

St Dunstan's Educational Foundation

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 July 2019

ST DUNSTAN'S EDUCATIONAL FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS

PRINCIPAL ADDRESS

St Dunstan's College
Stanstead Road
London SE6 4TY

CHARITY REGISTRATION NO.: 312747

GOVERNORS

The Governors of St Dunstan's College who are also the trustees of St Dunstan's Educational Foundation, and who served during the year and subsequently were:

| | | Members of Committee |
|---|--|----------------------|
| Mr Paul Durgan | Chairman (appointed 15 th March 2019) | 4, 6 |
| Mr Peter Coling | Chairman (resigned 15 th March 2019) | |
| Mr Ian Davenport | Deputy Chairman (resigned 2 nd April 2019) | 1, 2, 3, 4, 5, 6 |
| Mrs Shahnaz Ahmed | | |
| Mrs Victoria Alexander | | 1, 6 |
| Dr Yvonne Burne | | 1, 2 |
| Ms Judy Clements | | 5, 6 |
| Mrs Linda Kiernan | | 1 |
| Professor Paul Leonard | (resigned 29 th November 2019) | 1 |
| Alderman Nicholas Lyons | | 4 |
| Mr Ken Marshall | | 4, 5, 6 |
| Mr David Probert | | 5, 6 |
| Miss Diane Robertshaw | | |
| Mr Shams Rahman | | 2, 5, 6 |
| Mr Navdeep Sheera | | 2, 3, 4, 5 |
| | | |
| Committee Key | | |
| 1 Member of the Education Committee | | |
| 2 Member of the Leadership and Governance Committee | | |
| 3 Trustee of the General Charitable Trust | | |
| 4 Member of the Finance and Investment Committee | | |
| 5 Member of the Property Committee | | |
| 6 Member of the Risk and Compliance Committee | | |

SENIOR STAFF

| | |
|-----------------|---|
| Mr N Hewlett | Headmaster |
| Mrs C Wilkins | Bursar and Clerk to the Governors |
| Mr P Cozens | Head of the Junior School (resigned 30 th November 2019) |
| Miss L Whitwood | Head of the Junior School (appointed 20 th January 2020) |
| Mr A Johnson | Deputy Head Academic |
| Mrs A Waite | Deputy Head Pastoral (resigned 31 st August 2019) |
| Mrs J McLellan | Deputy Head Pastoral (appointed 1 st September 2019) |

The Headmaster and the Bursar and Clerk to the Governors attend all Committee and full Governing Body meetings. The remaining members of the College Leadership Team (CLT) attend all full Governing Body meetings, as well as the Education Committee. Senior staff members across the College are invited to attend any relevant Governors' meetings as necessary.

The Headmaster is a member of the Headmasters' and Headmistresses' Conference (HMC). The Head of the Junior School is a member of Independent Association of Prep Schools (IAPS).

ST DUNSTAN'S EDUCATIONAL FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS

SOLICITORS

Harrison Clark Rickerbys Limited
Ellenborough House
Wellington Street
Cheltenham
GLOUCESTERSHIRE, GL50 1YD

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
BRISTOL, BS1 4QA

BANKERS

HSBC Bank Plc
City of London Commercial Centre
71, Queen Victoria Street
LONDON, EC4V 4AY

INVESTMENT MANAGERS

UBS AG
5, Broadgate
LONDON, EC2M 2AN

AUDITOR

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25, Farringdon Street
LONDON, EC4A 4AB

FINANCIAL ADVISORS

Rothschild & Co
New Court
St Swithin's Lane
London
EC4N 8AL

ST DUNSTAN'S EDUCATIONAL FOUNDATION

TRUSTEES' REPORT

for the year ended 31 July 2019

We, as Governors, and also as Trustees of the Charity, have pleasure in presenting the annual report and financial statements for the year ended 31 July 2019.

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

The Governors have read the Charity Commissioner's guidance on public benefit and have paid due regard to the guidance as is evidenced in this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Dunstan's Educational Foundation was established by a Principal Scheme in 1883. The Scheme has been amended during the subsequent years. The current Charity Commission Scheme was amended in 1994 and in 2019. The Foundation is an unincorporated association. It has permanently endowed funds, restricted funds and unrestricted funds. These funds are kept separately to ensure they are utilised in accordance with the wishes of the original donor, the original trust deed and charity law.

The Governing Body when complete consists of 17 persons, being:

Three Ex-officio Governors:

The Alderman of the Ward of Tower in the City of London.

Two of the four Churchwardens of the Ecclesiastical Parish of All Hallows by the Tower with St Dunstan-in-the-East being those as appointed by the Parochial Church Council of the said Parish as the Churchwardens of St Dunstan-in-the-East. Each of the Churchwardens appointed by the said Parochial Church Council is appointed for a term of office ending on the date of the appointment of his or her successor.

Two Nominated Governors:

The Nominated Governors are appointed by the Parochial Church Council of the Ecclesiastical Parish of All Hallows by the Tower with St Dunstan-in-the-East. Each of the nominated Governors is appointed for a term of five years.

Twelve Co-opted Governors:

The Co-opted Governors are appointed for a term of five years by a resolution of the Governors. The Foundation is fully aware of the need to assess on an ongoing basis the mix of skills, knowledge and experience of its Governors and up to now the Foundation has been able to recruit co-opted Governors using the wide-ranging contacts of existing Governors, officers of the Foundation, alumni of St Dunstan's College and community partners.

Appointment of New Governors

New Governors are formally inducted by the Clerk to the Governors once they have accepted their appointment. This induction involves visiting the College, meetings with and being briefed by key staff and the provision of a substantial background information pack on the Foundation and in particular the role and responsibilities, both financial and statutory of a trustee. New Governors are made aware of and encouraged to attend the many seminars and briefings held by the legal and accounting firms designed to brief the new trustee. In addition all Governors attend a study period once a year to receive presentations on key issues affecting the Foundation and the sector and to give them an opportunity to make strategic decisions about future direction and policy. All new Governors are required to complete appropriate safeguarding checks and induction paperwork to comply with relevant policies, covenants and legislation.

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To keep up to date with developments and changing legislation, many Trustees also attend various training days and seminars provided by the Association of Governing Bodies of Independent Schools, the Independent Schools Council, the Independent Association of Preparatory Schools, the Independent Schools' Bursars Association, The Headmasters' and Headmistresses' Conference, and legal and accounting firms.

The strategic direction of the Foundation is exercised by the Governing Body; with delegated detailed consideration of the leadership and management of the College given to the various sub-committees. All Trustees attend meetings of the Governing Body, which take place at least once in each school term, three meetings a year. At these meetings Governors make strategic decisions about future direction and policy. The Education, Leadership and Governance, Finance and Investment, Property and the Risk and Compliance Committees also meet each term prior to the full Governing Body meeting, so that the Chairman of each sub-committee can present a short report to the full Board. Each Committee has a nominated Chairman; the Chairman of the Board of Governors and the Deputy Chairman currently attend each Committee along with at least four other Governors. Day to day running of the College, the Senior School and the Junior School is delegated to the Headmaster who Chairs the College Leadership Team (CLT) which is constituted by the Head of the Junior School, the two Deputy Heads of the Senior School (Academic and Pastoral) and the College Bursar (who is also Clerk to the Governors). The provision of support and business services for all aspects of the running of the College is delegated to the Bursar. The responsibility for complying with all charity and related regulations is delegated to the Clerk.

The Foundation has a wholly owned subsidiary company, College Hire Limited, Company Number 04396837, to promote and manage the use of Foundation assets and facilities when not required by the College. The Deputy Chairman is the Chairman of the Board of Directors of the Company and the Bursar is the Company Secretary.

The Governors continue to examine the principal areas of the Foundation's operations and to consider the major risks faced in each of these areas. In the opinion of the Governors, the Foundation has established resources and systems to take appropriate actions which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day-to-day operations.

Key Management Personnel and Remuneration

Pay for the CLT is reviewed annually by the Leadership and Governance Committee, which is made up of all the Committee Chairs and includes the Chairman of Governors.

The Charity has, for many years, engaged in educational benchmarking surveys and continually monitors remuneration and pay packages within the independent school sector. A full and thorough staff pay review was carried out by the Headmaster and the Bursar in 2018, followed by a period of consultation with staff. The rationale behind this review was to ensure parity and transparency across all posts within the Foundation. Decisions were based on the most up-to-date benchmarking data, market trends, market availability and a full analysis of responsibilities held.

Risk Management

The Governors are responsible for the overseeing of the risks faced by the College. Detailed considerations of risk and their mitigation are delegated to the CLT. Risks are identified through effective use of the Foundation's risk register and are assessed by the College Health and Safety Committee (which includes Senior Leaders and Middle Managers); the Inspection and Compliance Committee (which includes Senior Leaders) and the Governor Risk and Compliance Committee. The risk register identifies potential risks which are grouped into four sections: 1) strategic and reputational risks; 2) operational risks; 3) compliance risks and 4) financial risks. The detailed risk register is analysed and discussed by the Risk and Compliance Sub-Committee and an executive summary is produced three times a year for each of the full Board meetings of Trustees. Current areas of focus for the Foundation include sector wide and political uncertainties and the impact this has on both demand for the product and subsequent financial performance; compliance with loan covenants and the associated capacity required to deliver these. A formal review of the Health and Safety Policy and other key Policies are undertaken by the Foundation's Risk and Compliance Committee annually.

ST DUNSTAN'S EDUCATIONAL FOUNDATION

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for the year ended 31 July 2019

OBJECTIVES AND ACTIVITIES

Our Aims

The principal object of the Foundation is to provide and conduct in or near Lewisham, a day school for boys and girls. The College Vision is a statement of the overarching strategic objective for the education at work within the College. It is formulated by the Foundation, to guide all the educational and operational planning within the College. This vision was reviewed in 2019 by the College Leadership Team and the Governing Body, leading to an updated statement: 'An ambitious forward-thinking community that inspires and supports individuals to thrive'.

It is our aspiration that, through an innovative approach to the fulfilment and embellishment of this aim, and through a broad and far-reaching education, the College will help its young men and women develop as individuals, to be at ease with themselves and others, and to have a thirst for the richness of life that is aided by having developed the following values of character:

- Confidence
- Courage
- Creativity
- Curiosity
- Compassion

Development planning is fundamental in underpinning the focus of the College's educational development. The annual College Development Plan stems from ongoing and specific periods of self-evaluation and reflection. The Plan drives and guides everything that is undertaken across the course of any one year. All development plan priorities within any one year are intrinsically linked to the fulfillment of our aims and values, which in turn drive the impact on pupil development and achievement.

The College Development Plan is ratified annually by the Governing Body at its annual study period. In reviewing the Development Plan, our Governors give careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging. They consider that the Charity is providing considerable public benefit.

The Foundation has an embedded and highly effective development plan cycle. The following key objectives were set for 2018-19 and reviewed for 2019-20:

1. To fulfil the purpose and objects of the Charity in such a way that ensures legislative compliance, proactive risk management, best practice and clear community and public benefit.
2. To ensure safeguarding children is at the forefront of all we do.
3. To ensure progress is made in the fulfilment of the educational outcomes as articulated through the College's vision.
4. To ensure outstanding strategic leadership
5. To future-proof the quality of education
6. To future-proof revenue for the Charity
7. To future-proof the Charity against changes to the political and economic landscape

Each department sets their own development plan within the above overarching objectives.

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for the year ended 31 July 2019

The Foundation aims for quantifiable improvement within Key Performance Indicators (KPIs):

- Recruitment of Pupils
- Retention of Pupils
- Results of Pupils

These KPIs are monitored regularly by the CLT. The success of these has been captured and reported on throughout this report.

It is the Foundation's intention that this plan will enable the College to:

- Provide continuing support for our pupils already in receipt of fee assistance through bursaries;
- Increase and then maintain the provision of means tested bursary Senior School places to at least 6% of gross fees;
- Develop community service and public benefit initiatives and, in particular, to:
 - Further develop our links with local maintained schools;
 - Further develop links with the most vulnerable in the community;
 - Play our part in the life of our local community through our community access and service programmes;
 - Further develop and foster links with former pupils and The Dunstonian Association.

Our Ethos, Strategy and Policies

Governors are responsible for setting a strategy and for monitoring the achievement of the objectives they have set. The focus of our strategy is on the development of our pupils, their continued high levels of academic and co-curricular achievement and to further widen access to the education our College provides. In taking forward our strategy we:

- Question the effective fulfilment of the College Development Plan;
- Review and benchmark the College's academic syllabus, teaching practices and examination results rigorously;
- Ensure the range of co-curricular activities available to our pupils is stimulating and challenging;
- Invest in buildings, technology and the infrastructure of the College;
- Co-operate and share resources with local schools; and
- Continue to review and develop our methods for awarding bursaries and scholarships to ensure wider access to pupils from all backgrounds.

The Foundation is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. Our fees are set at a level to ensure the financial viability of the College and at a level that is consistent with our aim of providing a first class education to boys and girls.

Our College welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that St Dunstan's will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves that potential pupils can cope with the pace of learning and benefit from the education we provide.

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

The Foundation is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment. Parents are given regular information about their children's social and academic progress through parent evenings in addition to ongoing reports on learning attitudes and attainment. The College believes in rigorous monitoring of pupil progress and achievement, in early intervention and in timely communication with parents. We maintain regular contact with parents throughout the year through informal contacts, our newsletter and website. Pupils have a Form Tutor responsible for pastoral care and academic development.

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for the year ended 31 July 2019

The College has established a Wellness Centre, which serves as a centre for child mental and physical wellbeing. Through this Centre, a counselling service for pupils is available from external and internal providers, there is a Chaplaincy Office, a College Nurse and First Aid team, as well as a thriving peer mentoring programme.

Access Policy

It is important to us that access to the education we offer is not restricted to those who can afford our fees. We believe our pupils benefit from learning within a diverse community. A great deal of learning occurs through social interaction, conversation and shared experiences which helps our pupils develop an understanding of the perspectives of other people that will be vital in their adult lives.

Our bursary policy together with our involvement in the community contributes to a widening of access to the education we offer and the facilities we enjoy.

Community Links

The College is part of a wider community and it strives to ensure that we are fully integrated with it. A significant and growing community service programme, a range of educational benefits offered to local children and state schools, a community Summer Festival and regular review of how our facilities are best deployed for community use, out of term time, are all important features of College identity. The College has recently become a partner school of the London Academy of Excellence in Tottenham, where the Headmaster serves as a Governor and where the Charity has committed resource to support this school community.

The success of our community programmes are explained in the review of activities and achievements section of this report.

Bursary Policy

The Governors view our bursary awards as important in helping to ensure that children from families who would otherwise not be able to afford the fees can access the education we offer. Our bursary awards are available to families who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk, for example in the case of redundancy. In assessing means we take a number of factors into consideration including family income, investments and savings and family circumstances, for example dependant relatives and the number of siblings. However, the Foundation does not have a large endowment and in funding our awards we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards.

The bursary awards range from 5% to 100% remission of fees. Further details of our bursary policy and how to apply are available on our website.

The success of our bursary scheme is explained in our review of activities and achievements section of this report. Details of all awards are also set out in note 2 to the financial statements.

Scholarship Policy

The purpose of our scholarship awards is to recognise high academic potential or the ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the individual's academic potential or evidence of exceptional abilities which will contribute to our co-curricular activities. In addition, awards may be subject to conditions imposed by the original donor.

Scholarships are awarded with a fixed remission of fees of either 10% or 25%. Where further assistance is required, scholarship awards may be supplemented by a means-tested bursary. Further details of our scholarship policy are available on our website.

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for the year ended 31 July 2019

ACHIEVEMENTS AND PERFORMANCE

College Roll

The College Roll at the end of the following academic years was:

| | 2018/19 | 2017/18 |
|---------------|------------|------------|
| Junior School | 300 | 328 |
| Senior School | 609 | 603 |
| Total | 909 | 931 |

Details of Bursary and Scholarship Awards for Senior School Pupils

Bursaries

This year the value of means tested bursaries, that were accepted, totalled £617k (2018: £446k) and represented 6.1% (2018: 6.1%) of our gross senior school fees. They provided assistance to 48 (2018: 39) of our pupils, of which 7 (2018: 4) pupils benefitted from a full remission of fees.

Scholarships

In addition, the College awarded scholarships to 196 senior school pupils (2018: 197), based on their educational merit and potential. Of this number, 19 (2018: 10) also qualified for means-tested bursary support and are included in the figures relating to bursary awards. The value of scholarships to those in receipt solely of an academic award amounted to £756k (2018: £754k) or 7.5% (2018: 7.9%) of gross senior school fees.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the year as a result of reviews.

Means-tested bursaries and scholarships are not available to pupils in the Junior School.

Review

The Foundation awarded scholarships, bursaries and prizes to the value of £1,496k (2018: £1,310k). Of these £24k (2018: £22k) were made from restricted funds. The Governors reviewed their bursary and scholarship awards policies at their annual Study Period in June 2018, with a view to increasing the value of bursary awards that are accepted from September 2019, from 4% to 6% and reducing the number of scholarships to 4%. However, the number of bursaries which are accepted fluctuates and the College is yet to reach the planned-for level of 6%. We anticipate that a level of 6% of bursaries will help ensure the objective of wider access continues to be achieved.

Examination Results

GCSE:

- 57% (2018: 60.3%) of grades awarded were an A* or A (9, 8 or 7)
- 73% (2018: 82.4%) of grades were A* to B (9, 8, 7 or 6)

A Level

- 35% (2018: 54%) of grades awarded were A*-A
- 69% (2018: 85%) of grades awarded were A* to B
- 100% of pupils passed at A* to E grades (2018: 100%)

Co-curricular Activities

The Forder Programme is the name given to the College's ambitious co-curricular programme.

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for the year ended 31 July 2019

In the Senior School the Programme offers more than 100 activities across the course of any one week, representing a significant diversity of interests. The quality of Art, Drama, Music, Sport, Combined Cadet Force (CCF), Duke of Edinburgh Award Scheme and Community Service, as our core co-curricular areas, is very good and pupil participation is exceptionally high. The Programme is constantly evolving to represent the flavour and interests of the current students and staff and ranges from Tri Club to Amnesty, CCF to Warhammer and Music and Drama to Film Club.

In the Junior School a similar breadth of choices on offer, from Rugby Munchkins in Pre-Prep to British Sign Language, Coding and Drones and Robots in the Prep.

Community Links and Public Benefit

In addition to the above bursaries and scholarships, the Foundation has also supported the following community activities:

College Facilities

- Over a number of years, the Foundation has sought to widen access to its facilities, often at fee rates well below commercial levels. The grounds and sports facilities are let as much as possible at weekends and in holiday periods to local users who wish to run various events and sporting activities. In addition, during the summer, classroom facilities are let to various language schools, which provide a programme of English tuition, combined with cultural and sporting activities, to students from all over the world.
- College facilities are routinely offered for free to our local state schools including, for example, use of our Great Hall for Christmas concerts, our Jubilee Grounds for Sports Days and sporting festivals, and our swimming pool to offer swimming lessons to those who would not otherwise be able to access them.
- Our facilities are also used to support local events. The Jubilee Ground supported the Catford Arts Trail, hosting local artist displays for the public and our Great Hall hosted a community antiques fair.

School Partnerships

- A partnership with the London Academy of Excellence in Tottenham began in 2016. The Headmaster serves on the Governing Body and chairs the Fundraising Committee, and as part of that partnership the College has had various exchanges with students. The Geography Department has established a particularly mature partnership where it now runs regular exchanges with groups of students, spending time in each other's schools, learning and working together.
- There is a strong link between the College's CCF and local state school, Platanos College. Their students have formed part of our Contingent and their staff help serve and work with our staff in running the cadet activities, to the mutual benefit of both sets of students.
- We have continued to develop our partnerships with local state schools, Bonus Pastor School and Trinity School, where we consider any possible bursary and scholarship candidates for access to our Sixth Form but also look at other ways in which we might be able to support them. Our Careers events have been opened to students from these schools and masterclasses provided in particular subject areas.

The Arts

- Community links through the Arts have become an important feature of College life. The Annual St Dunstan's Festival has this year increased its community presence, opening up a number of events to the local community including a historical tour of the College and an evening on Diversity and Leadership with panel members including Baroness Doreen Lawrence.
- The Festival welcomed National Theatre Director, Kate Beales, who orchestrated a piece of community drama involving students from across the local area, including Harris Crystal Palace and Woolwich Polytechnic for Boys.
- We provided free tickets for all Festival drama performances to drama students from across Lewisham.
- As part of the Festival a special piece of drama, *Nightingales*, was put on at the Catford Broadway Theatre to raise awareness of mental health issues, and raised £646 for the Charlie Waller Memorial Trust.
- 150 free tickets were offered to the community for the College's performance of *Chicago*.
- A Community Choir was set up in 2016 which is open to parents, alumni and friends of the school. Chapel Choir and SDC Voices provide regular enhancement of community worship, singing at Southwark Cathedral, All Hallows by the Tower and St Augustine's Church.
- St Dunstan's served as a centre for external candidates for ABRSM music exams last year.

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for the year ended 31 July 2019

Sport

- Over 13,000 hours of football hire was made available to the public on our synthetic sports pitches with over 1,000 children attending free community football events across the year. St Dunstan's Enterprises was awarded Football Partner of the Year 2019 for its continued support of Dalmain FC (Lewisham's only girls football team). Free pitch hire has been offered to Lewisham's district and Lewisham's London Youth Games football squads as well as to Catford and Lewisham police units.
- St Dunstan's Jubilee Ground became Tottenham Hotspur FC's Southern Football Centre offering holiday development programmes with premier league standard coaching to local children.
- Our partnership with Super Camps delivered holiday activity camps spaces for 2,866 children from the local area.
- St Dunstan's has entered its fourth year of support for the MCC Community Cricket Hub offering local children 13 weeks of free cricket coaching and pathways. This national scheme seeks to identify and nurture talented cricketers and is open to all state school pupils in the area. The Lewisham Schools annual Under 11s cricket tournament was supported for free at the Jubilee Grounds. The Jubilee Ground also hosted 4 Under 12 London schools cricket fixtures.
- 1,700 hours of public hire were made available in our sports hall, including the support of cricket, badminton and netball.
- Over 20,000 swimming lessons were delivered to local children at the St Dunstan's Swim School; the pool also played host to Orpington Ojays swim school on Friday evenings, and was used as a registered training centre for the Institute of Qualified Lifeguards.
- Lewisham Girls Rugby U13, U15 and U18 hold their annual competitions at the Jubilee Ground, which also hosts Lewisham's tag rugby league at primary level and rugby training for Lewisham primary and secondary school staff.
- Four brand new netball courts provided additional training space for local clubs including Beacon's, King's College, Sabina and Raiders. We also hosted 3 Lewisham Secondary School Sports Association Netball Tournaments free of charge, and an annual Fast 5 Netball Tournament as part of The St Dunstan's Festival.
- St Dunstan's hosted league tournaments for both Blackheath Hockey Club and Panthers Hockey Club. 'Hockey Fun' festivals were hosted for local Junior School children in Years 3-6 and Lewisham Schools Hockey tournament was held at the Jubilee Ground.

Community Service

- At St Dunstan's College, we encourage students of all age groups to take an interest in their local community and to take up the opportunities available to get involved. The Community Service Programme has expanded and flourished over the years and we are pleased to see that the number of students involved in the wide range of activities offered is increasing.
- The Youth Volunteering Programme today offers 22 activities to pupils. In total, 302 students from all year groups were involved in the Youth Volunteering Programme.
- We have partnerships with 11 different local organisations, including charity shops, care homes, community centres, local primary schools and Catford Bridge Station. As part of these partnerships, students made regular visits to care homes organising games and social activities; 61 students took part in CatArt, an art group dedicated to making art for Catford, and 7 paintings were donated to a local care home. 12 students visited Rathfern Primary School weekly to help local children develop their reading skills. 5 students in Year 12 volunteered at King's College Hospital and made a difference for families and patients.

Charity

- The Charity Committee is part of our student voice initiative and, with two members of staff to help with communication and administration, it is the students who decide which charities we are supporting and the events held to raise the funds.
- In the academic year 2018/19 we supported a wide range of charities with special events and a weekly collection as each form in turn brings their offering to the main assembly.
- During this year we raised over £6k supporting the work of over 10 local, national and international charities.

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for the year ended 31 July 2019

FINANCIAL REVIEW

These financial statements cover the year ended 31 July 2019. The Foundation has achieved a sound operational performance in 2018/19 achieving an operating surplus of £762k (2018: £903k) prior to investment losses.

The College's fees receivable, including grants from the Foundation, for the year amounted to £13,421k (2018: £13,288k), representing a 1% increase over the previous twelve months. In overall terms, the Foundation's funds have increased during the year by £283k (2018: £1,231k). The value of investments decreased during the year by £4,279k (2018: increase of £396k) reflecting the transfer of one property into fixed assets (£814k), the sale of investments to fund pre-construction for the new Junior School/ STEM block (£3,190k) and revaluations.

College Hire Limited achieved a profit of £45k (2018: £nil) which was then paid as gift aid to the Foundation. In December 2019 HMRC determined that College Hire Limited was not an 'eligible body' for an exemption under VAT Act 1994. The Directors of College Hire Limited, following expert advice, disagree with HMRC's conclusion and the potential liability arising from HMRC's conclusion, estimated at £260k, has therefore not been recognised as a liability in these accounts (see note 26).

Note 16 to the accounts sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the Foundation's obligations on a fund-by-fund basis.

The Foundation's tangible assets are all held for use in the College. In the present property market the Governors do not consider that their estimate of the value is materially different from that shown in the accounts. Investments are held to create income and capital growth pending utilisation on the objects of appeals, bequests or donations or to match liabilities as appropriate. These are valued at cost or appropriate valuation (see note 11).

In November 2019 the Trustees of St Dunstan's Educational Foundation entered into a construction agreement with Willmott Dixon Construction Ltd to build a new Junior School and Science Technology Engineering and Mathematics (STEM) building. The cost of this building development is £24.5m which is being met by the use of the Foundation's reserves and a loan facility agreement with HSBC UK Bank Plc for £20m, entered into in November 2019. Alongside the loan facility agreement, and at the same time the Trustees also entered into an interest rate swap to provide the Foundation with a secure, fixed rate for a ten-year period. The Trustees have taken financial advice in respect of entering into the loan agreement from Rothschild & Co.

GOING CONCERN

At the time of signing these financial statements the Coronavirus disease (COVID-19) has been declared a pandemic. As discussed in more detail in the going concern accounting policy on page 23, the Trustees have a reasonable expectation that the Charity remains a going concern for the following key reasons:

- Ongoing provision of virtual learning and pastoral support to all students. The College has received excellent feedback from parents regarding the College's Virtual Learning Programme. Parent Contracts allow refunds only where a student has not been able to access the benefits of education for six months and where the student's place at College is surrendered. Demand for places at the College has been increasing. During the past year the College has successfully completed a full ISI education inspection resulting in 'excellent' judgements in all areas as well as a successful compliance inspection. The College is making significant investment in its facilities, including the building of a Junior School and STEM block. Detailed market research was completed during 2018 which reports that the number of families within the catchment area who can afford an independent education will increase by 16% by 2024. This change in local demographics combined with the increased popularity provides a sound basis for the future success of the Charity.
- Performance of detailed financial modelling looking forward at least 12 months demonstrating that the Foundation has sufficient cash and is able to meet the financial covenants within its new loan facility. Scenario analysis performed demonstrate that there are sufficient funds available to meet the cost of increased 'bad debt' which could arise where parents' financial circumstances are impacted by COVID-19. The Foundation monitors fee debtors closely.
- Both the UK Government and the Foundation's bankers have indicated their support for businesses impacted by COVID-19.

ST DUNSTAN'S EDUCATIONAL FOUNDATION

TRUSTEES' REPORT

for the year ended 31 July 2019

The Governors are unaware of any other factors which would impact on the Charity being treated as a going concern.

INVESTMENT PERFORMANCE

Governors are pleased that the funds have performed well against targets. Governors are reviewing the investment strategy to ensure that this meets the needs of the Foundation going forward. The overarching investment objective is to maximise investment income while at least maintaining the value of the funds in real terms. An income target is set and reviewed annually.

During the year an income return of 4.8% (2018: 3.7%) was achieved on invested funds which are managed by UBS Wealth Management. It is anticipated that the rate of investment return in 2019/20 will be around 3%.

There was a 2.1% increase (2018: 4.9% increase) in the FTSE 100 index over the year. In 2019 the Foundation's investments decreased in value by 2.2% (2018: 3.0% increase).

INVESTMENT POLICY

The overall investment policy of the Governors is to maintain a well-balanced portfolio of investments covering a spread of equities, gilts and properties to meet the needs of the Foundation in terms of both capital growth and income. This policy is not restricted by ethical or other considerations, however, this is currently under review.

PRINCIPAL RISKS AND UNCERTAINTIES

An Inspection and Compliance Committee was established in 2018 which consists of senior leaders across all areas of the Foundation. The group meets six times a year and updates the Foundation's Risk Register. This information feeds into the Foundation's Risk and Compliance Committee, a sub-committee of the full Governing Body who meet three times a year.

Current and future risks are assessed along with the measures required to reduce the likelihood or mitigate the impact. The main concerns currently highlighted and being monitored closely include:

- Potential impact of the COVID-19 Pandemic, including loss of pupil numbers, parent requests for fee refunds and a reduction in the recoverability of fees where parents' financial situations may be significantly affected by the Pandemic.
- Potential loss of pupil numbers arising from either internal or other external factors leading to a major loss of fee income
- Possible risks linked to financial pressures as a consequence of political turbulence and new policy
- Possible challenges with servicing debt or meeting financial covenants
- Risk of new build complications, delays or overspends.

Detailed plans have been drawn up and implemented to mitigate these and all other high risks identified.

As well as providing ongoing pastoral support, the College has implemented a comprehensive Virtual Learning Programme for all students whilst the College remains closed to students which has been well-received by parents. At the time of signing these financial statements the College remains open to students where their parents are key workers and will continue to follow the Government's advice closely. The Foundation has communicated to parents the level of fee reduction for Trinity Term it will offer should the College remain closed. These reduction will be achieved from cost savings arising from the partial closure of the College site. The Foundation is monitoring the payment of fees closely.

The College has a clear marketing strategy in place to celebrate the all-round success of our pupils to ensure the continued popularity of the College. The CLT continues to review and update a comprehensive development plan to ensure that the academic, pastoral and co-curricular offering to pupils is of the highest quality. In order to address the risks associated with political turbulence and servicing debt the Foundation regularly prepares financial forecasts which reflect various economic scenarios. These are reviewed periodically by the Governors. Should the pupil roll fall significantly in September 2020 as a result of COVID-19 the Governors will seek to reduce costs in line with any reduction in fee income. The Reserves Policy, set out below, also helps to ensure that the Foundation can withstand financial uncertainty. The Foundation is also working closely with HSBC in respect of ensuring the financial covenants within the loan facility are met. The construction of the

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TRUSTEES' REPORT

for the year ended 31 July 2019

new Junior School and STEM block is being delivered by an experienced contractor and there is strong project management in place to help mitigate the risk of delays and overspends.

RESERVES POLICY

The Foundation's Reserves Policy is to maintain sufficient unrestricted reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall, and to rely on the readily realisable investments of the Foundation's unrestricted reserves for that purpose. The Foundation will apply from time to time to the Charity Commission in England and Wales to liquidate restricted or endowed reserves as adequate cover for the Foundation's longer-term capital expenditure commitments and any longer-term financial obligations

At 31st July 2019, the Charity had total reserves of £22,915k (2018: £22,632k).

Of these reserves £1,084k (2018: £1,051k) are "Restricted" and they can only be utilised in accordance with the wishes of the original donor. The majority of these funds provide income for bursaries, scholarships, prizes and other specific purposes outlined by the donor in a specific deed or their will.

In addition, the Charity had Permanently Endowed Funds of £13,737k (2018: £12,906k) at 31st July 2019. £8,979k of these Endowed Funds can only be realised by disposing of fixed assets. Endowment Funds originate from a Scheme made by the Charity Commission in 1869 under the Endowed Schools Act 1869. These "Endowed" funds again provide income for scholarships and bursaries and other charitable activities but if the Charity wishes to expend capital contained in these funds the Trustees may need to seek Charity Commission approval depending on the nature of the proposed expenditure.

The balance of reserves is "Unrestricted". The Charity had no designated reserves at 31st July 2019. At 31 July 2019, the Foundation had unrestricted funds of £8,094k (2018: £8,675k), all of which can only be realised by disposing of fixed assets.

The Governing Body established a new strategy for the Foundation at their 2018 Study Period, which included the options appraisal of three possible property development plans. It was agreed to proceed with the option that gave the most promising financial return, significantly improved facilities and allowed for a sustainable future in the presence of current risks. This option includes the construction of a new Junior School and STEM block. Architectural designs and the appointment of a contractor took place in their 2019 Study Period and the Board of Trustees agreed to proceed with a £20m loan facility, which together with the unrestricted funds of the Foundation, will fund this development.

The Charity Commission granted permission for the Foundation to utilise £3,000k of the Endowed Funds to fund the pre-construction phase of the new Junior School and STEM block. As at 31 July 2019 £1,846k of Endowed investments have been transferred to the Unrestricted Fund and utilised to fund this work. The primary use of additional unrestricted funds generated over the period of the plan will also to provide funds for the new Junior School and STEM block.

During the year 2018/19 the Foundation made significant investments in its existing facilities, including the completion of MUGAs for hockey and netball at the Jubilee Ground and the Wellness Centre at the College site as well as further refurbishment of corridors and classrooms.

The Trustees consider that the Foundation holds a sufficient level of unrestricted reserves to meet the Foundation's short-term financial obligations. Working capital at 31st July 2019 was £3,849k and liquidity was £6,733k (including unrestricted listed investments) which the Trustees consider is sufficient to enable all aspects of the Foundation's work to be conducted in an orderly and efficient manner and to provide cover for unexpected but unavoidable items of expenditure which cannot be funded from current income.

The Foundation has an agreed business plan and model which demonstrates how it is anticipated that the new building and other property development will increase student numbers. The forecast surpluses from this increase in student numbers will be utilised to re-build reserves.

PLANS FOR FUTURE PERIODS

As set out in the Objectives and Activities section of this report the College's main objectives align with the Foundation's vision for the future.

Strategic Priorities, established by the Strategic Working Party and ratified by the Full Board at Eastbourne 2019 are:

1) To fulfil the purpose and objects of the Charity in such a way that ensures legislative compliance, proactive risk management, best practice and clear community and public benefit

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for the year ended 31 July 2019

- 2) To ensure safeguarding children is at the forefront of all we do.
- 3) To ensure progress is made in the fulfilment of the educational outcomes as articulated through the College's vision.
- 4) To ensure outstanding strategic leadership through:
 - high and consistent expectations of all governors
 - transparent, regular and consistent procedures for the review of leadership within the Governing Body and its effective succession planning
- 5) To future proof the quality of education through ensuring:
 - effective and accountable operational leadership by the College Leadership Team and robust succession planning
 - the development and enhancement of facilities through an agreed and sustainable facilities master-plan
 - enacting regular scrutiny of the curriculum and how it connects to the changing future landscape
- 6) To future-proof revenue for the Charity by developing plans for:
 - sustainable expansion of the College roll
 - developing domestic and international partnerships
 - enhancing the development office and links with alumni
 - enhancing business opportunities
 - developing the real estate portfolio
 - developing outstanding facilities to support educational excellence
- 7) To future-proof the Charity against changes to the political and economic landscape by enacting procedures for:
 - regular and on-going market research
 - financial modelling of future scenarios
 - robust use of the Charities risk register
 - mitigation of risks associated with international partnerships
 - regular review of the structure of the Foundation and its associated liabilities

When considering the Foundation's finances, the Governors are acutely aware of the need to maintain an equitable balance to ensure current pupils benefit whilst, at the same time, ensuring a sound infrastructure and financial base are preserved for generations to come.

The property master plan addresses the priorities that Governors have for the current facilities and ensures St Dunstan's competes with other local schools. A major part of this master plan is to provide inspirational and innovative learning environments to enhance the student experience in STEM subjects (Science, Technology, Engineering and Maths) and improve access to independent study spaces for sixth form students.

These property works are expected to span over five years. The first year of this programme was completed in the summer of 2018 and included a complete refurbishment of the 130 year-old main corridor, a new student hub area; a complete redesign of the English classrooms and a new £1.2m multi use games area. Year two, 2019, saw the refurbishment of the history classrooms as well as the Jubilee Pavilion, including new netball courts and girls' changing rooms and the redevelopment of the Foundation's property in Blythe Hill. The new Junior School and STEM block construction will commence in Year three, 2020, with the final phases of development focusing on performing arts and sports provisions.

In addition to this capital works programme Governors continue to support the works required to ensure the highest standards of health and safety.

ST DUNSTAN'S EDUCATIONAL FOUNDATION

TRUSTEES' REPORT

for the year ended 31 July 2019

FUNDRAISING PRACTICES

The Foundation has not actively sought to raise funds from the public and as such has not employed the assistance of any professional fundraisers or had fundraising carried out on its behalf. There have been no complaints with regards to fundraising in the year.

The Foundation has ambitious plans for property development in the coming years and as such will be reviewing the fundraising efforts and will ensure that these confirm to recognised standards.

Mr Paul Durgan

On behalf of the Governors:



Date: 4 May 2020

ST DUNSTAN'S EDUCATIONAL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ST DUNSTAN'S EDUCATIONAL FOUNDATION

Opinion

We have audited the financial statements of St Dunstan's Educational Foundation (the 'charity') and its subsidiary (the 'group') for the year ended 31 July 2019 which comprise the Consolidated Statement of Financial Activities, the Group and parent charity Balance Sheets, the Group and parent Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 July 2019 and of their 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 have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 15, 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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ST DUNSTAN'S EDUCATIONAL FOUNDATION

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 parent 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 parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with 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 anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 4 May 2020

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

St Dunstan's Educational Foundation

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 July 2019

| | | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total 2019 | Total 2018 |
|--|------|-----------------------------------|--------------|------------------|-----------------|---------------|---------------|
| | Note | College plus College Hire Limited | Other | | | | |
| | | £k | £k | £k | £k | £k | £k |
| INCOME from | | | | | | | |
| Donations and Legacies | 5 | 15 | 102 | 76 | - | 193 | 135 |
| <i>Charitable activities</i> | | | | | | | |
| School fees receivable | 2 | 13,421 | (126) | (24) | - | 13,271 | 13,138 |
| Other educational income | 3 | 352 | - | - | - | 352 | 336 |
| Other ancillary income | 3 | 62 | 10 | - | - | 72 | 74 |
| <i>Other trading activities</i> | | | | | | | |
| Leisure club | | 262 | - | - | - | 262 | 207 |
| Nursery | | 323 | - | - | - | 323 | 247 |
| School facility lettings | | 604 | - | - | - | 604 | 379 |
| <i>Investments</i> | 4 | 3 | 534 | 14 | | 551 | 474 |
| TOTAL INCOME | | <u>15,042</u> | <u>520</u> | <u>66</u> | <u>-</u> | <u>15,628</u> | <u>14,990</u> |
| EXPENDITURE on | | | | | | | |
| <i>Cost of raising funds</i> | | | | | | | |
| Financing costs | 7 | 228 | - | - | - | 228 | 196 |
| Leisure club, Nursery & Lettings | 7 | 1,171 | - | - | - | 1,171 | 856 |
| Investment management fees | 7 | - | 37 | - | - | 37 | 35 |
| <i>Charitable activities</i> | | | | | | | |
| School operating costs | | <u>13,295</u> | <u>108</u> | <u>27</u> | <u>-</u> | <u>13,430</u> | <u>13,000</u> |
| TOTAL EXPENDITURE | | <u>14,694</u> | <u>145</u> | <u>27</u> | <u>-</u> | <u>14,866</u> | <u>14,087</u> |
| NET INCOME BEFORE INVESTMENT GAINS/ (LOSSES) | 8 | 348 | 375 | 39 | - | 762 | 903 |
| (Losses)/ gains on investment assets | | | | | | | |
| Realised | | - | (147) | - | (228) | (375) | 67 |
| Unrealised | | <u>-</u> | <u>136</u> | <u>(6)</u> | <u>(90)</u> | <u>40</u> | <u>247</u> |
| NET INCOME/ (EXPENDITURE) | | 348 | 364 | 33 | (318) | 427 | 1,217 |
| Transfers between funds | 17b | (3,029) | 1,880 | - | 1,149 | - | - |
| Actuarial (loss)/ gain on defined benefit pension scheme | 22 | <u>(144)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(144)</u> | <u>14</u> |
| NET MOVEMENT IN FUNDS | | (2,825) | 2,244 | 33 | 831 | 283 | 1,231 |
| RECONCILIATION OF FUNDS | | | | | | | |
| Total funds brought forward at 1st August 2018 | | <u>6,813</u> | <u>1,862</u> | <u>1,051</u> | <u>12,906</u> | <u>22,632</u> | <u>21,401</u> |
| Total funds carried forward at 31st July 2019 | | <u>3,988</u> | <u>4,106</u> | <u>1,084</u> | <u>13,737</u> | <u>22,915</u> | <u>22,632</u> |

Notes on pages 23 to 46 form part of these accounts.

St Dunstan's Educational Foundation

BALANCE SHEETS

as at 31 July 2019

| | <i>Notes</i> | Consolidated | | Foundation | |
|--|--------------|---------------------|----------------|-------------------|----------------|
| | | 2019 | 2018 | 2019 | 2018 |
| | | £k | £k | £k | £k |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 10 | 15,248 | 11,746 | 15,248 | 11,746 |
| Investments | 11,12 | 9,457 | 13,736 | 9,457 | 13,736 |
| | | <u>24,705</u> | <u>25,482</u> | <u>24,705</u> | <u>25,482</u> |
| CURRENT ASSETS | | | | | |
| Stock | | 10 | 10 | 5 | 5 |
| Debtors | 13 | 851 | 482 | 929 | 496 |
| Cash at bank and in hand | | <u>4,063</u> | <u>2,039</u> | <u>3,815</u> | <u>1,952</u> |
| | | 4,924 | 2,531 | 4,749 | 2,453 |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 14a | <u>(4,030)</u> | <u>(3,574)</u> | <u>(3,855)</u> | <u>(3,496)</u> |
| NET CURRENT ASSETS/ (LIABILITIES) | | <u>894</u> | <u>(1,043)</u> | <u>894</u> | <u>(1,043)</u> |
| TOTAL ASSETS PLUS/ LESS CURRENT ASSETS/ (LIABILITIES) | | 25,599 | 24,439 | 25,599 | 24,439 |
| CREDITORS | | | | | |
| Amounts falling due after one year | 14b | <u>(1,745)</u> | <u>(954)</u> | <u>(1,745)</u> | <u>(954)</u> |
| NET ASSETS EXCLUDING PENSION LIABILITY | | 23,854 | 23,485 | 23,854 | 23,485 |
| Defined benefit pension scheme liability | 22 | <u>(939)</u> | <u>(853)</u> | <u>(939)</u> | <u>(853)</u> |
| TOTAL NET ASSETS | | <u>22,915</u> | <u>22,632</u> | <u>22,915</u> | <u>22,632</u> |
| FUNDS | | | | | |
| Unrestricted | | 8,094 | 8,675 | 8,094 | 8,675 |
| Restricted | | 1,084 | 1,051 | 1,084 | 1,051 |
| Endowment | | <u>13,737</u> | <u>12,906</u> | <u>13,737</u> | <u>12,906</u> |
| TOTAL FUNDS | 17a | <u>22,915</u> | <u>22,632</u> | <u>22,915</u> | <u>22,632</u> |

Approved by the Trustees on 4 May 2020 and signed on their behalf by:



Mr Paul Durgan
Chairman

Notes on pages 23 to 46 form part of these accounts.

St Dunstan's Educational Foundation
STATEMENT OF CASH FLOWS - CONSOLIDATED
for the year ended 31 July 2019

| | Note | 2019 £k | 2018 £k |
|---|------|--------------|--------------|
| Cashflows from operating activities: | | | |
| <i>Net cash provided by operating activities</i> | a | 1,886 | 2,005 |
| Cashflows from investing activities: | | | |
| Dividends, interest and rents from investments | | 551 | 474 |
| Proceeds from the sale of property, plant and equipment | | - | - |
| Purchase of property, plant and equipment | | (3,715) | (2,506) |
| Proceeds from sale of investments | | 3,190 | 1,471 |
| Purchase of investments | | (60) | (1,554) |
| <i>Net cash used in investing activities</i> | | (34) | (2,115) |
| Cashflows from financing activities: | | | |
| Repayments of borrowing | | 172 | (14) |
| <i>Net cash provided by/ (used in) financing activities</i> | | 172 | (14) |
| Change in cash and cash equivalents in the reporting period | | 2,024 | (124) |
| Cash and cash equivalents at the beginning of the reporting period | | 2,039 | 2,163 |
| Cash and cash equivalents at the end of the reporting period | b | 4,063 | 2,039 |
| a Reconciliation of net income / expenditure to net cashflow from operating activities | | | |
| <i>Net income for the reporting period (as per the statement of financial activities)</i> | | 283 | 1,231 |
| Adjustments for: | | | |
| Depreciation charges | | 944 | 813 |
| Fixed asset impairment | | - | - |
| (Gains)/losses on investments - unrealised | | 375 | (247) |
| (Gains)/losses on investments - realised | | (40) | (67) |
| Dividends, interest and rents from investments | | (551) | (474) |
| (Profit)/loss on the sale of fixed assets | | 83 | 86 |
| (Increase)/decrease in stocks | | - | (1) |
| (Increase)/decrease in debtors | | (369) | 30 |
| Increase in creditors | | 1,075 | 705 |
| Increase/(decrease) in Defined Benefit Scheme liability | | 86 | (71) |
| <i>Net cash provided by (used in) operating activities</i> | | 1,886 | 2,005 |
| b Analysis of cash and cash equivalents | | | |
| Cash in hand | | 4,063 | 2,039 |
| <i>Total cash and cash equivalents</i> | | 4,063 | 2,039 |

St Dunstan's Educational Foundation
STATEMENT OF CASH FLOWS – FOUNDATION ONLY
for the year ended 31 July 2019

| | Note | 2019 £k | 2018 £k |
|---|------|--------------|--------------|
| Cashflows from operating activities: | | | |
| <i>Net cash provided by operating activities</i> | a | 1,725 | 1,965 |
| Cashflows from investing activities: | | | |
| Dividends, interest and rents from investments | | 551 | 474 |
| Proceeds from the sale of property, plant and equipment | | - | - |
| Purchase of property, plant and equipment | | (3,715) | (2,506) |
| Proceeds from sale of investments | | 3,190 | 1,471 |
| Purchase of investments | | (60) | (1,554) |
| <i>Net cash used in investing activities</i> | | (34) | (2,115) |
| Cashflows from financing activities: | | | |
| Repayments of borrowing | | 172 | (14) |
| <i>Net cash provided by/ (used in) financing activities</i> | | 172 | (14) |
| Change in cash and cash equivalents in the reporting period | | 1,863 | (164) |
| Change in cash and cash equivalents at the beginning of the reporting period | | 1,952 | 2,116 |
| Change in cash and cash equivalents at the end of the reporting period | b | 3,815 | 1,952 |
| a Reconciliation of net income / expenditure to net cashflow from operating activities | | | |
| <i>Net income for the reporting period (as per the statement of financial activities)</i> | | 283 | 1,231 |
| Adjustments for: | | | |
| Depreciation charges | | 944 | 813 |
| Fixed asset impairment | | - | - |
| (Gains)/losses on investments - unrealised | | 375 | (247) |
| (Gains)/losses on investments - realised | | (40) | (67) |
| Dividends, interest and rents from investments | | (551) | (474) |
| (Profit)/loss on the sale of fixed assets | | 83 | 86 |
| (Increase)/decrease in stocks | | - | (2) |
| (Increase)/decrease in debtors | | (433) | (4) |
| Increase in creditors | | 978 | 699 |
| (Decrease)/Increase in defined benefit scheme liability | | 86 | (70) |
| <i>Net cash provided by (used in) operating activities</i> | | 1,725 | 1,965 |
| b Analysis of cash and cash equivalents | | | |
| Cash in hand | | 3,815 | 1,952 |
| <i>Total cash and cash equivalents</i> | | 3,815 | 1,952 |

St Dunstan's Educational Foundation

ACCOUNTING POLICIES

for the year ended 31 July 2019

BASIS OF PREPARATION AND ASSESSMENT OF GOING CONCERN

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £k.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

GOING CONCERN

At the time of signing these financial statements the Coronavirus disease (COVID-19) has been declared a pandemic. The COVID-19 pandemic is unprecedented and still evolving and therefore brings challenges and uncertainties, which the Trustees have considered in the 'Principal Risks and Uncertainties' section of their Report (see page 12).

Detailed financial modelling and scenario analysis has been performed demonstrating that the Foundation has sufficient cash and is able to meet the financial covenants within its new loan facility for at least 12 months following the signing of these financial statements. Scenarios considered included the loss of pupil numbers, reduction in the recoverability of fees and ongoing closure of the College in the event of extended restrictions imposed by the Government. Key assumptions made in this scenario analysis included the ongoing provision of virtual learning and pastoral support to students for the remainder of the Summer term, cost savings where appropriate, the support of St Dunstan's College Benevolent Fund and the ability to generate cash through the sale of the Foundation's unrestricted investments, notwithstanding the drop in value experienced to date (see note 25). Longer term projections are that going forward the Foundation expects to achieve greater surpluses which will be reinvested in improving facilities in the medium and long term.

Virtual learning and pastoral support are being provided to all students. Parent Contracts allow refunds only where a student has not been able to access the benefits of education for six months and where the student's place at College is surrendered. Demand for places at the College is currently strong, although there is risk that the take up may be lower than forecast depending on the impact that the pandemic may have on parents' ability to continue funding schooling. Any savings made as a result of the closure of the College site during lockdown are being passed back to parents as a reduction in fees.

Both the UK Government and the Foundation's bankers have indicated their support for businesses impacted by COVID-19. The Trustees are not currently forecasting the need to access such support other than furloughing some staff until the end of June 2020, but note its availability should the need arise.

Having considered the uncertainties posed by the pandemic the Trustees consider for the above reasons that there are no material uncertainties about the Charity's ability to continue as a going concern and have accordingly continued to prepare the financial statements on a going concern.

GROUP FINANCIAL STATEMENTS

The financial statements consolidate the results of the charity and its wholly owned subsidiary, College Hire Limited, on a line by line basis. The charity has taken advantage of the concession offered not to present a separate SOFA for the charity as a standalone entity.

INCOME RECOGNITION

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting scholarships, bursaries and other remissions allowed by the College, but include contributions received from the Foundation and other sources.

St Dunstan's Educational Foundation

ACCOUNTING POLICIES

for the year ended 31 July 2019

Grants receivable for specific purposes are accounted for as restricted funds. Transfers are made from those funds to offset depreciation.

INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

DONATIONS

Donations received for the general purposes of the College are credited to "other unrestricted funds" to distinguish them from direct College income. Donations subject to specific wishes of the donors are carried to relevant restricted funds or to endowed funds where the amount is required to be held as permanent capital.

The accounts of the Charity include the funds which are under the direct control of the Governors.

EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the expenditure of the Foundation in running a leisure club, a commercial nursery and a lettings business through its wholly owned trading subsidiary, College Hire Limited.
- Expenditure on charitable activities includes all expenditure in running a school and in particular teaching, premises and welfare costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Scholarships and bursaries are charged to expenditure in the period to which they relate.

ALLOCATION OF SUPPORT COSTS

Support costs are those functions that assist the work of the charity but do not directly deliver charitable activities. Support costs include all administrative and governance costs which support the charity's activities.

These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 7.

OPERATING LEASES

Rentals payable are charged on a straight line basis over the lease term.

TANGIBLE FIXED ASSETS

College buildings and equipment

Capitalisation and replacement

The original College land and buildings are carried at the amount of the value of property in June 1994 as valued by a professional adviser. In accordance with the transitional provisions of FRS102, this valuation has not been updated. Additions and improvements to the property since 1994 representing enhancements in value are stated at cost. The College is responsible for keeping these properties in a fit and useful condition and these costs are written off as incurred.

Items costing less than £5,000 are written off as an expense as acquired. The capitalisation threshold within College Hire Limited is £500.

Where additions and improvements are under construction on Permanently Endowed land these are included within Endowed Funds.

St Dunstan's Educational Foundation

ACCOUNTING POLICIES

for the year ended 31 July 2019

Depreciation

Depreciation of other assets is provided at rates to write off the excess of cost over estimated residual amount over their estimated useful lives as follows:

| | Years |
|-----------------------------|-------|
| Buildings | 50 |
| Improvements and extensions | 10-50 |
| Furniture and equipment | 3-25 |
| Motor vehicles | 5 |

No depreciation is provided on freehold land.

Leasehold property is written off over the remaining period of the lease.

STOCK

Stock is included at the lower of cost or net realisable value.

DEBTORS

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account (classified as cash equivalents).

CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

FINANCIAL INSTRUMENTS

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

Advance fee Scheme

Advance fee discounts are charged to finance costs as required by FRS 102 and included within the gross fees reflected in the financial statements.

PENSION CONTRIBUTIONS

Retirement benefits to eligible employees of the College are provided by 'The Teachers' Pension Scheme (TPS). This is a defined benefit scheme, which is externally funded. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations, using a prospective benefit method.

Group personal pension scheme

Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the Scheme.

Independent Schools Pension Scheme

This is a defined benefit scheme managed by 'TPT Retirement Solutions (formerly the Pensions Trust). Employer contributions are charged to the Statement of Financial Activities as they become payable. The contributions are determined by qualified actuaries on the basis of triennial valuations.

Independent Schools Pension Scheme -Auto-Enrolment

From 1 April 2014 the Foundation opened a fourth pension scheme for all employees who were not entitled to or who had not opted to join one of the three existing schemes. Contributions are charged to the Statement of Financial Activities as they become payable.

St Dunstan's Educational Foundation

ACCOUNTING POLICIES

for the year ended 31 July 2019

Unfunded pensions

The Charity makes unfunded pension payments to a small number of former employees under the terms of The St Dunstan's Educational Foundation Superannuation Scheme (1974), itself a consolidation of previous schemes. No liability is disclosed in these accounts in respect of this scheme and the annual cost of payments made is set against the income of the year (see note 9).

FIXED ASSET INVESTMENTS

Investments have been stated at their fair value at the beginning and end of the financial year. Realised and unrealised gains and losses are calculated by reference to the market valuation of the relevant investments at the start of the financial year.

RESERVES

The Charity has permanently endowed funds, restricted funds and unrestricted funds. These restricted funds are separately accounted for in accordance with the terms of the originating deeds and documentation. In March 2007 the trustees received confirmation from leading Counsel that all original land and buildings, given to the Foundation in 1888 and additions thereto, were permanently endowed.

TAXATION

St Dunstan's Educational Foundation is a registered charity and as such its income and gains falling within Sections 518 to 564 of the Income Taxes Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from income tax and capital gains tax to the extent that they are applied to its charitable objectives.

AGENCY ARRANGEMENT

The Charity has an arrangement with the Friends of St Dunstan's College (FSDC) (formerly known as the Family Society) to make payments and receipts on its behalf. FSDC is a formally constituted grouping of parents who arrange social and charitable events for the benefit of pupils of the College. The Charity includes funds held at the year-end within its financial statements as the sums involved are not material.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

1 FINANCIAL PERFORMANCE OF THE CHARITY

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary, College Hire Limited (note 6).

The trading company gift aids all its surpluses to the Foundation as shown in note 6 and the gift aid is included with the Statement of Financial Activities (SOFA) for the Charity. The standalone SOFA for the Charity has therefore not been included.

| 2 | FEES RECEIVABLE - COLLEGE | Total 2019 £k | Total 2018 £k |
|---|--|----------------------|----------------------|
| | Fees receivable consist of: | | |
| | Gross fees | 14,767 | 14,448 |
| | Less: Total scholarships, bursaries and other remissions | (1,496) | (1,310) |
| | | <u>13,271</u> | <u>13,138</u> |
| | Add: Contributions to fees made from the Foundation | <u>150</u> | <u>150</u> |
| | | <u><u>13,421</u></u> | <u><u>13,288</u></u> |

The figures in brackets in the Statement of Financial Activities within the Other Unrestricted Funds £126k (2018: £128k) and Restricted Funds £24k (2018: £22k) columns represent contributions made by the Charity internally towards scholarships and bursaries.

| 3 | OTHER INCOME | Total 2019 £k | Total 2018 £k |
|---|---------------------------------|---------------------|---------------------|
| | <i>Other educational income</i> | | |
| | Entrance and registration fees | 56 | 58 |
| | Examination fees | 63 | 63 |
| | After school care | 60 | 66 |
| | Other income from pupils | 173 | 149 |
| | | <u>352</u> | <u>336</u> |
| | <i>Other ancillary income</i> | | |
| | Tuck shop | 43 | 60 |
| | Pupil transport to school | 18 | 12 |
| | Sundry catering income | 1 | 2 |
| | Rental income (fixed asset) | 10 | - |
| | | <u>72</u> | <u>74</u> |

In 2019 and 2018 all other income is unrestricted income.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

| 4 | INVESTMENT INCOME | Total 2019 £k | Total 2018 £k |
|---|-------------------------------------|---------------------|---------------------|
| | Interest receivable | 8 | 8 |
| | Rental income (investment property) | 41 | 43 |
| | Listed investments | 502 | 423 |
| | | <u>551</u> | <u>474</u> |

The income from interest receivable totals £8k (2018: £8k) of which £7k (2018: £8k) was unrestricted and £ 1k (2018: £ nil) was restricted.

All rental income is unrestricted in both years and arises from the Foundation's investment in the Fordmill Road Depot adjacent to the Jubilee Ground.

All income from listed investments arises from stocks acquired through a UK Stock Exchange. Income totalling £489k (2018: £410k) is unrestricted with £13k (2018: £13k) included within restricted funds.

| 5 | VOLUNTARY INCOME | Total 2019 £k | Total 2018 £k |
|---|------------------|---------------------|---------------------|
| | Donations | 28 | 72 |
| | Legacies | 165 | 63 |
| | | <u>193</u> | <u>135</u> |

The income from donations and legacies was £193k (2018: £135k) of which £117k (2018: £60k) was unrestricted and £76k (2018: £75k) was restricted. Income shown as legacies derives from one-off legacies of £102k and a trust created by a former pupil in his will. This income derives from a commercial property administered by a Board of Trustees.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

6 INCOME FROM TRADING ACTIVITIES

The wholly owned trading subsidiary College Hire Limited is incorporated in England and Wales (company number 04396837) and distributes all of its profits to the charity under gift aid. College Hire Limited operates the Leisure Club, Jubilee Nursery and hires out other facilities to the general public, charitable bodies and other hirers. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

| | Total 2019 £k | Total 2018 £k |
|--|---------------------|---------------------|
| Turnover | 1,240 | 875 |
| Cost of sales and administration costs | (1,195) | (875) |
| Net profit | 45 | - |
| Distribution to the charity | (45) | - |
| Retained in subsidiary | - | - |
| The assets and liabilities of the subsidiary were: | | |
| Fixed assets | - | - |
| Current assets | 288 | 133 |
| Current liabilities | (288) | (133) |
| Total net assets | - | - |
| Aggregate share capital and reserves | - | - |

7 ANALYSIS OF EXPENDITURE

| | Staff costs £k | Other Costs £k | Depreciation £k | Total 2019 £k | Total 2018 £k |
|-------------------------------|-------------------|-------------------|--------------------|---------------------|---------------------|
| EXPENDITURE on | | | | | |
| <i>Cost of raising funds</i> | | | | | |
| Leisure club and lettings | 898 | 273 | - | 1,171 | 856 |
| Financing costs | - | 228 | - | 228 | 196 |
| Investment management fees | - | 37 | - | 37 | 35 |
| <i>Charitable activities</i> | <u>898</u> | <u>538</u> | <u>-</u> | <u>1,436</u> | <u>1,087</u> |
| School operating costs | | | | | |
| Teaching costs | 7,022 | 897 | 19 | 7,938 | 7,670 |
| Welfare costs | - | 926 | 23 | 949 | 1,017 |
| Premises costs | 546 | 1,224 | 902 | 2,672 | 2,599 |
| Support costs | 972 | 843 | - | 1,815 | 1,708 |
| Donations and prizes | - | 56 | - | 56 | 6 |
| | <u>8,540</u> | <u>3,946</u> | <u>944</u> | <u>13,430</u> | <u>13,000</u> |
| | <u>9,438</u> | <u>4,484</u> | <u>944</u> | <u>14,866</u> | <u>14,087</u> |

Expenditure on charitable activities was £13,430k (2018: £13,000k) of which £13,403k was unrestricted (2018: £12,949k) and £27k was restricted (2018: £51k).

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

Analysis of governance and support costs

Support costs have been analysed below and are included within school operating costs, as the charitable activity of the College.

Governance costs include audit fees, trustee indemnity insurance, trustee expenses, legal and professional fees for constitutional matters and meeting costs. These are apportioned between the charitable activities undertaking and the cost of raising funds through letting on the basis of 90% being allocated to charitable activities and 10% to the raising of funds through trading.

| | Support costs £k | 2019 Governance costs £k | Total £k | Support costs £k | 2018 Governance costs £k | Total £k |
|------------------------------------|---------------------|--------------------------------|--------------|---------------------|--------------------------------|--------------|
| Staff and training costs | 982 | - | 982 | 955 | - | 955 |
| Marketing | 175 | - | 175 | 145 | - | 145 |
| Staff recruitment | 62 | - | 62 | 65 | - | 65 |
| Legal and professional fees | 177 | - | 177 | 213 | - | 213 |
| Pupil transport | 93 | - | 93 | 49 | - | 49 |
| Office costs | 315 | - | 315 | 291 | - | 291 |
| Administrative overheads | 11 | - | 11 | 50 | - | 50 |
| Governance | | | | | | |
| Staff costs | - | 52 | 52 | - | 51 | 51 |
| Audit and other professional fees | - | 38 | 38 | - | 45 | 45 |
| Meeting and other governance costs | - | 11 | 11 | - | 14 | 14 |
| | <u>1,815</u> | <u>101</u> | <u>1,916</u> | <u>1,768</u> | <u>110</u> | <u>1,878</u> |

| 8 | NET INCOME FOR THE YEAR | 2019 £k | 2018 £k |
|---|--|------------|------------|
| | This is stated after charging: | | |
| | Operating leases – equipment | 43 | 43 |
| | Depreciation | 944 | 813 |
| | Governors' liability insurance | 1 | 1 |
| | Auditor's remuneration (including VAT) | | |
| | - Audit fees | 35 | 43 |
| | - Other services | 3 | 2 |
| | Inventories recognised as an expense | 18 | 18 |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

| | 2019 £k | 2018 £k |
|-----------------------|--------------|--------------|
| Wages and salaries | 7,813 | 7,254 |
| Social security costs | 782 | 696 |
| Other pension costs | 843 | 776 |
| | <u>9,438</u> | <u>8,726</u> |

The average monthly head count was 235 staff (2018: 223 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year was as follows:

| | 2019 Number | 2018 Number |
|------------------------|----------------|----------------|
| Teaching | 95 | 93 |
| Teaching Support | 34 | 32 |
| Administrative Support | 50 | 48 |
| Lettings | 17 | 15 |
| Nursery | 16 | 8 |
| | <u>212</u> | <u>196</u> |

The key management personnel of the College are the College Leadership Team (CLT). The CLT includes the Headmaster, Bursar and Clerk to the Governors, the Deputy Head Pastoral, the Deputy Head Academic and Head of the Junior School. Their total remuneration including pensions, private medical cover and employer national insurance contributions amounted to £623k in this financial year (2018: £591k).

Redundancy and termination payments of £2k were made during this financial year (2018: £20k).

Neither the Governors nor persons connected with them received any remuneration or other benefits from the College or any connected organisation.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

9 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL (CONT'D)

The number of employees whose annual equivalent emoluments exceeded £60,000 during the period were:

| | 2019 Number | 2018 Number |
|----------------------|----------------|----------------|
| £60,001 to £70,000 | 4 | 4 |
| £80,001 to £90,000 | 3 | 4 |
| £100,001 to £110,000 | 1 | 1 |
| £120,001 to £130,000 | - | 1 |
| £130,001 to £140,000 | 1 | - |

Contributions were made to the Teachers' Pension Scheme, of £83k (2018: £92k) in respect of 6 (2018: 7) of the employees reflected above (see note 22). The remaining 3 higher-paid employees are members of the Independent Schools Pension Scheme- defined contribution scheme (2018: 2) (see note 21). Contributions to this scheme during the year amounted to £19k (2018: £10k) for these other higher paid employees.

The expenses of the Governors were as follows:

| | 2019 £k | 2018 £k |
|---|------------|------------|
| Expenses to attend meetings (including annual conference) | | |
| Governors –number: 14 (2018: 16) | 11 | 14 |
| Catering provided at meetings | 1 | 1 |

School operating costs include:

| | 2019 £k | 2018 £k |
|---------------------------|------------|------------|
| Unfunded pension payments | 2 | 4 |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

10 TANGIBLE FIXED ASSETS

| | Land and Buildings | Motor Vehicles | Furniture & Equipment | Assets Under Construction | Total |
|--------------------------|-----------------------|-------------------|-----------------------------|---------------------------------|---------------|
| | £k | £k | £k | £k | £k |
| CONSOLIDATED | | | | | |
| Cost or valuation | | | | | |
| 1 August 2018 | 15,242 | 173 | 3,078 | 818 | 19,311 |
| Additions | 1,799 | - | 386 | 2,344 | 4,529 |
| Disposals | (349) | - | (316) | - | (665) |
| Transfers | <u>544</u> | <u>-</u> | <u>9</u> | <u>(553)</u> | <u>-</u> |
| 31 July 2019 | <u>17,236</u> | <u>173</u> | <u>3,157</u> | <u>2,609</u> | <u>23,175</u> |
| Depreciation | | | | | |
| 1 August 2018 | 5,350 | 124 | 2,091 | - | 7,565 |
| Charge for the period | 603 | 19 | 322 | - | 944 |
| Released on disposal | <u>(284)</u> | <u>-</u> | <u>(298)</u> | <u>-</u> | <u>(582)</u> |
| 31 July 2019 | <u>5,669</u> | <u>143</u> | <u>2,115</u> | <u>-</u> | <u>7,927</u> |
| Net book values | | | | | |
| 31 July 2019 | <u>11,567</u> | <u>30</u> | <u>1,042</u> | <u>2,609</u> | <u>15,248</u> |
| 31 July 2018 | <u>9,892</u> | <u>49</u> | <u>987</u> | <u>818</u> | <u>11,746</u> |
| Cost or valuation | | | | | |
| Cost | 15,456 | 173 | 3,157 | 2,609 | 21,395 |
| Valuation | <u>1,780</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,780</u> |
| | <u>17,236</u> | <u>173</u> | <u>3,157</u> | <u>2,609</u> | <u>23,175</u> |

Freehold land and buildings at valuation (£k)

| | |
|---|--------------|
| Main College building | 1,700 |
| (Valued by Savills, Chartered Surveyors 27 April 1994) | |
| Groundsman's House | <u>80</u> |
| (Valued by Peter Leigh, Chartered Surveyors 16 December 1996) | |
| | <u>1,780</u> |

The freehold land and buildings were valued at open market value on an existing use basis. The historical cost information in relation to these buildings is not available. The Trustees have considered the holding value of the fixed assets stated above on implementing FRS 102 and consider the values stated above remain appropriate taking in to account the educational activities of the Charity.

Included in Land and Buildings is freehold land valued at £1,502k (2018: £1,502k) which is not depreciated.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

10 TANGIBLE FIXED ASSETS (CONTINUED)

| | Land and Buildings | Motor Vehicles | Furniture & Equipment | Assets Under Construction | Total |
|--------------------------|-----------------------|-------------------|--------------------------|---------------------------------|---------------|
| | £k | £k | £k | £k | £k |
| FOUNDATION | | | | | |
| Cost or valuation | | | | | |
| 1 August 2018 | 15,242 | 173 | 3,054 | 818 | 19,287 |
| Additions | 1,799 | - | 386 | 2,344 | 4,529 |
| Disposals | (349) | - | (316) | - | (665) |
| Transfers | <u>544</u> | <u>-</u> | <u>9</u> | <u>(553)</u> | <u>-</u> |
| 31 July 2019 | <u>17,236</u> | <u>173</u> | <u>3,133</u> | <u>2,609</u> | <u>23,151</u> |
| Depreciation | | | | | |
| 1 August 2018 | 5,350 | 124 | 2,067 | - | 7,541 |
| Charge for the period | 603 | 19 | 322 | - | 944 |
| Released on disposal | <u>(284)</u> | <u>-</u> | <u>(298)</u> | <u>-</u> | <u>(582)</u> |
| 31 July 2019 | <u>5,669</u> | <u>143</u> | <u>2,091</u> | <u>-</u> | <u>7,903</u> |
| Net book values | | | | | |
| 31 July 2019 | <u>11,567</u> | <u>30</u> | <u>1,042</u> | <u>2,609</u> | <u>15,248</u> |
| 31 July 2018 | <u>9,892</u> | <u>49</u> | <u>987</u> | <u>818</u> | <u>11,746</u> |
| Cost or valuation | | | | | |
| Cost | 15,456 | 173 | 3,133 | 2,609 | 21,371 |
| Valuation | <u>1,780</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,780</u> |
| | <u>17,236</u> | <u>173</u> | <u>3,133</u> | <u>2,609</u> | <u>23,151</u> |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

11 INVESTMENTS

| | Foundation | | | |
|---|--------------|------------|--------------|--------------|
| | Unrestricted | Restricted | Endowment | Total |
| | £k | £k | £k | £k |
| Balance at 1 August 2018 | 6,260 | 329 | 7,147 | 13,736 |
| Transfer between funds | 1,846 | - | (1,846) | - |
| Additions | (4) | (1) | 65 | 60 |
| Disposals at opening market value | (3,190) | - | - | (3,190) |
| Transfer to tangible fixed assets (see note 12) | - | - | (814) | (814) |
| Revaluations | (11) | (6) | (318) | (335) |
| Balance at 31 July 2019 | <u>4,901</u> | <u>322</u> | <u>4,234</u> | <u>9,457</u> |
| | | | | |
| Listed on the Stock Exchange | 4,244 | 322 | 4,236 | 8,802 |
| Properties (see note 12) | 660 | - | - | 660 |
| Funds held by Brokers for investment | <u>(3)</u> | <u>-</u> | <u>(2)</u> | <u>(5)</u> |
| | <u>4,901</u> | <u>322</u> | <u>4,234</u> | <u>9,457</u> |

The investments are registered in the name of UBS AG and managed by UBS Wealth Management on behalf of the Charity.

Historical cost of investments listed on the stock exchange is £7,988k (2018: £10,842k). The historical cost of the property is not readily available.

There were no investments representing over five percent of the portfolio value.

Within the Foundation accounts is an investment of £1 in a subsidiary, College Hire Ltd. During the year this company ran the Leisure Club, a commercial nursery, and hired out other facilities to the general public, charitable bodies, the London Borough of Lewisham and other hirers. The Foundation owns 100% of the issued share capital of this company which is incorporated in the United Kingdom.

12 INVESTMENT PROPERTIES

At 31st July 2019 the Foundation had one investment property known as Fordmill Road Depot which was uplifted in value from the purchase price of £503,969 to £660,000 in December 2015. The valuation of this industrial property was undertaken by Lambert Smith Hampton RICS Registered Valuers in October 2016. The valuation was carried out by considering the capitalisation of the rental values and having regard to the residual values.

In April 2019 a second investment property in Blythe Hill was transferred from investment properties to fixed assets as this residential property has been used for staff accommodation since this date.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

| 13 | DEBTORS | Consolidated | | Foundation | |
|------|---------------------------------------|-----------------------------|--------------|--------------|--------------|
| | | 2019 £k | 2018 £k | 2019 £k | 2018 £k |
| | Fee debtors | 380 | 111 | 380 | 111 |
| | Trade debtors | 135 | 167 | 111 | 130 |
| | Sundry debtors | 40 | 4 | 40 | 4 |
| | Prepayments | 296 | 200 | 285 | 196 |
| | Amounts owed by group undertakings | - | - | 113 | 55 |
| | | <u>851</u> | <u>482</u> | <u>929</u> | <u>496</u> |
| | | | | | |
| 14 a | CREDITORS: DUE WITHIN ONE YEAR | Consolidated | | Foundation | |
| | | 2019 £k | 2018 £k | 2019 £k | 2018 £k |
| | Fees received in advance and deposits | 956 | 874 | 956 | 874 |
| | Trade creditors | 329 | 529 | 276 | 529 |
| | Taxation and social security | 210 | 200 | 190 | 188 |
| | Pensions | 119 | 110 | 119 | 110 |
| | Accruals and deferred income | 1,127 | 853 | 1,033 | 853 |
| | Other creditors | <u>494</u> | <u>383</u> | <u>486</u> | <u>317</u> |
| | | 3,235 | 2,949 | 3,060 | 2,871 |
| | Advance fees (see note 15) | <u>795</u> | <u>625</u> | <u>795</u> | <u>625</u> |
| | | <u>4,030</u> | <u>3,574</u> | <u>3,855</u> | <u>3,496</u> |
| | | | | | |
| 14 b | CREDITORS: AFTER MORE THAN ONE YEAR | Consolidated and Foundation | | | |
| | | 2019 £k | | 2018 £k | |
| | Advance fees (see note 15) | 1,591 | | 940 | |
| | Sundry creditors | <u>154</u> | | <u>14</u> | |
| | | <u>1,745</u> | | <u>954</u> | |

During the year the Foundation entered into a 5 year agreement with Holroyd Howe to provide catering to the College until April 2024

Existing assets, comprising a walk in freezer, kitchen refurbishment and dishwasher with net total book value of £50k were transferred from the previous caterer. These continue to be treated as fixed assets and are being depreciated over 2 years.

During the year Holroyd Howe also invested in an upgrade of the servery facility costing £153k and a mixer and washing machined costing a total of £16k. These are being treated as fixed assets and are being depreciated over 10 years and 5 years respectively.

The above sums are being written back over the life on the contract with Holroyd Howe. Of the sum invested £154k is reflected in sundry creditors over one year and £46k in creditors under one year with £20k being released to the Statement of Financial Activities in the year.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

A summary of the position regarding the release of these sums to the Statement of Financial Activities is shown below:

| | Consolidated and Foundation | |
|---------------------|------------------------------------|-------------|
| | 2019 | 2018 |
| | £ | £ |
| Over 5 years | 67 | - |
| Within 2 to 5 years | 55 | - |
| Within 1 to 2 years | <u>32</u> | <u>14</u> |
| | 154 | 14 |
| Within 1 year | <u>46</u> | <u>14</u> |
| | <u>200</u> | <u>28</u> |

15 ADVANCE FEE PAYMENTS

College tuition fees may be paid in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. Assuming pupils will remain in the College, advance fees will be applied as follows:

| | Consolidated and Foundation | |
|---------------------|------------------------------------|--------------|
| | 2019 | 2018 |
| | £k | £k |
| Within 2 to 9 years | 969 | 485 |
| Within 1 to 2 years | <u>622</u> | <u>455</u> |
| | 1,591 | 940 |
| Within 1 year | <u>795</u> | <u>625</u> |
| | <u>2,386</u> | <u>1,565</u> |

The balance represents the accrued liability under the contracts. The capital movements during the period were:

| | 2019 | 2018 |
|--|--------------|--------------|
| | £k | £k |
| Balance at 1 August 2018/ 2017 | 1,565 | 1,174 |
| New contracts (less repaid) | <u>1,617</u> | <u>1,136</u> |
| | 3,182 | 2,310 |
| Amounts utilised in payment of fees to the college | <u>(796)</u> | <u>(745)</u> |
| Balance at 31 July 2019/ 2018 | <u>2,386</u> | <u>1,565</u> |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

16 ALLOCATION OF THE CHARITY'S NET ASSETS

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

2019

**Consolidated and
Foundation**

| | Fixed Assets £k | Investments £k | Net Current Assets/ (Liabilities) £k | Long Term Liabilities (including Pensions) £k | Total £k |
|--------------------|--------------------|-------------------|---|---|---------------|
| Endowment funds | 8,979 | 4,234 | 524 | - | 13,737 |
| Restricted funds | - | 322 | 762 | - | 1,084 |
| Unrestricted funds | <u>6,269</u> | <u>4,901</u> | <u>(392)</u> | <u>(2,684)</u> | <u>8,094</u> |
| | <u>15,248</u> | <u>9,457</u> | <u>894</u> | <u>(2,684)</u> | <u>22,915</u> |

2018

**Consolidated and
Foundation**

| | Fixed Assets £k | Investments £k | Net Current Liabilities £k | Long Term Liabilities (including Pensions) £k | Total £k |
|--------------------|--------------------|-------------------|----------------------------------|---|---------------|
| Endowment funds | 5,669 | 7,147 | 90 | - | 12,906 |
| Restricted funds | - | 329 | 722 | - | 1,051 |
| Unrestricted funds | <u>6,077</u> | <u>6,260</u> | <u>(1,855)</u> | <u>(1,807)</u> | <u>8,675</u> |
| | <u>11,746</u> | <u>13,736</u> | <u>(1,043)</u> | <u>(1,807)</u> | <u>22,632</u> |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

17a FUNDS

| | <i>Balance at 1 August 2018</i> | <i>Income</i> | <i>Expenditure</i> | <i>Realised/ unrealised gains/ (losses)</i> | <i>Transfers</i> | <i>Balance at 31 July 2019</i> |
|-----------------------------------|---|---------------|--------------------|---|------------------|--|
| | £k | £k | £k | £k | £k | £k |
| Unrestricted: | | | | | | |
| College plus College Hire Limited | 6,813 | 15,042 | (14,694) | (144) | (3,029) | 3,988 |
| Other | <u>1,862</u> | <u>520</u> | <u>(145)</u> | <u>(11)</u> | <u>1,880</u> | <u>4,106</u> |
| | <u>8,675</u> | <u>15,562</u> | <u>(14,839)</u> | <u>(155)</u> | <u>(1,149)</u> | <u>8,094</u> |
| Restricted funds: | | | | | | |
| Development Fund | 90 | 1 | - | - | - | 91 |
| Bursary Fund | 280 | - | - | (5) | - | 275 |
| Prize and Other Funds | <u>681</u> | <u>65</u> | <u>(27)</u> | <u>(1)</u> | - | <u>718</u> |
| | <u>1,051</u> | <u>66</u> | <u>(27)</u> | <u>(6)</u> | - | <u>1,084</u> |
| Foundation Endowed funds: | | | | | | |
| Foundation capital | 12,740 | - | - | (318) | 1,149 | 13,571 |
| Legacies | 12 | - | - | - | - | 12 |
| Prize and Other Funds | <u>154</u> | - | - | - | - | <u>154</u> |
| | <u>12,906</u> | - | - | <u>(318)</u> | <u>1,149</u> | <u>13,737</u> |
| TOTAL | <u>22,632</u> | <u>15,628</u> | <u>(14,866)</u> | <u>(479)</u> | <u>=</u> | <u>22,915</u> |

A brief description of the funds is set out below:

Unrestricted funds

The “College plus College Hire” unrestricted reserves represent the accumulated surpluses generated by the College and its wholly owned trading company College Hire Limited during their period of operation.

The “Other” unrestricted reserves have arisen principally from the investment activities of the Foundation. These represent both surpluses on invested funds and accumulated investment gains arising from the sale and revaluation of invested assets over time.

Restricted funds

The Foundation has a significant number of restricted funds which have arisen since St Dunstan’s College opened in 1888. The largest of these funds are as follows:

Development Fund- This represents the balance of an appeal undertaken in the 1990’s which principally funded the building of the current Sports Hall on the Stanstead Road site.

Development Appeal Bursary Fund- This fund arises from an appeal in the 1980’s and 1990’s to raise funds to fund awards made to boys and girls attending the school. The income of this fund is utilised to fund such awards and the capital is invested to generate income.

Prizes and Other funds- These are funds which have been given to the Foundation over many years for specific purposes and are utilised in accordance with the donor’s wishes. The largest of these funds is the Heaton Caffin Fund which represents a legacy given by a former pupil of the school which gives the income arising from a local commercial property through a Will Trust to the Foundation on an annual basis. The annual income is circa £60k and is to be utilised to further British Exports (70%) and team games (30%) or in a manner determined by the Trustees. The balance held at 31st July 2019 on this fund was £354k (2018: £317k).

Most other funds in this category are specific prize funds, bursary or scholarship funds of a specific nature.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

Foundation Endowment Funds

Foundation Capital- This represents the permanently endowed funds of the Foundation. These funds originate from the original endowment which was effectively given to the Foundation in 1867 and subsequently, under various Schemes of Arrangement made by the Charity Commission. These monies originate from the Parish of St Dunstan's in the East in the City of London. They are represented by an endowed investment portfolio and property. The Trustees utilise these funds to make improvements to the endowed property in accordance with the originating Schemes of Arrangement.

Legacies: These represent the balance of various legacies which have been given to the Foundation.

Prize and Other Funds: These are other funds given to the Foundation generally via way of legacy or bequest.

17 b TRANSFERS

Transfers between the various funds were as follows:

| | Unrestricted funds | | Endowment funds | | |
|--|--------------------|--------------|-----------------|----------------|-------------|
| | College £k | Other £k | College £k | Other £k | Total £k |
| Transfer of investments | - | 1,846 | - | (1,846) | - |
| Additions to Endowed property | (3,763) | - | 3,763 | - | - |
| Depreciation adjustments to endowed property | 395 | 34 | (395) | (34) | - |
| Writing-off of endowed assets | <u>339</u> | = | <u>(339)</u> | = | = |
| | <u>(3,029)</u> | <u>1,880</u> | <u>3,029</u> | <u>(1,880)</u> | <u>=</u> |

18 CONTRACTS AND COMMITMENTS

At 31 July 2019 the charity had capital commitments totalling approximately £504k (2018: £420k).

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

19 OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases for equipment and the Junior School temporary building are as follows:

| As lessee | 2019 | 2018 |
|----------------------------|-------------|-------------|
| | £k | £k |
| Amounts due: | | |
| Within one year | 91 | 43 |
| Between two and five years | <u>22</u> | <u>32</u> |
| | <u>113</u> | <u>75</u> |
| As lessor | | |
| Amounts due: | | |
| Within one year | 41 | 41 |
| Between two and five years | <u>-</u> | <u>41</u> |
| | <u>41</u> | <u>82</u> |

The rental received as lessor relates to a property known as Fordmill Road Depot. It was let from 1st September 2015 on a five year lease.

20 FINANCIAL INSTRUMENTS

The carrying amounts of the Charity's financial instruments at 31st July were as follows

| | Consolidated | | Foundation | |
|---|---------------------|---------------|-------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £k | £k | £k | £k |
| Financial assets: | | | | |
| Debt instruments measured at amortised cost | | | | |
| Fee debtors | 380 | 111 | 380 | 111 |
| Trade debtors | 135 | 167 | 111 | 130 |
| Sundry debtors | 40 | 4 | 40 | 4 |
| Amounts owed to group undertakings | - | - | 113 | 55 |
| Investments measured at fair value | | | | |
| Stock market investments | 8,797 | 12,264 | 8,797 | 12,264 |
| Total | <u>9,352</u> | <u>12,546</u> | <u>9,441</u> | <u>12,564</u> |
| | | | | |
| | Consolidated | | Foundation | |
| Financial Liabilities: | 2019 | 2018 | 2019 | 2018 |
| | £k | £k | £k | £k |
| Financial liabilities measured at amortised cost | | | | |
| Fees received in advance and deposits | 956 | 874 | 956 | 874 |
| Trade creditors | 329 | 529 | 276 | 529 |
| Accruals | 1,077 | 824 | 1,033 | 854 |
| Other creditors | 648 | 397 | 640 | 397 |
| Other Financial liabilities | | | | |
| Advance fees | 2,386 | 1,564 | 2,386 | 1,564 |
| Total | <u>5,396</u> | <u>4,188</u> | <u>5,291</u> | <u>4,218</u> |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

21 PENSION COSTS

As explained in the accounting policies, the College operates four different pension scheme arrangements.

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £714k (2018: £663k) and at the year-end £96k (2018: £90k) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Group Personal Pension Scheme

Under the terms of the new St Dunstan's Educational Foundation Group Personal Pension Scheme ("the Scheme"), which is open to all of the College's non-teaching employees, the College matches employees' contributions (at a rate of 3%, 5%, 6% or 7%) to his or her own individual policy with the Scheme provider, Phoenix AMP (formerly AMP/NPI). The Scheme was revised in the year 2000 to comply with Government legislation. Due to poor investment returns on this type of policy, the Governors decided that the Foundation would allow non-teaching staff to join the Independent Schools Pension Scheme (ISPS), with effect from 1 February 2004. Most former members of the scheme have transferred to ISPS.

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

Employer contributions payable to the Scheme in the year amounted to £1k (2018: £2k).

Independent Schools, Pension Scheme (“ISPS”)

The Charity participates in the ISPS Pension Scheme.

The ISPS Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. A number of benefit structures are available. The Foundation has opted for final salary with a 1/ 80th accrual rate.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period ended 31 July 2019 there has been a joint contribution rate of 19.4% comprising employer contributions of 10.4% and member contributions of 9%.

As at the balance sheet date there were seventeen active members of the Scheme employed by the Foundation.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from the total scheme assets.

The last full actuarial valuation of the Scheme was performed as at 30 September 2017 by a professionally qualified actuary using the "projected unit method". The market value of the scheme's assets at the valuation date was £149.4m. The valuation revealed a shortfall of assets compared with the value of liabilities of £38.2m, equivalent to a past service funding level of 80%.

The financial assumptions underlying the valuation as at 30 September 2017 were as follows:

| | |
|-------------------------------|-------------|
| | % pa |
| Discount rate pre-retirement | 4.21 |
| Discount rate post-retirement | 2.26% |
| Pensionable earnings growth | CPI – |
| | 2.45% |
| | |
| Rate of price inflation | RPI – |
| | 3.35% |
| | CPI – |
| | 2.45% |

The valuation was carried out using the SAPS (Self-Administered Pension Scheme) Series 2 all pensioners by amounts tables with a scaling factor of 57% pre-retirement and 86% post retirement. The latest release of the Continuous Mortality Investigation Bureau projections, known as ‘CMI_2013’ were used for mortality projections with long term improvement rates of 1.5% per annum for males and 1.25% per annum for females being used. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

| | Males | Females |
|----------------|---|---|
| | Assumed life expectancy in years at age 65 | Assumed life expectancy in years at age 65 |
| Non-pensioners | 26.1 | 27.4 |
| Pensioners | 23.8 | 25.5 |

The long-term joint contribution rate (i.e. employer and employee contributions) was assessed at 21% prior to 1 September 2017, then 27.3% for the 1/80th scheme.

Following consideration of the results of the Scheme's 2017 actuarial valuation it was agreed that the shortfall of £38.2 million would be dealt with by the payment of deficit contributions of £2.4 million per annum from 1 September 2019. These deficit contributors are in addition to the long-term joint contribution rates.

Under FRS 102 the Charity has been required to bring the past deficit contributions in to its balance sheet as a liability and charge past deficit contributions in the year against that liability. The movements on this provision are fully explained in note 22.

If the valuation assumptions are borne out in practice the pattern of contributions should be sufficient to eliminate the part service deficit, on an ongoing funding basis, by 30th April 2030.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The Scheme Actuary has estimated the employer debt that would have been payable if the employer had withdrawn from the Scheme at 30 September 2014 would have been £4m. The Foundation does not see a situation where it would withdraw its employees from participating in one of the pension options on offer from TPT Retirement Solutions and therefore it is highly unlikely that a debt on withdrawal liability would arise.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt. The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Employer contributions during the year excluding past deficit contributions amounted to £51k (2018: £72k).

Former members of the 1/60th Defined Benefit Scheme were offered the opportunity to transfer in to a 1/80th Defined Benefit with contribution rates of 9% for the employee and 10.4 % for the employer with TPT following the 2014 actuarial valuation. Employer contributions for the year ended 31st July 2020 are estimated at £63k (2019: £50k).

The Scheme offers a Growth Plan as an additional voluntary contribution vehicle for members. The Charity does not participate in the Plan, no members make additional voluntary contributions. The Charity has been informed by the ISPS that it has no employer debt in relation to the Growth Plan.

ISPS -Defined Contribution Scheme (Auto Enrolment)

With effect from 1st April 2014 the Foundation was required to enrol members of its staff not currently in a pension scheme, in to a defined contribution scheme. The Foundation has used the Scheme provided by ISPS to meet its obligations under the auto-enrolment regulations. Employers and Employee rates are currently set at 1%, with certain employees entitled to increase their employee contributions, with matching contributions from the Foundation of 10%. During 2014 employees of College Hire Limited also became entitled to join the Scheme. At the balance sheet date there were 70 (2018: 55) members active in this Scheme. During the year ended 31st July 2019 the Foundation has contributed £58k to this Scheme (2018: £32k).

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

22 DEFINED BENEFIT PENSION SCHEME LIABILITY

The Foundation as explained in note 21 is required under FRS 102 to account for its share of the funding deficits on the ISPS Scheme valuations as identified by the 2014 and 2017 valuations of this multi-employer Final Salary Scheme.

The movements on this provision have been as follows:

| | Consolidated and Foundation | |
|------------------------------------|-----------------------------|------------|
| | 2019 | 2018 |
| | £k | £k |
| Liability at 1st August 2018/ 2017 | 853 | 924 |
| Interest expense | 16 | 15 |
| Deficit contributions paid | (74) | (72) |
| Impact of change in assumptions | 38 | (14) |
| Amendment to contribution schedule | 106 | - |
| Liability at 31st July 2019/ 2018 | <u>939</u> | <u>853</u> |

The above deficit contributions and provision have been calculated and provided to the Foundation by TPT Retirement Solutions (formerly The Pensions Trust).

The provision and deficit contributions take in to account relevant discount rates and bond yields. The recovery plan for the Scheme is aimed at eliminating the funding shortfall by 31st August 2030.

Deficit contributions from 1st September 2017 have been £6,006 per month and these rose by 3% from 1st September 2018. Under the September 2017 valuation the deficit contributions will rise to £80,927 per annum effective 1 September 2019 and will rise by 3% from 1st September each year thereafter.

23 RELATED PARTY TRANSACTIONS

The Foundation's transactions with its wholly owned subsidiary College Hire Limited and balances owing were as follows.

| Summary of account | 2019 | 2018 |
|--|------------|-----------|
| | £k | £k |
| Balance owing at 1st August 2018/ 2017 | 54 | 38 |
| Recharges from Foundation to company | | |
| Salaries and direct costs | 14 | 13 |
| Expenses | 52 | 71 |
| Provision of services by company to Foundation | (52) | (42) |
| Money transfers including gift aid | - | (26) |
| Gift Aid payable | <u>45</u> | = |
| Balance owing at 31st July 2019/ 2018 | <u>113</u> | <u>54</u> |

St Dunstan's Educational Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

24 AGENCY ARRANGEMENT

The College has an agency arrangement with the Friends of St Dunstan's (FSDC) to hold monies on their behalf. FSDC is a Committee of parents who organise social events for the benefit of pupils and parents of the school. At 31 July 2019 the College held £37k (2018: £27k). The cash is held in the College bank account. This is a long standing arrangement which helps FSDC to undertake their activities which are all ultimately undertaken for the benefit of pupils of the school.

25 POST BALANCE SHEET EVENTS

On 29 November 2019 the Trustees of St Dunstan's Educational Foundation signed a construction agreement with Willmott Dixon Construction Ltd to build a new Junior School and STEM building. The value of this construction agreement is £21.5m with the total expected cost of the building (including professional fees and furniture and fittings) being £24.5m. As at 31 July 2019 the value of the works to date is £2.3m. This cost is being met by the use of the Foundation's reserves and a loan facility agreement with HSBC UN Bank Plc for £20m which was signed on the same day.

The Coronavirus disease (COVID-19) pandemic has had an operational impact on the Foundation since mid-March 2020. Further details of this operational impact and how the Foundation is managing this is set out under the Going Concern section of Accounting Policies. The Trustees consider that the value of the fixed assets and investment properties as at 31 July 2019 remain appropriate. The market value of the listed investments held by the Foundation has decreased from £8,802k at 31 March 2019 to £6,764k at 31 March 2020. This decrease in market value is due to the market volatility arising from the pandemic.

26 CONTINGENT LIABILITY

In December 2019 HMRC determined that College Hire Ltd was not an 'eligible body' for an exemption under VAT Act 1994. If College Hire Ltd were not an 'eligible body' the estimated amount of VAT owed to HMRC at the balance sheet date is approximately £260k. The Directors of College Hire Ltd, following expert advice from RSM UK Tax and Accounting Limited, disagree with HMRC's conclusion and, as this obligation is not considered probable in their opinion this amount has not been recognised as a liability in these financial statements. The Directors of College Hire Ltd have therefore requested an internal review by HMRC of their previous conclusion.