

**ROYAL ALEXANDRA AND ALBERT SCHOOL  
REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**REGISTERED CHARITY NO: 311945**

# **ROYAL ALEXANDRA AND ALBERT SCHOOL**

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# **ROYAL ALEXANDRA AND ALBERT SCHOOL**

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022**

The Board of Management presents its annual report and the consolidated audited financial statements for the year ended 31 August 2022 and confirms they comply with the requirements of the Royal Alexandra and Albert School Act 1949, the Charities Act 2011, and United Kingdom Generally Accepted Accounting Practice comprising FRS 102 and the Charities SORP 2015 (FRS 102). In preparing these financial statements the Trustees confirm that they have had regard to the Charity Commission guidance on public benefit in the Charities Act 2011.

The reference and administrative details set out on pages 54 to 58 form part of this report.

### **CHAIRMAN'S STATEMENT**

#### **Patron**

This statement would be incomplete without a reference to the Foundation's late Patron, Her late Majesty Queen Elizabeth II, who died on 8<sup>th</sup> September 2022. She had been our Patron since 1952 and our thoughts and prayers are with her family at his time. Letters of condolence were written to His Majesty The King and to our President, HRH The Duchess of Gloucester. On 12<sup>th</sup> October 2022 the Board of Management resolved that a suitable arboreal memorial should be acquired as a memento to her patronage.

#### **Foundationers**

As at 29<sup>th</sup> September 2022 Foundationer numbers stood at 98, a marginal decline over the previous year. Numbers have, however, increased in consequence of the conflict between Russia and Ukraine where 20 applicants applied for places at the School. Fortunately, the Foundation felt able to accommodate 12 pupils in response to the Ukrainian conflict. Of these 2 were full fee-paying pupils. The remainder were supported by the Foundation of which 9 were full boarders and 3 were flexi-boarders. The Foundation is proud that its objects are wide enough to support displaced Ukrainian students at this difficult time. This means that Ukrainian students make up approximately 12 per cent. of total Foundationer numbers which the Bursary Committee considers to be an appropriate level at this time.

#### **Headteacher**

In September 2022 we welcomed Morgan Thomas as Headteacher, bringing to an end the temporary arrangements which had been in place for over a year. Whilst the interim arrangements had been extremely satisfactory, in particular with regard to the charitable support that I noted in my report of last year, they could not, of course, be any replacement for a permanent postholder. It will take a little time for the new incumbent to settle in, but I am confident that our supporting charities will come to rely on the School's new Headteacher as his predecessors have done in the past.

#### **Finance**

As will have been seen, last year's results were bolstered by increased unrealised gains on the investment portfolio which tended to mask the overall trading performance of the Foundation. This year, net income before taking account of the investment portfolio resulted in a profit of £532,000 compared to a loss of £627,000 for the year ended 31<sup>st</sup> August 2021. To this must be added unrealised investment losses of £915,000 resulting in a net loss of £383,000. As at 31<sup>st</sup> August 2022 total assets amounted to £35,106,000, a marginal increase over the previous year.

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

Although on their face acceptable, the Foundation faces difficult circumstances. Pupil numbers have declined in the current academic year for which four factors are largely responsible. In the first place, the pandemic has resulted in a loss of surplus income which would otherwise have been available for school fees. Secondly two Ofsted inspections in the last academic year, whilst containing many positives, have caused the School to react to a number of criticisms both as regards the boarding product and teaching and learning at the School. Although the staff are alert as to what needs to be done to improve matters, this is not a short-term fix and time will be needed to restore confidence in the product on offer. Thirdly it seems that expectations over boarding accommodation have changed such that some of the accommodation falls below what is currently required. The refurbishment program referred to below will do much to address this. Finally, we need to be clear that our boarding product is fit for purpose. The market for boarding continues to shrink and our objective must be to ensure that we obtain more than our fair share of the places that need to be filled.

Notwithstanding the comments in the previous paragraph the Foundation also has the new challenge of rising energy costs. The Ground Source Heat project has done much to reduce the overall overheads but the fact remains that energy costs, without Government intervention, are likely to rise by over 300 per cent when its current fixed term deals expire. Government support has currently been offered for six months but it is unclear what happens after that. A number of businesses will of course find themselves in a particularly perilous position should support not be extended and the Foundation is, of course, in no different a position.

#### **Estate**

To meet increasing costs 332 solar panels have been installed on the Dining hall, the Stables and the main School building with a view to reducing the Foundation's reliance on third party suppliers. At the same time work has been completed on the refurbishment of Gloucester which was held over from the previous year, as well as an upgrade to Cornwall as well as continuing improvement to staff accommodation.

#### **Trustees**

Fiona Sheridan's initial three year term as a trustee and as Treasurer expired in August. She indicated to me during her annual review that she was becoming more involved with the Children's Trust where she is currently Vice-Chairman and that this would mean that she would no longer have the time to be involved with the Foundation. Whilst we wish her well with the Children's Trust we will obviously miss her incisive financial observations on the affairs of the Foundation and wish her well for the future.

On 17<sup>th</sup> June 2022 Tim Redburn resigned as a trustee. He will be sorely missed as the Foundation enters a difficult period during the current economic circumstances. It is, perhaps, unfortunate, that the rare talents which he was able to bring to the business were not fully recognised at this difficult time.

#### **Governance Review**

Work on the implications of the Governance Review has continued throughout the year. Set out on pages 13 to 15 below is a discussion of the principles of the Charity Governance Code and the extent to which the Foundation either complies with the Code or where further work is required in this connection.

**ROYAL ALEXANDRA AND ALBERT SCHOOL**

**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

A handwritten signature in black ink, appearing to read 'D. Frank'.

David Frank

Chairman

2 December 2022

# **ROYAL ALEXANDRA AND ALBERT SCHOOL**

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

### **BACKGROUND**

The Royal Alexandra and Albert School was founded in 1758 and re-incorporated as an educational charity in 1949 under the Royal Alexandra and Albert School Act (12 & 13 Geo 6 c.xviii) “the 1949 Act” and amendments thereto. Throughout this report the charity is referred to as “the Foundation”, the name by which it is commonly known.

The 1949 Act amalgamated the then Royal Alexandra School and Royal Albert School, made provisions for the amalgamation of the property and funds of the two schools, incorporated a management structure, and defined the objects of the new school. The main objects, laid down by the Act, are:

- To establish and maintain a boarding school for boys and girls who are without one or both parents or whose special circumstances make it desirable that they should go to a boarding school.
- To bring up the boys and girls in the School upon Protestant principles and to have them educated under arrangements provided by the statutory education authority.

The arrangements since the original incorporation evolved over the decades such that the Foundation funds the boarding facilities and pastoral care with the education being provided by the Voluntary Aided School, Royal Alexandra and Albert School (“the School”), a state funded maintained school. The Foundation owns the land and buildings in which the School is located and appoints the majority of the School’s governors. The Foundation’s Board of Management has delegated the day to day management of boarding to the School’s Governing Body.

### **OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT**

The core purpose of the Foundation is to accommodate and educate “Foundationers”. These are pupils who would benefit from a boarding education and whose parents or guardians are unable to afford such boarding charges. Generally, Foundationers have lost one or both parents, have a chronically ill parent, have been abandoned or abused or the parent can no longer meet their daily needs. Approximately 10% of the available boarding places are reserved for Foundationers.

Bursaries are given to fund or part fund boarding charges for Foundationers. All awards are means tested and range from full costs to more modest amounts, depending upon the circumstances of the child. Most of the Foundation’s awards are made in conjunction with other trusts and benevolent funds; we are grateful for the continuing support of many institutions, in particular: BMTA Trust, Buttle Trust, Emmott Foundation, Northern Counties Children’s Benevolent Society, Royal National Children’s SpringBoard Foundation, Royal Pinner School Foundation, St Marylebone Educational Foundation and Anonymous Donors. A number of pupils’ boarding charges are also funded wholly or partly by Local Education Authorities.

The Foundation aims to provide the School with an environment in which all its pupils, including the Foundationers, will achieve their full academic, social and spiritual potential in order to become valued members of society. In order to achieve this, the Foundation seeks to ensure the provision of first-class educational facilities, high quality boarding accommodation and an excellent range of co-curricular activities.

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

#### OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT (continued)

Boarding fees are charged in respect of the provision and use of boarding accommodation, pastoral care, food and co-curricular programme. The termly boarding charges for the last two years were:

	Academic year 2021/22	Academic year 2020/21
	£	£
Boarding	5,560	5,250
Flexi boarding – secondary	2,100	1,980
Flexi boarding – junior	1,535	1,450

Grants are provided to the School by the Foundation. Such grants are paid from unrestricted donations, investment income or property income. The annual grant is paid to provide additional support to Foundationers and for occasional special projects.

The Foundation and School are situated in the heart of an historic landscape created by ‘Capability’ Brown. The Foundation has established a subsidiary charity to be responsible for the restoration and conservation of the historic parkland in which it is located both for the benefit of the general public and for the advancement of education including that of pupils at the School.

The key elements of the Foundation’s strategy for the current financial year were:

- to continue to increase the number of Foundationers
- to continue the programme of capital investment to improve the educational facilities and boarding accommodation
- to continue to provide grant finance to the School to provide improved educational facilities to benefit the Foundationers and other pupils
- to support the School in order that it can continue to:
  - provide a broad and evolving curriculum and co-curriculum for the benefit and development of all pupils
  - achieve positive value added
  - work towards expanding the Sixth Form to 250 pupils with 125 in each of Years 12 and 13, including some 125 boarders
  - be a Christian caring community respecting all religious values and none
- to continue the improvements to the parkland and to extend access to our pupils and to visitors to the park for both educational and leisure purposes
- to fundraise both to support Foundationers and to fund capital projects
- to recruit suitable new members to the Board of Management and Governing Body

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT (continued)**

The Foundation measures the success of its strategy through:

- the number of Foundationers being supported
- the number of pupils attending the School (both boarders and flexi boarders)
- the Foundationer results achieved with particular emphasis being given to the value added achieved rather than the absolute results
- the number of Foundationers leaving for an appropriate career or tertiary education
- funds raised both to support Foundationers and for capital projects
- the number of visitors to the park
- the number of volunteer hours
- the Board of Management and Governing Body attracting people of a wide and appropriate range of skills and experience

The performance against these measures is commented on throughout this report.

#### **A REVIEW OF OUR ACHIEVEMENTS AND PERFORMANCE**

Those who benefited from the Charity's work were:

- 113 pupils and their families supported by the Foundation, other charities and Local Authorities (September 2020: 106)
- 156 Ministry of Defence funded boarders (September 2020: 136)
- other pupils attending the school, including a Sixth Form of 214 pupils (September 2020: 206)
- visitors to the historic buildings and parkland
- school children from other schools who visit the parkland for educational and other purposes
- the local community who visit the grounds
- community groups who use the school facilities
- our volunteers

#### **BURSARIES**

At the beginning of the academic year, 101 (September 2020: 100) pupils were supported by the Foundation, other charities and local authorities. At September 2021, the Foundation supported 68 (September 2020: 67) boarding pupils with bursaries and continued working with the Heads of local primary schools in Merstham (the third most deprived ward in Surrey) to identify pupils who would benefit from flexi-boarding. As at September 2021, 30 (September 2020: 33) such pupils were being supported.

In addition to the bursaries granted, the Headmaster remits boarding charges in cases of occasional hardship. At September 2021, 5 pupils (September 2020: 7) benefited from Headmaster remissions.

The value of means tested bursaries and Headmaster remission in the year amounted to £873,463 (2020/21: £772,804) and represented 7.8% (2020/21: 8.3%) of gross fees. A number of pupils in receipt of bursaries also received pocket money bursaries, uniform bursaries and assistance with both UK and overseas school trips and the cost of music and riding lessons.



## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **BURSARIES (continued)**

The School offers scholarships to full boarder pupils who are high achievers in music and sport. Leadership scholarships are also available to Sixth Form applicants. During the year, the School awarded 31 scholarships together worth a total of £37,820 (2020/21: 28 scholarships worth £32,012).

#### **FOUNDATIONER EDUCATION**

Due to the pandemic, this year was the first time that this cohort of pupils sat any external examinations. Five of the grades achieved by KS5 Foundation pupils were from BTEC courses and all achieved a pass grade or above, with two pupils achieving distinction grades and one achieving a merit grade. Of those KS5 Foundationers who took A Levels 36% of all grades achieved were C and above, with 96% grade E and above. Nine of the KS5 Foundation pupils accepted a place at university.

63% of all GCSEs taken by our KS4 Foundationers were graded 4 or above. 73% of KS4 Foundationers passed both English and Maths with at least a grade 4. All Foundationers stayed in further education, with 4 staying at our Sixth Form, 10 continuing at other colleges and 1 accepting a place at the London Irish ACE, an academy partnership that supports pupils who have the aspirations and potential to play rugby at an elite level whilst continuing their education at a sixth form partner.

The key value-added measure in education is Progress 8 which seeks to measure the progress pupils make from 11 to 16 years of age. The national average is zero so a positive score highlights that the School is adding above average value. This year the Progress 8 score for all Year 11 pupils is +0.18.

The School prides itself on offering an inclusive all-round education with a curriculum that extends beyond the classroom. The Foundation provides an extensive co-curricular programme forming part of the everyday experience for pupils. Activities begin at 4pm and, dependent on the activity, can finish anywhere between 5pm and 9pm. The range of activities on offer is wide, and designed to appeal to pupils of all ages and tastes. The Foundation has its own indoor swimming pool and riding stables, as well as grass pitches, floodlit netball courts, astroturf pitch and sprints track.

The School returned to a full co-curricular programme this year, and in Autumn 2021, 85% of Foundationers attended at least one club. Attendance tends to fall in Summer term due to exams and trips. In Summer 2022, 62% of Foundationers attended at least one club (69% excluding exam years 11 and 13). Of those that attended clubs this year, 82% achieved an attendance rate of 50% or above.

In addition to the co-curricular programme, the Foundation pays for all Foundationers to go on educational school trips, and on recreational trips up to a set limit each year. The Foundation will also fund riding lessons or music lessons for pupils where it is considered beneficial to their all-round education. During the year, the Foundation paid for 23 Foundationers to take riding lessons and for 27 Foundationers to take music lessons (2021: 10 and 28).

#### **SCHOOL GRANT**

The grant paid to the School in the year to 31 August 2022 amounted to £265,745 (2021: £264,183).

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **PROPERTY MATTERS AND BUILDING DEVELOPMENT**

All property assets are held in the Foundation Fund. The Foundation Fund charged a rental for the year ended 31 August 2022 of £1,651,199 (2021: £1,794,781) to the Boarding Fund in respect of the usage of the boarding estate. The rental charge is calculated on a basis of current market property yields, and is accounted for as a transfer between funds.

The Estates team is being grown to enable more internal projects to be undertaken in house, and accelerate our boarding house refurbishment programme. Two additional team members were recruited by the year end, and three more are planned.

#### **Boarding House Refurbishment**

The quality of our boarding accommodation is a key selling point in attracting new pupils to our school. In a shrinking market, it is critical we maintain our product to a good standard. Until recently the Foundation aimed to fully refurbish one boarding house per year, every summer. Our approach has been reconsidered this year and accelerated to a rolling refurbishment programme for student bedrooms of three houses per year. The rolling programme includes furniture, decoration, flooring, electrics and radiators as required, and works are undertaken throughout the year. Refurbishment works required to bathrooms, living areas and staff accommodation will continue to be done during the summer.

In Summer 2022, we completed the refurbishment of student bedrooms and bathrooms in Gloucester House that had been delayed from last year, and also completed a full upgrade of student bedrooms, bathrooms and living areas in Cornwall House.

#### **Energy Efficiency**

With recent changes in the global price of energy, greater focus has been brought on how we can reduce our energy consumption and costs across the estate. Much work has already been put into improving our energy efficiency over the past few years, and overall energy usage has fallen by approximately 25% since 2016/17, thanks to investment in insulation, LED lighting and the ground source heat pump (GSHP) project.

The GSHP Project was funded by a 20-year green energy loan facility from Lloyds Bank which will be repaid from fuel savings, together with RHI funding. Further details of the loan facilities are given in note 15 to the financial statements. Within 20 years the project is expected to have saved 15 million litres of heating oil. The Foundation applied for Government backed financial incentives available through the Renewable Heat Incentive (RHI) for all of its plant rooms, and tariff guarantees were agreed in March 2020. The expected RHI funding receivable over 20 years is £7.3m.

The Estates team had planned this Summer to install a wet heating system in Maitland House and connect this up to the plant room in Gatton Hall. This work was delayed due to the discovery of asbestos in the cellars intended to be used for the pipework. The removal of asbestos has now been completed and works on the wet heating system are ongoing.

Also in Summer 2022, the trustees approved a project to install 332 solar panels across the Dining Hall, Stables and Main School buildings. Although there are no longer any government backed financial incentives for solar installation, the increase in electricity prices means the investment now has a much shorter payback period than previously. Installation started in September 2022.

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

#### FUNDRAISING, DONATIONS AND LEGACIES

The Charity is a public benefit entity. Throughout our long existence as a charity we have received constant and generous support from our subscribers and regular donors. Under our constitution all persons who make significant contributions are entitled to become members of the Court of Governors (the equivalent of shareholders) with power to appoint the Board of Management.

A number of regular small donations were received from the donors who give primarily to support Foundationers.

#### FINANCIAL REVIEW

Net deficit for the year ended 31 August 2022 was £383,301 (2021: £1,033,516 surplus). This is stated after unrealised investment losses of £0.9m (2021: £1.7m gain). The net surplus before investment portfolio movements was £531,817 (2021: £627,651 deficit).

This year boarding fee income largely recovered following financial losses during the global pandemic, as it was able to remain open for the full school year and returned to a full programme of co-curricular activities for pupils. Last year the Summer term school closure cost the School £1.6m in fees.

The recovery of boarding income has allowed more funds to be spent on the estate this year, with the most significant investments being into an accelerated boarding house refurbishment programme and solar panel installation.

Other educational income continues to be derived from educational lets and riding income. Property income comprises income from Gatton Park Lettings Limited. These income streams have gradually recovered with the removal of restrictions that were in place during the COVID-19 pandemic, and lettings income is expected to fully recover by Summer 2023.

#### Investment returns

Foundationers are principally funded through the investment income generated by the investment portfolio. The table below indicates the quarterly return on investments achieved by Investec Wealth & Investment Limited ("Investec") for each of the quarters ended within the period ended 30 September 2022 and compares the actual return with the benchmark.

	2021	2022	2022	2022
Quarterly	Dec	Mar	Jun	Sept
Actual return	3.92%	-3.95%	-8.13%	-1.15%
Benchmark return	5.01%	-0.92%	-5.90%	-2.33%

Following three consecutive quarters of losses for bonds and equities, Investec's annual performance return of -9.4% has fallen behind the benchmark performance of -4.2%. The UK economic outlook is challenging and consumer confidence very weak. Markets will remain uncertain and volatile until inflation stabilises. Although annualised performance over 3 years has weakened, reducing to 2.5% compared with a bench mark of 3.0%, this level of performance has remained above the long-term objective of CPI + 4%, thereby avoiding the full extent of market falls.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### FINANCIAL REVIEW (continued)

#### Balance sheet

Of the £0.4m fixed asset additions in the year, £0.25m related to various energy efficiency projects. These include the Maitland House wet heating system and solar panel installation discussed in the Property Matters section of this report.

Net current assets increased by £1.05m over the year, largely driven by a reduction in boarding charges received in advance. A new billing system was introduced during the summer which led to invoices being issued to parents later than usual. There have also been fewer parents paying their fees early due to the current economic climate.

Following on from the defined benefit pension scheme valuation under FRS102, the pension scheme surplus of £1,395,000 has not been recognised as it is considered a contingent asset.

As a result of the deficit for the year, total net assets decreased to £34.7m.

### PLANS FOR FUTURE PERIODS

The Board is keen to continue to develop a number of aspects of the School in order to be better able to fulfil the charitable objectives of the Foundation.

The Ethos and Values of the School on which the future strategy is then based continue to be:

- The School should offer an outstanding holistic education (academic, co-curricular and pastoral). The main role of the School is to prepare its pupils for life in the outside world, and pupils should leave ready to take their place in it without the necessity of further education.
- The School is fully comprehensive, non-elitist and non-selective, apart from a degree of suitability selection in the Sixth Form.
- The School is to have a boarding culture with a target number of full time boarders of around 50% of the full complement. It is a boarding school, not a day school with some boarding.
- The School should have a maximum size of 1,150 and should be co-educational throughout.
- Around 10% of the pupil base should be Foundationers.
- The School should be an instiller of moral values, setting yardsticks for the behaviour expected of its pupil base and alumni.

The Board of Management's objectives remained consistent with the prior year. The key objectives and a summary of the progress over the past years are:

- To increase and maintain pupil numbers, particularly boarders and the Sixth Form
- To improve pupil retention
- To increase revenue and cash generated in order to make further investment in the School facilities
- Where possible to reduce costs: The biggest item of expenditure is the cost of staffing.

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **RESERVES AND FUNDING OF FUTURE WORK**

With the exception of £38,000 (2021: £27,000) of assets attributable to restricted funds, the Foundation's assets are unrestricted as to their deployment and use. The amount and liquidity of the assets attributable to each fund are sufficient to meet the related obligations.

The Board of Management believes that the free unrestricted funds of £7.1m (being unrestricted funds of £34.7m net of tangible assets of £27.6m), which is wholly represented by investments, are essential to finance the Charity's support of Foundationers. Free unrestricted funds have increased by £0.6m since last year. The designated fund comprises a surplus on the boarding fund which will be utilised to fund the future development and maintenance of the boarding estate.

The reserves policy is reviewed annually by the Board of Management.

#### **GATTON PARK LETTINGS LIMITED**

Gatton Park Lettings Limited is a wholly-owned subsidiary of the Foundation whose principal activity is the letting of the conference facilities and non-educational boarding facilities plus other trading activities of the School. Turnover for the year ended 31 August 2022 was £75,596 (2021: £35,062). Lettings occupancy increased this year with the removal of restrictions that were in place during the COVID-19 pandemic. The whole of the taxable profits of Gatton Park Lettings Limited are donated as a charitable donation to the Foundation.

#### **THE GATTON TRUST LIMITED ("GATTON TRUST")**

The Foundation is the sole member of Gatton Trust, a charitable company whose objectives are to conserve the historic landscape and buildings within Gatton Park; provide access for the public to the parkland and provide an education centre for the benefit of the public and the School.

The recovery of the charity from the impact of the COVID-19 pandemic has continued into this year. During the year 16,792 (2021: 12,093) visits were made to the park for events, activities and educational work. For the first time in three years we were able to run Gatton Country Fair and our visitor numbers were higher than ever before with 3,615 people attending (2019: 1,510 people, previously our highest number).

Volunteering is essential for our charitable activity to continue at the level we achieve. Volunteers help with every aspect of our work, from governance by our trustees, gardening and parkland conservation, supporting our school visits and family activities, running events, office work and fundraising. There are 99 volunteers who regularly support the work of the Trust (2021: 87 volunteers). In total they provided 4,820 volunteer hours (2021: 3,199).

Gatton Trust's surplus for the year ended 31 August 2022 was £34,489 (2021: £31,645). Most events and activities have been able to return to normal, with the main effect on the charity being reduced staff. This situation has improved throughout the year.

The funds carried forward amounted to £161,866 (2021: £127,377) of which £125,718 (2021: £102,068) comprise unrestricted reserves. At the year end, £55,000 of unrestricted funds were designated to various parkland projects.

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

#### GOVERNANCE OF THE FOUNDATION AND SCHOOL

The governing bodies consist of:

- The Court of Governors, which comprises of Life Members being those persons who make a one-off donation in excess of £1,000 or members who make a declared annual subscription in excess of £50 to the Foundation. Such persons hold office for a period of one year following their most recent subscription or until their earlier resignation. The Court of Governors, which meets annually, appoints the members of the Council and, in most cases, the Board of Management.
- The Board of Management which at 31 August 2022 comprised three principal officers and eight ordinary members. It is the Board of Management which has responsibility for the general control and management of the administration of the Foundation and its members have, therefore, the duties of charity Trustees. The Board of Management meets at least termly.
- The Council which acts in an advisory capacity to both the Court and the Board of Management and comprises persons with a broad range of expertise and who are distinguished in their field. The Council meets annually.
- The Governing Body which is the body responsible for the educational management of the School in accordance with the requirements of the various Education Acts. The Governing Body has delegated authority from the Board of Management regarding management of the boarding facilities, the Co-curricular program and pastoral care.

#### **The Board of Management**

The Board of Management and the Governing Body establish and control such committees as are deemed necessary for the respective management of the Foundation and the School. A full list of the members of the Board of Management and its sub-committees is included on pages 54 – 58.

#### **Compliance with Charity Governance Code**

This section discusses the principles set out in the Charity Governance Code, analyses the extent to which the Foundation complies with them and highlights where further work in this area is required. Following the Governance Review in 2021 more detailed analysis of these principles has been undertaken with a view expressly to improving the Foundation's compliance with them.

#### **Principle 1: Organisational Purpose - The Board is clear about the charity's aims and ensures that they are being delivered effectively and sustainably**

- The Governance Review clarified the Foundation's objectives and the Board is now clear about its sole purpose which is for the benefit and assistance of Foundationers. More emphasis is now being placed on this with participation in School affairs minimised other than to hold the Governing Body to account for those matters which are expressly within the remit of the Foundation.

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **GOVERNANCE OF THE FOUNDATION AND SCHOOL (continued)**

- Regular reports are received at Board Meetings concerning the progress of Foundationers and the impact of the Foundation's work both on its own account and in conjunction with other charities whose objective is also to aid needy children. Various initiatives have also been undertaken with Local Authorities and the High Sheriff of Surrey to optimise the identification of needy children.
- A practical limit of 10% of Foundationers means that, together with funds made available by other charities, the Foundation has no reason to believe that it will not have sufficient funds to enable it to fund its charitable objectives for the foreseeable future.

#### **Principle 2: Every charity is headed by an effective Board that provides strategic leadership in line with the charity's aims and objectives**

- A skills audit was undertaken in 2021 with a view to identifying potential gaps at individual trustee level. Overall the Board has focussed more on matters of strategy rather than attempting executive action but it has to be recognised that executive resources are perhaps more limited than they have been. Confining non-executive supervision to the Foundation only, as opposed to the School, have helped to bring matters into far sharper focus.

#### **Principle 3: The Board acts with integrity. It adopts values, applies ethical principles to decisions and creates a welcoming and supportive culture which helps achieve the charity's purposes. The Board is aware of the significance of the public's confidence and trust in charities. It reflects the charity's ethics and values in everything it does. Trustees undertake their duties with this in mind.**

- Expectations of trustees were codified in 2021 such that each trustee is required to sign individual trustee undertakings concerning their conduct as trustees, together with agreed role descriptions for trustees and the chair. As a consequence, whilst the view was previously taken that trustees' conduct could be left to the good sense of trustees the process is now much more transparent with there being no room for doubt over what is expected. More work needs to be done so that it can clearly be seen that trustees are discharging their safeguarding responsibilities. A presence on the Governing Body safeguarding committee may not be enough to underline that delegation of this responsibility is appropriate or sufficient.

#### **Principle 4: The Board makes sure that its decision-making processes are informed, rigorous and timely, and that effective delegation, control and risk assessment and management systems are set up and monitored.**

- A new risk register was adopted in 2021. This register covers both the School and the Foundation but this improves the demarcation between both entities and reduces the risk of one entity straying into the territory of the other. The register is reviewed half-yearly.
- Board decisions are taken on the basis of detailed papers such that each trustee has the opportunity to evaluate and challenge major decisions.
- Financial controls are addressed in two ways. First the board receives an annual assessment on its financial controls from the auditors and secondly the F& GP committee scrutinises the Foundation's financial affairs a number of times each year so that appropriate monitoring is maintained.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### GOVERNANCE OF THE FOUNDATION AND SCHOOL (continued)

**Principle 5: The Board works as an effective team, using an appropriate balance of skills experience, backgrounds and knowledge to make informed decisions.**

- Teamwork has improved this year as the Board now concentrates on its charitable objective. Overlap in responsibilities has reduced. The skills audit has helped to identify gaps in skillsets which can be optimised for the future. Finding new trustees has been a challenge. An advertising campaign was adopted but no suitable applicants emerged to fill the vacancies identified.

**Principle 6: Equality, Diversity and inclusion - The Board has a clear, agreed and effective approach to supporting equality, diversity and inclusion throughout the organisation and in its own practice. This supports good governance and the delivery of the organisation's charitable purposes.**

- This remains an important goal, both in terms of non-executive and executive members. Cultural change is needed to ensure better diversity and equality but this is likely to be a lengthy process. More attention needs to be paid to this in the coming years.

**Principle 7: Openness and accountability - The Board leads the organisation in being transparent and accountable**

- Trustees' undertakings and role descriptions should provide a better structure for transparency. The Board is accountable to the Court but this currently comprises present and past board members who lack an ability to hold the Board to account. Although the Court receives the Annual Report and a progress report on Foundationers this is very much light touch. Improving the membership of the Court and improving its supervisory powers may go some way to addressing this.

### Policies and Procedures Adopted for the Induction and Training of Trustees

The members of the Board of Management (also referred to as Trustees) have high level and relevant education, legal, estates, marketing, banking, finance and charity expertise. New Trustees, upon appointment, follow an induction which includes an explanation of their role as Trustee. They are also provided with detailed information regarding the Foundation and the School. Relevant ongoing training is provided periodically.

The members of the Board of Management who served during the financial year and up to the date of signing these financial statements were: -

David Frank

Fiona Sheridan

Edward Winter

Timothy Redburn FCA

Richard Wells FRICS

John Billingham

Dame Mary Richardson BA PGCE DBE FRSA

Charles Wates BSc MRICS

Jonathan White MBA

Chair

Honorary Treasurer – resigned 31 August 2022

Honorary Treasurer – appointed 12 October 2022  
resigned 17 June 2022

Comptroller



## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **GOVERNANCE OF THE FOUNDATION AND SCHOOL (continued)**

Nishma Acharya

Elizabeth Tadd

Gary Griffin

appointed 6 May 2022

All Trustees give their time freely and no remuneration or expenses were paid in the year. No Trustee or person connected with a Trustee received any benefit from means tested bursaries during the year.

The Foundation Secretary and Bursar, Elizabeth Lowe, is Secretary to the Board of Management, the Governing Body and a number of sub-committees.

#### **The Senior Leadership Team**

The day to day management of the School is the responsibility of the Headmaster, and the Senior Leadership team ("SLT"). The SLT currently comprises the Headmaster, the Foundation Secretary and Bursar, Foundation Director, Deputy Head (Boarding & Co-Curriculum), Deputy Head (Pastoral), Deputy Head (Teaching & Learning), Senior Assistant Head, Assistant Head (Boarding), Assistant Head (Juniors), Assistant Head (Pastoral), Assistant Head (Teaching & Learning) and Director of Admissions, Marketing & Development.

In September 2021, two new Interim Heads joined the SLT to cover the responsibilities of Headmaster. The Interim Heads remained with the School for the whole of the 21/22 school year whilst the Governing Body recruited a new Headmaster. The new Headmaster, Morgan Thomas, joined the School on 1st September 2022.

Also in September 2021, the Deputy Bursar, Elizabeth Lowe, was promoted to Foundation Secretary and Bursar. Previously the role was held by Peter Dawson, who became Foundation Director. In November 2021 we welcomed Connie Engelbrecht as Director of Admissions, Marketing & Development. In April 2022, Ben Maddox and Bryony Potter were recruited internally for two new Assistant Head positions.

There were no other changes to the SLT during the year.

#### **Other Senior Staff**

The remuneration of the SLT is set with reference to the School Teachers Pay and Conditions Document and is determined by the Remuneration Committee.

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **INVESTMENT POWERS**

The Foundation's investment powers are set out in the 1949 Act. However, the Charity Commission has confirmed that the Foundation may exercise the wider powers of investment conferred by the Trustee Act 2000. The Foundation's portfolio of investments is overseen by the Investment Committee. Investec has been given discretionary investment management powers, subject to certain specified restrictions. The investment policy is to manage the portfolio for total return but to ensure that over time the real capital value of the portfolio is maintained. There is no specific income target. The investment objective for any year is to produce an investment return in excess of a customised benchmark which, in particular, measures performance for gilts against FTSE Government All Stocks, corporate bonds against Merrill Lynch Non Gilt All Stocks, fixed interest stocks against the FTA Government All Stocks Index, UK Equities against the FTSE All Share index, overseas equities against the FTA World ex UK index and commercial property against IPD Quarterly. All securities are held on behalf of the Foundation by a nominee company which is a wholly-owned subsidiary of Investec.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

As part of its normal procedures, the Board assesses the major risks and uncertainties to which the Foundation is exposed, in particular those related to the operations and finances of the Foundation. The assessment comprises:

- a review of all the risks that the Foundation may face in its normal operations for the year ahead
- an assessment of the likelihood of those risks occurring, together with an assessment of their impact
- the establishment of procedures, actions and systems to mitigate the risks identified and to minimise any potential impact on the Foundation.

The monitoring of financial and other areas of performance ensures that the Board is continually appraised of progress and the risks the Foundation faces.

The principal risks and uncertainties facing the entity are summarised as:

- the loss of key income streams. The Board takes appropriate professional advice and regularly monitors the implications of such a loss.
- reputational and monetary risk arising from sexual abuse cases. The Board works cooperatively with the police, employs specialist public relation consultants and insures such risks.
- the loss of key personnel due to retirement/promotion. The Board is actively involved in preparing and implementing succession planning strategies.
- the inability to generate surpluses or raise capital to fund future capital projects required for the future development of the School e.g. additional boarding house, further classrooms, learning resource centre.
- expenditure required to maintain both the aging school estate as well as the heritage assets, in particular the listed walls.
- government policy relating to educational charities
- Limits on planning permission for temporary buildings

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

##### **Liability insurance**

The Foundation maintains liability insurance for its Trustees and officers and the Directors, Trustees and officers of its subsidiary undertakings, which qualifies as a third party indemnity provision for the purposes of the Companies Act 2006. This insurance was in force during the financial year and at the date of approval of the consolidated financial statements.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Report of the Trustees 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 and 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 Foundation and the group and of the incoming resources and application of resources of the group 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, comprising FRS 102, 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 Foundation will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group 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 Foundation website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **ROYAL ALEXANDRA AND ALBERT SCHOOL**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a Trustee at the date of approval of this report confirms that:

(a) so far as the Trustee is aware, there is no relevant audit information of which the Foundation's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

#### **INDEPENDENT AUDITORS**

A resolution proposing that Moore Kingston Smith LLP be re-appointed as auditors will be put to the forthcoming meeting of the Board of Management.

On behalf of the Board:



D T Frank  
**Chairman**

2 December 2022

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**  
**OF ROYAL ALEXANDRA AND ALBERT SCHOOL**

**OPINION**

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 August 2022, and of the group's incoming resources and application of resources, 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 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 group's or 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained in the Annual 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.

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**  
**OF ROYAL ALEXANDRA AND ALBERT SCHOOL**

**OTHER INFORMATION (continued)**

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Trustees' responsibilities statement set out on page 18, 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 group's and 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 group or charity or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**  
**OF ROYAL ALEXANDRA AND ALBERT SCHOOL**

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**  
**OF ROYAL ALEXANDRA AND ALBERT SCHOOL**

**EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the group and Foundation comply with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.


There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.



**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**  
**OF ROYAL ALEXANDRA AND ALBERT SCHOOL**

**USE OF OUR REPORT**

This report is made solely to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 any party other than the charity's Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

*Moore Kingston Smith LLP*  


20/12/2022

**Moore Kingston Smith LLP**

**Statutory Auditor**

Betchworth House  
57 – 65 Station Road  
Redhill  
Surrey  
RH1 1DL

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

		Unrestricted Funds		Restricted Funds	2022	2021
		Foundation Fund	Boarding School Fund			
		£'000	£'000	£'000	£'000	£'000
<b><u>INCOME FROM</u></b>						
<b>Charitable activities</b>						
Boarding charges	5	-	10,253	-	10,253	8,461
Other educational income	5	74	78	-	152	149
<b>Donations and legacies</b>						
Grants from government and other public bodies	4	-	-	42	42	214
Donations and other voluntary income	4	8	413	21	442	449
Legacy income	4	2	-	-	2	16
<b>Trading activities</b>						
Property income		75	-	-	75	35
Park conservation and environmental education		120	-	-	120	69
<b>Investments</b>	6	234	-	-	234	218
<b>Other income</b>		-	304	-	304	175
<b>Total income</b>		<u>513</u>	<u>11,048</u>	<u>63</u>	<u>11,624</u>	<u>9,786</u>
<b><u>EXPENDITURE ON</u></b>						
<b>Charitable activities</b>						
School and grant making		(1,908)	(9,120)	(9)	(11,037)	(10,362)
<b>Raising funds</b>						
Fundraising and development		-	-	-	-	(9)
Investment management costs		(37)	-	-	(37)	(36)
Property letting expenses		(18)	-	-	(18)	(6)
<b>Total expenditure</b>	7,8	<u>(1,963)</u>	<u>(9,120)</u>	<u>(9)</u>	<u>(11,092)</u>	<u>(10,413)</u>
<b>Net income/(expenditure) before gains/losses on investments</b>		(1,450)	1,928	54	532	(627)

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2022 (continued)**

		Unrestricted Funds		Restricted Funds	2022	2021
		Foundation Fund	Boarding School Fund			
		£'000	£'000	£'000	£'000	£'000
<b>Net income/(expenditure) before gains/losses on investments</b>		(1,450)	1,928	54	532	(627)
Realised and Unrealised (loss)/gain on investments	12	(915)	-	-	(915)	1,661
<b>Net income/(expenditure) after gains/losses on investments</b>		(2,365)	1,928	54	(383)	1,034
<b>Transfers between funds</b>						
- Market rental charged by Foundation Fund to Boarding Fund		1,651	(1,651)		-	-
- Foundation Bursaries transferred to Boarding School Fund		(962)	963	(1)	-	-
- Additions and improvements to land and buildings		42	-	(42)	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/ (losses) on the defined benefit pension scheme	16	-	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		(1,634)	1,240	11	(383)	1,034
<b>Reconciliation of Funds</b>						
<b>FUND BALANCES brought forward at 1 September</b>		34,728	351	27	35,106	34,072
<b>FUND BALANCES carried forward at 31 August</b>		33,094	1,591	38	34,723	35,106

All income arises from the continuing activities of the Group. There are no recognised gains or losses other than those dealt within the Consolidated Statement of Financial Activities. There are no material differences between the net income /(expenditure) and the fund balances carried forward stated above and their historical cost equivalents.

The financial statements have been prepared in line with FRS 102.

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2022**

		At 31 August 2022		At 31 August 2021	
	Note	Group £'000	Foundation £'000	Group £'000	Foundation £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	27,576	27,573	28,620	28,620
Investments	12	10,119	10,119	10,842	10,842
Total fixed assets		37,695	37,692	39,462	39,462
<b>CURRENT ASSETS</b>					
Debtors	13	1,053	990	545	518
Term deposit		2,083	2,083	2,082	2,082
Cash at bank and in hand		2,671	2,487	2,774	2,637
Total current assets		5,807	5,560	5,401	5,237
Creditors: Amounts falling due within one year	14	(3,116)	(3,098)	(3,762)	(3,757)
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		2,691	2,462	1,639	1,480
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		40,386	40,154	41,101	40,942
Creditors: Amounts falling due after one year	15	(5,663)	(5,663)	(5,995)	(5,995)
<b>TOTAL NET ASSETS</b>		34,723	34,491	35,106	34,947
<b>THE FUNDS OF THE CHARITY</b>					
Restricted income funds	17,20	38	2	27	2
Unrestricted income funds excluding pension liability		27,805	27,664	29,494	29,360
Pension reserve	16	-	-	-	-
Designated funds	19	1,646	1,591	351	351
Revaluation reserve		5,234	5,234	5,234	5,234
Total unrestricted income funds	17,18	34,685	34,489	35,079	34,945
<b>TOTAL CHARITY FUNDS</b>		34,723	34,491	35,106	34,947

The financial statements on pages 25 to 53 were approved by the Board of Management on 2 December 2022 and signed on their behalf:



D T Frank  
**Chairman**

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Year ended 31 August 2022		Year ended 31 August 2021	
		£'000	£'000	£'000	£'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Net cash provided by operating activities	22	677		965	
Interest paid		(152)		(83)	
<b>Net cash used in operating activities</b>			<b>525</b>		<b>882</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Dividends and interest from investments		234		218	
<b>Purchase of:</b>					
Investments		(2,111)		(1,485)	
Fixed assets		(391)		(1,812)	
<b>Proceeds from:</b>					
Sale of investments		2,062		1,400	
Sale of fixed assets		-		-	
Decrease/(Increase) in short term deposits and investment adjustments		(130)		20	
<b>Net cash used in investing activities</b>			<b>(336)</b>		<b>(1,659)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>					
<b>New Borrowing:</b>					
Lloyds Bank loans		-		4,100	
<b>Repayment of Borrowing:</b>					
Lloyds Bank loans		(291)		(177)	
<b>Net cash used in financing activities</b>			<b>(291)</b>		<b>3,923</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>			<b>(102)</b>		<b>3,146</b>
Cash and cash equivalents at the beginning of the year			4,856		1,710
<b>Cash and cash equivalents at the end of the year</b>			<b>4,754</b>		<b>4,856</b>

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

### 1. GENERAL INFORMATION

Royal Alexandra and Albert School is a charity registered in the United Kingdom (registered charity number 311945). The charity's registered office and operational address is: Royal Alexandra and Albert School, Foundation Office, Gatton Park, Reigate, Surrey, RH2 0TW.

### 2. ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP (FRS 102)), and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency at the charity. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The consolidated financial statements incorporate those of the Foundation and of its subsidiary undertakings, Gatton Park Lettings Limited (company registration number 03227685) and The Gatton Trust Limited (company registration number 4216691, registered charity number 1101467), (together the "Group"). Both subsidiaries make up their financial statements to 31 August and are consolidated on a line by line basis. As permitted, a separate income and expenditure account dealing with the results of the parent charity only has not been prepared.

The charity is a qualifying entity for the purposes of FRS 102 as it is the ultimate parent of publicly available consolidated financial statements. The charity has taken advantage of the following exemptions in its individual financial statements:

- (i) Under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows
- (ii) Certain disclosure requirements of section 11 in respect of financial instruments
- (iii) Disclosure of the charity's key management personnel compensation

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of freehold buildings at deemed cost and certain financial assets and liabilities measured at fair value. The principal accounting policies applied in the preparation of these financial statements, consistently applied to all the years presented, are set out below.

#### Going concern

The results for the year, before investment portfolio movements, show a surplus as boarding fee income largely recovered following financial losses during the global pandemic. Fee reductions remain the key driver of financial loss as costs remained broadly similar. All remaining COVID-19 restrictions were removed by the government on 1 April 2022, and no further school closures are anticipated for the next academic year. Having made appropriate enquiries, the Trustees are satisfied that the Foundation has adequate resources to continue for the foreseeable future being at least twelve months from the date of approval of the financial statements. For this reason, the Trustees have continued to adopt the going concern basis when preparing the financial statements.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Incoming resources**

All incoming resources are included in the consolidated statement of financial activities when the charity is legally entitled to them, receipt is probable and the amount can be quantified with reasonable accuracy.

#### **Boarding charges**

Parental and local authority contributions represent the boarding charges paid by parents or local authorities as appropriate and are recognised when service is provided.

#### **Boarding charges in advance**

The charity offers a boarding charges in advance scheme where the cost of boarding charges can be reduced by making an advance lump sum payment. The scheme may be used to provide advance payments towards boarding charges for any set number of terms during the pupil's potential time at the School, from a minimum of 3 terms up to a maximum of 15 terms. The minimum amount accepted by way of payment into the scheme is an amount calculated to generate termly payments of £500 per term, and the maximum is an amount calculated to generate the termly boarding charges at the time of entering the scheme. The commutation given is charged to the consolidated statement of financial activities and the remaining lump sum is deferred and recognised within current liabilities and released as the terms are used up.

#### **Boarding charge deposits**

Upon joining the School, a boarding charge deposit is taken for each pupil, which is returnable on the pupil leaving the school. These deposits are included within current liabilities since there is the potential for pupils to leave at any stage.

#### **Bursaries**

Bursaries are accounted for when the boarding charges to which they relate are recognised. Bursaries funded by grant giving trusts are included within donations in the Boarding School Fund. Foundation bursaries represent the boarding charges of bursary children funded by the Foundation. The Foundation bursaries are shown as a transfer between funds on the face of the Consolidated Statement of Financial Activities.

#### **Donations and other voluntary income**

Donations and other voluntary income represent income from donors, whether individual or corporate, and grants from charitable trusts. Such income is accounted for when receivable and quantifiable. Gifts in kind are valued at market value at the date of receipt.

#### **Grants from government and other public bodies**

Grants from government and other public bodies are accounted for when the charity is entitled to the funds. Where entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Legacies**

Legacies are recognised when a charity has entitlement to the income, it is probable that it will be received and it can be measured reliably. Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

#### **Income from investments**

Interest is accounted for when receivable. Dividend income is accounted for when the right to receive payment has been established.

#### **Property and park conservation income**

Property lettings and park conservation income is accounted for in the period in which it is receivable.

#### **Other income**

Other income consists of income received from insurance claims and contributions received towards administrative costs. Income is recognised when receivable and quantifiable.

#### **Expenditure**

Costs of charitable activities include direct expenditure incurred through operational activities including grants paid directly relating to the objects of the charity. Grants are recognised in the period in which they are payable. Expenditure is accounted for on an accruals basis as a liability arises. This includes attributable VAT which cannot be recovered.

#### **Allocation of support and governance costs**

Support costs are those functions that assist the work of the charity but are not directly incurred in the performance of charitable activities. Support costs include a proportion of the Foundation staff and office costs apportioned on the basis of staff time. Governance costs and support costs relating to charitable activities include the audit fee and legal and tax advice. The allocation of support and governance costs is analysed in note 8.

#### **Taxation**

The Foundation and The Gatton Trust Limited are registered charities and, as such, exempt from taxation which applies both to capital gains and to the income arising and expended on its charitable activities.

Gatton Park Lettings Limited donates its entire distributable profits to the Foundation, its holding company, and expects to continue to do this for the foreseeable future thereby mitigating any potential tax liability.



# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Pension costs**

The charity operates a defined benefit pension scheme, now closed to new members, for the benefit of certain employees. The assets of the scheme are held separately from those of the charity in independently administered funds. A defined benefit pension scheme defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit scheme is a pension scheme that is not a defined contribution scheme.

The asset recognised in the balance sheet in respect of the defined benefit pension scheme has been restricted due to uncertainty around realisation of the net defined pension asset. This restriction has resulted in a £nil balance at the financial year end. The net defined benefit pension asset is the fair value of the pension scheme assets at the financial year end less the present value of the defined benefit obligation at the end of the financial year. The defined benefit obligation is calculated using the projected unit credit method. The charity engages independent actuaries to calculate the obligation annually. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate'). The fair value of pension scheme assets is measured in accordance with the FRS 102 fair value hierarchy and includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of financial activities as other recognised gains and losses. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of pension scheme assets. The cost of the defined benefit scheme, recognised in the consolidated statement of financial affairs as employee costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period, and the cost of scheme settlements and changes.

The pension contribution is wholly allocated to unrestricted funds.

The charity also pays contributions, for those employees who elect to become members and for whom the above scheme is closed, into a group personal pension scheme established with Legal and General Assurance Society or into a qualifying pension scheme established with the National Employment Savings Trust. These are both defined contribution schemes. Both schemes' assets are invested separately from the Foundation assets and contributions, incurred and payable monthly, are charged to the Consolidated Statement of Financial Activities.

#### **Operating Leases**

The charity held only operating leases in the financial year. Operating leases cover leases of equipment and vehicles; where the title to the equipment remains with the lessor. The lease rentals payable are charged to the statement of financial activities on a straight line basis over the term of the leases.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Transfers between funds

Transfers are made from and within unrestricted funds in line with charitable objectives. A market rental charge of £1,651,199 for the use of the shared properties has been accounted for as a transfer to the Foundation Fund from the Boarding Fund. The cost of Foundation funded bursaries has been transferred to the Boarding School Fund from the Foundation Fund. The cost of fixed asset additions funded by DfE capital grants have been transferred from the Foundation Fund to restricted funds.

#### Related party transactions

The charity discloses all transactions with related parties including those within the same group.

#### Financial instruments

The charity applies Section 11 of FRS 102 in respect of financial instruments. Basic financial instruments include trade and other receivables, trade and other creditors, cash and bank and investments. Basic financial instruments are initially recognised at transaction value. Investments are recognised at fair value through profit and loss and the remaining assets are held at amortised cost. Liabilities are all held at amortised cost.

#### Tangible assets and depreciation

Tangible fixed assets, costing £2,000 or more, are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is recognised so as to write off the cost of the assets, less their residual values, over their expected useful lives on the following bases:

Freehold Land	No depreciation
Freehold Buildings	4% straight line
Freehold Buildings (listed)	2% straight line
Motor Vehicles	50% in the financial year of acquisition, 25% straight line thereafter
Furniture, Equipment & Horses	20% straight line

Depreciation is charged for a full year in the year of acquisition. The useful economic lives and residual value of fixed assets are reviewed at the end of each accounting period.

Freehold land and buildings were professionally revalued at 31 March 2013 to depreciated replacement cost with the revaluation surplus being taken to the revaluation reserve. On transition to FRS 102, the charity elected to take the revalued amount as deemed cost.

Projects in progress at the financial year end are carried forward to the accounting period of completion of the project whereupon they are transferred to an appropriate asset category. Depreciation is not charged on projects until they have been completed.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Investments and investment management**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Investments include short term deposits.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The investment management costs are expensed separately to the Consolidated Statement of Financial Activities and are recognised on an accruals basis.

#### **Realised and unrealised gains and losses**

All gains and losses are taken to the Consolidated Statement of Financial Activities as they arise. Realised gains and losses are calculated as the difference between sales proceeds and opening carrying value or purchase value of fixed assets or fixed asset investments if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

#### **Cash at bank and in hand**

Cash at bank and in hand is held to meet short term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short term highly liquid investments. A cash equivalent will normally have a short maturity of three months or less from date of acquisition.

#### **Unrestricted funds**

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Board in furtherance of the objects of the Foundation. The unrestricted funds comprise the Foundation Fund and a designated fund, the Boarding School Fund, the aims and purposes of which are set out in Note 19.

#### **Restricted funds**

These are funds for which the donor has specifically restricted the purpose for which the funds may be used. Income received that has specific restrictions placed upon its use is credited to restricted income within the SOFA on an entitlement basis. Unspent balances are carried forward within the relevant restricted fund.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It is the opinion of the Trustees that there are no estimates and assumptions that have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year, other than those addressed below.

#### Defined benefit pension scheme

The charity has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

### 4. DONATIONS AND LEGACIES

	2022 £'000	2021 £'000
Grants, donations and legacy income comprise:		
Grants from government and other public bodies	42	214
Donations and other voluntary income	442	449
Legacy income	2	16
	<u>486</u>	<u>679</u>
Capital grants	42	74
Income grants and donations	444	605
	<u>486</u>	<u>679</u>

Grants from government and other public bodies comprise grants from the Department for Education ("DfE") of £42,468 towards capital projects (2021: £73,931), and nil (2021: £139,566) claimed through the Coronavirus Job Retention Scheme to cover employees' wages.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 4. DONATIONS AND LEGACIES (continued)

Donations and other voluntary income include the following grants of £1,000 or more in respect of bursaries for specific pupils:

	<b>2022</b>
	<b>£'000</b>
Royal National Children's Springboard Foundation	222
The Frank Buttle Trust UK	90
Anonymous Donor	30
The BMTA Trust Limited	20
The Emmott Foundation	14
Royal Pinner School	9
St Marylebone Educational Foundation	6
Northern Counties Children's Benevolent Society	6
Naval Children's Charity	5
The Forces Trust	5
The Reedham Trust	5
Thornton	2

### 5. INCOME FROM CHARITABLE ACTIVITIES

	<b>Foundation Fund</b>	<b>Boarding School Fund</b>	<b>Restricted Funds</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Contributions towards boarding charges:					
Parental	-	11,210	-	10,210	9,293
Bursaries	-	(962)	-	(962)	(852)
Local Authorities	-	5	-	5	20
Total contributions	-	10,253	-	10,253	8,461
Other educational income	74	78	-	152	149
	74	10,331	-	10,405	8,610

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 6. INVESTMENT INCOME

The Group's investment income arises as follows:

	2022 £'000	2021 £'000
Dividends and interest	233	218
Interest receivable net of charges paid	1	-
	<u>234</u>	<u>218</u>

### 7. TOTAL EXPENDITURE BY ACTIVITY TYPE

	Direct costs £'000	Support and governance costs £'000	2022 £'000
<b>Current year</b>			
School and grant making	9,340	1,697	11,037
Fundraising and development	-	-	-
Investment management	37	-	37
Property lettings	9	9	18
	<u>9,386</u>	<u>1,706</u>	<u>11,092</u>
	Direct costs £'000	Support and governance costs £'000	2021 £'000
<b>Comparative year</b>			
School and grant making	8,713	1,649	10,362
Fundraising and development	9	-	9
Investment management	36	-	36
Property lettings	3	3	6
	<u>8,761</u>	<u>1,652</u>	<u>10,413</u>

### 8. ALLOCATION OF SUPPORT AND GOVERNANCE COSTS

Support and governance costs are allocated on the basis of staff time as follows:

	School and grant making £'000	Property lettings £'000	2022 £'000
<b>Current year</b>			
Management	272	-	272
Professional fees	46	-	46
Staff costs	965	9	974
Other costs	319	-	319
Governance costs	95	-	95
	<u>1,697</u>	<u>9</u>	<u>1,706</u>

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 8. ALLOCATION OF SUPPORT AND GOVERNANCE COSTS (continued)

Comparative year	School and grant making £'000	Property lettings £'000	2021 £'000
Management	273	-	273
Professional fees	19	-	19
Staff costs	942	3	945
Other costs	238	-	238
Governance costs	177	-	177
	<u>1,649</u>	<u>3</u>	<u>1,652</u>

### 9. NET INCOME/(EXPENDITURE) FOR THE YEAR

	2022 £'000	2021 £'000
Net income/(expenditure) is stated after charging:		
Depreciation	1,435	1,435
Operating lease rentals	165	147
Bank charges and interest payable	175	101
Auditors' remuneration		
- Fees	26	24
- Other Services	1	1

### 10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES

The average monthly number of employees (including senior leadership) employed by the Group during the year was:

	2022	2021
Management	26	27
Welfare	99	90
Maintenance	20	17
	<u>145</u>	<u>134</u>

The average monthly number of employees (including senior leadership) employed by the Group during the year, calculated as full-time equivalents was:

	2022	2021
Management	21	22
Welfare	61	59
Maintenance	14	12
	<u>96</u>	<u>93</u>

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES (continued)

#### Total compensation for all staff:

	2022	2021
	£'000	£'000
Wages and salaries	2,788	2,637
Social security costs	243	230
Pension costs – defined benefits	170	173
Pension costs – defined contributions	148	147
Termination benefits	-	93
	<u>3,349</u>	<u>3,280</u>

#### Total compensation for key management:

	2022	2021
	£'000	£'000
Salaries	333	317
Benefits in kind	4	2
Pension costs	18	20
Termination benefits	-	93
Aggregate emoluments	<u>355</u>	<u>432</u>

#### Personnel with employee benefits (excluding employer pension costs) between:

	2022	2021
£60,001 to £70,000	2	1
£90,001 to £100,000	-	1
£100,001 to £110,000	1	1

A payment of £262,083 was made to the school in respect of staff costs incurred by the school for boarding related duties for the year ended 31 August 2022 (2021: £260,000). This is not part of staff costs disclosed above.

No member of the Board of Management received remuneration in the current year.

No termination benefits (2021: £92,831) have been paid to staff during the year.

The Foundation has a composite insurance policy which provides professional indemnity insurance cover for the Officers, Governors, Council Members and Trustees. The cost of the cover relating to the Trustees is inseparable from the cost of the total cover. The Charity Commission has made an order to authorise the provision of indemnity insurance for the Trustees.



# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 11. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Projects in progress £'000	Furniture, equipment and horses £'000	Motor vehicles £'000	Total £'000
<b>COST</b>					
1 September 2021	36,669	210	1,986	142	39,007
Additions	-	299	26	66	391
Transfer	213	(277)	64	-	-
Disposals	-	-	(61)	-	(61)
31 August 2022	36,882	232	2,015	208	39,337
<b>ACCUMULATED DEPRECIATION</b>					
1 September 2021	(8,528)	-	(1,735)	(124)	(10,387)
Charge for year	(1,271)	-	(117)	(47)	(1,435)
Disposals	-	-	61	-	61
31 August 2022	(9,799)	-	(1,791)	(171)	(11,761)
<b>NET BOOK VALUE</b>					
31 August 2021	28,141	210	251	18	28,620
31 August 2022	27,083	232	224	37	27,576

Foundation	Freehold land and buildings £'000	Projects in progress £'000	Furniture, equipment and horses £'000	Motor vehicles £'000	Total £'000
<b>COST</b>					
1 September 2021	36,669	210	1,980	140	38,999
Additions	-	299	26	61	386
Transfer	213	(277)	64	-	-
Disposals	-	-	(61)	-	(61)
31 August 2022	36,882	232	2,009	201	39,324
<b>ACCUMULATED DEPRECIATION</b>					
1 September 2021	(8,528)	-	(1,729)	(122)	(10,379)
Charge for year	(1,271)	-	(117)	(45)	(1,433)
Disposals	-	-	61	-	61
31 August 2022	(9,799)	-	(1,785)	(168)	(11,751)
<b>NET BOOK VALUE</b>					
31 August 2021	28,141	210	251	18	28,620
31 August 2022	27,083	232	224	34	27,573

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 11. TANGIBLE FIXED ASSETS

Freehold land and buildings were revalued at 31 March 2013 using the Depreciated Replacement Cost method of valuation by Richard Greenaway FRICS of Stanley Hicks. This method of valuation is used where there is no active market for the asset or no useful relevant evidence of recent sale transactions due to the specialised nature of the asset. The valuation which is incorporated in the figures below valued freehold land and buildings at 31 March 2013 at £24 million. Under FRS 102 the revalued amount or freehold buildings now equals deemed cost.

Borrowings from Lloyds Bank Plc, details of which are given in note 15, are secured against all property.

### 12. INVESTMENTS

	2022 £'000	2021 £'000
<b>Investments comprise:</b>		
UK Fixed Interest	426	402
Overseas Fixed Interest	467	195
Equities and Unit Trusts	9,027	10,141
	<u>9,920</u>	<u>10,738</u>
Short term deposits	199	104
<b>Group total investments</b>	<u>10,119</u>	<u>10,842</u>
Investment in subsidiaries	-	-
<b>Foundation total investments</b>	<u>10,119</u>	<u>10,842</u>

The Trustees believe that the carrying value of the investments is supported by underlying assets and/or future cash flows.

	2022 £'000	2021 £'000
<b>UK Listed Investments</b>		
At 1 September	10,738	8,972
Additions	2,111	1,485
Disposal proceeds	(2,062)	(1,400)
Adjustments	35	20
Realised & unrealised gain on investment	<u>(902)</u>	<u>1,661</u>
Market value at 31 August	<u>9,920</u>	<u>10,738</u>
Historical cost at 31 August	<u>7,257</u>	<u>6,685</u>

Stocks and money held in the portfolio managed by Investec are held to the order of Lloyds Bank plc as security for the loan and overdraft facilities. Details in note 15.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 12. INVESTMENTS (continued)

	2022	2021
	£	£
Investment in subsidiary at cost	101	101

#### Gatton Park Lettings Limited

The Foundation controls the ordinary share capital of Gatton Park Lettings Limited, a company incorporated in England and Wales (company registration number 03227685). The principal activity of Gatton Park Lettings Limited is the commercial letting of Gatton Hall and other site facilities. The whole of Gatton Park Lettings Limited's taxable profits are donated under gift aid to the Foundation.

	2022	2021
	£'000	£'000
Turnover	75	35
Expenditure	(7)	(3)
Operating profit donated to the Foundation	68	32
Assets	87	37
Liabilities	(19)	(5)
Funds	68	32

#### The Gatton Trust Limited

The Foundation is the only member of The Gatton Trust Limited, a charitable company limited by guarantee and incorporated in England and Wales (company registration number 4216691, registered charity number 1101467). The principal activities of the company are the restoration and conservation of Gatton Park and the provision of access for the public to the parkland and the provision of educational resources.

	2022	2021
	£'000	£'000
Turnover	141	94
Expenditure	(107)	(62)
Operating surplus/(deficit)	34	32
Assets	186	133
Liabilities	(24)	(6)
Funds	162	127

#### Gatton Estates Limited

The Foundation controls the ordinary share capital of Gatton Estates Limited, a company incorporated in England and Wales (company registration number 12469691). The company was incorporated on 18 February 2020 and is yet to commence trading. It has adopted the exemption from preparing accounts under section 394A of the Act for the financial year ended 31 August 2022.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 13. DEBTORS

	31 August 2022		31 August 2021	
	Group	Foundation	Group	Foundation
	£'000	£'000	£'000	£'000
Trade debtors	289	204	87	55
Amounts owed by group undertakings	-	23	-	6
Other debtors	547	547	243	243
Prepayments and accrued income	217	216	215	214
	<u>1,053</u>	<u>990</u>	<u>545</u>	<u>518</u>

Trade debtors are stated after bad debt provision of £408,065 (2021: £347,954). During the year bad debts totalling £120,955 (2021: £78,824) were written off.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 2022		31 August 2021	
	Group	Foundation	Group	Foundation
	£'000	£'000	£'000	£'000
Trade creditors	807	806	760	760
Taxation and social sec.	60	60	54	54
Other creditors	82	68	83	81
Amounts owed to group undertakings	-	-	-	-
Lloyds loan	291	291	293	293
Boarding charges in advance	1,203	1,203	1,763	1,763
Boarding charge deposits	183	183	301	301
Accruals and deferred income	490	487	508	505
	<u>3,116</u>	<u>3,098</u>	<u>3,762</u>	<u>3,757</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Deferred income comprises boarding charges received in advance of the start of Autumn Term.

	31 August 2022		31 August 2021	
	Group	Foundation	Group	Foundation
	£'000	£'000	£'000	£'000
At 1 September	1,763	1,763	1,232	1,232
Amount released in year	(1,763)	(1,763)	(1,232)	(1,232)
Amount deferred in year	1,203	1,203	1,763	1,763
At 31 August	<u>1,203</u>	<u>1,203</u>	<u>1,763</u>	<u>1,763</u>

### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 August 2022		31 August 2021	
	Group	Foundation	Group	Foundation
	£'000	£'000	£'000	£'000
<b>Instalment debts</b>				
Due 2 to 5 years	895	895	999	999
Due after 5 years	3,813	3,813	3,998	3,998
	<u>4,708</u>	<u>4,708</u>	<u>4,997</u>	<u>4,997</u>
<b>Fee Deposits</b>				
Due 2 to 5 years	622	622	711	711
Due after 5 years	333	333	287	287
	<u>955</u>	<u>955</u>	<u>998</u>	<u>998</u>
<b>TOTAL</b>	<u>5,663</u>	<u>5,663</u>	<u>5,995</u>	<u>5,995</u>

The Foundation's principal bankers are Lloyds Bank Plc. The Foundation has three loan facilities and no overdraft facilities.

The terms of the outstanding bank loan of £166,667 are that interest only was payable until April 2014 and the loan is then repayable in 30 termly instalments finishing in January 2024. The interest rate is 1.2% plus base rate.

The terms of the outstanding bank loan of £4,999,105 are that interest only was payable until March 2021 and the loan is then repayable in monthly instalments over 20 years, finishing in March 2041. The interest rate is fixed on £4,000,000 at 3.044%, and variable on the remaining loan balance at 2.31% plus base rate.

The charity has a third loan facility available of £1,300,000, on which no draw downs have been made to date. From the drawdown date, the loan will become repayable in monthly instalments over 20 years. The interest rate is 2.31% plus base rate.

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

#### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

In granting loan and overdraft facilities in 2011, Lloyds Bank Plc required a base rate cap agreement to be entered into until January 2024. The interest rate cap is 3.0%. No further base rate cap agreement was entered into in granting the £5.1m or £1.3m loans.

The loans and overdraft are secured on all property. Stocks and money held in the portfolio managed by Investec are also held to the order of Lloyds Bank Plc.

#### 16. PENSION SCHEME OBLIGATIONS

##### Defined Contribution Schemes

The Foundation operates two defined contribution schemes for employees. One is a group personal pension scheme established with Legal & General Assurance Society. Contributions of £7,692 (2021: £11,492) were made during the year. As at 31 August 2022 no contributions (2021: none) were payable to the scheme. The other scheme is an auto enrolment "qualifying" scheme established with National Employment Savings Trust. Contributions of £130,235 (2021: £117,757) were made during the year. As at 31 August 2022 contributions totalling £17,252 (2021: £14,753) were payable to the scheme.

Gatton Trust operates a defined contribution scheme with Whitechurch and with National Employment Savings Trust. Contributions of £2,258 (2021: £2,239) were made during the year.

##### Defined Benefit Scheme

The Foundation maintains a defined benefit pension scheme operated by Legal & General Assurance Society with assets held in a separately administered fund. The information shown below is provided in conformity with the requirements of Section 28 of FRS 102.

The assets of the pension scheme are held separately from those of the Foundation and are administered by Charterhouse Consultancy Ltd. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation was carried out at 23 March 2021 and updated to 31 August 2022 by the actuary, based on the provisions of FRS 102.

The most recent triennial valuation at 23 March 2021 revealed a funding surplus (technical provisions less value of assets) of £0.118m. An updated Schedule of Contributions is in the process of being finalised by the scheme Trustees. Currently the employer has agreed recovery plan contributions of 44% of pensionable pay, plus £8,300 a month in respect of the past service shortfall. In addition, the employer contributes £5,500 a month towards the expenses of the scheme. Contributions paid by the Foundation during the year ended 31 August 2022 were £165,600 (2021: £173,000).

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 16. PENSION SCHEME OBLIGATIONS (continued)

The scheme was closed to new members in March 2001. The employees' contribution is 5% of pensionable pay in excess of £100 (2021: 5%). The current service cost for this scheme for the year was £3,000 (2021: £6,000). The current service cost is consistent with prior years.

As required by FRS 102, the defined benefit liabilities have been measured using the projected unit method. The table below state the FRS 102 actuarial assumptions upon which the valuation was based.

	2022	2021
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment capped at 5%	3.3%	3.3%
Rate of increase in pensions in payment capped at 2.5%	2.1%	2.2%
Discount rate*	4.2%	1.6%
Inflation rate (pre-retirement)	3.8%	3.4%
Inflation rate (post-retirement)	3.5%	3.4%

\*Under FRS 102 the rate used to discount liabilities is based upon corporate bond yields

The mortality assumptions adopted imply the following life expectations at age 60:

	2022 Years	2021 Years
Retiring today - Men	26.4	26.3
Retiring today - Women	29.0	28.9
Retiring in 20 years - Men	27.5	27.5
Retiring in 20 years - Women	30.2	30.1

The major categories of scheme assets are as follows:

	2022 £'000	2021 £'000
UK Equities	1,031	1,020
Global Equities	1,384	1,384
Government Bonds	711	1,050
Corporate Bonds	737	1,090
Cash	95	148
Value of annuities*	2,611	3,547
Total scheme assets	6,569	8,239

\*The value of annuities is taken to be equal to the corresponding value of liabilities calculated in accordance with the actuarial assumptions above.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 16. PENSION SCHEME OBLIGATIONS (continued)

Analysis of amounts charged to statement of financial activities:

	2022 £'000	2021 £'000
Current service cost	(3)	(6)
Expenses	(74)	(67)
Net interest credit/(cost)	13	7
Unrecognised net interest credit	(13)	(7)
Net cost recognised as an expense	(77)	(73)
Return on pension scheme assets excluding interest income	(1,574)	86
Net scheme surplus not recognised	(632)	(394)
Actuarial gain/(loss) in the present value of liabilities	2,113	208
Total actuarial gain/(loss) recognised	(93)	(100)

Reconciliation of opening and closing balances of the scheme assets and liabilities:

	Fair value of scheme assets £'000	Present value of scheme liabilities £'000	Gross pension asset/ (liability) £'000
Opening scheme assets/(liabilities)	8,238	(7,489)	749
Current service cost	-	(3)	(3)
Interest income/(cost)	130	(117)	13
Actuarial gain/(loss)	(1,574)	2,113	539
Contributions by employer	171	-	171
Contributions by scheme participants	1	(1)	-
Benefits paid	(322)	322	-
Expenses paid	(74)	-	(74)
Closing scheme assets/(liabilities)	6,570	(5,175)	1,395

The total return on scheme assets for the year was a £1,668,000 loss (2021: £68,000 gain).

The actuarial valuation at 31 August 2022 generated a net scheme asset of £1,395,000 (2021: £749,000). For reporting purposes this net scheme asset has not been recognised due to uncertainty over its recoverability.

During the year, the Trustees started a process to close the defined benefit scheme but this is not yet finalised. Since the year end, the Trustees have signed a contract and issued a disinvestment instruction to LGIM with a view to purchasing a buy-in policy which will cover the remaining scheme member benefits.



# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group				
Current year	Unrestricted	Designated	Restricted	Total funds
	funds	funds	funds	2022
	£'000	£'000	£'000	£'000
Fixed assets	27,573	-	3	27,576
Investments	10,119	-	-	10,119
Net current assets/(liabilities)	1,010	1,646	35	2,691
Non-current liabilities	(5,663)	-	-	(5,663)
<b>Net assets</b>	<b>33,039</b>	<b>1,646</b>	<b>38</b>	<b>34,723</b>
Comparative year	Unrestricted	Designated	Restricted	Total funds
	funds	funds	funds	2021
	£'000	£'000	£'000	£'000
Fixed assets	28,620	-	-	28,620
Investments	10,842	-	-	10,842
Net current assets/(liabilities)	1,261	351	27	1,639
Non-current liabilities	(5,995)	-	-	(5,995)
<b>Net assets</b>	<b>34,728</b>	<b>351</b>	<b>27</b>	<b>35,106</b>

Foundation				
Current year	Unrestricted	Designated	Restricted	Total funds
	funds	funds	funds	2022
	£'000	£'000	£'000	£'000
Fixed assets	27,573	-	-	27,573
Investments	10,119	-	-	10,119
Net current assets/(liabilities)	869	1,591	2	2,462
Non-current liabilities	(5,663)	-	-	(5,663)
<b>Net assets</b>	<b>32,898</b>	<b>1,591</b>	<b>2</b>	<b>34,491</b>
Comparative year	Unrestricted	Designated	Restricted	Total funds
	funds	funds	funds	2021
	£'000	£'000	£'000	£'000
Fixed assets	28,620	-	-	28,620
Investments	10,842	-	-	10,842
Net current assets/(liabilities)	1,127	351	2	1,480
Non-current liabilities	(5,995)	-	-	(5,995)
<b>Net assets</b>	<b>34,594</b>	<b>351</b>	<b>2</b>	<b>34,947</b>

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 18. GROUP STATEMENT OF FUNDS

	At 1 Sept 2021 £'000	Income £'000	Expenditure £'000	Fund transfers £'000	At 31 Aug 2022 £'000
Unrestricted funds:					
- Foundation Fund	34,728	513	(2,878)	731	33,094
- Boarding School Fund	351	11,048	(9,120)	(688)	1,591
Restricted funds	27	63	(9)	(43)	38
	<u>35,106</u>	<u>11,624</u>	<u>(12,007)</u>	<u>-</u>	<u>34,723</u>
	At 1 Sept 2020 £'000	Income £'000	Expenditure £'000	Fund transfers £'000	At 31 Aug 2021 £'000
Unrestricted funds:					
- Foundation Fund	33,385	2,142	(1,822)	1,023	34,728
- Boarding School Fund	668	9,215	(8,589)	(943)	351
Restricted funds	19	90	(2)	(80)	27
	<u>34,072</u>	<u>11,447</u>	<u>(10,413)</u>	<u>-</u>	<u>35,106</u>

### 19. GROUP DESIGNATED FUNDS

Group and Foundation unrestricted funds include the following designated funds:

	At 1 Sept 2021 £'000	New designations £'000	Utilised £'000	At 31 Aug 2022 £'000
Boarding School Fund	351	11,048	(9,808)	1,591
<b>Foundation designated funds</b>	<u>351</u>	<u>11,048</u>	<u>(9,808)</u>	<u>1,591</u>
Gatton Trust – Park Conservation	-	70	(15)	55
<b>Group designated funds</b>	<u>351</u>	<u>11,118</u>	<u>(9,823)</u>	<u>1,646</u>
	At 1 Sept 2020 £'000	New designations £'000	Utilised £'000	At 31 Aug 2021 £'000
Boarding School Fund	668	9,215	(9,532)	351

New designations in the Boarding School Fund represent boarding income for the year while amounts released represent boarding expenditure including other recognised gains/(losses) and net fund transfers to/from the Foundation Fund. The surplus on Boarding School Fund will be used principally to fund the future development and maintenance of the boarding estate.

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 19. GROUP DESIGNATED FUNDS (continued)

New designations in Gatton Trust represent unrestricted funds set aside by the Trustees to fund approved expenditure on various projects, all of which involve the reconstruction and conservation of the gardens and parkland.

### 20. GROUP RESTRICTED FUNDS

	At 1 Sept 2021 £'000	Income/ Capital £'000	Utilised £'000	At 31 Aug 2022 £'000
DfE building grants	-	42	(42)	-
Weir Bridge fund	1	-	-	1
University of Bristol prize fund	1	-	-	1
Foundationer Fund	-	1	(1)	-
<b>Foundation restricted funds</b>	<b>2</b>	<b>43</b>	<b>(43)</b>	<b>2</b>
Gatton Trust – Park Conservation & Education	25	20	(9)	36
<b>Group restricted funds</b>	<b>27</b>	<b>63</b>	<b>(52)</b>	<b>38</b>

	At 1 Sept 2020 £'000	Income/ Capital £'000	Utilised £'000	At 31 Aug 2021 £'000
DfE building grants	-	74	(74)	-
Weir Bridge fund	1	-	-	1
University of Bristol prize fund	1	-	-	1
Foundationer Fund	-	1	(1)	-
Hardship Fund	-	5	(5)	-
<b>Foundation restricted funds</b>	<b>2</b>	<b>80</b>	<b>(80)</b>	<b>2</b>
Gatton Trust – Park Conservation & Education	17	10	(2)	25
<b>Group restricted funds</b>	<b>19</b>	<b>90</b>	<b>(82)</b>	<b>27</b>

DfE building grants are received to fund specific fixed asset projects. Weir Bridge funds were received for the restoration of the Weir Bridge. The University of Bristol donated £1,000 as a prize fund for the Most Improved Student to be paid out equally over 10 years. Donations to the Foundationer Fund are received specifically to support our Foundationer pupils. The Hardship Fund was set up to provide school fee support in 20/21 to those who were experiencing financial problems as a result of the COVID-19 pandemic

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022**  
**(continued)**

**21. FINANCIAL COMMITMENTS**

The Foundation had the following future minimum lease payments under non-cancellable operating leases for assets, other than land and buildings, payable as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	52	96
Within two to five years	124	106
After five years	34	44
	<u>210</u>	<u>246</u>

**22. CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net income/(expenditure) for the year	(383)	1,034
<b>Adjustments for:</b>		
(Gain)/Loss on investments	902	(1,661)
Interest paid	152	83
Investment income	(234)	(218)
Depreciation charge	1,435	1,435
<b>Movements in working capital:</b>		
Decrease/(Increase) in debtors	(508)	122
(Decrease)/Increase in creditors	(687)	170
Net cash inflow from group operations	<u>677</u>	<u>965</u>

**23. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1 Sept</b>	<b>Cash</b>	<b>Other</b>	<b>At 31 Aug</b>
	<b>2021</b>	<b>flows</b>	<b>non-cash</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>changes</b>	<b>£'000</b>
			<b>£'000</b>	
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	4,856	(102)	-	4,754
	4,856	(102)	-	4,754
<b>Borrowings</b>				
Debt due within one year	(293)	-	2	(291)
Debt due after one year	(4,997)	291	(2)	(4,708)
	(5,290)	291	-	(4,999)
<b>Total</b>	<u>(434)</u>	<u>185</u>	<u>-</u>	<u>(245)</u>

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 23. ANALYSIS OF CHANGES IN NET DEBT (continued)

	At 1 Sept 2020 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 Aug 2021 £'000
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	1,710	3,146	-	4,856
	1,710	3,146	-	4,856
<b>Borrowings</b>				
Debt due within one year	(125)	-	(168)	(293)
Debt due after one year	(1,242)	(3,923)	168	(4,997)
	(1,367)	(3,923)	-	(5,290)
<b>Total</b>	343	(777)	-	(434)

### 24. FINANCIAL INSTRUMENTS

	2022 £'000	2021 £'000
<b>Financial assets held at amortised cost:</b>		
Trade debtors	289	87
Accrued income	2	4
Other debtors	547	243
	838	334
<b>Financial assets held at fair value through profit and loss:</b>		
Investments	10,119	10,842
<b>Financial liabilities held at amortised cost:</b>		
Creditors: amounts falling due within one year		
Trade creditors	807	760
Accruals	484	508
Lloyds loans	291	293
Other creditors	325	418
	1,907	1,979
Creditors: amounts falling due after one year		
Lloyds loans	4,708	4,997
Other creditors	955	998
	5,663	5,995

# ROYAL ALEXANDRA AND ALBERT SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (continued)

### 25. RELATED PARTY TRANSACTIONS

The Foundation enjoys a close working relationship with Royal Alexandra and Albert School which is a maintained school funded by Surrey County Council. The Foundation funds the boarding facilities and pastoral care, in partnership with Surrey Education Authority who fund the pupils' tuition. The Foundation has the power to appoint the majority of the Governing Body to whom day to day management of the boarding at the school and the running of the Co-curricular program is delegated.

The Foundation provides funds to the school towards the running costs and the school recharges the Foundation a portion of staff costs for boarding duties carried out by teaching staff. There are cross charges between the school and the Foundation in relation to shared facilities e.g. utilities, maintenance, insurance, horse care costs and catering costs (free school meals) as well as shared personnel.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Grant to School	266	264
Salary reallocation charge	262	260
<b>Recharged by Foundation to School:</b>		
Salaries	61	118
Other (net of VAT)	291	190
<b>Recharged by School to Foundation:</b>		
Salaries	124	195
Other (net of VAT)	81	102
<b>Purchases from related parties:</b>		
Gatton Community Theatre	1	1
M Dixon	-	1

During the year, the following key management personnel were customers of the Foundation:

<b>Name</b>	<b>Annual transaction value</b>	<b>Amount outstanding at 31 Aug 2022</b>
G Bendall	£6,686	(£1,113)
J Czerpak	£948	£44
S King	£4,284	-
L Miller	£4,786	(£1,593)
J Gale	£1,109	£335
S Greenwood	£7,070	£66
B Maddox	-	(£1,059)
W Stapelberg	£2,093	£447
M Thomas	£1,500	-

**ROYAL ALEXANDRA AND ALBERT SCHOOL**  
**REFERENCE AND ADMINISTRATIVE DETAILS AS AT 31 AUGUST 2022**

<b>Registered Name:</b>	Royal Alexandra and Albert School
<b>Charity Number:</b>	311945
<b>Principal Address:</b>	Foundation Office Gatton Park Reigate Surrey RH2 0TW Tel: 01737 649050
<b>Solicitors:</b>	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
<b>Bankers:</b>	Lloyds Bank plc 1/5 The Broadway Crawley Surrey RH10 1DU
<b>Investment Advisers:</b>	Investec Wealth & Investment Ltd 30 Gresham Street London EC2V 7QN
<b>Independent Auditors:</b>	Moore Kingston Smith LLP Chartered Accountants and Statutory Auditors Betchworth House 57-65 Station Road Redhill Surrey RH1 1DL

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS AS AT 31 AUGUST 2022 (continued)

<b>PATRON</b>	Her Majesty The Queen
<b>PRESIDENT</b>	HRH The Duchess of Gloucester
<b>BOARD OF MANAGEMENT</b>	
David Frank	Chair
Fiona Sheridan	Honorary Treasurer – resigned 31 August 2022
Edward Winter	Honorary Treasurer – appointed 12 October 2022
Timothy Redburn FCA	resigned 17 June 2022
Richard Wells FRICS	Comptroller
John Billingham	
Dame Mary Richardson BA PGCE DBE FRSA	
Charles Wates BSc MRICS	
Jonathan White MBA	
Edward Winter	
Nishma Acharya	
Elizabeth Tadd	
Gary Griffin	appointed 6 May 2022
<b>MEMBERS OF THE COUNCIL:</b>	
The Lord Lieutenant of the County of Surrey	
The Rt Hon The Lord Mayor of London	
The Mayor of Reigate & Banstead	
The Chairman of Surrey County Council	
Crispin Blunt MP	
Canon Peter Bruinvels	
Rt Rev Jonathan Clark	
John Cornish	resigned 24 September 2021
David Frank	(ex officio – Chairman Board of Management)
William Gillen	
Ali Henderson	appointed 12 October 2021
Dr Claire Hodgkiss	resigned 27 September 2021
Paul Julius	resigned 8 April 2022
Barry Lambert	resigned 13 September 2021
Richard Link	
Dr Julie Llewellyn	appointed 23 July 2022
Dr Jeffrey Magee	
Gerri McAndrew	resigned 14 September 2021
James Meyer	
Hilary Moriarty	resigned 10 October 2022
Dorothy Ross-Tomlin	
Paul Ryder	
Tony Samuels	



## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS AS AT 31 AUGUST 2022 (continued)

#### MEMBERS OF THE COUNCIL (continued)

The Hon Mrs Lavinia Sealy

Adrian Smart

Katie Sunley

Robert Swannell CBE

resigned 13 September 2022

Sally Varah DL

Andrew Wates

Richard Wells

(ex officio - Comptroller Board of Management)

Graham Williams

#### FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE

Edward Winter

Chair

John Billingham

David Frank

Timothy Redburn

resigned 17 June 2022

Fiona Sheridan

resigned 31 August 2022

Charles Wates

Richard Wells

*Andy Cowen*

*Edward Perry*

resigned 31 December 2021

#### INVESTMENT COMMITTEE

Timothy Redburn

Chair – resigned 31 August 2022

David Frank

Chair – appointed 31 August 2022

Fiona Sheridan

resigned 31 August 2022

Richard Wells

Edward Winter

*Edward Williams*

appointed 21 June 2022

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS AS AT 31 AUGUST 2022 (continued)

#### BURSARY COMMITTEE

David Frank	Chair
Nishma Acharya	
John Billingham	
Fiona Sheridan	resigned 31 August 2022
Elizabeth Tadd	
<i>Jonathan Boyce</i>	Chaplain
<i>Elizabeth Lowe</i>	Bursar – appointed 1 September 2021
<i>Ron Searle</i>	

#### REMUNERATION COMMITTEE

John Billingham	Chair
David Frank	Chair of the Board of Management
Edward Winter	Chair of the F&GP Committee
	resigned 31 August 2022
Fiona Sheridan	Honorary Treasurer of the Board of Management
	resigned 31 August 2022
<i>David Clamp</i>	appointed 31 August 2022
<i>Chris Hood</i>	appointed 31 August 2022
<i>Ros Kamaryc</i>	resigned 31 August 2022
<i>Ron Searle</i>	

## ROYAL ALEXANDRA AND ALBERT SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS AS AT 31 AUGUST 2022 (continued)

#### **GATTON TRUST LIMITED**

David Frank	Chair
Peter Dawson	
<i>Maggie Kippen</i>	
<i>Alan Mortlock</i>	
<i>Helen Neve</i>	
<i>Gail Sperrin</i>	

#### **GATTON PARK LETTINGS LIMITED**

##### **Covered under the F&GP committee**

Richard Wells	Chair
David Frank	
<i>Peter Dawson</i>	
<i>Elizabeth Lowe</i>	appointed 23 November 2021

Only members of the committees have been listed, members 'in attendance' have not been included.

*Names in italics are Committee members who are not members of the Board of Management*