



CHRIST'S HOSPITAL

A SCHOOL LIKE NO OTHER



ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 2021

**CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021**

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THE MISSION OF CHRIST'S HOSPITAL

It is and shall be the mission of Christ's Hospital:

- to offer to boys and girls of suitable age an education of such breadth and excellence as will fit them pre-eminently for work and service in society in their generation; and in particular to enable them to compete competently with their peers for opportunities in further education and careers. In so doing, to develop first the skills, learning habits, independence of mind and spiritual awareness that will enable and motivate them to continue to educate themselves throughout their lives; and second, a high sense of responsibility towards themselves, their families, their associates and to society at large, such as to form a permanent foundation of their training and character;
- in the choice of pupils, to have regard especially to children of families in social, financial or other specific need;
- to provide our pupils with opportunities to explore, reflect upon, and grow in their understanding of, the Christian faith; and
- to maintain and further the close connection with the City of London so successfully nurtured since 1552.

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KEY INFORMATION

	Year ended 31 August 2021	Year ended 31 August 2020
Financial Results		
Investment income	£7.8m	£8.5m
Investment gains	£70.3m	£9.8m
Total return (net of fees and interest)	18.9%	4.7%
School fee income	£10.0m	£9.6m
Fundraising income	£8.8m	£2.8m
Net trading income / (loss)	£0.0m	(£0.2m)
Closing value of Endowment Funds	£442.5m	£379.9m
Closing value of Total Funds	£506.4m	£440.3m
Staff (FTE)	385	376
<i>Teaching</i>	116	112
<i>Teaching support</i>	40	39
<i>Welfare</i>	60	60
<i>Premises, Administration & other</i>	169	165
Total pupils (at beginning of Academic Year)	896	878

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The Council of Christ's Hospital (Council) presents its report and audited financial statements for the year ended 31 August 2021 under the Charities Act 2011 and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year.

CONSTITUTION AND OBJECTS

Christ's Hospital is a charitable company limited by guarantee (company number 06232556) and registered in England. It is registered with the Charity Commission in England and Wales under charity number 1120090.

Christ's Hospital was incorporated on 1 May 2007. On 1 August 2007 the governance structure changed with Christ's Hospital and Christ's Hospital Foundation (the Foundation) operating as two separate legal entities, each with its own governing body. Arrangements for the governance of Christ's Hospital were laid down in its Memorandum and Articles of Association approved by the Charity Commission on 1 May 2007.

After extensive consultation and due diligence undertaken during 2015 and 2016, the Council of Almoners (the former corporate trustee of the Foundation) and the Board of School Governors of Christ's Hospital agreed on 14 June 2017 to adopt a unitary governance and management structure, effective 1 September 2017. Revised Memorandum and Articles of Association were approved by the Council of Almoners, in its role as the sole member, on 18 August 2017. Under a Scheme approved by the Charity Commission in August 2017, Christ's Hospital replaced the Council of Almoners as corporate trustee of the Foundation and a number of linked charities, including the Christ's Hospital Common Investment Fund (charity number 1111507) on 1 September 2017.

The consolidated Financial Statements include the activities of Christ's Hospital, Christ's Hospital Foundation, a charitable trust (charity number 306975), together with Christ's Hospital's trading subsidiary, Christ's Hospital Enterprises Limited (company number 02326883), its controlled charity Bluecoat Sports (a charitable company limited by guarantee, charity number 1096244, company number 04384765) and Christal House Contracts Limited (company number 04285259). The relationships of these companies to Christ's Hospital are described on page 18. Their financial performance is shown in Note 4(c) on pages 35 and 36.

Christ's Hospital's objects and principal activities, as set out in the Memorandum of Association, are:

- the advancement of education of children, principally for the benefit of those families in social, financial or other specific need, by provision of a school for boys and girls; and
- the undertaking of ancillary educational and other associated activities for the benefit of the community.

TERMINOLOGY

To assist in understanding the Report and Financial Statements, a brief explanation of some of the terms that are used is shown on page 29.

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STRATEGIC REPORT

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE FOR 2020/21

The objectives established for the year and our achievements against these are set out below:

Adapt the School across all areas to face the ongoing challenges of COVID-19 and provide a safe and welcoming environment for the pupils over this period.

This was an enormous challenge for all schools over the last year, but for a full boarding school it was particularly important to provide a welcoming pastoral environment for pupils while introducing appropriate measures to protect all members of the School community from COVID-19. The Re-opening Group, later renamed the COVID Response Group, met twice weekly throughout the academic year to prepare the School for safe re-opening and then made adjustments to reflect changing official guidance and our own experience.

Deliver a "recovery curriculum" which focuses on pupil wellbeing while allowing for consolidation of the remote learning delivered over the lockdown period.

During Michaelmas term in particular, flexibility was included in the timetable to provide additional lessons to pupils in the exam year groups to consolidate teaching provided over the first lockdown. At the same time, the maintenance of year group "bubbles" notwithstanding, every effort was made to ensure the delivery of an engaging broader curriculum and ensure that the re-design of boarding houses was able to support pupil wellbeing.

Implement the first phase of the ICT strategy, which involves the purchase of new tablet devices for teaching staff to facilitate "blended teaching" and the pilot use of School-purchased devices by year 11 pupils.

The pandemic accelerated implementation of the ICT strategy, once it became clear how critical it was likely to be to be able to deliver blended teaching to pupils who were unable to attend lessons. Microsoft Surface Pro devices were purchased for all teachers and all year 11 pupils received a Surface Go laptop for their GCSE year.

Finalise the "Shape of the Day" initiative for roll-out in Michaelmas term 2021, with a series of pilots in the interim period to allow for further refinement.

Preparation for the introduction of a new "Shape of the Day" was completed as planned in 2020-21 and the new timetable was launched at the start of the 2021-22 academic year. An updated curriculum was introduced at the same time, with a central role for a new "Learning for Life" component, which will span the various year groups and supplement the existing PHSE offering. A parallel "Activity for Life" programme is also being implemented to develop physical literacy and enhance the engagement and enjoyment of physical activity, particularly in the junior years at School.

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Develop and implement initiatives on equality, diversity and inclusion in School, and at a governance level, to provide a strong foundation for Christ Hospital's stance on anti-racism.

The Council of Christ's Hospital has established an Equity, Diversity and Inclusion (EDI) Committee to ensure that there is an appropriate level of focus on and attention to these critical issues at governance level. Pupils took the initiative to create an EDI Committee in the School to ensure that there is an appropriate forum to raise and discuss EDI issues and questions which impact the School community. This Committee was closely involved in updating the School's EDI policies in the course of the year.

Successfully complete the Bright Futures campaign by exceeding the targeted fundraising.

The Bright Futures campaign has been completed, with £1.6 million raised for bursaries versus the original £1.5 million target.

Academic achievements 2021

As always, many of the pupils at Christ's Hospital have a number of personal challenges to overcome, this year more so than most. As such, the grades achieved by some individuals often have far more meaning and are to be celebrated to a greater extent than the value of the very highest grades. January 2021 saw the cancellation of all public examinations for the second year in a row. To differentiate from the previous years' results, this year's were denoted as Teacher Assessed Grades (TAGs) and were pivotally different from the previous year's Centre Assessed Grades (CAGs) in that they were to be evidence based in order to determine attainment, not ranked or subject to an algorithm and not a prediction of the most likely outcome. The International Baccalaureate ('IB') followed a broadly similar process to award grades with final grades being determined from TAGs combined with external assessment of all internal assessment (coursework). Given the unique way in which TAGs were assessed and generated, comparisons with previous years, whether public examinations or CAGs, should be treated with extreme caution. In the absence of any other meaningful measurement, direct comparison to the 2020 results have been made.

A2 results

At A-Level/Pre-U, 83.6% of the grades this year were at A* to B (2020: 80.6%), 61.1% of the A-Level/Pre-U grades gained were equivalent to A* or A (2020: 53.2%) and 29.8% of the grades were at A* (2020: 18.7%).

The average UCAS points per A Level candidate was 143 (2020: 135) and the overall A2 pass rate was 99.5% (2020: 100%).

At the top end of this year's A2 cohort there were some very strong results, a huge proportion of 40% (51 pupils out of the cohort of 118), achieved a minimum of one A* grade and 50 of the 118 pupils, 42% (2020: 39%) achieved overall grades equivalent to AAA or higher.

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IB results

This was the best set of results in the history of the IB at Christ's Hospital, 96% (2020: 93%) of the grades gained were equivalent to A* to B at A Level and 84% (2020: 72%) were equivalent to A* or A at A Level. The average UCAS points per IB candidate this year was 246 (2020: 223).

Out of the small cohort of 13 pupils, 12 achieved a pass, with seven (2020: eight) achieving 40 points or more and an overall average of 40.5 points (2020: 37.5). This year's results also saw the first ever CH pupil to achieve the maximum 45 points.

University places

Despite the rather uncertain university climate at the moment, the sixth form team prepared pupils well: 75% (2020: 60%) of those pupils who applied for further study were placed in their first choice course at university and a further 6% (2020: 15%) took up their insurance place. Places included Oxbridge (6), Warwick (7), University of Bristol (6), University of Manchester (6), Exeter University (6), University College London (7) and King' College London (4). The number of offer acceptances from "higher tariff" universities was 80% (2020: 70%). Courses in economics and finance remain the most popular areas for pupils.

(I)GCSE Results

This year's (I)GCSE results were strong, with some excellent individual performances and an overall pass rate of 98.8% (2020: 98.7%). Out of those, 21.6% (2020: 19.7%) were at Level 9, 46.0% (2020: 41.8%) were awarded at level 8 and above, equivalent to an A*, and 69.7% (2020: 67.0%) were at Level 7-9.

Highlights include:

- a total of 39 pupils (32%) achieving ten or more grades at Level 7 (A grade) or above out of a cohort of 122 (2020: 44 (30%) out of 146);
- three pupils achieving ten or more grades at level 9 (2020: six pupils)

FUTURE PLANS

Objectives for the coming year:

- Complete the integration of the "Shape of the Day" initiative and the introduction of the new curriculum.
- Develop an "expeditionary education" curriculum in preparation for launch in Michaelmas term 2022.
- Undertake preparatory work for the smooth changeover to a new management information system for the School, with an anticipated go-live in the 2022-23 academic year.
- Complete the next phase of the School's programme on Equity, Diversity and Inclusion, through a partnership with Inclusion Labs designed to help the senior leadership team identify and prioritise areas on which to focus to improve inclusivity at Christ's Hospital.
- Restart work on the financing and phasing of the expansion of Bluecoats Sports following receipt of planning permission in September 2021.
- Develop and launch a new fundraising campaign, following the successful completion of Bright Futures.

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NON RECENT CASES OF ABUSE

During the year, the School continued to face this challenge. A former teacher, who was already serving a custodial sentence for offences against former pupils, was convicted of further offences in September 2020. The School continued to keep its stakeholders informed of any developments and to provide reassurance and support to anybody that has been affected by these issues. An independent mediator has been engaged to work with survivors of abuse to identify ways in which the School can best ensure that these past events are acknowledged and remembered. The School remains confident that nothing has emerged from these cases that presents any risk to the safety and wellbeing of pupils today.

PUBLIC BENEFIT

In considering the aims of Christ's Hospital, Council has, in accordance with the Charities Act 2011, given due regard to the public benefit guidance issued by the Charity Commission.

Throughout its history, Christ's Hospital has relied upon the generosity of its benefactors. Their donations and legacies have built up the Endowment, such that financial support is provided to around three-quarters of the pupils, thereby making available a high standard of education to children from low-income families including those who, because of difficult home circumstances, would most benefit from the stability of a boarding environment. Children applying to Christ's Hospital are assessed for their academic potential, their ability to benefit from the opportunities that are made available, their level of need and their suitability for a boarding education. The financial resources of families applying for financial assistance are then assessed and contributions toward the cost of their education are set in accordance with a graduated scale. This ensures that access to the benefits of an education at Christ's Hospital is available to suitable children irrespective of the financial circumstances of their families.

Christ's Hospital continues to attract applicants through a programme of publicity including regular contact with the head teachers of primary schools, particularly those in disadvantaged areas. Levels of interest remain high, with around five applicants for every bursary place available at the School during the year.

From the total of 896 pupils in the School at the beginning of the year, 695 (78%) received financial support towards the costs of their education with 101 (11%) of these pupils being entirely funded by the Foundation. These figures also include staff discounts which were received by the families of 28 pupils (3%).

COVID-19 continues to have a significant impact on the household income of the families of many of our pupils. With the site being closed to most pupils for the majority of the Lent term, families were balancing a number of challenges including remote learning, access to IT and the additional expense of a child being at home. To respond to these issues, Christ's Hospital continued to set aside funds for those families experiencing significant hardship due to the virus. In addition to reducing the Lent term fees by 40% for all boarding pupils and 15% for day pupils for the period of closure, hardship funds continued to be made available to those families most affected. We are grateful for donations received during this time from parents and from other bodies. These were allocated via increased bursaries or fee debt waiver, support towards IT for remote learning and supermarket vouchers (in lieu of school meals) for pupils on full bursaries.

Christ's Hospital regularly opens up its site to local organisations including schools, sports clubs and choirs. A programme of special events for primary schools in particular enables us to share our facilities and expertise with the local community and the School hosts a number of regional sports events each year. Clearly this programme has been impacted due to COVID-19 but we continue to maintain these relationships with a view to restarting our activities as soon as conditions allow. Christ's

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Hospital is proud to have supported the COVID-19 vaccination programme with the hiring of the gymnasium sport hall at Bluecoat Sports to the NHS as a vaccination hub throughout 2021.

For more information about the work of Christ's Hospital, please read the Impact Report 2020/21 or visit the website at www.christs-hospital.org.uk.

PROMOTION OF THE SUCCESS OF THE ORGANISATION TO BENEFIT ITS MEMBERS

Council confirms that in accordance with Section 172 (1) of the Companies Act it acts in a way it considers most likely to achieve the purposes of Christ's Hospital. In making this assessment, Council has considered the following:

a. The likely consequences of any decision in the long term

The long-term sustainability of the operating model is considered by Council as set out in the financial sustainability section of the Report of the Trustees. Specifically, Council considers both short and longer term financial projections and key risks that could negatively impact the sustainability of Christ's Hospital. Council and its committees review management information, budgets, cashflow projections, forecasts and progress against the financial plan on a regular basis.

The responsibilities of Council in relation to investment strategy are set out in the Statement of Investment Principles and are exercised through the Investment Committee.

Risk management is embedded at all levels across Christ's Hospital with the key risks being considered at each Council meeting. See page 14 for further details.

b. The interests of Christ's Hospital's employees

Council and its committees receive regular reports from management on staff matters including turnover and staff morale. Pre-pandemic, selected staff were invited to twice-yearly social events with Council Members and these will be re-established as soon as this is feasible. Council meetings usually begin with a presentation by a departmental head, giving staff the opportunity to engage with governance and respond to feedback and questions on their particular areas of expertise. Council Members with specific areas of responsibility such as safeguarding, boarding and health and safety are invited to the School on a regular basis and attend executive meetings such as the Safeguarding Monitoring Group and the Health and Safety Committee.

Christ's Hospital is an equal opportunities employer and welcomes and encourages applications by candidates from diverse backgrounds. Following the widespread demonstrations in support of the Black Lives Matter movement in June 2020, Christ's Hospital made acting on its commitment to challenge inequality a priority. The Equity, Diversity and Inclusion Committee was established by Council in September 2020 and has received reports on staff and pupil diversity and the admission process. Staff involved in recruitment have had training in unconscious bias. The Senior Strategy Team, made up of senior managers in both academic and support departments, continues to address ways in which Christ's Hospital can be a more inclusive employer.

Employment, staff welfare and other policies are reviewed and updated regularly; staff are alerted by email to specific updates and amended policies are highlighted on the home page of the staff intranet.

Teaching staff and matrons are represented by a Joint Negotiating Committee, which acts as a consultative body on their behalf and meets regularly with senior management. Other staff are consulted on issues specific to their interests through their line managers who are encouraged to take their views into account in making changes or developing policy.

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During the pandemic and in particular during the lockdown period, communication with staff was mainly, of necessity, online. The Head Teacher and Senior Leadership Team maintained the weekly staff meetings for teaching and pastoral staff via MS Teams, supplemented with specific briefings by the Chief Operating Officer and Finance Director on the financial and operational impact of the virus. Support managers continued to meet regularly online and the Chief Operating Officer provided both online and email briefings for staff to ensure that all were up to date with developments and safety information. Staff who were furloughed also had the opportunity to meet online for briefings to ensure that they remained up to date with developments at Christ's Hospital.

c. The need to foster the charitable company's business relationships with suppliers, customers and stakeholders

Christ's Hospital works with a range of donors in support of furthering its aims and objectives. Christ's Hospital's fundraising is bound by an ethical policy with ongoing fundraising activities monitored by the Campaign Board.

Communication with parents and guardians became by necessity more frequent in the COVID environment but also developed in terms of delivery and content, with well-attended webinars which are likely to remain a critical element of communication going forward.

In accordance with the Christ's Hospital's standard payment terms, supplier payment is due within 30 days after the invoice is received from the supplier. High value contracts require a tender process with a minimum of three tendering parties and are subject to scrutiny at committee and, in certain cases, Council level.

d. The impact of the charitable company's operations on the community and the environment

Council has commissioned an independent review of energy use and has provided a review of greenhouse gas emissions later in the report in compliance with the Streamlined Energy and Carbon Reporting (SECR) Report. The sharing of Christ's Hospital's facilities and expertise with the local community is set out earlier in the Public Benefit section.

e. The desirability of the charitable company maintaining a reputation for high standards of business conduct

Christ's Hospital takes a zero tolerance approach towards fraud, bribery and corruption. It is committed to complying with all applicable laws and regulations relating to fraud, bribery and corruption. Expectations of employees are clearly set out in the Anti-Bribery Statement and Policy and the Staff Code of Conduct.

f. The need to act fairly as between members of the charitable company.

Council Members understand the need to avoid and manage potential conflicts of interest. The register of interests is reviewed annually and declarations of interest is a standing item on every Council and committee meeting agenda.

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ENERGY AND EMISSIONS REPORT

In the year we took the following energy efficiency actions:

- Continued to use the onsite solar farm for a significant portion of electricity requirements. This reduced the headline SECR emissions reported by 209 tCO₂e.
- Electricity exported from the solar farm had a national benefit of 46 tCO₂e.
- Signed up to a new electricity contract with 100% renewable energy. While this does not affect headline SECR emissions, it reduces the market-based emissions figure by 697 tCO₂e.
- Continued the rolling replacement of light bulbs with energy efficient LEDs.
- Held various committee and Council meetings by virtual conference reducing need for travel.
- The COO and Property Director attended the pupil-organised EcoRangers meetings.

	2021	2020
UK energy use¹ (MWh)	19,343	15,727
Associated greenhouse gas emissions² Tonnes CO₂ equivalent (tCO₂e)	3,711	3,796
Intensity ratio Emissions per FTE staff member	9.64	10.10

FINANCIAL REVIEW AND RESULTS FOR THE YEAR ENDED 31 AUGUST 2021

Income and expenditure

The details of income and expenditure are shown in the Consolidated Statement of Financial Activities on page 26.

Financial results were impacted by COVID-19 for a second year. Following the closure of the School site and the move to remote learning for the majority of pupils during the period January to March 2021, the Lent term fees were reduced for those pupils accessing remote learning; by 40% for boarders and 15% for day pupils. No surpluses were received from the group's commercial activities for a second year running, with the cancellation of both the Easter and summer let programmes. These losses in income were significantly mitigated by a very strong investment and fundraising performance in the year. Further information relating to those areas is set on page 11.

However, this was a very unusual year. The high level of fundraising income was principally due to two very large legacies and investment markets continue to be volatile with much of the performance in the current year reflecting a rebound from the falls experienced at the start of the pandemic.

With the extensive boarding house refurbishment programme commencing within the next ten years, it will be essential to build on the strong investment performance in 2020/21 to set aside funds for this substantial project.

Further detail on the financial performance of subsidiary and related entities is set out on pages 12 and 13.

¹ UK energy use covers the School, Sports Centre and trading activities across the group.

² Associated greenhouse gases have been calculated under 'Emissions calculation factors: the UK Government GHG Conversion Factors for Company Reporting 2020'.

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Investment performance

The total return on the investments was £78.1 million (2020: £18.3 million) which was made up of dividend, interest and rental income of £7.8 million (2020: £8.5 million) and investment gains of £70.3 million (2020: £9.8 million).

	2021		2020	
	£m	Total	£m	Total
		Return		Return
Securities and other assets	318.9	23.3%	258.1	5.9%
Investment properties including land	156.3	10.0%	157.5	2.7%
Total invested assets	475.2	18.9%	415.6	4.7%

The continued rebound in global equity markets, driven by the successful roll out of vaccines in developed economies combined with continued government-backed stimulus, saw the securities portfolio return 23.3% net of all fees in this financial year. This return compares favourably to the 17.9% return of the IA Mixed Investment (40-85% shares) Index, a peer group index representing the performance of multi-asset class portfolios similar in composition to the securities portfolio. It also compares favourably to the target return, being the return on the Retail Price Index plus 3.75%, which was 8.6% for the period. Over the longer term, the securities portfolio has returned 10.0% p.a. over the last five years, as compared to 7.3% p.a. for the IA Mixed Investment (40-85% shares) Index and 6.9% for the target return. Looking ahead, the risks associated with higher inflation, driven by supply chain disruptions and labour shortages, the withdrawal of COVID-related stimulus, and ongoing geopolitical tensions are expected to drive volatility in global investment markets. However, the diversification inherent within the securities portfolio's multi-asset class investment strategy should see it well-positioned to weather that uncertainty.

The Christ's Hospital property portfolio return of 10%, although significantly higher than 2020, was slightly behind the commercial benchmark return of 11.8%. This result was a combination of negative returns from the office and retail sectors, strong performance from industrial properties and increases in the valuation of the Hertford land which was sold for development in September 2021.

Fundraising

Christ's Hospital undertook a range of fundraising activities in the year, led by its Development team and supported by the Campaign Board, a committee of Council. Fundraising activities included appeal mailings and the engagement of individuals and organisations in person and through a range of digital channels.

Income from donations and legacies of £8.8 million (2020: £2.8 million) exceeded the £3.1 million target for the year. This strong performance was due to higher income in all areas, especially from legacies. Income from philanthropic partnerships continued to play a central role as did the support of many individual Old Blues, parents and other supporters. A total of 1,544 Old Blues and parents made a donation in the year, a 25% increase on the previous year.

The Bright Futures campaign, launched in September 2019, exceeded its £1.5 million target with £1.6 million raised. Particular highlights of the campaign included the Giving Tuesday initiative in December and a mailing and telephone appeal in June/July, which together saw over £500,000 in donations and pledges.

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Thanks are recorded to 16 Donation Governors who completed their pledges during the year and 353 Old Blues and other friends who have contributed to the Blue Fund, which provides the full seven year cost of a place at Christ's Hospital.

Christ's Hospital is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. As well as providing individuals with opportunities to be excluded from fundraising communications, the School has taken measures in its fundraising activities to protect vulnerable people. We have a published Fundraising Complaints Policy and in the year ended 31 August 2021 received no (2020: none) complaints relating to fundraising activity.

Pensions

Christ's Hospital participates in the Teachers' Pension Scheme for its teaching staff. This is a multi-employer defined benefit pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to Christ's Hospital.

Christ's Hospital Pension Scheme, a defined benefit scheme for non-teaching staff, was closed to new members with effect from 31 March 2005. The liability for the Scheme continues to be accounted for in the individual charity financial statements of Christ's Hospital Foundation as Christ's Hospital has accepted the liabilities of the Scheme solely in its role as the Trustee of Christ's Hospital Foundation.

Contributions to this scheme are made by both employees and Christ's Hospital. Valuation of the Scheme at 31 August 2021 in accordance with FRS 102 showed the deficit to be £8.3 million (2020: £10.4 million). The value of the Scheme investments increased by a net £2.0 million during the year whilst the present value of future pension liabilities was consistent with prior year. The main contributing factor being the strong return on investments during the year.

Following the detailed actuarial valuation which took place as at March 2020, employer contribution levels were revised as part of the funding plan agreed with the Scheme trustees. The deficit reduction payments agreed during this process have the objective of eliminating the scheme deficit by 31 March 2035. Further details of the scheme and contribution levels are shown in Note 20. Council is aware of the volatile nature of the deficit calculated in accordance with FRS 102 and that the deficit may vary greatly depending on the assumptions made and market conditions at each year end.

For employees not in these defined benefit schemes, a stakeholder pension scheme is available. This is a unit-linked defined contribution scheme under which the employer contributes up to a maximum of 10% of pensionable pay, depending upon the employee's own level of contributions.

Those employees who are not members of either of the above schemes are now automatically enrolled into a workplace pension scheme. Employer contributions to this scheme are currently at 3% of salary.

Subsidiary and Related Companies

Christ's Hospital Foundation (the Foundation)

The Foundation reported net income and capital inflow for the year of £65,146,000 (2020: net income and capital outflow of £430,000) and actuarial gains on the defined benefit pension scheme of £1,864,000 (2020: losses of £1,136,000). See investment performance section on page 11 for commentary on key movements.

Bluecoat Sports

Income for the year was £1,305,000 (2020: £1,572,000) and the charitable company reported a net loss for the year of £82,000 (2020 loss: £237,000). Whilst the pandemic had a significant impact on income across both the current and prior financial years, the loss was mitigated by the Coronavirus

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Job Retention Scheme funding and, in the current year, the use of the gymnasium sport hall as a vaccination hub by the NHS. Whilst membership numbers started to recover following reopening in April 2021, overall income was affected for the remainder of the year.

The experience of operating Bluecoats during the pandemic has underlined that the operation is well-placed to recover over the medium term, provided that indoor fitness activities are able to function at normal capacity levels. The Board of Bluecoat Sports will continue to monitor operations closely while uncertainty about the operating environment persists.

The financial impact of COVID-19, with the complete closure of the facility for a significant period of 2020/2021, has prompted a re-evaluation of the future direction of the centre and how it serves its stakeholders. Whilst this may delay some plans in the short term, Bluecoats will continue to enhance the services which it offers to Christ's Hospital and its members. In September 2021, Bluecoats received planning permission for a proposed expansion of the centre designed to address the fitness aspirations of the School and the local community.

Christ's Hospital Enterprises Limited (CHEL)

Turnover for the year was £106,000 (2020: £117,000). The results for the year were significantly impacted by COVID-19 with the cancellation of the summer and Easter letting programmes for the second time. The company continues to make payments to Christ's Hospital under the terms of a lease for the use of the nursery premises and a master agreement for the use of the premises for holiday lets and other events. The charges were £12,000 for the nursery lease and £37,000 for the licence fee, with the latter reduced from prior year. Due to the deficits in the year, no payment under Gift Aid was made in 2021 (2020: no payment and Christ's Hospital repaid £130,000 of payment made under Gift Aid in 2019). Council has confirmed that should some level of normal trading not resume that it would not demand payment of intercompany balances until at least 12 months from the date of signing of these financial statements.

Christal House Contracts Limited

The company's 3.5 acre solar farm, and the solar panels at Westons Farm, generated a total of 1,112Mwh of electricity in the year to 31 August 2021 (2020: 1,272Mwh). Sales of electricity generated and feed-in-tariff grants earned amounted to £172,000 (2020: £173,000).

POLICIES

Financial policy

Christ's Hospital's financial strategy is based on Total Return together with an accompanying Spending Rule. Total Return enables Council and its investment managers to focus efforts on maximising return subject to a given level of risk and liquidity, rather than investing for maximum income possibly at the expense of growth. The application of the Spending Rule ensures that the respective needs of current and future generations of pupils are treated fairly and equitably, while enabling Council to access capital gains on the investments. The Spending Rule restricts annual expenditure reliant on the Endowment to a maximum of 3.75% of the net value of the Endowment (measured on a twelve trailing quarter average basis).

The Spending Rule has two main objectives:

- to provide as much certainty as possible of the future level of funding that may be received from the Foundation; and
- to maintain the value of the Endowment in real terms.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
REPORT OF THE TRUSTEES

Reserves policy

Council's policy is to maintain or enhance in real terms the value of the Endowment. Under the Total Return policy, amounts approved by Council for the operational and capital budget requirements each year are transferred from the Unapplied Total Return to unrestricted funds.

Total funds at 31 August 2021 were £506.4m (2020: £440.3m). This total comprised £442.5m of endowed funds (2020: £379.9m), restricted funds of £2.7m (2020: £3.2m) and unrestricted funds (net of Pension Reserve) of £61.2m (2020: £57.2m).

The level of Free Reserves has less significance than in an unendowed charity because the bulk of Christ's Hospital's assets are in endowed investments, with a significant level of Unapplied Total Return. Council is comfortable with the level of Free Reserves which stood at £4.2m at 31 August 2021 (2020: £2.0m). The ability of Christ's Hospital to meet future operational requirements depends critically on the long-term investment returns achieved from the Endowment.

Several designated funds have been established for specific purposes. These include the Fixed Asset Capital Fund of £62.4m which represents the net book value of fixed assets used for operational purposes. The Premises Fund of £2.0m covers planned maintenance and other estate works included in the budget for the year but not yet completed. It is anticipated that these funds will be utilised over the course of the next three years.

Investment policy

The endowed assets of Christ's Hospital are invested on a Total Return basis across a range of diversified asset classes in order to maintain a balance between spending and preserving the real (inflation adjusted) value of the Endowment. Council recognises the long-term reliance of the School upon the Endowment and has accepted a medium level of risk. Given the portfolio's strategic asset allocation and investment strategy it is understood that potential short term losses are possible. Council also recognises that there are several other forms of risk beyond short term volatility that need to be managed. These include liquidity, the level of exposure to non-sterling denominated assets, credit risk and the level of overall leverage in the portfolio. Council delegates the implementation and oversight of the Investment Policy to the Investment Committee. Day-to-day management of the securities investments is delegated to Partners Capital LLP and property investments to the Property Director.

Christ's Hospital does not knowingly invest in companies whose activities are considered to be detrimental to children, although it accepts that its investment in managed funds does not necessarily exclude companies in which it would not invest directly.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

The major risks to which Christ's Hospital and its related entities might be exposed are reviewed by the Audit and Risk Committee with regular reports to Council. The Audit and Risk Committee receives reports relating to risk management, including detailed review of specific risk areas, in order to monitor the process. The executive continues to develop the required policies and to ensure that identified risks are appropriately covered and regularly reviewed. The Compliance Officer ensures that all policies are reviewed and updated as necessary and that specific areas of compliance are adhered to.

Council considers that necessary steps have been taken and continue to be taken to identify and mitigate major risks and to ensure that appropriate systems and procedures are in place. Risk management is embedded in the committee process by which Christ's Hospital is managed. It is recognised however that systems can provide only reasonable, but not absolute, assurance that major risks are being managed.

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Health, safety and welfare of our pupils

Council and appropriate committees receive regular reports and updates on safeguarding, health and safety issues. Safeguarding and welfare issues are considered by a Safeguarding Monitoring Group, chaired by a Deputy Head, which reports to Council and the Education Committee.

Long-term investment returns

Christ's Hospital is highly unusual among educational establishments in its heavy reliance upon the Endowment for its funding. This reliance, and the limited scope for short term cost-cutting, means that it is not possible to make rapid reductions in the level of funding made from the Endowment without severely impacting the education of pupils. Council recognises that, as a consequence, there is a risk that the Endowment will be depleted during a prolonged fall in investment returns and therefore be unable to recover once markets rise again which would be to the detriment of future generations. Accordingly, Council has placed a cap on the amount of withdrawal that may be made and has adopted a strategy that will maintain withdrawals at a sustainable level. For the longer term, the allowable rate of annual withdrawal from the Endowment has been set at 3.75% of the net value of the Endowment, as set out in the Financial Policy above.

Investments are managed in order to maximise the Total Return, including both income and capital appreciation. Funds are invested across a broad range of asset classes which Council believes provides the diversification necessary to reduce volatility to acceptable levels, as set out in the Investment Policy above.

Significant illness outbreak in the School staff or pupil community

This risk continues to have particular relevance in the current year with the continued impact of COVID-19. Prior to the reopening of the School for the Michaelmas 2020 term, this risk was managed via the Reopening Group (ROG) which was established on 1 June 2020. ROG reported to SLT and Council and was chaired by the COO with members including the Compliance Officer, the Deputy Heads and two Assistant Heads. A comprehensive Reopening Plan, which covered the period to 24 August 2020, was developed by ROG. Post 24 August 2020 the group became the COVID Response Group which meets as frequently as necessary. The risk is covered through the COVID-19 Management Risk Assessment which is regularly updated to respond to latest government guidance. This group managed the risk of the closure of the School site in the Lent term and outbreaks in the School community at the start of the Michaelmas term 2021. Council receives regular reports and updates at its meetings, with additional meetings being held as appropriate during the year in response to the virus.

Financial sustainability

A financial plan covering the five year period from 1 September 2017 was approved in June 2017. Key elements of the plan include managing income, operational costs and capital expenditure (including the new catering facility) so that, over the period of the plan, the cumulative withdrawal from the Endowment is within the Spending Rule. Updates to that plan are prepared and regularly reported to Council and appropriate committees and reflect both external and internal factors. External factors that are considered include the impact of substantial political change, including government leaders and government policy. Christ's Hospital is currently developing its next five year plan with the aim of that being launched at the start of the Michaelmas term 2022.

Factors remain that may have an impact on the charity, in common with other businesses, over a number of years. Those factors include the ongoing pandemic and rising inflation. Whilst the impact is unknown, Council has reviewed the position carefully with a view to ensuring the ongoing provision of the grant to the School for education of the pupils, support of bursaries as well as employment of staff. A significant portion of the securities portfolio is in liquid investments whose drawdown is managed

CHRIST'S HOSPITAL
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carefully to meet day to day operational requirements. These are available, if needed, to supplement the significant cash balances that the charity currently holds. Demand for school places remains strong, with 888 pupils enrolled for the academic year 2021/22. Conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the charity's obligations as they fall due. Accordingly, Council believes Christ's Hospital's financial resources are sufficient to ensure the charity will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Pension Scheme

Council keeps under review the financial implications of the deficit in the Christ's Hospital Pension Scheme. The shortfall on the closed scheme requires a substantial, but affordable, annual payment. Management has a clear strategy to eliminate the deficit and will continue to work closely with the Scheme trustees and actuarial advisers to monitor the financial performance of the Scheme.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Council of Christ's Hospital

Members of the Board of Directors, known from 1 September 2017 as 'The Council of Christ's Hospital' (Council) are listed on page 20. There are fifteen members of Council. The Court of Governors (see below) may nominate up to four members, the Lord Mayor and Aldermen of the City of London may nominate up to four members and up to a further nine members may be co-opted by Council.

Council is responsible for the overall management and control of Christ's Hospital, including the formulation and approval of strategy and for monitoring performance in pursuit of that strategy. To this end, Council has oversight of the delivery of the charitable mission; through management reporting and its committees it ensures that Christ's Hospital's investments are properly managed and also works to build the Endowment through fundraising. It approves expenditure priorities, encourages and monitors the raising of funds by means of trading, controls spending and ensures that the processes for the admission of pupils are appropriate to the charitable ethos of Christ's Hospital.

The Treasurer is the Chair of Council. The Memorandum and Articles of Association for Christ's Hospital, the Charity Commission Scheme dated 29 August 2017 for the Foundation and linked charities, and the Council Terms of Reference regulate the conduct of business of Council.

Council takes its governance responsibilities seriously and, as a large charity, aims to have a governance framework that is fit for purpose, compliant and efficient. The Audit and Risk Committee has reviewed governance structures and processes against the Charity Governance Code and is satisfied that Council is operating in line with recommended best practice. The review had identified some areas for improvement which are currently under consideration.

Management and committees

Council carries out its responsibilities through a number of committees and from time to time may appoint temporary working parties to examine and make recommendations on specific matters. The Chair of each committee is appointed by Council. The committees are:

- the **Audit and Risk Committee**, which oversees the accounting and internal control systems, including systems to ensure the effective management of business risk;
- the **Campaign Board**, which provides guidance on the vision and strategic priorities for the Campaign for Christ's Hospital and monitors ongoing fundraising activities;

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
REPORT OF THE TRUSTEES

- the **Education Committee**, which considers academic, pastoral and co-curricular matters;
- the **Equity, Diversity and Inclusion Committee**, established in October 2020, which ensures that Christ's Hospital is able to demonstrate and deliver on the commitment implicit in its mission to challenge inequality;
- the **Finance and General Purposes Committee**, which is responsible for financial management, the supervision and monitoring of capital projects, the management of the estate and health and safety matters;
- the **Heritage Committee**, which advises on and implements strategy and policy in relation to the heritage of Christ's Hospital;
- the **Investment Committee**, which is responsible for investment policy, risk parameters and strategy relating to the investments of Christ's Hospital; and
- the **Nominations and Remuneration Committee**, which makes recommendations on the appointment of Council Members, on the composition and membership of committees and on pay and conditions for senior management.

Key management personnel (Senior Leadership Team)

Council delegates day-to-day running of Christ's Hospital to the Head Teacher as the Chief Executive, assisted by other members of the Senior Leadership Team (as shown on page 21).

Remuneration for key management personnel is set by Council, with the objective of providing appropriate incentives to encourage high levels of performance, recruitment and retention of experienced staff and of rewarding fairly and responsibly individual contributions to Christ's Hospital's success. In considering this, Council has access to external benchmarking reports to which Christ's Hospital contributes.

Induction and training of Council Members

When Council Members are appointed they are required to attend a briefing on the governance structure of Christ's Hospital and receive an outline of their responsibilities in compliance with the Charity Commission's publication CC3, "The Essential Trustee". They are briefed on the organisational structure and the key issues facing Christ's Hospital. They are issued with a "Trustees' Pack" which includes a copy of the Scheme, the Memorandum and Articles of Association of Christ's Hospital, School Prospectus, the Annual Financial Statements and Impact Report, recent minutes and CC3. Arrangements are made for them to attend appropriate training courses and further training and development is offered individually or to Council as a whole as required. This includes annual child protection training.

The Court of Governors

The Court of Governors (the Court) is an historic body composed of the President and Vice President, 36 nominated representatives of the City of London, a maximum of ten Special Vote Governors and an unlimited number of Donation Governors who are elected to the Court in recognition of the support they have given to Christ's Hospital. Donation Governors each have the right to present for admission a candidate whose needs accord with the ethos of Christ's Hospital. During the year one Donation Governor renewed their presentation rights and ten new Donation Governors were elected. At the end of the year there were 520 Donation Governors.

The Court also elects the President and nominates, through an election if necessary, up to four members of Council.

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Volunteers

Volunteers play an essential role in the operations of Christ's Hospital. In addition to those who serve on Council and committees, development volunteers and appeal leaders help with fundraising and cultural events during the year. In addition volunteers help with operating and developing the museum. Council takes this opportunity to express its appreciation for this valuable support.

Group Structure and Relationships

Christ's Hospital is a charitable company limited by guarantee (company number 06232556 and registered charity number 1120090).

The charity provides boarding and day pupil education to children, principally for the benefit of those whose families are in social, financial or other specific need.

Christ's Hospital is the sole corporate trustee for **Christ's Hospital Foundation** (registered charity number 306975) and administers the assets of the charity in accordance with the Charity Commission Scheme dated 29 August 2017

Bluecoat Sports is a charitable company limited by guarantee (Company number 04384765) and is a controlled charity (charity number 1096244) insofar as Christ's Hospital controls the appointment of the majority of the Trustees. The objects of Bluecoat Sports are to provide facilities for Christ's Hospital for physical education and training, to promote physical health and fitness to pupils of Christ's Hospital and the wider community and to provide facilities for physical education and training for personal and teamwork development to local schools, local authority organisations and charities.

Christ's Hospital owns the whole of the issued share capital, comprising 100 shares of £1 each, of **Christ's Hospital Enterprises Limited**. Christ's Hospital Enterprises Limited (company number 02326883) is engaged in commercial trading in order to produce additional income for the benefit of Christ's Hospital.

Christal House Contracts Limited (company number 04285259) is wholly owned by Christ's Hospital Foundation. The principal current activity of the company is to operate a solar farm on land owned by the Foundation.

STATEMENT OF COUNCIL'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Council Members (who are also Trustees of the charitable company for the purposes of charity law and Directors of Christ's Hospital for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Council Members to prepare financial statements for each financial year. Under company law the Council Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Council Members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
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- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Council Members are responsible for keeping adequate proper accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable 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 and the provisions of the charitable company's constitution. 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.

So far as the Council Members are aware, there is no relevant audit information of which the charitable company's auditor is unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

AUDITOR

Crowe U.K. LLP were reappointed as the charitable company's auditor during the financial year. Crowe U.K. LLP has expressed its willingness to continue as auditor for the next financial year.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
REPORT OF THE TRUSTEES

REFERENCE AND ADMINISTRATIVE INFORMATION
Structure, Governance and Management

Patron

Her Majesty the Queen

President

HRH The Duke of Gloucester, KG, GCVO

Vice President (ex officio)

The Rt. Hon. The Lord Mayor of the City of London

Council of Christ's Hospital

The members of the Council of Christ's Hospital are charity trustees under charity law and the directors of the charitable company. Council Members who served in office during the year or subsequently are detailed below:

	Constituency/ Committee Membership
Christopher Steane, MA, LLB, Treasurer and Chair	(c) 2,4,6
Nick Atkinson, MA, FCCA	(c) 5,8
Nick Bensted-Smith, BSc, JP, CC	(b) 4
Jan de Walden, HND, MInstM (to 31 August 2021)	(a) 1,8
Judy Evans, MA, MBBS, FRCS(Ed) Plast	(a) 2,8
Marianne Fredericks	(b) 3
Diana Garnham BA, MA, LL.D, DSc	(c) 6,8
Thomas Garnier, BSc	(c) 2,3
Prem Goyal	(b) 4
Robert Judson, FRAeS, FCMI, MloD, RAF(Retd)	(c) 3
Neil Maidment, MA, FCII (from 1 October 2021)	(a) 4,5
Miriam McKay, BA	(a) 1,4,6
James Maclean, BSc(Hons)	(c) 1
Robert Muir, LLB (to 31 August 2021)	(a) 4,5,7,8
Pamela Roberts, FRSA, FRHistS, JP (from 1 October 2021)	(c) 7,8
Delva Patman, FRICS, ACI Arb, FRSA (to 31 August 2021)	(c) 1,4
Jenny Williams, BSc(Hons), PGCE (from 1 October 2021)	(a) 3,8
John Yeomans, MA, FIET, CEng	(c) 1

Constituencies by which Members are nominated

- (a) *The Court of Governors*
- (b) *The Corporation of London*
- (c) *Co-opted*

Committee Membership

- 1 *Finance and General Purposes Committee*
- 2 *Nominations and Remuneration Committee*
- 3 *Education Committee*
- 4 *Investment Committee*
- 5 *Audit and Risk Committee*
- 6 *Campaign Board*
- 7 *Heritage Committee*
- 8 *Equity, Diversity and Inclusion Committee*

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
REPORT OF THE TRUSTEES

KEY MANAGEMENT PERSONNEL (SENIOR LEADERSHIP TEAM)

The key management personnel of the group during the year or subsequently were:

Head Teacher	Simon Reid, BA
Chief Operating Officer and Clerk	Nick Tesseyman, BA
Deputy Head	Ruth Brading, BA, MA, PhD
Deputy Head	Luke Walters, BA, MA
Assistant Head, Academic	Marcus Medley, PhD, MSci
Assistant Head, Admissions	Andrew Wines, PhD, MA
Assistant Head, Co-curricular	Sean O'Boyle, BSc, ARCS
Assistant Head Pastoral	Simon Young, MSc, MEd
Designated Safeguarding Lead	Deborah Stamp, BEd

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
REPORT OF THE TRUSTEES

The address of Christ's Hospital's principal office and particulars of its professional advisers are as follows:

Principal Office

The Avenue
Christ's Hospital
Horsham
West Sussex RH13 0LJ

Property Adviser

Gerald Eve LLP
72 Welbeck Street
London W1G 0AY

Investment Adviser

Partners Capital LLP
5 Young Street
London W8 5EH

Land Agent

Savills (UK) Limited
Exchange House
Petworth GU28 0BF

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

**Pension Scheme Adviser and
Administrator**

Broadstone Ltd
Canard Court
23-25 St George's Road
Bristol BS1 5UU

Treasury Managers

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London EC4V 4ET

Banker

Barclays Bank plc
2 Carfax
Horsham
West Sussex RH12 1DN

Property Valuer

Cushman and Wakefield LLP
43/45 Portman Square
London W1A 3BG

Solicitors

Forsters LLP
31 Hill Street
London W1J 5LS

Mills and Reeve LLP
Botanic House
100 Hills Road
Cambridge CB2 1PH

This Report of the Trustees, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Council of Christ's Hospital on 2 December 2021, including in its capacity as Company Directors approving the Strategic Report contained therein, and signed on its behalf by:


Christopher Steane
Treasurer and Chair of the Council of Christ's Hospital
2 December 2021

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
AUDITOR'S REPORT

Independent Auditor's Report to the Members of the Council of Christ's Hospital

Opinion

We have audited the financial statements of Christ's Hospital ('the charitable company') and its subsidiaries ('the group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated and Company only Balance Sheets, Consolidated Cashflow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are 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 contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
AUDITOR'S REPORT

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the report of the Trustees.

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 and proper accounting records have not been kept; or
- the 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

As explained more fully in the Statement of Council's responsibilities set out on page 18, 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 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 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.

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

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

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

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

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
AUDITOR'S REPORT

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

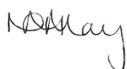
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, valuation of investments and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical review and sample testing of income, vouching year end valuations to third party data, reviewing accounting estimates for biases in particular in relation to investment valuations, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the 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.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date 10th December 2021

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

£ 000s		Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2021	Total 2020
	Notes					
INCOME AND ENDOWMENTS FROM:						
Charitable Activities						
School fees receivable	6	-	-	9,952	9,952	9,566
Sports centre income		-	609	-	609	1,025
Ancillary trading income	6	-	188	727	915	606
Investments						
Investment income	5	7,803	8	4	7,815	8,470
Fundraising						
Donations & legacies	3	58	194	8,499	8,751	2,817
Other sources						
Non-ancillary trading income	4b	-	-	206	206	228
Other income	7	10	261	458	729	1,359
TOTAL INCOME AND ENDOWMENTS		<u>7,871</u>	<u>1,260</u>	<u>19,846</u>	<u>28,977</u>	<u>24,071</u>
EXPENDITURE ON:						
Raising Funds						
Fundraising and development	9a	-	-	(437)	(437)	(440)
Trading activities	4b	-	-	(228)	(228)	(405)
Investment management	8	(2,733)	(5)	(2)	(2,740)	(2,421)
Financing	9a	(2,277)	-	-	(2,277)	(2,279)
Charitable Activities						
Costs of providing education	9a	(53)	(202)	(27,882)	(28,137)	(26,298)
Sports centre expenditure	9a	-	(1,210)	-	(1,210)	(1,647)
TOTAL EXPENDITURE		<u>(5,063)</u>	<u>(1,417)</u>	<u>(28,549)</u>	<u>(35,029)</u>	<u>(33,490)</u>
NET INCOMING/ (OUTGOING) FUNDS FROM OPERATIONS BEFORE TRANSFERS AND INVESTMENT GAINS						
		2,808	(157)	(8,703)	(6,052)	(9,419)
Gains on investments	12	69,995	306	-	70,301	9,761
Transfers between funds	23	(10,176)	(615)	10,791	-	-
NET INCOME AND CAPITAL INFLOW/ (OUTFLOW)		<u>62,627</u>	<u>(466)</u>	<u>2,088</u>	<u>64,249</u>	<u>342</u>
Actuarial gains / (losses) on defined benefit pension scheme	20e	-	-	1,864	1,864	(1,136)
NET MOVEMENT IN FUNDS		<u>62,627</u>	<u>(466)</u>	<u>3,952</u>	<u>66,113</u>	<u>(794)</u>
Total funds brought forward 1 September		379,861	3,182	57,237	440,280	441,074
TOTAL FUNDS CARRIED FORWARD		<u>442,488</u>	<u>2,716</u>	<u>61,189</u>	<u>506,393</u>	<u>440,280</u>

The notes on pages 30 to 59 form part of these financial statements.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
CONSOLIDATED AND CHARITY BALANCE SHEETS

£ 000s	Notes	Consolidated		Charity	
		2021	2020	2021	2020
FIXED ASSETS					
Tangible assets	11	67,894	69,698	2,809	4,325
Investments	12	475,206	415,617	-	-
		<u>543,100</u>	<u>485,315</u>	<u>2,809</u>	<u>4,325</u>
CURRENT ASSETS					
Stock	13	223	220	194	193
Debtors					
- due within one year	14	4,181	4,184	4,425	6,595
Cash at bank and in hand		20,558	16,195	4,992	2,219
		<u>24,962</u>	<u>20,599</u>	<u>9,611</u>	<u>9,007</u>
CREDITORS					
Due within one year	15	(8,203)	(9,443)	(5,767)	(5,234)
NET CURRENT ASSETS		<u>16,759</u>	<u>11,156</u>	<u>3,844</u>	<u>3,773</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		559,859	496,471	6,653	8,098
CREDITORS					
Due after more than one year	16	(45,066)	(45,038)	(24)	(38)
Pension scheme liability	20	(8,325)	(10,378)	-	-
Provisions for liabilities and charges	21	(75)	(775)	(75)	(775)
NET ASSETS - INCLUDING PENSION SCHEME LIABILITY		<u>506,393</u>	<u>440,280</u>	<u>6,554</u>	<u>7,285</u>
REPRESENTED BY:					
Endowment Funds	23	442,488	379,861	-	-
Restricted Funds	23	2,716	3,182	335	570
Unrestricted Funds	23	69,514	67,615	6,219	6,715
Pension Reserve	23	(8,325)	(10,378)	-	-
TOTAL FUNDS		<u>506,393</u>	<u>440,280</u>	<u>6,554</u>	<u>7,285</u>

The net movement in funds for the financial year dealt with in the charity only financial statements was £731,000 outflow (2020: £1,127,000 inflow).

The notes on pages 30 to 59 form part of these financial statements.

Approved by the Council of Christ's Hospital on 2 December 2021 and signed on its behalf by:

Christopher Steane
Treasurer and Chair of the Council of Christ's Hospital
2 December 2021



CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
CONSOLIDATED CASH FLOW

£ 000s	Notes	2021	2020
NET CASH (OUTFLOW) FROM GROUP OPERATING ACTIVITIES	17	(10,560)	(21,544)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	5	7,815	8,470
Purchase of tangible fixed assets	11	(1,386)	(2,585)
Proceeds from the sale of tangible fixed assets		1	10
Proceeds from the sale of investment securities		1,384	16,871
Proceeds from the sale of investment property		20,772	6,242
Purchase of investment securities		(1,514)	(1,044)
Purchase of investment property		(9,930)	(1,130)
NET CASH INFLOW FROM INVESTING ACTIVITIES		17,142	26,834
FINANCING			
Financing costs	9a	(2,277)	(2,279)
New endowments	3	58	135
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		(2,219)	(2,144)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		4,363	3,146
Cash and cash equivalents at 1 September		16,195	13,049
CASH AND CASH EQUIVALENTS AT 31 AUGUST		20,558	16,195

Cash and cash equivalents solely comprise of cash at bank in the current and prior year.

The notes on pages 30 to 59 form part of these financial statements

CHRIST'S HOSPITAL

TERMINOLOGY

Endowment. The Endowment comprises those assets that have been donated to the charity with the express intention that they be held in perpetuity to provide investment returns for Council to use in achieving the Objects. Council has an obligation to be even-handed when spending money from the Endowment so that future generations of beneficiaries are not disadvantaged in comparison with the current generation.

Free Reserves. The Free Reserves of a charity are those assets and investments that can readily be disposed of in order to meet the short-term commitments of the charity.

Objects. When a charity registers with the Charity Commission, it must describe the purposes for which the charity has been set up. These purposes are referred to as the charity's Objects.

Old Blues. The term used to describe former pupils of Christ's Hospital.

Preserved Endowment. When authorising the adoption of a policy of Total Return, the Charity Commission specified the minimum level of the Endowment which is to be used to produce the income for the charity and which cannot itself be spent. This is referred to as the Preserved Endowment, representing the value of the original gifts that created the Endowment.

Spending Rule. In order to ensure that it is being even-handed, Council determines the amount that can routinely be withdrawn from the Endowment without depleting the value in real terms. This determination is referred to as the Spending Rule.

Total Return. Historically, the only investment returns that could be spent by Council were the income, i.e. dividends, interest, rents etc. By adopting a policy of Total Return, Council is able to access capital gains as well as the income, selecting those investments that offer the best return, irrespective of whether this arises from income or capital growth.

Unapplied Total Return. This is the cumulative value of the Total Returns (income and capital) earned by the Endowment since adopting a Total Return policy, less the amounts that have been applied for the purposes of the charity. It is available to be spent, subject to the duty of Council to be even-handed (see Endowment above).

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ENTITY

Christ's Hospital is a charitable company limited by guarantee (company number 06232556) and registered in England. It is a Public Benefit Entity registered with the Charity Commission under charity number 1120090. Christ's Hospital operates from its registered office at the Principal Office address listed on page 22.

By a Charity Commission Scheme dated 29 August 2017 and effective from 1 September 2017, Christ's Hospital became the Trustee of Christ's Hospital Foundation (charity number 306975) and a number of linked charities, including the Christ's Hospital Common Investment Fund (charity number 1111507).

The Financial Statements consolidate, on a line by line basis, all the endowment funds and accumulated restricted and unrestricted funds of Christ's Hospital with its related entities; Christ's Hospital Foundation (charity number 306975), Bluecoat Sports (company number 04384765 and charity number 1096244), Christ's Hospital Enterprises Limited (company number 02326883) and Christal House Contracts Limited (company number 04285259). With the exception of Christ's Hospital, whose registered office is at the Principal Office address listed on page 22 and Christ's Hospital Foundation which is registered at the same address, all other entities have their registered office at The Counting House, Christ's Hospital, Horsham, West Sussex RH13 0YP.

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement and Financial Instruments note with the consolidated financial statements.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2019.

The functional currency of the charity is considered to be pounds sterling because that is the currency of the primary economic environment in which it and its related entities operate.

At the time of approval of the Annual Report, factors remain that may have an impact on the charity, in common with other businesses, over a number of years. Those factors include the ongoing pandemic and rising inflation. Whilst the impact is unknown, Council has reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils, support of bursaries as well as employment of staff. A significant portion of the securities portfolio is in liquid investments whose drawdown is managed carefully to meet day to day operational requirements. These are available, if needed, to supplement the significant cash balances that the charity currently holds. Demand for school places remains strong, with 888 pupils enrolled for the academic year 2021/22. Conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the charity's obligations as they fall due. Accordingly, Council believes Christ's Hospital's financial resources are sufficient to ensure the charity will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

These financial statements have been drawn up on the historical cost accounting basis.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Council is required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. This includes the basis for valuation of the property investments and securities investments for which there is no readily quoted market and the liabilities in relation to the Christ's Hospital Pension Scheme. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant, including market comparators where available. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods. This includes private market investments where the year-end valuation is based on the latest quarterly valuation, usually at 30 June. It is Council's judgment that there has been no impairment in the value of these investments with market indices appreciating from the last quarterly valuation to 31 August 2021.

In the view of Council, no assumptions concerning the future estimation or uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Income

Income from investments is accounted for when receivable. Income from legacies and donations is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the charity is considered probable.

Parental contributions less any bursaries, scholarships and allowances, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

Investment income and gains/losses on the securities portfolio are credited to the individual fund in proportion to the holding in the linked charity, the Common Investment Fund (charity number 1111507).

Legacies and donations receivable for the general purposes of Christ's Hospital are credited to unrestricted funds. Donations for purposes restricted by the wishes of the donor are taken to restricted funds where these wishes are legally binding on Christ's Hospital, except that any amounts required to be retained as capital, in accordance with the donor's wishes, are accounted for instead as Endowment Funds – permanent or expendable according to the nature of the restriction. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption.

Christ's Hospital benefits from its occupation of the site at Horsham, which is made available by Christ's Hospital Foundation for minimum consideration. The value of this gift in kind is included in Christ's Hospital's individual charity financial statements on the basis of a directors' valuation.

All other income is accounted for when receivable.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is apportioned to cost categories based on the estimated amount attributable to that category in the financial year. Value added tax (VAT) that cannot be recovered is included with the item of expense to which it relates. The small recoverable element of VAT is credited to support costs. Overhead and other costs not directly attributable to particular activities are apportioned on the basis of management estimates of the amount attributable to that activity in the academic year by reference to staff time.

Governance costs comprise the costs of running the charities, including strategic planning for future development, external audit, and legal advice for Council and all the costs of complying with constitutional and statutory requirements, such as the costs of committee meetings, preparing statutory accounts, and satisfying public accountability.

Intra-group transactions are excluded from income and expenditure as appropriate.

Where appropriate, investment management costs are allocated to the funds in proportion to their holding in the Common Investment Fund as set out in Note 12.

Operating Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Fixed Assets

Expenditure on individual items costing more than £5,000 is capitalised and depreciation is charged in equal annual instalments over their economic lives as follows:

Operational properties	2% to 10% on cost
Office and IT equipment	25% on cost
Plant and equipment	20% on cost
Motor vehicles	25% on cost

Depreciation is not charged on work in progress.

Where a project improves an existing asset, the cost of the improvement is depreciated over the residual life of the parent asset.

The Balance Sheet values of historic assets, including paintings, silver and other artefacts are based upon valuation at 31 August 2000 together with subsequent additions at cost. No depreciation has been provided on these assets as Council does not believe that there has been any impairment in value from the valuation shown in the Balance Sheet.

Investments

Investment properties are valued at their market values as assessed by an independent valuer at the Balance Sheet date.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

Investments for which there is a quoted market are valued at the mid-market-price ruling at the Balance Sheet date. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers. Gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate fund in proportion to their share of the underlying assets.

Where transaction-based, investment management costs are accounted for as incidental costs of the acquisition or disposal. General investment management costs, including performance fees, are charged to the relevant funds.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are valued as described above. Financial assets held at amortised cost comprise cash at bank and in hand, together with short term deposits, trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank current and deposit accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to pounds sterling at the balance sheet date at an appropriate year end exchange rate.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Legal claims

Where the school has claims made against it, which can cover a variety of areas such as health and safety, employment and other damages, these are disclosed in aggregate within provisions. These are not disclosed separately as this is considered prejudicial.

Taxation

Christ's Hospital, Christ's Hospital Foundation and Bluecoat Sports are able to take advantage of tax exemptions available to charities for Income and Corporation Tax but are registered for VAT. The majority of their activities are classified as exempt or non-business activities for VAT purposes and consequently it is not possible to reclaim the majority of the VAT incurred on purchases. Christ's Hospital Enterprises Limited and Christal House Contracts Limited are registered for VAT and are subject to Corporation Tax.

Grants Payable

Grants are awarded on an annual basis and the costs accrued upon the award being notified to the recipient.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

Total Return Accounting

The Charity Commission permitted Christ's Hospital to adopt the use of Total Return in relation to its Permanent Endowments on 26 April 2005. The power permits Council to invest Permanent Endowments to maximise Total Return and to make available an appropriate portion of the Total Return to fund expenditure each year.

Council has used the value of the permanent General Endowment at 31 July 1993 to represent the Preserved Value of the original gifts. For all other specified endowment funds, values at 31 July 1996 or later where appropriate, have been used to represent the Preserved Value.

Funds

Endowment Funds comprise those assets that have been donated to the charity with the express intention that they be held in perpetuity to provide investment returns for Council to use in achieving the Objects. The Preserved Endowment represents the value of the original gifts and is the minimum level of the Endowment which is to be used to produce the income for the charity and which cannot itself be spent.

General Funds are funds available for use at the discretion of Council in furtherance of the general objectives of the Foundation and which have not been designated for any other purpose.

Designated Funds comprise Unrestricted Funds that have been set aside by Council for particular purposes. There is no legal restriction on the way in which the funds may be applied.

Restricted Funds are accounted for in accordance with the particular terms of the trust arising from the expressed or implied wishes of donors insofar as these are intended to be binding.

Pension Schemes

Christ's Hospital contributes to the Teachers' Pension Scheme (the TPS) at rates set by the TPS actuary and advised by the TPS administrator. It is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the TPS which are attributable to the School. In accordance with FRS 102, the School accounts for this scheme as if it were a defined contribution scheme.

The charity has fully adopted the provisions of FRS 102 for the Christ's Hospital Pension Scheme. Further information on this scheme is set out in Note 20.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

3. DONATIONS AND LEGACIES £ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2021	<i>Total 2020</i>
Donation Governorships & Blue Fund	-	-	1,473	1,473	719
Legacies	10	20	5,940	5,970	848
Donations for capital projects	-	22	-	22	78
Other donations	48	152	774	974	903
Grants from external foundations	-	-	312	312	269
	58	194	8,499	8,751	2,817

4. INCOME AND EXPENDITURE

(a) Charity

The charity had total income of £30,212,000 (2020: £29,202,000) and total expenditure of £30,943,000 (2020: £28,075,000) in the financial year.

(b) Consolidated trading activities

£ 000s	Restricted Funds	Unrestricted Funds	Total 2021	<i>Total 2020</i>
Income from other trading activities				
Christ's Hospital	-	5	5	7
Bluecoat Sports	-	-	-	8
CHEL	-	107	107	117
Christal House Contracts Limited	-	94	94	96
	-	206	206	228
Trading Expenditure				
CHEL	-	126	126	303
Christal House Contracts Limited	-	102	102	102
	-	228	228	405

(c) Subsidiary Results and Balance Sheets

The results and balance sheet of the subsidiaries of Christ's Hospital as shown in their financial statements are presented overleaf. The numbers include intercompany trading. Further information on the subsidiaries is provided on pages 12 and 13 of the Report of the Trustees.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

2021

	The Foundation	Bluecoat Sports	CHEL	Christal House Contracts Limited
£ 000s				
Results				
Income & gains	90,588	1,305	122	172
Expenditure	(23,578)	(1,387)	(185)	(194)
Net income / (loss)	67,010	(82)	(63)	(22)
Brought forward at 1 September	432,874	383	(95)	(166)
Carried forward at 31 August	499,884	301	(158)	(188)
Balance sheet				
Total assets	559,254	552	67	1,318
Total liabilities	(59,370)	(251)	(225)	(1,506)
Funds / (deficit)	499,884	301	(158)	(188)

2020

	The Foundation	Bluecoat Sports	CHEL	Christal House Contracts Limited
£ 000s				
Results				
Income & gains	20,443	1,572	260	173
Expenditure	(22,009)	(1,809)	(355)	(196)
Net (loss)	(1,566)	(237)	(95)	(23)
Brought forward at 1 September	434,440	620	-	(143)
Carried forward at 31 August	432,874	383	(95)	(166)
Balance sheet				
Total assets	497,419	517	58	1,454
Total liabilities	(64,545)	(134)	(153)	(1,620)
Funds / (deficit)	432,874	383	(95)	(166)

5. INVESTMENT INCOME

£ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2021	Total 2020
Property	6,285	-	-	6,285	7,369
Securities	1,506	8	-	1,514	1,044
Interest	12	-	4	16	57
	7,803	8	4	7,815	8,470

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

6. INCOME FROM CHARITABLE ACTIVITIES

Fees receivable £ 000s	Unrestricted Funds	Total 2021	Total 2020
Gross parental contributions	30,911	30,911	26,811
Less: Total bursaries, grants and allowances	(21,271)	(21,271)	(17,514)
	9,640	9,640	9,297
Add back: Bursaries and other awards paid for by restricted funds	312	312	269
	9,952	9,952	9,566

Ancillary trading £ 000s	Restricted Funds	Unrestricted Funds	Total 2021	Total 2020
Shop income	-	2	2	-
Music fees	-	252	252	240
Exam fees	-	13	13	13
House funds	80	-	80	54
Sundry parental charges	6	405	411	210
Event and sponsorship income	-	-	-	16
Admission fees	-	50	50	48
Other	102	5	107	25
	188	727	915	606

7. INCOME FROM OTHER SOURCES

£ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2021	Total 2020
Rental income - staff housing	-	-	224	224	216
West's Pensioners charity service charge	-	-	25	25	25
Profit on disposal of fixed assets	-	-	1	1	10
Grant from Coronavirus Job Retention Scheme	-	261	205	466	1,088
Other miscellaneous income	10	-	3	13	20
	10	261	458	729	1,359

8. INVESTMENT MANAGEMENT COSTS

£ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2021	Total 2020
Property costs	2,278	-	-	2,278	1,361
Securities and cash management fees	455	5	2	462	1,060
	2,733	5	2	2,740	2,421

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

9. ANALYSIS OF EXPENDITURE

(a) Total expenditure

£ 000s	Staff Costs	Other Costs	Depreciation	Total 2021	Total 2020
Costs of raising funds					
Costs of generating voluntary income	319	118	-	437	440
Trading expenditure	99	54	75	228	405
Investment management costs	-	2,740	-	2,740	2,421
Financing costs	-	2,277	-	2,277	2,279
Total cost of raising funds	418	5,189	75	5,682	5,545
Charitable activities					
Education and grant making					
Educational costs	8,493	735	90	9,318	9,027
Welfare costs	2,865	1,329	299	4,493	3,864
Premises costs	2,374	5,061	2,463	9,898	8,811
Support costs	2,160	1,620	202	3,982	4,224
Grants, awards and prizes (note 9 (b))	-	446	-	446	372
Total costs of providing education	15,892	9,191	3,054	28,137	26,298
Sports centre expenditure	828	321	61	1,210	1,647
Total charitable expenditure	16,720	9,512	3,115	29,347	27,945
Total expenditure	17,138	14,701	3,190	35,029	33,490

Support costs include governance costs of £183,000 (2020: £182,000).

	Total 2021	Total 2020
(b) Grants, awards and prizes		
£ 000s		
From endowed funds:		
Bursaries and other grants and awards	53	28
From restricted funds:		
Bursaries and other grants and awards	385	344
From unrestricted funds:		
Bursaries and other grants and awards	8	-
	446	372

These grants were made to current and former pupils at Christ's Hospital.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

10. STAFF COSTS	2021		2020	
	Number (FTE)	Cost £ 000s	Number (FTE)	Cost £ 000s
Teaching	116	7,331	112	7,033
Teaching support	40	1,162	39	1,221
Welfare	60	1,938	60	1,958
Premises	94	2,374	75	1,947
Other ancillary	36	2,160	39	2,165
Fundraising	6	319	7	342
Bluecoat Sports	29	828	40	938
CHEL	4	99	4	138
	385	16,211	376	15,742
Contract catering costs		927		700
Contract security & cleaning costs		-		339
		17,138		16,781
Comprising				
Salaries and wages		12,692		12,464
Social security costs		1,199		1,161
Pension costs		2,279		2,075
Apprenticeship Levy		41		41
Contract costs		927		1,040
		17,138		16,781
Aggregate employee benefits of Key Management personnel		1,034		1,038

The average head count (being number of staff employed not adjusted for FTE) was 535 (2020: 566). The full time equivalent number of employees by category is disclosed in the table above.

Salaries and wages include £64,000 (2020: £101,000) in relation to redundancy and compensation for loss of office settlements and payments in lieu of notice.

The number of Key Management personnel averaged 9 (2020: 9) as set out on page 21. The number of employees whose total emoluments for the period exceeded £60,000 was 23 (2020: 22) in the following bands:

	2021	2020
£60,001 to £70,000	14	13
£70,001 to £80,000	2	2
£80,001 to £90,000	3	3
£90,001 to £100,000	-	1
£110,001 to £120,000	1	-
£120,001 to £130,000	2	2
£150,001 to £160,000	1	-
£160,001 to £170,000	-	1

Information on volunteers is shown on page 18.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS
£ 000s

	Land & Buildings	Work in Progress	Office Equipment	Plant & Equipment	Motor Vehicles	Historic Assets	Total
(a) Group							
Cost or valuation							
At 1 September 2020	81,346	1,625	2,418	9,403	140	5,339	100,271
Additions at cost	10	1,037	88	237	14	-	1,386
Transfers	1,873	(2,407)	-	534	-	-	-
Disposals at cost	-	-	(258)	(315)	(13)	-	(586)
At 31 August 2021	83,229	255	2,248	9,859	141	5,339	101,071
Depreciation and amortisation							
At 1 September 2020	23,099	-	1,906	5,460	108	-	30,573
Charge for the period	1,854	-	197	1,120	19	-	3,190
Accumulated on disposals	-	-	(258)	(315)	(13)	-	(586)
At 31 August 2021	24,953	-	1,845	6,265	114	-	33,177
Net book value at 31 August 2021	58,276	255	403	3,594	27	5,339	67,894
<i>Net book value at 31 August 2020</i>	<i>58,247</i>	<i>1,625</i>	<i>512</i>	<i>3,943</i>	<i>32</i>	<i>5,339</i>	<i>69,698</i>

	Land & Buildings	Work in Progress	Office Equipment	Plant & Equipment	Motor Vehicles	Total
(b) Charity						
Cost or valuation						
At 1 September 2020	-	1,624	2,241	4,470	140	8,475
Additions at cost	-	1,075	88	202	14	1,379
Transfer to Foundation	-	(1,911)	-	-	-	(1,911)
Transfers	-	(534)	-	534	-	-
Disposals at cost	-	-	(258)	(287)	(13)	(558)
At 31 August 2021	-	254	2,071	4,919	141	7,385
Depreciation and amortisation						
At 1 September 2020	-	-	1,732	2,310	108	4,150
Charge for the period	-	-	196	769	19	984
Accumulated on disposals	-	-	(258)	(287)	(13)	(558)
At 31 August 2021	-	-	1,670	2,792	114	4,576
Net book value at 31 August 2021	-	254	401	2,127	27	2,809
<i>Net book value at 31 August 2020</i>	<i>-</i>	<i>1,624</i>	<i>509</i>	<i>2,160</i>	<i>32</i>	<i>4,325</i>

The transfer to the Foundation from work in progress of £1,911,000 principally relates to the building portion of the Theatre improvement works, with the plant and equipment portion of the same project being the major part of the other transfers from work in progress of £534,000.

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12. FIXED ASSET INVESTMENTS

£ 000s

	Property	Securities	Total 2021	<i>Total 2020</i>
Investments at market value				
Market value at 1 September	157,456	258,161	415,617	426,794
Net (disinvestment) from portfolio	(10,842)	(931)	(11,773)	(20,953)
Fees and charges collected	-	(453)	(453)	(1,029)
Dividends and interest reinvested	-	1,514	1,514	1,044
Realised and unrealised gains and losses	9,673	60,628	70,301	9,761
Market value at 31 August	<u>156,287</u>	<u>318,919</u>	<u>475,206</u>	<u>415,617</u>
			Total 2021	<i>Total 2020</i>
Securities comprise:				
Cash & foreign exchange hedges			5,698	11,589
Debt instruments			46,353	41,100
Equities			118,296	133,042
Hedge funds			72,110	27,786
Private equity			76,462	44,644
			<u>318,919</u>	<u>258,161</u>
Property comprises:				
Retail			3,600	4,500
Offices			42,250	67,550
Industrial			67,400	50,375
Agricultural and other land			32,211	24,958
Residential rental properties			10,826	10,073
			<u>156,287</u>	<u>157,456</u>

The Charity Commission permitted Christ's Hospital to adopt the use of Total Return in relation to its endowment on 26 April 2005.

There is a quoted market (including listed markets) for approximately 22% (2020: 34%) of the investments within the funds held in securities. A further 44% (2020: 39%) of investments are held in funds which themselves invest in publicly quoted securities. The remainder, representing private markets funds, are valued in accordance with the information provided by the fund managers which are based on quarterly and audited annual reports.

Approximately 53% (2020: 65%) of the portfolio is considered liquid, meaning that the funds are capable of being traded on at least a quarterly basis.

Forward currency contracts are used to mitigate the risk associated with investment assets denominated in foreign currencies. At 31 August 2021, the gross notional value of open forward contracts amounted to £142.1 million (2020: £130.9 million). These contracts have been revalued at the applicable year-end rates and the resulting unrealised gains or losses have been included within the overall value of the investments above.

At 31 August 2021 there were outstanding commitments to fund a further £45.5 million (2020: £47.3 million) in capital calls from private equity funds. These calls will be funded from the sale of liquid assets within the investment portfolio.

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Common Investment Fund

Security assets totalling £311,397,000 are held within the Christ's Hospital Common Investment Fund, which was established on 2 August 2005 and is a pooling scheme fund within the meaning of the Financial Services & Markets Act 2000 (Exemption) Order 2001 (SI 1201/2001). The scheme became active on 31 March 2006. At 31 August 2021, units within the Christ's Hospital Common Investment Fund were held as follows:

	Securities	
	£000s	%
General Fund	277,428	86.99
The Wests' Gift for Children Fund	27,214	8.53
The Daniel Lett Fund	3,328	1.04
The Hornby Steer Fund	3,225	1.01
Barker Music Fund	1,318	0.41
The RAF Foundationers' Fund	1,970	0.62
Miss West Scholar Fund	1,007	0.32
Additional Costs Fund	661	0.21
Christ's Hospital Association	576	0.18
House Fund	498	0.16
The Reginald Wood Fund	295	0.09
The Army Foundation	141	0.04
Other Funds	1,258	0.40
	<u>318,919</u>	

Other funds represent the combined assets of 17 individual trusts none of which has assets in excess of £200,000.

Property Valuations

Formal valuations of the commercial investment properties were prepared by Mr D Mills, MRICS of Cushman & Wakefield LLP and rural and residential properties by Mr P Kirk, MRICS of Savills (UK) Limited as at 31 August 2021.

Future income from Property Investments

The future minimum lease income under non-cancellable operating leases receivable in less than one year is £4.6m (2020: £5.6m). Amounts receivable between 1 and 5 years are £12.9m (2020: £10.8m) and after 5 years are £35.4m (2020: £42.2m).

13. STOCK	Group	Charity	Group	Charity
£ 000s	2021	2021	2020	2020
Stock for sale	16	-	17	-
Consumables	207	194	203	193
	<u>223</u>	<u>194</u>	<u>220</u>	<u>193</u>

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14. DEBTORS DUE WITHIN ONE YEAR	Group	Charity	Group	Charity
£ 000s	2021	2021	2020	2020
Trade debtors	74	10	165	5
Rents receivable	837	-	2,043	-
Parental contributions	216	216	206	206
CHEL	-	192	-	86
The Foundation	-	3,537	-	5,040
Accrued legacies	1,950	-	250	-
Other debtors and prepayments	1,104	470	1,520	1,258
	4,181	4,425	4,184	6,595

15. CREDITORS DUE WITHIN ONE YEAR	Group	Charity	Group	Charity
£ 000s	2021	2021	2020	2020
Trade creditors	828	601	859	678
Bank loan (see below)	8	-	-	-
Deferred income	141	129	108	86
Parental contributions paid in advance	1,373	1,373	535	535
Enrolment deposits	1,524	1,524	1,577	1,577
Bluecoat Sports	-	214	-	108
Christal House Contracts Limited	-	11	-	5
Taxation and National Insurance	302	292	293	281
Value Added Tax	148	10	246	8
Rent in advance	1,079	-	1,913	-
Other creditors and accruals	2,800	1,613	3,912	1,956
	8,203	5,767	9,443	5,234

16. CREDITORS DUE AFTER MORE THAN ONE YEAR	Group	Charity	Group	Charity
£ 000s	2021	2021	2020	2020
Bank loan (see below)	25,042	-	25,000	-
Loan note issue (see below)	20,000	-	20,000	-
Parental contributions paid in advance	24	24	38	38
	45,066	24	45,038	38

Repayable as follows:

Due within 1 - 2 years				
Bank loan (see below)	10	-	-	-
Parental contributions paid in advance	24	24	38	38
Due within 2 - 5 years				
Bank loan (see below)	32	-	-	-
Due after 5 years				
Bank loan (see below)	25,000	-	25,000	-
Loan note issue (see below)	20,000	-	20,000	-
	45,066	24	45,038	38

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In October 2003, the Foundation entered into a £25 million bank loan facility for a term of 25 years for the purpose of acquiring new commercial property investments. Repayment is by a single payment at termination in October 2028 with interest payable quarterly in arrears at a fixed rate of 5.55%. This loan is secured against investment properties with a minimum valuation of £35.0 million and as at 31 August 2021 the properties against which the loan is secured have been valued at £37.8 million.

In April 2014, the Foundation completed on a £20 million private placement of loan notes as part of its investment strategy. The notes, which are due for repayment in 2034, are secured on assets held within the securities portfolio. Interest on the loan notes is at a fixed rate of 4.45%, with interest payable semi-annually.

In September 2020, Bluecoat Sports entered into an unsecured £50,000 bounce back loan with Barclays Bank for a term of 6 years. During the first twelve months, the UK Government will pay interest due under this loan, known as the Business Interruption Payment. No repayment of capital is required during the first 12 months of the loan. Repayments of £833.33 will be made monthly commencing in October 2021, with interest payable in arrears at a fixed rate of 2.5%.

SUMMARY OF MOVEMENTS IN PARENTAL CONTRIBUTIONS IN ADVANCE

£000s	Group and Charity 2021
Balance at 1 September 2020	573
New contracts	64
Other amounts in advance	1,270
Amounts used to pay fees	(513)
Amounts accrued to contract as debt financing cost	3
Balance at 31 August 2021	<u>1,397</u>

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17. RECONCILIATION OF GROUP NET (OUTGOING) FUNDS FROM OPERATIONS TO NET CASH (OUTFLOW) FROM GROUP OPERATING ACTIVITIES

£ 000s

	2021	2020
Net (outgoing) funds from operations	(6,052)	(9,419)
Non-operating cashflows eliminated:		
Investment income	(7,815)	(8,470)
Financing costs	2,277	2,279
Endowment legacies and donations	(58)	(135)
Profit on disposal of fixed assets	(1)	(10)
Pension scheme net finance costs	165	163
Pension scheme current service costs	197	204
Pension scheme contributions	(551)	(404)
Depreciation and amortisation	3,190	3,073
(Decrease) in creditors	(1,912)	(6,802)
(Increase) in debtors	3	(2,006)
(Increase) in stocks	(3)	(17)
Net cash (outflow) from group operating activities	(10,560)	(21,544)

18. CAPITAL AND LEASE COMMITMENTS

Capital Commitments

At 31 August 2021 there were capital commitments of £nil (2020: £0.8million).

See Note 12 for information on private equity fund commitments.

Lease Commitments

The charity has entered into non-cancellable leases in respect of certain motor vehicles and office equipment, the payments for which extend over a period of up to 5 years.

Total future minimum lease payments under non-cancellable operating leases:

£ 000s	Group 2021	Charity 2021	Group 2020	Charity 2020
-within one year	100	100	104	104
- between 1 and 5 years	153	153	214	214
	253	253	318	318

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19. AUDITOR'S REMUNERATION
£ 000s

	2021	2020
Audit fees	62	62
Consultancy and accountancy services	4	3
	66	65

20. PENSION SCHEMES

Teachers' Pension Scheme

Christ's Hospital 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 £1,470,000 (2020: £1,451,000) and at the year-end £121,000 (2020: £118,000) was accrued in respect of contributions to this scheme.

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

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

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

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

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The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. The consultation closed to response on 19 August 2021 and the Government is currently analysing the responses.

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

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

Christ's Hospital Pension Scheme

Prior to 2005, non-teaching staff were entitled to join the Christ's Hospital Pension Scheme (the Scheme), a defined benefit scheme, to which contributions are made by both employees and the employers. The Scheme was closed to new members with effect from 31 March 2005. Member contributions are 6.5% for those members who have an accrual rate of 1/80th of final salary for each year of service, and 4% for those who have an accrual rate of 1/100th. Contributions payable by employers are 24.3% of salary, plus an annual deficit-reduction contribution, currently of £331,500, and a £2.2 million lump sum payment by 31 March 2035. The deficit-reduction payments are in accordance with an agreed schedule, allowing the deficit to be eliminated by 31 March 2035. The basis of contribution to the Scheme is specified in a schedule of contributions certified by the actuary and agreed with the Scheme trustees on 30 March 2021. The cost of providing such pensions is charged to the accounts in accordance with the provisions of FRS 102.

The liability for the Scheme continues to be accounted for in the individual charity financial statements of Christ's Hospital Foundation as Christ's Hospital has accepted the liabilities of the Scheme solely in its role as the Trustee of Christ's Hospital Foundation.

The last full actuarial valuation of the Scheme was carried out with an effective date of 31 March 2020. For the purpose of FRS 102, the Scheme valuation has been updated as at 31 August 2021 by a qualified actuary. The valuation method adopted for the Scheme was the Projected Unit Method and it is assumed, in relation to security of both accrued and protected rights, the Scheme will continue.

Employer contributions for the year ended 31 August 2021 were £551,000 (2020: £404,000). These included back-dated deficit reduction contributions of £145,000.

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The Scheme's assets and liabilities, analysis of pension cost and details of the valuation were as follows:

a) Amounts recognised in the balance sheets	2021	2020
£ 000s		
Present value of funded obligations	(24,235)	(24,257)
Fair value of plan assets	15,910	13,879
Net liability	(8,325)	(10,378)
 (b) Changes in the present value of the defined benefit obligation		
£ 000s	2021	2020
Opening defined benefit obligation	24,257	24,235
Employers' service cost	197	204
Interest cost	382	430
Actuarial losses	150	130
Benefits paid from scheme assets	(787)	(782)
Scheme participants' contributions	36	40
Defined benefit obligation at end of period	24,235	24,257
 (c) Changes in the fair value of the Scheme assets are as follows:		
£ 000s	2021	2020
Opening fair value of scheme assets	13,879	14,957
Expected return	221	266
Actuarial gains / (losses)	2,014	(1,006)
Employer contributions	551	404
Scheme participants' contributions	36	40
Administration expenses paid	(4)	-
Benefits paid	(787)	(782)
Fair value of Scheme assets at end of period	15,910	13,879

On the currently agreed basis, the projected amount charged to the Statement of Financial Activities is as follows:

	31 August
	2022
Projected current service cost	169
Projected interest income on assets	404
Projected interest cost on Defined Benefit Obligation	(267)
	306

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(d) Amounts included within the Statement of Financial Activities
£ 000s

	2021	2020
Current service cost	(197)	(204)
Interest income on assets	221	266
Administration expenses paid	(4)	-
Interest on pension liabilities	(382)	(430)
Total amount charged within net incoming/ (outgoing) funds from operations	(362)	(368)

(e) Reconciliation of movement in present value of plan liabilities and assets
£ 000s

	2021	2020
Net liability at the beginning of the year	(10,378)	(9,278)
Employer current service cost	(197)	(204)
Employer's contributions	551	404
Interest income on assets	221	266
Interest cost	(382)	(430)
Administration expenses paid	(4)	-
Actuarial gains / (losses)	1,864	(1,136)
Net liability at end of the year	(8,325)	(10,378)

(f) Major categories of Scheme assets as a percentage of total Scheme assets

	2021	2020
Equities	39%	36%
Multi-Asset Funds	40%	43%
Property	18%	20%
Cash	3%	1%
	100%	100%

The overall expected return on the Scheme assets in the year is determined as a weighted average of the expected returns on each asset class. The returns on equities are determined by the Christ's Hospital Pension Fund trustees having reference to the expected return from an investment in the FTSE-Actuaries All Share Index. The gilt return is derived from the prevailing redemption yields on long-dated fixed interest gilts at the valuation date.

(g) Principal assumptions at the balance sheet date

	2021	2020
Discount rate	1.7%	1.6%
Rate of increase in salaries	2.9%	2.6%
Rate of increase of pensions in payment - Pre April 1997	2.3%	2.2%
Rate of increase of pensions in payment - Post April 1997	3.3%	3.1%
Rate of increase of pensions in deferment	2.9%	2.6%
Price inflation	3.4%	3.1%

The 2021 valuation has assumed average mortality in accordance with S3PxA_M tables for 2020, with the CMI (2020) model together with long-term improvements of 1.5% p.a. for future improvements in longevity.

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(h) Projected (shortfall) at 31 August 2021	2021
Expected Employer's contributions	459

(i) Sensitivity analysis	Change in defined benefit obligation 2021
Increase / decrease discount rate by 0.5% p.a.	-8% / +10%
Increase / decrease assumed rate of future inflation 0.5% p.a.	+6% / -6%
Increase / decrease long-term salary increases by 0.5% p.a.	+1% / -1%

Defined Contribution Scheme

A stakeholder pension scheme is available for staff who are not in a defined benefit scheme. This is a unit linked defined contribution scheme from Standard Life, under which the employer contributes 5% more than the employee contributions up to a maximum of 10% of pensionable pay. From 1 August 2014, new and existing staff who had not previously opted to join a pension scheme, and are eligible to do so, have been auto enrolled into a workplace pension scheme, currently with Legal and General. Employer contributions are currently set at the statutory minimum of 3%. Employer contributions totalling £239,000 (2020: £235,000) were paid in respect of these pension schemes for the year. At the year-end £20,000 (2020: £19,000) was accrued in respect of contributions to these schemes.

21. PROVISIONS FOR LIABILITIES AND CHARGES £ 000s

	Group 2021	Charity 2021	<i>Group 2020</i>	<i>Charity 2020</i>
At 1 September	775	775	116	116
Provision utilised	(1,229)	(1,229)	(219)	(219)
Charged to the statement of financial activities	529	529	878	878
At 31 August	75	75	775	775

The provision relates to legal claims. The opening and closing provision above have been restated in these accounts to recognise the probable cost of defending and concluding those matters, gross of any related recoverable amounts from insurance held by the school.

22. RELATED PARTY TRANSACTIONS

No Council Member has received any remuneration for work done in performance of their duties. Travel, training and subsistence expenses totalling £84 (2020: £795) have been refunded to two (2020: three) Council Members in connection with their duties. Donations totalling £66,188 (2020: £1,850) have been received from seven (2020: three) Council Members. £140,521 (2020: £nil) was paid by Christ's Hospital Foundation on an arms-length basis to Land & Water Services Limited, a business whose ultimate parent undertaking is partly owned by James Maclean, a Council Member, for dredging works. £nil (2020: £11,246) was paid on an arms-length basis to Hill House Farm Partnerships, a business owned by James Maclean for drainage and landscaping works.

Trustees' liability insurance is included within the group professional indemnity and public liability policy and its cost cannot be separately identified.

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During the year, funding totalling £16.0 million (2020: £14.8 million) was granted to Christ's Hospital from the Foundation in support of current pupils, this included £0.5m from the Sivewright fund towards the theatre betterment project. A further £2.9 million (2020: £2.9 million) was gifted by the Foundation, being the value of the donated facilities. The grant also funded certain expenditure incurred by Christ's Hospital on behalf of the Foundation. Those costs included the audit fee, other governance costs, the payroll and administration costs of the property director and the development department.

The Foundation charged £65,000 (2020: £65,000) in rent to Christ's Hospital for certain residential properties. Other expenses totalling £5,000 (2020: £4,000) were recharged by Christ's Hospital to the Foundation.

Christ's Hospital hired the sports centre and the laundry from Bluecoat Sports for a fee of £323,000 (2020: £289,000) and £10,000 (2020: £10,000) respectively. Other expenses totalling £79,000 (2020: £66,000) were recharged by Christ's Hospital to Bluecoat Sports.

CHEL continues to make payments to Christ's Hospital under the terms of a lease for the use of the nursery premises and a master agreement for the use of the School's premises for holiday lets and other events. The charges were £12,300 (2020: £10,800) for the nursery lease and £37,400 (2020: £41,000) for the licence fee. In addition, Christ's Hospital recharged a total of £9,000 (2020: £85,000) to CHEL relating to other expenses including salaries, finance and catering. No service charge (2020: nil) was passed on in the current year following the cancellation of the holiday lets due to COVID-19. In addition, the impact of the cancellation of the majority of CHEL's business meant that no payment under gift aid was made to the School (2020: £nil for the year but with £130,000 of the gift aid received by the School in relation 2019 being repaid).

Christ's Hospital performs administrative services for Christal House Contracts Limited for which it received a management fee of £5,000 (2020: £5,000). In addition, Christal House Contracts charged Christ's Hospital £78,000 (2020: £77,000) for electricity during the year.

Christ's Hospital performs administrative services for the Charities of John and Frances West for Pensioners, for which it received a management fee during the year of £25,000 (2020: £25,000).

22. MOVEMENT OF FUNDS

Specified Endowment Funds

The total Endowment Funds represent the Preserved Value plus the accumulated Unapplied Total Return (UTR). Distributions out of UTR can be made at any time at Council's discretion.

The purposes of the major remaining funds are as follows:

The Wests' Gift for Children Fund provides funding for descendants of the West family children from the boroughs of Richmond, Twickenham, Reading, Newbury and other families in financial need.

The Hornby Steer Fund supports children from a family either connected with the legal profession, living in Greater London, connected with the Order of St John of Jerusalem or where a parent is blind.

The Daniel Lett Fund supports current and former pupils in developing an interest in and pursuing a career in law, particularly at the Bar.

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The RAF Foundationers' Trust Fund provides funds to support the children of RAF personnel.

The Miss West Scholar Fund provides a 6th form scholarship for a female pupil in memory of Miss West, Headmistress at Hertford.

Christ's Hospital Association supports the costs of publicity and alumni relations.

Additional Costs Fund (formerly The Necessitous Children's Fund) provides additional support, particularly for travel and clothing costs for children from families in exceptional financial need.

House Fund supports the boarding houses.

The Reginald Wood Fund provides additional funds to support musically talented pupils.

The Army Foundation supports children whose parents have served or are currently serving in the Army.

Restricted Funds

Restricted Funds are accounted for in accordance with the particular terms of the trust arising from the expressed or implied wishes of donors insofar as these are intended to be binding. Where any such wishes are not intended to be binding, they are taken into account and recognised in an appropriate Designated or Unrestricted Fund.

The Sivewright Memorial Fund is restricted to the provision of capital projects that will enhance the pupils' appreciation of the Arts.

The Barker Music Fund is restricted to support the education of children gifted in music.

The Bluecoat Sports Fund is restricted to support the objects of Bluecoat Sports.

Designated Funds

These are Funds created for specific purposes. There is no legal restriction on the way in which the funds may be applied.

The Premises Fund was established for planned maintenance and other estate works included in the budget for the year but not yet completed.

The Fixed Asset Capital Fund represents the net book value of the fixed assets used for operational purposes.

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23. MOVEMENT OF FUNDS

£ 000s	Balance at 1 September 2020	Incoming Resources	Resources Expended	Gains	Transfers	Balance at 31 August 2021
Preserved Endowment						
General Fund Capital Account	102,610	-	-	-	-	102,610
The Wests' Gift for Children Fund	7,531	-	-	-	-	7,531
The Hornby Steer Fund	1,670	-	-	-	-	1,670
The Daniel Lett Fund	1,539	-	-	-	-	1,539
The RAF Foundationalers' Trust Fund	910	-	-	-	-	910
Miss West Scholar Fund	800	-	-	-	-	800
Christ's Hospital Association	323	-	-	-	-	323
Additional Costs Fund	484	47	-	-	-	531
House Fund	290	-	-	-	-	290
The Reginald Wood Fund	150	-	-	-	-	150
Other Funds	433	10	-	-	-	443
	116,740	57	-	-	-	116,797
Unapplied Total Return Endowment						
General Fund Capital Account	244,022	7,621	(4,898)	62,454	(9,425)	299,774
The Wests' Gift for Children Fund	15,151	131	(80)	5,143	(556)	19,789
The Hornby Steer Fund	991	16	(10)	610	(36)	1,571
The Daniel Lett Fund	1,181	16	(57)	623	(7)	1,756
The RAF Foundationalers' Trust Fund	700	10	(5)	366	(3)	1,068
Miss West Scholar Fund	70	5	(3)	193	(34)	231
Christ's Hospital Association	153	3	(2)	108	(20)	242
Additional Costs Fund	74	3	(3)	124	(24)	174
House Fund	135	2	(1)	93	(18)	211
The Reginald Wood Fund	86	1	(1)	63	-	149
Other Funds	381	5	(3)	187	(14)	556
	262,944	7,813	(5,063)	69,964	(10,137)	325,521
Expendable Endowments						
The Army Foundation	177	1	-	31	(39)	170
TOTAL ENDOWMENT FUNDS	379,861	7,871	(5,063)	69,995	(10,176)	442,488

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

£ 000s	Balance at 1 September 2020	Incoming Resources	Resources Expended	Gains/ (Losses)	Transfers	Balance at 31 August 2021
Restricted						
The Sivewright Memorial Fund	485	-	-	-	(485)	-
Bluecoat Sports Fund	382	972	(1,210)	-	157	301
Doyle Fund	120	1	-	37	-	158
Geoff Stearn Musical Instruments	123	1	(1)	22	-	145
Middleton A Fund	6	-	-	-	-	6
Tazaki Foundation Fund	334	-	(2)	-	(229)	103
House Funds	58	94	(88)	-	-	64
Barker Music Fund	1,313	26	(55)	247	-	1,531
Additional Costs Fund	55	65	(45)	-	43	118
Other Funds	306	101	(16)	-	(101)	290
TOTAL RESTRICTED FUNDS	3,182	1,260	(1,417)	306	(615)	2,716
Designated Funds						
Liquid assets						
Premises Fund	1,322	300	(99)	-	468	1,991
Education Fund	50	-	(1)	-	13	62
Museum Fund	109	73	(24)	-	4	162
Pension Fund	-	-	-	-	200	200
Organ Fund	-	-	-	-	500	500
Music Fund	4	-	-	-	-	4
House Fund	15	-	(2)	-	-	13
	1,500	373	(126)	-	1,185	2,932
Fixed Asset Capital Fund	64,134	-	(2,573)	-	824	62,385
Pension Reserve	(10,378)	-	189	1,864	-	(8,325)
Total Designated Funds	55,256	373	(2,510)	1,864	2,009	56,992
General Fund	1,981	19,473	(26,039)	-	8,782	4,197
TOTAL UNRESTRICTED FUNDS	57,237	19,846	(28,549)	1,864	10,791	61,189
TOTAL FUNDS	440,280	28,977	(35,029)	72,165	-	506,393

During the year, £10.1 million has been transferred into Unrestricted Funds from the Unapplied Total Return Endowment Funds.

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NOTES TO THE FINANCIAL STATEMENTS

24. PRIOR YEAR MOVEMENT OF FUNDS

£ 000s	Balance at 1 September 2019	Incoming Resources	Resources Expended	Gains	Transfers	Balance at 31 August 2020
Preserved Endowment						
General Fund Capital Account	102,505	105	-	-	-	102,610
The Wests' Gift for Children Fund	7,531	-	-	-	-	7,531
The Hornby Steer Fund	1,670	-	-	-	-	1,670
The Daniel Lett Fund	1,539	-	-	-	-	1,539
The RAF Foundationers' Trust Fund	910	-	-	-	-	910
Miss West Scholar Fund	800	-	-	-	-	800
Christ's Hospital Association	320	3	-	-	-	323
Additional Costs Fund	458	26	-	-	-	484
House Fund	290	-	-	-	-	290
The Reginald Wood Fund	150	-	-	-	-	150
Other Funds	432	1	-	-	-	433
	116,605	135	-	-	-	116,740
Unapplied Total Return Endowment						
General Fund Capital Account	243,520	8,306	(4,610)	8,005	(11,199)	244,022
The Wests' Gift for Children Fund	14,567	86	(46)	1,152	(608)	16,161
The Hornby Steer Fund	888	9	(6)	136	(36)	991
The Daniel Lett Fund	1,062	10	(24)	138	(5)	1,181
The RAF Foundationers' Trust Fund	668	7	(3)	81	(53)	700
Miss West Scholar Fund	61	3	(2)	43	(35)	70
Christ's Hospital Association	146	2	(1)	24	(18)	163
Additional Costs Fund	65	2	(9)	28	(12)	74
House Fund	129	2	(1)	21	(16)	135
The Reginald Wood Fund	81	1	(1)	13	(8)	86
Other Funds	354	3	(4)	40	(12)	381
	261,541	8,431	(4,707)	9,681	(12,002)	262,944
Expendable Endowments						
The Army Foundation	210	1	-	9	(43)	177
TOTAL ENDOWMENT FUNDS	378,356	8,567	(4,707)	9,690	(12,045)	379,861

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

£ 000s	Balance at 1 September 2019	Incoming Resources	Resources Expended	Gains	Transfers	Balance at 31 August 2020
Restricted						
The Sivewright Memorial Fund	1,944	7	(5)	2	(1,463)	485
Bluecoat Sports Fund	620	1,275	(1,647)	-	134	382
Doyle Fund	178	1	-	9	(68)	120
Geoff Steam Musical Instruments	118	1	(1)	5	-	123
Middleton A Fund	31	-	-	-	(25)	6
Tazaki Foundation Fund	289	160	(14)	-	(101)	334
House Funds	59	55	(64)	-	8	58
Barker Music Fund	1,273	13	(2)	55	(26)	1,313
Additional Costs Fund	40	61	(50)	-	4	55
Other Funds	310	154	(29)	-	(129)	306
TOTAL RESTRICTED FUNDS	4,862	1,727	(1,812)	71	(1,668)	3,182
Designated Funds						
Liquid assets						
Premises Fund	1,142	1	(53)	-	232	1,322
Education Fund	43	-	(5)	-	12	50
Museum Fund	93	15	(12)	-	13	109
Music Fund	4	-	-	-	-	4
House Fund	17	-	(2)	-	-	15
	1,299	16	(72)	-	257	1,500
Fixed Asset Capital Fund	64,576	-	(2,594)	-	2,152	64,134
Pension Reserve	(9,278)	-	36	(1,136)	-	(10,378)
Total Designated Funds	56,597	16	(2,630)	(1,136)	2,409	55,256
General Fund	1,259	13,761	(24,341)	-	11,302	1,981
TOTAL UNRESTRICTED FUNDS	57,856	13,777	(26,971)	(1,136)	13,711	57,237
TOTAL FUNDS	441,074	24,071	(33,490)	8,625	-	440,280

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YEAR ENDED 31 AUGUST 2021
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25. STATEMENT OF TOTAL RETURN

£ 000s	General Endowment	West's Gift	Other Funds	2021 Total
Total return for the period				
Investment income	7,621	131	61	7,813
Investment gains	62,454	5,143	2,367	69,964
Gross total return for the period	70,075	5,274	2,428	77,777
Financing costs	(2,277)	-	-	(2,277)
Investment management costs	(2,621)	(80)	(85)	(2,786)
Net total return for the year	65,177	5,194	2,343	72,714
Application of total return during the period	(9,425)	(556)	(156)	(10,137)
Unapplied total return brought forward 1 September 2020	244,022	15,151	3,771	262,944
Unapplied total return carried forward 31 August 2021	299,774	19,789	5,958	325,521
Preserved value at 31 August 2021	102,610	7,531	6,656	116,797
Expendable Endowment	-	-	170	170
Total endowment values at 31 August 2021	402,384	27,320	12,784	442,488

26. ALLOCATION OF THE NET ASSETS BETWEEN FUNDS

£ 000s	Fixed assets	Net current assets	Creditors due after more than one year	2021 Total
Endowment Funds	478,950	8,538	(45,000)	442,488
Restricted Funds	1,765	993	(42)	2,716
General Funds	-	4,296	(99)	4,197
Designated Funds:				
Capital Fund	62,385	-	-	62,385
Premises Fund	-	1,991	-	1,991
Other Funds	-	441	-	441
Organ Fund	-	500	-	500
Pension Liability	-	-	(8,325)	(8,325)
	543,100	16,759	(53,466)	506,393

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

PRIOR YEAR ALLOCATION OF THE NET ASSETS BETWEEN FUNDS
£ 000s

	Fixed assets	Net current assets	Creditors due after more than one year	2020 Total
Endowment Funds	419,567	5,294	(45,000)	379,861
Restricted Funds	1,614	1,568	-	3,182
General Funds	-	2,794	(813)	1,981
Designated Funds:				
Capital Fund	64,134	-	-	64,134
Premises Fund	-	1,322	-	1,322
Other Funds	-	178	-	178
Pension Liability	-	-	(10,378)	(10,378)
	485,315	11,156	(56,191)	440,280

27. FINANCIAL INSTRUMENTS
£ 000s

	Total 2021	Total 2020
Financial assets measured at amortised cost (a)	24,383	19,248
Financial liabilities measured at amortised cost (b)	(61,003)	(64,212)
	(36,620)	(44,964)

(a) Financial assets include cash, trade and fee debtors, other debtors, accrued income and amounts due from members of the Christ's Hospital Foundation group.

(b) Financial liabilities include deposits, fees in advance, rent in advance, trade and other creditors.

Additional information on financial instruments held at fair value as Investments is set out in Note 12.

CHRIST'S HOSPITAL
YEAR ENDED 31 AUGUST 2021
NOTES TO THE FINANCIAL STATEMENTS

28. PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - Comparative figures by fund-type
£ 000s

	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2020
INCOME AND ENDOWMENTS FROM:				
Charitable Activities				
School fees receivable	-	-	9,566	9,566
Sports centre income	-	1,025	-	1,025
Ancillary trading	-	72	534	606
Investments				
Investment income	8,421	20	29	8,470
Fundraising				
Donations and legacies	135	380	2,302	2,817
Other sources				
Non-ancillary trading income	-	8	220	228
Other income	11	222	1,126	1,359
TOTAL INCOME AND ENDOWMENTS	8,567	1,727	13,777	24,071
EXPENDITURE ON:				
Raising Funds				
Fundraising and development	-	-	(440)	(440)
Trading activities	-	-	(405)	(405)
Investment management	(2,400)	(11)	(10)	(2,421)
Financing	(2,279)	-	-	(2,279)
Charitable Activities				
Costs of providing education	(28)	(154)	(26,116)	(26,298)
Sport centre expenditure	-	(1,647)	-	(1,647)
TOTAL EXPENDITURE	(4,707)	(1,812)	(26,971)	(33,490)
NET INCOMING/ (OUTGOING) FUNDS FROM OPERATIONS BEFORE TRANSFERS AND INVESTMENT GAINS	3,860	(85)	(13,194)	(9,419)
Gains on investments	9,690	71	-	9,761
Transfers between funds	(12,045)	(1,666)	13,711	-
NET INCOME AND CAPITAL INFLOW / (OUTFLOW)	1,505	(1,680)	517	342
Actuarial gains on defined benefit pension scheme	-	-	(1,136)	(1,136)
NET MOVEMENT IN FUNDS	1,505	(1,680)	(619)	(794)
Total funds brought forward 1 September	378,356	4,862	57,856	441,074
TOTAL FUNDS	379,861	3,182	57,237	440,280



CHRIST'S HOSPITAL

A SCHOOL LIKE NO OTHER

Christ's Hospital

a company limited by guarantee and registered in England and Wales

Company No. 06232556

Registered Charity No. 1120090

VAT Registered No. 777313705

Trustee of Christ's Hospital Foundation – Registered Charity No. 306975

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