

# The Sedbergh School Foundation

## REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2022

# 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
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
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 year ended 31 August 2022.

### 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

Mr M C Baker (member of Audit Committee).

Mr D Berry (Chairman of the OS Club) ex officio member [appointed 13 June 2023].

Mr I Durrans (Governor of Sedbergh School) – Chairman.

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

Mr D J Harrison (Headmaster of Sedbergh School) ex officio member [appointed 1 September 2021].

Mr A W Smith (member of Audit Committee).

Mr J A Stott [appointed 7 March 2022].

Mr J C Van der Velde (Chairman of the OS Club) ex officio member (resigned as Chairman of the OS Club 30 January 2023 and Trustee 30 January 2023).

Day to day management of the CIO is delegated to the Foundation Director.

### OBJECTIVES

To promote and support the education of young people and particularly the pupils at Sedbergh School (“the School”) through:

- (a) the financial support and assistance of the School and/or wider educational initiatives and other associated activities for the benefit of the community (in succession to the charity known as the Sedbergh School Foundation Trust (no: **529904**));
- (b) promoting the education of pupils educated at the School (“the Beneficiaries”) who are in need of financial assistance by awarding to the Beneficiaries scholarships, exhibitions, bursaries, maintenance allowances or grants tenable at the School or at any university, college of education, or other institution of further education;
- (c) the financial support of School projects to:
  - i. improve buildings used or to be used by the School;
  - ii. acquire land or erect new buildings for the use of the School or wider educational initiatives; and
  - iii. maintain, repair, extend or improve any property owned by the charity whether in the occupation of the School or not.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Organisational Structure

The Board of Trustees usually meets three or four times a year with meetings. 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 Sub-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 Headmaster of Sedbergh School, 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 Headmaster 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 for formal training available through DSC and other third parties. Training of new Trustees is administered through in-house events led by the School (particularly to fulfil required Child Protection training) and also through promoted online training.

#### Setting of Pay for Key Management

The pay structure of employees of the CIO follows the Non-Teaching Staff pay structure as set out by Sedbergh School.

#### 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.

#### 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.

### 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 four 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, raising £27,000 thanks to the generous support of donors.

#### Other Major Activities

In advance of the School's 500<sup>th</sup> Anniversary in 2025, the Foundation has launched a quincentenary campaign to raise funds for a number of School projects including a Technology Centre, a Green Fund to focus on reducing carbon emissions across both the Senior and Prep Schools. The fund currently stands at £3.35m.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### **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.

In the summer of 2021, a £50,000 appeal for Outdoor Learning capital works was launched, entitled "The Play to Learn Fund". Funds continued to be raised and presently stand at £33,000.

### **The 1525 Legacy Society**

Launched in 2002, The 1525 Society recognises those Sedberghians and Friends who wish to support the future development of the School, (or individuals through the Roger Lupton programme), through their legacy. The 1525 Society has become one of the largest legacy societies of any independent school in the country. However, by its nature such income is unpredictable, in the current year legacy income amounted to £35,546 compared to the prior year of £1.755m.

### **Investments**

The Foundation continues to use the services of Ruffer Investment Co to maintain a mixed portfolio to ensure the returns and security of investments are maximised. There are two holdings in the fund: the first holds the endowed fund for scholarships and bursaries where income generated is used to support 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 holds the general investment fund.

Performance of the fund has been satisfactory, with a 30% increase since inception, and an annualised return of 5.4%.

No withdrawals were made during the year.

### **Future Developments**

As the School approaches its Quincentenary in 2025, The Foundation has a series of events planned to raise funds in support of major projects previously identified by the School. This builds upon the launch of the 500<sup>th</sup> Anniversary Campaign held in the Summer of 2022.

## **FINANCE AND ADMINISTRATION**

The Foundation employs the services of the Bursary team at Sedbergh School to provide bookkeeping and accounting services.

### **Financial**

The income for the period totalled £2,066,985 which was significantly lower than the previous year (2021: £3,349,795). This was due to two significant legacies which were paid to the Foundation during the prior period.

### **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 Chief Operating Officer 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.

Grants totalling £247,960 were made during the year (2021: £447,586). See note 3 for details.

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, Sports Funds, Capital Projects 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 2022 was £194,306.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### Staff Changes

There were no staffing changes during the period.

### Fundraising Activities

Fundraising activities are undertaken in line with recommended best practice guidance from the Fundraising Regulator. The Trustees are responsible for overseeing all fundraising activities undertaken by the employees of the CIO. The Fundraising Director reports annually on regulatory compliance to both the Trustees and the Governors of the School.

No complaints were received during the year about any aspect of the CIO's activities.

### 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.

### INVESTMENT AND RESERVES POLICY

The Investment Committee appointed Ruffer to manage the Foundation's investments. There are two holdings within the fund, 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.

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 £986,560. Overall, managed funds gained £13,988 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. 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 £5,942,000 (2021: £4,284,626), including restricted and endowed funds of £3,899,039 (2021: £2,316,130). Total funds included cash balances of £4,655,650 (2021: £1,448,907) and investments (including property) of £1,386,560 (2021: £1,372,572).

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' unrestricted expenditure. The current level of free reserves at the year-end amounted to £1,642,961 which includes the value of the investment property income at £52,000 per annum, which is in excess of the reserves policy.

# The Sedbergh School Foundation

## TRUSTEES' REPORT

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by the Board of Trustees and signed on its behalf by:

*i w durrans*

I W Durrans  
Chairman

Date: 26 June 2023

# The Sedbergh School Foundation

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

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### Opinion

We have audited the financial statements of the Sedbergh School Foundation for the year ended 31 August 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022 and of the charity's net movement in funds 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 Charities Act 2011.

### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



# The Sedbergh School Foundation

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

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### Responsibilities of Trustees for the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

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

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

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

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to trust law requirements over the use of restricted and endowed funds, fundraising regulations and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to income and management bias in accounting estimates. Audit procedures performed by the engagement team included:

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

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

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

### Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees 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 charity's Trustees as a body for our audit work, for this report, or for the opinions we have formed.

*Haysmacintyre LLP*

Haysmacintyre LLP  
Statutory Auditors  
Date: 29 June 2023

10 Queen Street Place  
London

EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# The Sedbergh School Foundation

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2022

	Notes	Unrestricted Funds 2022	Restricted Funds 2022	Endowed Funds 2022	Total Funds 2022	Total Funds 2021
		£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	1a	168,351	1,843,684	-	<b>2,012,035</b>	3,297,720
Investments	1b	54,950	-	-	<b>54,950</b>	52,075
<b>TOTAL INCOME</b>		<b>223,301</b>	<b>1,843,684</b>	<b>-</b>	<b>2,066,985</b>	<b>3,349,795</b>
<b>EXPENDITURE ON:</b>						
Raising funds	2	127,321	38,296	-	<b>165,617</b>	155,231
Charitable activities	3	11,493	236,467	-	<b>247,960</b>	447,586
Governance costs		10,022	-	-	<b>10,022</b>	9,540
<b>TOTAL EXPENDITURE</b>		<b>148,836</b>	<b>274,763</b>	<b>-</b>	<b>423,599</b>	<b>612,357</b>
<b>NET INCOME BEFORE GAINS ON INVESTMENTS</b>		<b>74,465</b>	<b>1,568,921</b>	<b>-</b>	<b>1,643,386</b>	<b>2,737,438</b>
Net gains on investments	5	-	11,214	2,774	<b>13,988</b>	107,965
<b>NET MOVEMENT IN FUNDS</b>		<b>74,465</b>	<b>1,580,135</b>	<b>2,774</b>	<b>1,657,374</b>	<b>2,845,403</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,968,496	2,124,598	191,532	<b>4,284,626</b>	1,439,223
<b>Total funds carried forward</b>		<b>2,042,961</b>	<b>3,704,733</b>	<b>194,306</b>	<b>5,942,000</b>	<b>4,284,626</b>

The accounting policies and notes on pages 12 to 20 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 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Investment property	4	400,000	400,000
Investments	5	986,560	972,572
		<u>1,386,560</u>	<u>1,372,572</u>
<b>CURRENT ASSETS</b>			
Cash and bank	6	4,655,650	1,448,907
Debtors	7	37,470	1,518,646
		<u>4,693,120</u>	<u>2,967,553</u>
<b>CREDITORS:</b> amounts falling due within one year	8	(137,680)	(55,499)
<b>NET CURRENT ASSETS</b>		<u>4,555,440</u>	<u>2,912,054</u>
<b>TOTAL NET ASSETS</b>	9	<u>5,942,000</u>	<u>4,284,626</u>
<b>FUNDS</b>			
Unrestricted funds		2,042,961	1,968,496
Restricted funds		3,704,733	2,124,598
Endowed Funds		194,306	191,532
	10	<u>5,942,000</u>	<u>4,284,626</u>

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

*i w durrans*

I W Durrans  
Trustee

Date: 26 June 2023

# The Sedbergh School Foundation

## STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	2022 £	2021 £
<b>OPERATING ACTIVITIES</b>		
Net income	1,643,386	2,737,438
Investment income received	(54,950)	(52,075)
Decrease/(increase) in debtors	1,481,176	(1,483,648)
Increase in creditors	82,181	34,597
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,151,793</b>	<b>1,236,312</b>
<b>INVESTING ACTIVITIES</b>		
Investment income	54,950	52,075
Purchases of investments	-	(62,150)
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<b>54,950</b>	<b>(10,075)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>	<b>3,206,743</b>	<b>1,226,237</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>1,448,907</b>	<b>222,670</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>4,655,650</b>	<b>1,448,907</b>
<b>REPRESENTED BY:</b>		
Cash at bank and in hand	4,655,650	1,448,907

ANALYSIS OF NET FUNDS/(DEBT)	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	1,448,907	3,206,743	4,655,650

# The Sedbergh School Foundation

## ACCOUNTING POLICIES

for the year ended 31 August 2022

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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 2019) - (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) (effective 1 January 2019) - (Charities SORP (FRS 102)) 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. There are no material uncertainties which would jeopardise the running of the CIO. As grants are only awarded to Sedbergh School when sufficient funds are available, this enables the Foundation to continue to be a going concern. 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. All movements in value arising from a change in value, in excess of the original cost of the properties, are shown in the Statement of Financial Activities as revaluation gains or losses. Any diminution in value below original cost is charged to the Statement of Financial Activities as an impairment.

### IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reserved. If such indications exist, the Trustees estimate the recoverable amount of that asset.

### 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 bid value at the balance sheet date;
- ii) Fixed interest securities are valued at the bid value at the balance sheet date;

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 2022

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### STATEMENT OF FINANCIAL ACTIVITIES

Income and expenditure are included as follows:

- a) Dividends receivable are included as income when receivable.
- b) Donations and legacies are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- c) Rental income receivable is recognised on a straight-line basis over the term of the lease.
- d) Expenditure is charged to the Statement of Financial Activities on an accruals basis, it is not set off against income.
- e) Costs of raising 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.
- f) 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 or restricted purposes, 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 Trustees 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 2022

### 1 INCOME

#### a) Donations and legacies:

	Unrestricted	Restricted	2022 Total	2021 Total
	£	£	£	£
General Fund	132,805	280	133,085	42,151
Legacies	35,546	-	35,546	1,755,000
Bursaries & Scholarships	-	76,515	76,515	83,029
Hart House	-	468	468	8,635
Powell House	-	325	325	375
School House	-	521	521	1,623
Robertson House	-	-	-	3,322
Sedgwick House	-	295	295	2,725
Evans House	-	567	567	1,294
Winder House	-	-	-	1,228
Lupton House	-	395	395	225
Prep School	-	12,637	12,637	16,381
Rugby	-	2,000	2,000	2,500
Cricket	-	3	3	32
Chapel	-	1,581	1,581	2,828
General Capital Projects	-	-	-	780
Friends of Prep School	-	6,143	6,143	4,596
Equestrian	-	793	793	580
Shooting	-	691	691	850
Sailing	-	5,166	5,166	-
Hirst Centre	-	-	-	31,998
Rugby 2020	-	-	-	4,026
Hardship Fund	-	-	-	7,585
500 Campaign – Capital Projects at the Prep School	-	-	-	37,150
500 Campaign – Capital Projects at the Senior School	-	1,537,445	1,537,445	1,275,469
500 Campaign – Event	-	9,439	9,439	-
500 Campaign – Green Fund	-	159,461	159,461	-
500 Campaign – General	-	26,040	26,040	-
500 Campaign – Roger Lupton Scholarships	-	2,919	2,919	13,338
	<u>168,351</u>	<u>1,843,684</u>	<u>2,012,035</u>	<u>3,297,720</u>

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

	Unrestricted	Restricted	2022 Total	2021 Total
	£	£	£	£
Bank interest	2,950	-	2,950	75
Rental income	52,000	-	52,000	52,000
	<u>54,950</u>	<u>-</u>	<u>54,950</u>	<u>52,075</u>

Of the donation income received in the prior year of £3,297,720, £1,547,151 was unrestricted income and £1,750,569 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 2022

### 2 EXPENDITURE ON RAISING FUNDS

	2022 £	2021 £
Costs of generating voluntary income:		
Staff costs	83,611	83,300
Fundraising costs (restricted and unrestricted)	55,359	36,187
Other	26,647	35,744
	<u>165,617</u>	<u>155,231</u>

Of expenditure on raising funds of £165,617 (2021: £155,231), £127,321 (2021: £119,902) was unrestricted and £38,296 (2021: £35,329) was restricted.

No Trustees or any persons connected with them have received any remuneration during the period (2021: £nil). Total expenses of £1,047 were paid to one Trustee in the year relating to travel expenses (2021: £nil).

Staff costs relate to 2 (2021: 2) staff members. Also included within staff costs above are employer's national insurance contributions of £4,369 (2021: £4,431) and employer's pension contributions of £6,106 (2021: £5,987).

Governance costs include auditor's remuneration totalling £ 9,922 (2021: auditor's remuneration £9,540) and all are unrestricted expenditure.

#### *Staff Costs*

No employees received emoluments, including benefits in kind, which exceeded £60,000 (2021: none).

#### *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 £63,733 (2021: £65,809).

### 3 EXPENDITURE ON CHARITABLE ACTIVITIES

The following grants totalling £247,960 were made during the year (2021: £447,586).

	School 2022 £	Other 2022 £	School 2021 £	Other 2021 £
Scholarship & Bursary Funds	130,444	-	96,844	-
Sports Funds	20,854	-	994	20,000
Hardship 2020	9,591	-	78,544	-
Orphanage	-	800	-	-
Casterton Sedbergh Prep School	9,199	-	-	-
Archives	600	-	-	-
House Funds	64,979	-	829	-
Other	11,493	-	375	-
Chapel	-	-	50,000	-
6 <sup>th</sup> Form Centre	-	-	200,000	-
	<u>247,160</u>	<u>800</u>	<u>427,586</u>	<u>20,000</u>

Of total grant payments of £247,960 (2021: £447,586), £11,493 (2021: £375) was unrestricted and £236,467 (2021: £447,211) was restricted expenditure.



# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2022

### 4 INVESTMENT PROPERTY

<i>Land and Buildings – Guldrey Lodge</i>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Market Value at 1 September 2021	400,000	400,000
Market Value at 31 August 2022	400,000	400,000

Investment property 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.

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 as at 31 August 2022.

### 5 INVESTMENTS

	<b>UK Listed Investments</b>	<b>Paintings &amp; books</b>	<b>2022 Total</b>	<b>2021 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Market Value at 1 September 2021	965,866	6,706	972,572	802,457
Additions in period	-	-	-	62,150
Unrealised gain on investments	13,988	-	13,988	107,965
Market Value at 31 August 2022	979,854	6,706	986,560	972,572

Material investments within the portfolio consist of:	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Multi-Asset OEIC – Ruffer Absolute Return Fund	979,854	965,866
	979,854	965,866

### 6 AMOUNTS HELD AT BANKS

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash at bank	4,655,650	1,448,907
	4,655,650	1,448,907

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2022

### 7 DEBTORS

	2022	2021
	£	£
Gift aid on donations reclaimable	-	18,646
Prepayments and accrued income	37,470	1,500,000
	<u>37,470</u>	<u>1,518,646</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Accruals and deferred income	120,462	44,181
Amounts owed to Sedbergh School (note 11)	10,264	9,978
Other taxes and social security	5,626	1,340
Other creditors	1,328	-
	<u>137,680</u>	<u>55,499</u>

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

	Investment Property	Other Investments	Net current assets	Total
	£	£	£	£
At 31 August 2022:				
Unrestricted funds	400,000	6,706	1,636,255	2,042,961
Restricted funds	-	785,548	2,919,185	3,704,733
Restricted Endowed funds	-	194,306	-	194,306
	<u>400,000</u>	<u>986,560</u>	<u>4,555,440</u>	<u>5,942,000</u>

	Investment property	Other investments	Net current assets	Total
	£	£	£	£
At 31 August 2021:				
Unrestricted funds	400,000	6,706	1,561,790	1,968,496
Restricted funds	-	774,334	1,350,264	2,124,598
Endowed funds	-	191,532	-	191,532
	<u>400,000</u>	<u>972,572</u>	<u>2,912,054</u>	<u>4,284,626</u>

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2022

### 10 FUNDS

	Balances at 1 September 2021 £	Income £	Expenditure £	Investment gains £	Balances at 31 August 2022 £
<b>Current Year Movements</b>					
Unrestricted funds	1,968,496	223,301	(148,836)	-	2,042,961
Restricted funds	2,124,598	1,843,684	(274,763)	11,214	3,704,733
Endowed funds	191,532	-	-	2,774	194,306
	<u>4,284,626</u>	<u>2,066,985</u>	<u>(423,599)</u>	<u>13,988</u>	<u>5,942,000</u>
	Balances at 1 September 2020 £	Income £	Expenditure £	Investment gains £	Balances at 31 August 2021 £
<b>Prior Year Movements</b>					
Unrestricted funds	499,087	1,599,226	(129,817)	-	1,968,496
Restricted funds	770,604	1,750,569	(482,540)	85,965	2,124,598
Endowed funds	169,532	-	-	22,000	191,532
	<u>1,439,223</u>	<u>3,349,795</u>	<u>(612,357)</u>	<u>107,965</u>	<u>4,284,626</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:

Current Year Funds	2021 £	Income £	Expenditure £	Investment gains £	2022 £
<b>Restricted funds</b>					
i) Scholarship and Bursary Funds	370,142	76,515	(134,755)	11,214	323,116
ii) House Funds	162,813	15,209	(70,949)	-	107,073
iii) Cricket Appeal Funds	6,141	2	-	-	6,143
iv) Friends of Prep School	6,653	6,143	(3,227)	-	9,569
v) 500 <sup>th</sup> Campaign Funds	1,516,218	1,736,885	(33,985)	-	3,219,118
vi) Charity Funds	1,380	280	(800)	-	860
vii) Rugby 2020	38,783	-	(15,478)	-	23,305
viii) Hardship 2020	9,592	-	(9,592)	-	-
ix) Individual Funds	12,876	8,650	(5,977)	-	15,549
	<u>2,124,598</u>	<u>1,843,684</u>	<u>(274,763)</u>	<u>11,214</u>	<u>3,704,733</u>
Current Year Funds	2021 £	Income £	Expenditure £	Investment gains £	2022 £
<b>Permanent Endowed funds</b>					
i) Scholarship and Bursary Funds	184,032	-	-	2,774	186,806
x) Sedgwick Conservation	7,500	-	-	-	7,500
	<u>191,532</u>	<u>-</u>	<u>-</u>	<u>2,774</u>	<u>194,306</u>

# The Sedbergh School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2022

### 10 FUNDS (CONTINUED)

Prior Year Funds	2020 £	Income £	Expenditure £	Investment gains £	2021 £
<b>Restricted funds</b>					
i) Scholarship and Bursary Funds	301,501	83,029	(100,353)	85,965	370,142
ii) House Funds	132,038	35,808	(5,033)	-	162,813
iii) Cricket Appeal Funds	6,109	32	-	-	6,141
iv) Friends of Prep School	3,155	4,596	(1,098)	-	6,653
v) Capital Funds	167,763	1,617,997	(269,542)	-	1,516,218
vi) Charity Funds	1,380	-	-	-	1,380
vii) Rugby 2020	55,751	4,026	(20,994)	-	38,783
viii) Hardship 2020	87,527	7,585	(85,520)	-	9,592
ix) Individual Funds	15,380	(2,504)	-	-	12,876
	<u>770,604</u>	<u>1,750,569</u>	<u>(482,540)</u>	<u>85,965</u>	<u>2,124,598</u>

Prior Year Funds	2020 £	Income £	Expenditure £	Investment gains £	2021 £
<b>Endowed funds</b>					
i) Scholarship and Bursary Funds	162,032	-	-	22,000	184,032
x) Sedgwick Conservation	7,500	-	-	-	7,500
	<u>169,532</u>	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>191,532</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.
- 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 Capital Funds represent donations to develop the facilities at the Schools. Where projects are completed the balance of funds are transferred to appropriate active funds which bear a similar objective. This period shows significant growth in income due to the commencement of major gift fundraising for the upcoming 500<sup>th</sup> Anniversary Campaign which was publicly launched in 2022.
- vi) Charity Funds are restricted for specific charities that are being supported by the School or individuals, namely Air Ambulance and Kenya Orphanage and will be disbursed when future School activities include these charities.
- vii) The Rugby 2020 Funds are used to support rugby activities at Sedbergh School.
- viii) The Hardship Funds are used to support Sedbergh families suffering from financial hardship as a result of the pandemic.
- ix) Other funds comprise various separate funds, all for the benefit of the School or pupils.
- x) The Sedgwick Conservation Society Fund is a permanent 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 2022

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### **11 RELATED PARTY TRANSACTIONS**

During the year, grants amounting to £247,160 (2021: £427,586) were payable to Sedbergh School (“the School”), an entity which is related by virtue of five common trustees. As at 31 August 2022, £10,264 was owed to the School (2021: £9,978 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.