4,426	-	-	-	-	4,426
Pension Reserve	-	4	-	-	(4)	-
General Funds	10,699	22,188	(21,852)	181	-	11,216
Bursary Fund – designated	545	12	-	55	-	612
Local Young People's Fund	23	3	(6)	-	(1)	19
Collingwood and Baynes Foundation	(20)	-	-	-	-	(20)
<b>School Funds</b>	<b>15,673</b>	<b>22,207</b>	<b>(21,858)</b>	<b>236</b>	<b>(5)</b>	<b>16,253</b>
Trading Company	(98)	2,100	(1,684)	-	-	318
<b>Consolidated Funds</b>	<b>15,575</b>	<b>24,307</b>	<b>(23,542)</b>	<b>236</b>	<b>(5)</b>	<b>16,571</b>

	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>

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.

The revaluation reserve was created when the School's residential property was revalued at market value. Any changes in valuation are credited/charged through the revaluation reserve.

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**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 £3,670 (2022: £6,063) were paid to 9 (2022: 10) 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 £0.790m (2022: £0.59m). As at 31 August 2023, Sedbergh School Developments Limited owed Sedbergh School £0.291m (2022: £0.18m). Amounts gift aided to Sedbergh School amounted to £nil (2022: £nil).

During 2020 Sedbergh School Developments Limited was in receipt of a loan facility from the School amounting to £0.300m of which £0.121m was drawn down as at 31 August 2023 (2022: £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 £0.178m (2022: £0.140m). As at 31 August 2023, Sedbergh School International Limited owed Sedbergh School £0.053m (2022: £0.009m). Amounts gift aided to Sedbergh School amounted to £0.026m (2022: £0.086m).

Transactions with Sedbergh Hotel Enterprises Limited (an associate undertaking of Sedbergh School Developments Limited) included expenditure of £0.002m (2022: £0.003m). As at 31 August 2023 £nil (2022: £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 2023 was £0.012m (2022: £0.010m). Grants from the Foundation amounted to £0.917m (2022: £0.221m).

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.

## SEDBERGH SCHOOL

### NOTES TO THE ACCOUNTS (continued)

31 August 2023

#### 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 £1.128m (2022: £1.019m) and at the year-end £0.092m (2022: £0.082m) 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 2020 and the Valuation Report, which was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

##### 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 £0.369m (2022: £0.323m) and the balance outstanding with the scheme was £0.052m (2022: £0.041).

##### Sedbergh School Pension Fund

The School also operates a defined benefit scheme in the UK for certain (3) non-teaching staff. The last full actuarial valuation was carried out as at 31 August 2021. The initial results of that valuation have been projected to

31 August 2023 by a qualified independent actuary. The major assumptions used by the actuary were:

	2023	2022
	%	%
Rate of increase of pensions in payment	0.00	0.00
Discount rate	5.25	4.10
Inflation assumption RPI	3.50	3.45
Inflation assumption CPI	2.50	2.45

# SEDBERGH SCHOOL

## NOTES TO THE ACCOUNTS (continued) 31 August 2023

### 20 Pension schemes (continued)

The mortality assumptions adopted at 31 August 2023, imply the following life expectancies:

	2023	2022
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end	87.3	88.0
Female aged 65 at year end	89.6	90.2
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end	88.9	89.7
Female aged 45 at year end	91.0	91.6

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

	2023 £'000	2022 £'000
Net interest credit	(4)	(2)
	<u>(4)</u>	<u>(2)</u>
<b>Remeasurements of the net asset</b>		
Return of fund assets (excluding amount included in net interest)	59	138
Actuarial gains	(36)	(114)
Surplus on scheme not recognised	(19)	(22)
	<u>4</u>	<u>2</u>
Total defined benefit cost	-	-

Cumulative actuarial losses amounted to £nil at 31 August 2023 (2022: £nil).

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

	2023 Assets £'000	2023 Liabilities £'000	2023 Total £'000
Fair value of scheme assets/present value of (liabilities) at beginning of period	270	(173)	97
Contributions by employer	-	-	-
Benefits paid	-	-	-
Interest income/(cost)	11	(7)	4
Return on scheme assets (excluding amount included in net interest expense)	(59)	-	(59)
Actuarial gains	-	36	36
Fair value of scheme assets/present value of (liabilities) at end of period	<u>222</u>	<u>(144)</u>	<u>78</u>
Surplus on scheme not recognised	<u>(78)</u>	<u>-</u>	<u>(78)</u>
	<u>144</u>	<u>(144)</u>	<u>-</u>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**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
Fair value of scheme assets/present value of (liabilities) at end of period	270	(173)	97
Surplus on scheme not recognised	(97)	-	(97)
	173	(173)	-

The return on plan assets was:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	11	7
Return on plan assets (excluding amount included in net interest expense)	(59)	(138)
Total return on plan assets	(48)	(131)

The fair values of assets of the scheme were:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Corporates	41	45
Gilts	181	225
Total market value of assets	222	270

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 (2022: £nil).

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**21 Capital commitments**

At 31 August 2023 the School had capital commitments of £0.289m (2022: £0.217m).

**22 Commitments under operating leases**

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Amounts due:		
Within one year	105	70
Between one and five years	152	89
	<hr/> 257 <hr/>	<hr/> 159 <hr/>

**SEDBERGH SCHOOL**  
**NOTES TO THE ACCOUNTS (continued)**  
**31 August 2023**

**23 Comparative Statement of Financial Activities**

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