

# The Sedbergh School Foundation

## REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2020

# The Sedbergh School Foundation

## PROFESSIONAL ADVISORS

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### Bankers

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

### Independent Examiner

RSM Tax and Accounting Limited  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

### Property Advisors

Hackney & Leigh  
3 Market Square,  
Kirkby Lonsdale,  
Lancashire,  
LA6 2AN

### Investment Managers

Ruffer LLP  
31 Charlotte Square  
Edinburgh  
EH2 4ET

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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The Trustees present their report for the accounting year ending 31 August 2020.

### CONSTITUTION

The Sedbergh School Foundation is registered as a Charitable Incorporated Organisation (CIO), Registered Number 1176189. Formerly The Old Sedberghian Trust Fund (1953), it was then constituted by Deed of Trust established on 24 September 1953 as a registered charity, number 529904, until 28 June 2018 when it became the current CIO.

The grant making activities of the Trust are approved by the Trustees at full committee meetings. The principal office of the charity is at Sedbergh School, Sedbergh, LA10 5HG.

### TRUSTEES

The Trustees serving during the period ended 31 August 2020 were:

Mr A J N Bedford (Chairman and Governor of Sedbergh School)

Mr J C Van der Velde (Chairman of the OS Club) ex officio member

Mr A W Smith (member of Audit Committee)

Mr M C Baker (member of Audit Committee)

Mrs L Bates (Governor of Sedbergh School)

Mr M W Stephenson (resigned 13 January 2020)

Mr H Bagot

Mr A Fleck (Principal of Sedbergh School) ex officio member

Mr R Gledhill (Chairman of the Governors Executive Committee of Sedbergh School) ex officio member

Mr I Durrans (Governor of Sedbergh School) was appointed as a Trustee on 09 October 2020.

### OBJECTIVE

The purpose of the Foundation CIO is to promote and/or improve the education given at Sedbergh School, or the facilities thereof, or the amenities thereof, or the well-being of the pupils educated there, in relation to their education either at the school or at some other place of education, after leaving the school, and wider educational initiatives which benefit young people.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Organisational Structure

The Board of Trustees usually meets three or four times a year with meetings held in London and virtually via Zoom in the Summer of 2020 because of the COVID-19 pandemic. The Board receive papers a week in advance of each meeting which include a report from the Director which incorporates the Finance Report including the management accounts.

#### Sub Committees

The Audit Committee considers items including investments, annual accounts and governance issues and makes recommendations to the full board of Trustees.

#### Recruitment of Trustees

The CIO has three ex-officio posts, these being: the Principal, the Chairman of the Governors Executive Committee and the Chairman of the OS Club. The Chairman of the Foundation must also be a Governor of Sedbergh school and Governors have the authority to appoint one other Trustee.

Trustees are appointed for a three-year term and are expected to stand down after their second term unless there are specific reasons for not doing so. Recruitment of Trustees is carried out by asking for nominations from existing and retiring Trustees, the OS Club, the Principal and the School's Governors. Potential new Trustees are briefed by the Chairman and the Director; provided with the charity's statutory documents and recent papers, and relevant Charity Commission publications; and advised where to make further enquiries.

#### Delegated Authority

The Director has certain powers of delegated authority to run the organisation on a day to day basis. These delegated powers are reviewed and set by the Audit Committee under the Scheme of Delegation.

All cheques and internet banking payments require two signatures, the Director and The Foundation Accounts Manager. For amounts over £30,000 the Chairman must give approval.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### **Statement on Public Benefit**

The Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and have complied with the duty in section 17 of the Charities Act 2011. Trustees have studied the guidance issued by the Charity Commission and are satisfied that the charity continues to provide public benefit through its work with Sedbergh School, particularly in fundraising for bursaries and in the provision/refurbishment of key facilities, many of which are important for the local community as well as for the School. The Foundation also helps the pupils of the School to fundraise for other charitable causes as part of their education.

The constitution of the Foundation as a Charitable Incorporated Organisation has broadened the objects to allow the Foundation to support "wider educational initiatives" to encompass schemes such as CECATS (Cumbria Education Centre for Advanced Technology and Science).

### **REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS**

The Trustees aim to provide selective, targeted, financial and other support for the work of the School in the communities it serves. In the period under review, the Foundation's principal activities included:

#### **The Roger Lupton Scholarship Appeal**

The Foundation continued to raise funds for the Roger Lupton Scholarships providing up to 100% of the fees of pupils who would not otherwise be able to receive an education at Sedbergh. The appeal was launched in June 2012 and has raised over £1m to date. There were seven young people who were beneficiaries of Roger Lupton Scholarships present in the School during the period.

The Big Give Christmas Challenge again provided the opportunity to generate significant funds towards the scholarship programme in December, thanks to the support of donors pledging the initial matching funds in collaboration with the Reed Educational Trust. In total, with additional donations made towards the appeal after it had finished, over £40,000 was raised.

Owing to the Covid-19 pandemic, we were unable to run a Challenge Week initiative (which in the previous financial year raised £41,000 in cash and pledges). We hope to run this initiative again in future years.

#### **The Chapel Appeal**

The Foundation continued to collect pledged funds towards this appeal during the year, which has raised over £53,000 in total. Works on this project were delayed owing to the pandemic, but have since taken place in 2020.

#### **Other Major Activities**

In advance of the School's 500<sup>th</sup> Anniversary in 2025, the Foundation is planning a £5m quinqucentenary campaign which will encompass 3 major projects: A Design & Technology Centre, a Green Fund to focus on reducing carbon emissions across the School site and Roger Lupton Scholarships.

An emergency response appeal was launched in April 2020, to raise funds for Sedbergh School families and members of the local community who had found themselves in financial difficulty because of the pandemic. Over £90,000 was raised inclusive of Gift Aid. Funds raised have provided emergency bursary support to families and £5,000 was donated towards the community for hardship alleviation activities coordinated by the town.

At the start of the year, a small fundraising appeal for Rugby was launched with a target of £40,000 to be split between a chosen educational rugby charity in South Africa with whom the School has valued links and Rugby at Sedbergh School. £63,000 was raised during the year.

#### **Casterton Sedbergh Prep School**

The Friends of Casterton Prep School continue to raise funds for projects at Casterton Sedbergh Prep School, though few events were held during the year and no significant grants were disbursed.

The Foundation received donations towards technology outreach projects being run at Casterton during the year.

#### **The 1525 Legacy Society**

The 1525 Society had to cancel its planned annual lunches this year owing to the pandemic. Towards the end of the year, 2 members passed away who have pledged significant legacies to the Foundation.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### Investments

The Foundation continues to use the services of Ruffer Investment Co. to maintain a mixed portfolio to ensure the returns and security of the investments are maximised. There are two funds held by Ruffer. One is specifically an endowed fund for scholarships and bursaries where income generated is used for supporting pupils who would not otherwise be able to afford the fees and a percentage is retained to maintain the level of the endowment compared to fees. The second one is a general investment fund.

There was one additional share transfer received into the investment accounts during the year of £10,950 of Scottish Mortgage Investment Trust shares. No withdrawals were made during the year.

### Future Developments

The Foundation has received detailed plans from the School relating to identified projects for the 500<sup>th</sup> Anniversary campaign and it is anticipated this major campaign will begin in 20/21.

For FY 20/21, the following targets have been set:

To raise a minimum of £150,000 towards Scholarships and Bursaries, namely the Roger Lupton Scholarship Appeal.

To raise a minimum of £100,000 towards the 500<sup>th</sup> campaign, with pledges of a value close to £1m.

### FINANCE AND ADMINISTRATION

The Foundation employs an external Accountant to administer financial activities on a day to day basis, with additional resources administered by the Bursary team at Sedbergh School, particularly with regards to security of delegated powers for online banking.

### Financial

The income for the period totalled £438,164 (2019: £528,202), which was lower than the previous year. This reduction was due to a sudden reduction in event income and lower donation values because of the financial impact of the pandemic on our donors.

### Grants Payable

The Foundation Trustees raise money to support the School by giving grants. These grants are made from unrestricted funds, except where donations have been made for a specified purpose. Grant requests are made by the Principal of the School to the Foundation. Where grants are to be made solely out of restricted funds, the Chairman of the Trustees has delegated authority to approve these. If the grant is to be made out of restricted and unrestricted or entirely unrestricted funds, the request is put to the Trustees at their next meeting or by email if the commitment is required in between meetings.

The following grants totalling £174,950 were made to the School and other charitable organisations during the period (2019: £236,313).

|                             | School<br>£    | Other<br>£   |
|-----------------------------|----------------|--------------|
| Scholarship & Bursary Funds | 149,407        | -            |
| Sports Funds                | 3,197          | 522          |
| Hardship 2020               | -              | 5,000        |
| Library                     | 10,667         | -            |
| House Funds                 | 6,157          | -            |
|                             | <u>169,428</u> | <u>5,522</u> |

Of total grant payments of £174,950 (2019: £236,313), £nil (2019: £8,750) is unrestricted and £174,950 (2019: £227,563) is restricted expenditure.

A number of restricted funds continue to be held by the Foundation for projects which had not been completed at the end of the financial period. These included the House Funds, Capital Projects, the emergency Hardship Appeal, the Rugby fundraising project and funds for Scholarships and Bursaries.

### Endowments

The Foundation holds one endowment of £7,500 from which grants are made for the support of environmental and conservation projects, particularly for the Sedgwick Society.

A separate investment account for endowments is now held by Ruffer which was established with £150,000 made up of the previous endowment of £25,000 and a donation of £125,000.

The value of the endowed funds at the end of August 2020 was £169,532.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### Staff Changes

A Development Intern was recruited in August 2018 for an initial period of 6 months to work with the Foundation and the OS Club on data quality and communications. His contract was made permanent after the 6 month period. He resigned this post in April 2020, and owing to budget cuts related to revised forecasted income for the final quarter of the year, he was not replaced.

### RISK MANAGEMENT POLICY

The Trustees regularly examine the major risks that the Foundation faces and seek to ensure that adequate systems are in place to minimise such risks. The Main risk identified would be a fall in donation income. This would be managed by a reduction in the number (or value) of grants paid out. The Audit committee have reviewed the previous policy and have updated this. The trustees have considered the effect of the COVID-19 pandemic on income and are satisfied that current risk management policies and procedures in place will suffice .

### INVESTMENT AND RESERVES POLICY

The Investment Committee appointed Ruffer to manage the Foundation's investments. There were two funds established one restricted for endowments and a general fund.

The Trustees' policy remains, however, to ensure that they can maintain a balanced budget to cover annual expenditure requirements and funding of specific projects, which are the subject of special appeals.

The Foundation carries out a periodic review of anticipated income from general or specific appeals and outgoings from planned donations. In the light of this review allocation of resources is made to:

- (a) ensure there is sufficient liquidity in current assets to meet planned donations and expenditure;
- (b) achieve an annual return on current assets and long term investments equivalent to market averages for similar investments.

Total current assets were £257,668 as at 31 August 2020 (2019: £161,370) mainly held in short term liquid investments, namely bank deposits.

The investment strategy for the Foundation funds under management is one of long term capital preservation. The role of the Audit Sub-Committee is to monitor performance and make recommendations to the Trustees. The Foundation funds under management were valued at £795,751. Overall, managed funds gained £42,000 in value over the period.

Long Term investments include the ownership of Guldrey Lodge which was valued by Hackney & Leigh at £400,000 on 17 January 2020 (2019: £400,000). The Trustees intend to hold this investment for the future benefit of the School and the current lease runs for 99 years. The Trustees estimate the market value at the year-end to be in line with the valuation, and therefore have recognised this valuation as market value within these financial statements. The trustees have agreed that they will get new valuations every 5 years as the figure does not materially affect the accounts or the running of the organisation. The next valuation will take place in 2024/5.

The total funds held by the Foundation at the year end were £1,439,223 (2019: £1,300,426), including restricted and endowed funds of £940,136 (2019: £785,309). These included cash balances of £222,670 (2019: £117,225) and investments, including property, of £1,202,457 (2019: £1,149,118).

The Trustees continue to monitor reserves closely should there be a reduction in the level of general fund donations to ensure that sufficient reserves are available to cover direct charitable expenditure, administration costs, fundraising costs, and support costs, without which the Foundation could not function. The reserves target is set at six months' day to day operating expenditure, which is assessed every quarter. The current level of unrestricted reserves at the year end amounted to £499,087 which is over 6 times the amount required.

Approved by the Board of Trustees on 27 January 2021 and signed on its behalf by:

AJN Bedford  
Chairman

# The Sedbergh School Foundation

## STATEMENT OF THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# The Sedbergh School Foundation

## INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE SEDBERGH SCHOOL FOUNDATION CHARITY

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I report to the Trustees on my examination of the accounts of The Sedbergh School Foundation ('the charity') for the year ended 31 August 2020, which are set out on pages 7 to 17.

### **Responsibilities and basis of report**

As the Trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair view' and my report is limited to those specific matters set out in the independent examiner's statement.

### **Independent examiner's statement**

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me reasonable cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed

Name: John Guest

Name of applicable listed body: The Institute of Chartered Accountants in England and Wales

Relevant professional qualification or membership of professional body: Chartered Accountant

ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

Date:



# The Sedbergh School Foundation

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2020

|                                     | Notes | Unrestricted<br>Funds<br>2020 | Restricted<br>Funds<br>2020 | Endowed<br>Funds<br>2020 | Total Funds<br>2020 | Total Funds<br>2019 |
|-------------------------------------|-------|-------------------------------|-----------------------------|--------------------------|---------------------|---------------------|
|                                     |       | £                             | £                           | £                        | £                   | £                   |
| <b>INCOME AND ENDOWMENTS FROM:</b>  |       |                               |                             |                          |                     |                     |
| Donations and legacies              | 1a    | 81,749                        | 304,077                     | -                        | 385,826             | 463,063             |
| Investments                         | 1b    | 52,338                        | -                           | -                        | 52,338              | 65,139              |
| <b>TOTAL</b>                        |       | <b>134,087</b>                | <b>304,077</b>              | <b>-</b>                 | <b>438,164</b>      | <b>528,202</b>      |
| <b>EXPENDITURE ON:</b>              |       |                               |                             |                          |                     |                     |
| Raising funds                       | 2     | 143,317                       | 16,689                      | -                        | 160,006             | 205,928             |
| Charitable activities               | 3     | -                             | 174,950                     | -                        | 174,950             | 236,313             |
| Governance costs                    |       | 6,800                         | -                           | -                        | 6,800               | 5,120               |
| <b>TOTAL</b>                        |       | <b>150,117</b>                | <b>191,639</b>              | <b>-</b>                 | <b>341,756</b>      | <b>447,361</b>      |
| Net gains / (losses) on investments | 4     | -                             | 33,119                      | 9,270                    | 42,389              | 11,433              |
| Revaluation of investment property  | 5     | -                             | -                           | -                        | -                   | 4,665               |
| <b>NET (EXPENDITURE) / INCOME</b>   |       | <b>(16,030)</b>               | <b>145,557</b>              | <b>9,270</b>             | <b>138,797</b>      | <b>96,939</b>       |
| Funds transfer                      | 10    | -                             | -                           | -                        | -                   | -                   |
| <b>NET MOVEMENT IN FUNDS</b>        |       | <b>(16,030)</b>               | <b>145,557</b>              | <b>9,270</b>             | <b>138,797</b>      | <b>96,939</b>       |
| <b>RECONCILIATION OF FUNDS:</b>     |       |                               |                             |                          |                     |                     |
| Total funds brought forward         |       | 515,117                       | 625,047                     | 160,262                  | 1,300,426           | 1,203,487           |
| Total funds carried forward         |       | 499,087                       | 770,604                     | 169,532                  | 1,439,223           | 1,300,426           |

The accounting policies and notes on pages 9 to 17 form part of these Financial Statements. The activities of the Foundation are classed as continuing.

# The Sedbergh School Foundation

## BALANCE SHEET

As at 31 August 2020

|                                                       | Notes | 2020<br>£        | 2019<br>£        |
|-------------------------------------------------------|-------|------------------|------------------|
| <b>FIXED ASSETS</b>                                   |       |                  |                  |
| Investment Property - Guldrey Lodge                   | 5     | 400,000          | 400,000          |
| Investments                                           | 4     | 802,457          | 749,118          |
|                                                       |       | <u>1,202,457</u> | <u>1,149,118</u> |
| <b>CURRENT ASSETS</b>                                 |       |                  |                  |
| Cash and bank                                         | 6     | 222,670          | 117,225          |
| Debtors                                               | 7     | 34,998           | 44,145           |
|                                                       |       | <u>257,668</u>   | <u>161,370</u>   |
| <b>CREDITORS: amounts falling due within one year</b> | 8     | (20,902)         | (10,062)         |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>             |       | <u>236,766</u>   | <u>151,308</u>   |
| <b>TOTAL NET ASSETS</b>                               | 9     | <u>1,439,223</u> | <u>1,300,426</u> |
| <b>FUNDS</b>                                          |       |                  |                  |
| Unrestricted funds                                    |       | 499,087          | 515,117          |
| Restricted funds                                      |       | 770,604          | 625,047          |
| Endowed Funds                                         |       | 169,532          | 160,262          |
|                                                       | 10    | <u>1,439,223</u> | <u>1,300,426</u> |

These financial statements were approved by the Trustees on 27 January 2021 and signed on their behalf:

A J N Bedford  
Trustee

AW Smith  
Trustee

# The Sedbergh School Foundation

## STATEMENT OF CASH FLOWS

For the year ended 31 August 2020

|                                                                 | 2020<br>£ | 2019<br>£ |
|-----------------------------------------------------------------|-----------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES                            |           |           |
| Net income                                                      | 138,797   | 92,274    |
| (Gains) on investments                                          | (42,389)  | (11,433)  |
| Investment income received                                      | (52,338)  | (65,139)  |
| Decrease / (Increase) in debtors                                | 9,147     | (19,618)  |
| Increase in creditors                                           | 10,840    | 3,438     |
| NET CASH (USED IN) OPERATING ACTIVITIES                         | 64,057    | (478)     |
| CASH FLOWS FROM INVESTING ACTIVITIES                            |           |           |
| Investment income                                               | 52,338    | 65,139    |
| Proceeds from sale of investments                               | -         | 70,000    |
| Purchases of investments                                        | (10,950)  | (38,118)  |
| NET CASH FROM INVESTING ACTIVITIES                              | 41,388    | 97,021    |
| CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR / PERIOD        | 105,445   | 96,543    |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR / PERIOD | 117,225   | 20,682    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD       | 222,670   | 117,225   |
| REPRESENTED BY:                                                 |           |           |
| Cash at bank and in hand                                        | 222,670   | 117,225   |

# The Sedbergh School Foundation

## ACCOUNTING POLICIES

for the year ended 31 August 2020

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### BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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 2015) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Sedbergh School Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The accounts have been prepared to give a “true and fair” view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a “true and fair” view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting Charities Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

### GOING CONCERN

The Trustees have considered the likely level of income and expenditure for the foreseeable future, and the immediate impact of the COVID-19 pandemic. As grants are only awarded to Sedbergh School when sufficient funds are available, this enables the Foundation to continue to be a going concern despite any potential impact of the COVID-19 pandemic. The Trustees are satisfied that the charity can meet its obligations as and when they fall due. Accordingly, the going concern basis of preparation is appropriate for these financial statements.

### INVESTMENT PROPERTY

Investment properties are included in the balance sheet at market value or the trustees’ best estimate of market value.

Long Term investments include the ownership of Guldrey Lodge. The Trustees intend to hold this investment for the future benefit of the School and the current lease runs for 99 years. The trustees have agreed that they will get new valuations every 5 years as the figure does not materially affect the accounts or the running of the organisation.

### VALUATION OF INVESTMENTS

#### a) Paintings & books

Paintings & books are included in investments at cost.

#### b) UK Listed Investments

All investments are valued at market value as follows:

- i) Listed investments are valued at the mid-market value at the balance sheet date;
- ii) Fixed Interest securities are valued at the mid-market value at the balance sheet date;
- iii) All realised and unrealised gains and losses at the period end are recognised within the statement of financial activities.

# The Sedbergh School Foundation

## ACCOUNTING POLICIES

for the year ended 31 August 2020

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### STATEMENT OF FINANCIAL ACTIVITIES

Incoming resources and application of resources are included as follows:

- i) Dividends receivable are included as income when received.
- ii) Donations are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- iii) Rental income receivable is recognised over the term of the lease.
- iv) Expenditure is charged to the Statement of Financial Activities on an accruals basis, it is not set off against income.
- v) Costs of generating funds are those costs incurred in attracting voluntary income. Charitable activities include expenditure in the form of grants to Sedbergh School. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- vi) Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Foundation. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Foundation.

### FUND ACCOUNTING

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

|                    |                                                                                                                                                  |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Unrestricted funds | Funds which may be used for the general purposes of the charity.                                                                                 |
| Restricted funds   | Donations or legacies received which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the charity. |
| Endowed funds      | Funds given to the Charity where the income may be used for general purpose but the capital must be retained.                                    |

### LIABILITIES

Liabilities are recognised when the Foundation has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at cost and subsequently measured at their settlement value.

### JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, the trustee's are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

### INVESTMENT PROPERTIES

The trustees have valued the investment property based on the latest valuation performed in January 2020 and have determined that this remains the most accurate valuation of the property at the year end.

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2020

### 1 INCOMING RESOURCES

#### 1 a) Voluntary income and donations:

|                          | Unrestricted  | Restricted     | 2020<br>Total  | 2019<br>Total  |
|--------------------------|---------------|----------------|----------------|----------------|
|                          | £             | £              | £              | £              |
| General Fund             | 56,522        | -              | 56,522         | 61,950         |
| Events & Merchandise     | 5,574         | -              | 5,574          | 14,193         |
| Legacies                 | 19,653        | -              | 19,653         | 31,206         |
| Bursaries & Scholarships | -             | 104,059        | 104,059        | 153,055        |
| Carus House              | -             | -              | -              | 1,620          |
| Hart House               | -             | 381            | 381            | 2,498          |
| Powell House             | -             | 11,185         | 11,185         | 1,266          |
| School House             | -             | 2,708          | 2,708          | 1,454          |
| Robertson House          | -             | 1,382          | 1,382          | 1,921          |
| Sedgwick House           | -             | 3,344          | 3,344          | 2,565          |
| Evans House              | -             | 2,245          | 2,245          | 8,287          |
| Winder House             | -             | -              | -              | 1,342          |
| Lupton House             | -             | 336            | 336            | 2,008          |
| Casterton SPS House      | -             | -              | -              | 4,093          |
| Casteton SPS School      | -             | -              | -              | 2,958          |
| Rugby                    | -             | -              | -              | 6,480          |
| Cricket                  | -             | -              | -              | 7              |
| Netball / Hockey         | -             | -              | -              | 1,089          |
| Chapel                   | -             | 7,008          | 7,008          | 36,751         |
| General Capital          | -             | 780            | 780            | 801            |
| CECATS Centre            | -             | 4,125          | 4,125          | 28,100         |
| Archive                  | -             | 20             | 20             | (820)          |
| Friends of Casterton SPS | -             | 3,670          | 3,670          | 14,399         |
| Charity                  | -             | -              | -              | 60             |
| Library                  | -             | -              | -              | 16,000         |
| Equestrian               | -             | 522            | 522            | -              |
| Shooting                 | -             | 945            | 945            | 1,260          |
| Sailing                  | -             | 15             | 15             | -              |
| Sports Centre            | -             | 2,270          | 2,270          | 68,520         |
| Rugby 2020               | -             | 63,183         | 63,183         | -              |
| Hardship 2020            | -             | 95,899         | 95,899         | -              |
|                          | <u>81,749</u> | <u>304,077</u> | <u>385,826</u> | <u>463,063</u> |

#### 1 b) Investment income is analysed as follows:

|                                    | Unrestricted  | Restricted | 2020<br>Total | 2019<br>Total |
|------------------------------------|---------------|------------|---------------|---------------|
|                                    | £             | £          | £             | £             |
| Bank and building society interest | 338           | -          | 338           | 139           |
| Rental income                      | 52,000        | -          | 52,000        | 65,000        |
|                                    | <u>52,338</u> | <u>-</u>   | <u>52,338</u> | <u>65,139</u> |

Of the donation income received in the prior year of £463,063, £107,349 was unrestricted income and £355,714 was restricted income.

All investment income received in the prior year was included within unrestricted income.

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2020

### 2 TOTAL RESOURCES EXPENDED

|                                                 | 2020           | 2019           |
|-------------------------------------------------|----------------|----------------|
|                                                 | £              | £              |
| Costs of generating voluntary income:           |                |                |
| Staff costs                                     | 86,972         | 106,234        |
| Fundraising costs (restricted and unrestricted) | 19,726         | 36,746         |
| Other                                           | 53,308         | 62,948         |
|                                                 | <u>160,006</u> | <u>205,928</u> |

Of expenditure on raising funds of £160,006 (2019: £205,928) £143,317 (2019: £193,379) was unrestricted and £16,689 (2019: £12,549) was restricted.

No Trustees or any persons connected with them have received any remuneration during the period. Total expenses of £148 (2019: £nil) were paid to 1 (2019: 0) Trustee. No depreciation provisions were charged during either period. Staff costs relate to 3 (2019: 3) staff members. Also included within staff costs above are employer's national insurance contributions of £4,487 (2019: £5,732) and employer's pension contributions of £7,279 (2019: £6,338). Governance costs include independent examiners remuneration totalling £6,800 (2019: £5,000) and all are unrestricted expenditure.

#### Staff Costs

No employees received emoluments, including benefits in kind, which exceeded £60,000.

#### Key Management Personnel

The foundation considered its key management personnel during the period to be the Foundation Director. The total employment benefits including employer NIC and pension contributions of the key management personnel were £64,835 (2019: £69,515).

### 3 GRANTS

Details of grants payable are disclosed within the Trustees' report on page 3.

### 4 INVESTMENTS

|                                         | UK Listed<br>Investments | Paintings &<br>books | 2020<br>Total  | 2019<br>Total  |
|-----------------------------------------|--------------------------|----------------------|----------------|----------------|
|                                         | £                        | £                    | £              | £              |
| Market Value at 1 August 2019           | 742,412                  | 6,706                | 749,118        | 769,567        |
| Additions in period                     | 10,950                   | -                    | 10,950         | 38,118         |
| Disposals at opening market value       | -                        | -                    | -              | (70,000)       |
| Unrealised gain / (loss) on investments | 42,389                   | -                    | 42,389         | 11,433         |
|                                         | <u>795,751</u>           | <u>6,706</u>         | <u>802,457</u> | <u>749,118</u> |

Material investments within the portfolio consist of:

|                                                | 2020           | 2019           |
|------------------------------------------------|----------------|----------------|
|                                                | £              | £              |
| Multi-Asset OEIC – Ruffer Absolute Return Fund | 795,751        | 742,412        |
|                                                | <u>795,751</u> | <u>742,412</u> |

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2020

### 5 INVESTMENT PROPERTY

Land and Buildings – Guldrey Lodge

|                                | 2020    | 2019    |
|--------------------------------|---------|---------|
|                                | £       | £       |
| Market Value at 1 August 2019  | 400,000 | 395,335 |
| Revaluation                    | -       | 4,665   |
|                                | <hr/>   | <hr/>   |
| Market Value at 31 August 2020 | 400,000 | 400,000 |
|                                | <hr/>   | <hr/>   |

A formal valuation was carried out as at 17 January 2020 by Hackney & Leigh, Chartered Surveyors, on the basis of open market value based on the assumed tenancy of Sedbergh School and this value was incorporated into the 2019 accounts. The Trustees have agreed that the valuation of the survey conducted in January 2020 would represent the Market Value rate for the period ending 31 August 2019.

### 6 AMOUNTS HELD AT BANKS

|              | 2020    | 2019    |
|--------------|---------|---------|
|              | £       | £       |
| Cash at bank | 222,670 | 117,225 |
|              | <hr/>   | <hr/>   |
|              | 222,670 | 117,225 |
|              | <hr/>   | <hr/>   |

### 7 DEBTORS

|                                   | 2020   | 2019   |
|-----------------------------------|--------|--------|
|                                   | £      | £      |
| Gift aid on donations reclaimable | 18,641 | 41,613 |
| Prepayments and accrued income    | 16,357 | 2,532  |
|                                   | <hr/>  | <hr/>  |
|                                   | 34,998 | 44,145 |
|                                   | <hr/>  | <hr/>  |

### 8 CREDITORS: amounts falling due within one year

|                                           | 2020   | 2019   |
|-------------------------------------------|--------|--------|
|                                           | £      | £      |
| Accruals and deferred income              | 6,587  | 6,462  |
| Amounts owed to Sedbergh School (note 11) | 13,005 | 2,040  |
| Other tax and social security             | 1,310  | 1,560  |
|                                           | <hr/>  | <hr/>  |
|                                           | 20,902 | 10,062 |
|                                           | <hr/>  | <hr/>  |

### 9 ALLOCATION OF THE CHARITY'S NET ASSETS

|                          | Investment<br>Property | Other<br>Investments | Net current<br>assets | Total     |
|--------------------------|------------------------|----------------------|-----------------------|-----------|
|                          | £                      | £                    | £                     | £         |
| At 31 August 2020:       |                        |                      |                       |           |
| Unrestricted funds       | 400,000                | 6,706                | 92,381                | 499,087   |
| Restricted funds         | -                      | 626,219              | 144,385               | 770,604   |
| Restricted Endowed funds | -                      | 169,532              | -                     | 169,532   |
|                          | <hr/>                  | <hr/>                | <hr/>                 | <hr/>     |
|                          | 400,000                | 802,457              | 236,766               | 1,439,223 |
|                          | <hr/>                  | <hr/>                | <hr/>                 | <hr/>     |



**The Sedbergh School Foundation**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2020

**9 ALLOCATION OF THE CHARITY'S NET ASSETS (CONTINUED)**

| At 31 August 2019:       | Investment<br>Property<br>£ | Other<br>Investments<br>£ | Net current<br>(liabilities) /<br>assets<br>£ | Total<br>£       |
|--------------------------|-----------------------------|---------------------------|-----------------------------------------------|------------------|
| Unrestricted funds       | 400,000                     | 55,464                    | 59,653                                        | 515,117          |
| Restricted funds         | -                           | 533,392                   | 91,655                                        | 625,047          |
| Restricted Endowed funds | -                           | 160,262                   | -                                             | 160,262          |
|                          | <u>400,000</u>              | <u>749,118</u>            | <u>151,308</u>                                | <u>1,300,426</u> |

**10 FUNDS**

|                               | Balances at<br>1 September<br>2019<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Funds<br>transfer<br>£ | Revaluation/<br>Investment<br>Gains<br>£ | Balances at<br>31 August<br>2020<br>£ |
|-------------------------------|-----------------------------------------|----------------------------|----------------------------|------------------------|------------------------------------------|---------------------------------------|
| <b>Current Year Movements</b> |                                         |                            |                            |                        |                                          |                                       |
| Unrestricted funds            | 515,117                                 | 134,087                    | (150,117)                  | -                      | -                                        | 499,087                               |
| Restricted funds              | 625,047                                 | 304,077                    | (191,639)                  | -                      | 33,119                                   | 770,604                               |
| Restricted Endowed funds      | 160,262                                 | -                          | -                          | -                      | 9,270                                    | 169,532                               |
|                               | <u>1,300,426</u>                        | <u>438,164</u>             | <u>(341,756)</u>           | <u>-</u>               | <u>42,389</u>                            | <u>1,439,223</u>                      |
|                               |                                         |                            |                            |                        |                                          |                                       |
|                               | Balances at<br>1 August<br>2018<br>£    | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Funds<br>transfer<br>£ | Investment<br>(Losses)<br>£              | Balances at<br>31 August<br>2019<br>£ |
| <b>Prior Year Movements</b>   |                                         |                            |                            |                        |                                          |                                       |
| Unrestricted funds            | 545,228                                 | 172,488                    | (207,249)                  | -                      | 4,650                                    | 515,117                               |
| Restricted funds              | 500,480                                 | 355,714                    | (240,112)                  | -                      | 8,965                                    | 625,047                               |
| Restricted Endowed funds      | 157,779                                 | -                          | -                          | -                      | 2,483                                    | 160,262                               |
|                               | <u>1,203,487</u>                        | <u>528,202</u>             | <u>(447,361)</u>           | <u>-</u>               | <u>16,098</u>                            | <u>1,300,426</u>                      |

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

|       | <b>Current Year Funds</b>     | 2019           | Incoming<br>resources | Resources<br>expended | Funds<br>transfer | Investment<br>gains | 2020           |
|-------|-------------------------------|----------------|-----------------------|-----------------------|-------------------|---------------------|----------------|
|       | Restricted funds              | £              | £                     | £                     | £                 | £                   | £              |
| i)    | Scholarship and Bursary Funds | 316,978        | 104,059               | (152,655)             | -                 | 33,119              | 301,501        |
| ii)   | House Funds                   | 117,334        | 21,581                | (6,877)               | -                 | -                   | 132,038        |
| iii)  | Cricket Appeal Funds          | 9,002          | -                     | (2,893)               | -                 | -                   | 6,109          |
| iv)   | Friends of Casterton SPS      | 144            | 3,670                 | (659)                 | -                 | -                   | 3,155          |
| v)    | Cycloportive                  | -              | -                     | -                     | -                 | -                   | -              |
| vi)   | Capital Funds                 | 155,142        | 14,183                | (1,562)               | -                 | -                   | 167,763        |
| vii)  | Charity Funds                 | 1,380          | -                     | -                     | -                 | -                   | 1,380          |
| viii) | Lord Mayor's Year             | -              | -                     | -                     | -                 | -                   | -              |
| ix)   | Rugby 2020                    | -              | 63,183                | (7,432)               | -                 | -                   | 55,751         |
| x)    | Hardship 2020                 | -              | 95,899                | (8,372)               | -                 | -                   | 87,527         |
| xi)   | Other Funds                   | 25,067         | 1,502                 | (11,189)              | -                 | -                   | 15,380         |
|       |                               | <u>625,047</u> | <u>304,077</u>        | <u>(191,639)</u>      | <u>-</u>          | <u>33,119</u>       | <u>770,604</u> |

**The Sedbergh School Foundation**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2020

**10 FUNDS (CONTINUED)**

| <b>Current Year Funds</b> |                               | 2019           | Incoming  | Resources | Funds    | Investment   | 2020           |
|---------------------------|-------------------------------|----------------|-----------|-----------|----------|--------------|----------------|
| Restricted Endowed funds  |                               |                | resources | expended  | transfer | gains        |                |
|                           |                               | £              | £         | £         | £        | £            | £              |
| i)                        | Scholarship and Bursary Funds | 152,762        | -         | -         | -        | 9,270        | 162,032        |
| xii)                      | Sedgwick Conservation         | 7,500          | -         | -         | -        | -            | 7,500          |
|                           |                               | <u>160,262</u> | <u>-</u>  | <u>-</u>  | <u>-</u> | <u>9,270</u> | <u>169,532</u> |

| <b>Prior Year Funds</b> |                               | 2018           | Incoming       | Resources        | Funds    | Investment   | 2019           |
|-------------------------|-------------------------------|----------------|----------------|------------------|----------|--------------|----------------|
| Restricted funds        |                               |                | resources      | expended         | transfer | gains        |                |
|                         |                               | £              | £              | £                | £        | £            | £              |
| i)                      | Scholarship and Bursary Funds | 309,331        | 153,055        | (154,373)        | -        | 8,965        | 316,978        |
| ii)                     | House Funds                   | 103,643        | 30,012         | (16,321)         | -        | -            | 117,334        |
| iii)                    | Cricket Appeal Funds          | 9,114          | 7              | (119)            | -        | -            | 9,002          |
| iv)                     | Friends of Casterton SPS      | 4,206          | 14,399         | (18,461)         | -        | -            | 144            |
| v)                      | Cyclosporptive                | -              | -              | -                | -        | -            | -              |
| vi)                     | Capital Funds                 | 56,081         | 134,172        | (35,111)         | -        | -            | 155,142        |
| vii)                    | Charity Funds                 | 1,520          | 60             | (200)            | -        | -            | 1,380          |
| viii)                   | Lord Mayor's Year             | -              | -              | -                | -        | -            | -              |
| xi)                     | Other Funds                   | 16,585         | 24,009         | (15,527)         | -        | -            | 25,067         |
|                         |                               | <u>500,480</u> | <u>355,714</u> | <u>(240,112)</u> | <u>-</u> | <u>8,965</u> | <u>625,047</u> |

| <b>Prior Year Funds</b>  |                               | 2018           | Incoming  | Resources | Funds    | Investment   | 2019           |
|--------------------------|-------------------------------|----------------|-----------|-----------|----------|--------------|----------------|
| Restricted Endowed funds |                               |                | resources | expended  | transfer | gains        |                |
|                          |                               | £              | £         | £         | £        | £            | £              |
| i)                       | Scholarship and Bursary Funds | 150,279        | -         | -         | -        | 2,483        | 152,762        |
| xii)                     | Sedgwick Conservation         | 7,500          | -         | -         | -        | -            | 7,500          |
|                          |                               | <u>157,779</u> | <u>-</u>  | <u>-</u>  | <u>-</u> | <u>2,483</u> | <u>160,262</u> |

The following make up restricted funds:

- i) The Scholarship and Bursary Funds are used to provide fee assistance for specific pupils at Sedbergh School. The endowed element is held to earn interest which is used to fund the assistance.
- ii) The House Funds are used to support bursaries and improvements to boarding houses of Sedbergh School.
- iii) The Cricket Appeal Funds are used for specific projects associated with cricket.
- iv) The Friends of Casterton SPS Fund is used to improve facilities, provide equipment and support activities at the Prep School.
- v) The Cyclosporptive Fund is no longer active.
- vi) The Capital Funds represent donations to develop the Hirst Sports Centre and other small capital projects across the Schools. Where projects are completed the balance on funds have been transferred to a Capital General Fund.
- vii) Charity Funds are restricted for specific charities that are being supported by the school or individuals namely Air Ambulance and Kenya Orphanage.
- viii) Lord Mayor's Year, these funds were generated from the events which took place during Sir Roger Gifford's year in office. During the prior period these funds were transferred to the Roger Lupton Scholarship fund.
- ix) The Rugby 2020 Funds are used to support Rugby activities relating to the 2020 Tour to South Africa
- x) The Hardship 2020 Funds are used to support Sedbergh families suffering from financial hardship as a result of the pandemic.
- xi) Other funds comprise various separate funds, all for the benefit of the School or pupils.
- xii) The Sedgwick Conservation Society Fund is an endowment and is used to fund environmental projects and school trips associated with the study of ecology.

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 August 2020

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#### 11 RELATED PARTY TRANSACTIONS

During the year, grants amounting to £169,428 (2019: £234,672) were payable to Sedbergh School (“the School”), an entity which is related by virtue of four common trustees. As at 31 August 2020, £13,005 was owed to the School (2019: £2,040 was owed to the School).

The Foundation has a lease agreement with the School for the rental of Guldrey Lodge, at a current rent of £52,000 p.a. This has been invoiced and paid by the school during the period. The rent is reviewed annually in accordance with the specific terms of the lease agreement.

#### 12 FINANCIAL INSTRUMENTS

|                                              | 2020    | 2019    |
|----------------------------------------------|---------|---------|
|                                              | £       | £       |
| Financial assets held at amortised cost      | 34,998  | 44,415  |
| Financial liabilities held at amortised cost | 20,902  | 10,062  |
| Equity Instruments held at market value      | 802,457 | 749,118 |