



CHELtenham  
COLLEGE

Council's Report and Financial Statements  
Year ended 31 August 2020



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## Introduction by the President of Council

It has been, as ever, a busy year at College. Much of the year was defined by the Covid-19 pandemic, which forced a very sudden change in how the College operated. In a very short space of time, teachers had to transform their teaching to an on-line world, pupils had to adapt to a curtailed style of living, because the College, like all schools, was shut on Government instructions on 20 March 2020 for the entirety of the summer term-only the second time in the College's 180 year history that the campus has been without pupils. The exception was for the provision of teaching for the children of key workers and some limited return for certain year groups in June. The cancellation of public exams forced a new process of grades to be based on the assessment of teachers (ratified by Ofqual). The closure of College posed significant financial risks for the leadership team. While the College is not yet sailing in calm waters, it is hoped that at some stage in the 2020/21 academic year, life will return to some degree of normality.

The year had begun well with strong numbers in the College and record numbers in the Prep school. The financial position was strong and plans were approved to undertake our largest ever summer works programme, as well as to commence work on the final phase of the College Lawn project (construction of additional pupil bedrooms, additional resident staff accommodation and extended social space). These plans had to be mothballed when the virus hit, setting us back two years. Government support through the furlough scheme became very important to the College, as did the encouraging response from our fee paying parents, and from our committed staff. As these accounts show, with significant cost reduction measures, furlough support and high levels of fee payment, the financial position closed better than we expected it would be, when in the eye of the storm in March 2020.

The attainment of our pupils at GCSE was very strong, with 59 % of grades at A\* or A (Grades 9-7). Attainment at A Level was also strong and up on last year (83% of pupils secured grades A\* to B), although some pupils were disappointed that they were not able to sit exams to prove themselves. 127 of our 142 leavers applied to HE institutions, and all of these pupils secured offers, 75% of which were at Russell Group Universities. 5 secured places at Oxford or Cambridge and 10 are progressing to Medicine or Dentistry. All pupils leaving the Prep school attained places at their preferred school.

Significant progress has been made on our plans to increase our international presence, and during the year we were able to sign our partnership agreement with the Omani Government, and Edureach, to ensure that Cheltenham Muscat can open in September 2021. Other pipeline projects continue and we hope that further schools will materialise in future years.

Our Schools' Partnership Program undoubtedly suffered through all schools being closed over the Summer Term, but in the early part of the year much was achieved with both St John's and All Saint's.

Cheltenham College thrives on the richness of opportunities in which our pupils are able to engage. Due to the pandemic, very many of these activities had to be curtailed. Our pupils and our staff are to be highly commended for sticking to their task, in the most difficult of circumstances, and for that



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I and the whole of our Council are most grateful. The Council also commends the increased support received from parents and guardians during the year.

William Straker-Nesbit

6 March 2021

A handwritten signature in black ink, consisting of a large, stylized 'W' and 'S'.

### Council Members, Officers and Advisors

The members of College Council are the trustees of the charity. The following served as members of Council during the period from 1 September 2019 to the date of this report.

		(1)	(2)	(3)	(4)	(5)	(6)
Mr W J Straker-Nesbit (President) (BSc (Hons))		*	*	*	*	*	*
Mr H Monro (Deputy President)(MA)		*	*	*	*	*	*
Mr R Badham-Thornhill (BA (Hons) PGCE)	(Retired 29 February 2020)						
Mr J Beardmore-Gray	(Appointed 28 February 2020)						
Dr A Butland (BSc MBBS MD FRCP)						•	
Mr P Brettell (BSc CEng MICE)							
Mr M Chicken (BA (Hons))					•		
Mr C Cooper (BA (Hons) CPFA)		•	•				
Ms G Elwood		•					•
Ms C Fisher	(Appointed 19 September 2020)						
Ms E Goldsmith (BA (Hons) PGCE)				•			
Mr D Stewart (MA MBA)	(Appointed 19 September 2020)						
Mr L Humphreys-Davies		•				•	
Mrs J Piff	(Resigned 18 August 2020)						
Mr T Smith (BSc FRICS)		•	•			•	•
Revd Canon K Wilkinson (BA (Hons) FRSA)				•	•		•
Dr P Wingfield (MA MPhil PhD)							
Mr M Wynne (BSc (Hons) MSc)		•				•	

- (1) Finance, Risk & Development (FRD) committee
- (2) Audit committee
- (3) Education committee
- (4) Welfare & Safeguarding committee
- (5) Nominations committee
- (6) Remuneration committee

During the year the activities of the Governing Body were carried out through the Council itself and through the Committees shown above. \* The President and Deputy President sit, in an ex-officio capacity, on all Committees of the Council.

### **Executive**

N Huggett (MA (Oxon))	Head of College
T O'Sullivan (LLB (Hons))	Head of Preparatory School
P Attwell (BSc MSc)	Bursar

### **Principal address**

Bath Road, Cheltenham GL53 7LD

### **Investment manager**

Quilter Cheviot Limited, Queen's Quay, 33-35 Queen Square, Bristol BS1 4LU

### **Independent auditor**

Crowe U.K. LLP, Carrick House, Lypiatt Road, Cheltenham GL50 2QJ

### **Banker**

Lloyds Bank plc, 130 High Street, Cheltenham GL50 1EW

### **Solicitor**

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

### **Website**

[www.cheltenhamcollege.org](http://www.cheltenhamcollege.org)

### **Charity name**

Cheltenham College and Cheltenham College Preparatory School, also known as Cheltenham College.

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## Annual Report of the Council

The Council is pleased to present its Annual Report for the year ended 31 August 2020 under the Charities Act 2011.

### Status and administrative information

Cheltenham College was founded in 1841 and is registered with the Charity Commission under charity number 311720.

College operates two schools known as Cheltenham College and Cheltenham College Preparatory School.

There is one Governing Body for the two Schools called the Council. Details of the membership of College Council, its executive officers and professional advisors are given on pages 4 and 5.

### Structure, governance and management

#### Governing Documents

The Charity is governed by the Cheltenham College Act 1894 and the Charities (Cheltenham College) Orders 1976 and 2011.

#### Council

The governance of College is vested in the President and Council, as laid down in the governing documents. Membership of Council is as follows: -

- The President and Deputy President, elected by Council;
- Not fewer than ten and not more than eighteen co-opted members appointed by Council;
- Seven members nominated, from time to time, by the Universities of Oxford, Cambridge and such Higher Education institution as the Council of Cheltenham College, the Cheltonian Association, the Cheltonian Society, the teaching staff of Cheltenham College and the teaching staff of Cheltenham College Preparatory School.

#### Appointment and induction of Council Members

On the occurrence of a vacancy amongst the nominated members of the Council (other than the member nominated by the Cheltonian Society) the President shall be responsible, on behalf of the Council, for notifying and entering negotiations with the nominating authority.

The elections of the members of the Council to be nominated by the teaching staff of either College or the Preparatory School are conducted by the Head or by a member or members of the teaching staff delegated by him, who shall report the methods by which the elections were conducted and their results to the Council.

Co-opted members of Council are identified and nominated by the Nominations Committee and elected by Council.

All new members of Council receive a comprehensive briefing pack and induction workshop from the Bursar and Secretary to Council on trusteeship, the workings of College, its policies and objectives. Newly appointed, as well as established Council members, are encouraged to attend

training courses, conferences, regulatory updates and other appropriate externally organised events in order to continually develop the knowledge and expertise of the governing body.

### **Organisational Management**

By virtue of The Cheltenham College Act 1894, the Council is responsible for “the entire management of the concerns and property of College” and “may receive, invest, lay out and dispose of all the stocks, effects, funds, money and securities for the benefit of College”. It meets not less than three times each year. Both the President and Deputy President are ex-officio members of the principal sub-committees but are not required to chair them.

The Finance, Risk & Development Committee (FRD) is chaired by Mr Tim Smith and meets not less than five times a year. This committee sets financial targets for approval by the full Council and monitors results against such targets. The Committee is also responsible for overseeing risk management, compliance with statutory legislation and facilities development. College executive team is responsible for managing the business within the financial parameters and general policy laid down by Council on the recommendations of the FRD.

The Audit Committee is chaired by Mr Chris Cooper and meets at least annually to review the annual accounts and receive the independent auditor's report.

The Education Committee meets termly and is chaired by Revd Canon Wilkinson and is a consultative forum in which issues of educational policy, provision and performance are discussed. Executive authority lies with the Council, which may, however, through the President, delegate such authority to the Committee.

The Nominations Committee meets once per term and is chaired by Mr Mike Wynne. Its principal duties include the review of the composition of the Council in terms of its numbers, skills and experience as well as succession planning for retiring members.

The Welfare & Safeguarding Committee meets three times a year and is chaired by Dr Andrea Butland. Its principal duties include the review of policies relating to Child Protection and Safeguarding to ensure compliance with regulatory requirements in College and Prep, and the monitoring of pupil and staff welfare matters.

Matters relating to strategic planning sit primarily with the Council, which considers proposals for the development of the School and advises senior management of the strengths and weaknesses of strategic options. The Council may establish ad hoc committees to undertake more detailed planning and appraisal of development proposals.

The day-to-day running of the schools is delegated to the respective Heads and Bursar. They are also supported by Cheltenham Executive Committee (CEC) (the key management for the purposes of these financial statements) and a number of other senior management teams spanning the academic, pastoral and operational areas of the two schools.

### **Remuneration**

Remuneration of the key management personnel is set by the Remuneration Committee, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to College's success. The Remuneration Committee was chaired by Mr Hugh Munro and meets twice a year; once in the Autumn Term and again in the Summer Term.

It is essential for College to engage credible professionals to bring sector expertise, significant leadership experience and strong capability to drive inspirational teaching and learning excellence, strong academic results, high quality pastoral care, a strong and vibrant community of pupils and staff, excellent facilities and sound finances. In the light of this strategy, College's pay policy seeks to:

- pay the median to upper quartile range for similar organisations in the UK Independent Schools sector market but not to compete on salaries with the public or private sectors;
- ensure performance is reviewed and reported to the appropriate Committee on an annual basis;
- apply performance related pay elements only where required by the relevant market sector; and
- monitor Independent School sector salary trends through ISBA and through participation in surveys such as those for Baines Cutler and Haysmacintyre as required.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools to ensure that College remains sensitive to the broader issues of pay and employment conditions elsewhere.

College aims to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of College's charitable vision and purpose is primarily dependent on our key management personnel (with the CEC being the most senior operations committee) and staff costs are the largest single element of our charitable expenditure.

### **Employment policy**

College is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of College.

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

### **Group structure and relationships**

At the year end Cheltenham College had one wholly owned active trading subsidiary, Cheltenham College Services Limited, which continues to provide corporate letting facilities, transport and retailing services. Cheltenham College International Limited was incorporated during the year; it has yet to commence trading and as such has not been included in the consolidated financial statements.

Other subsidiaries, Cheltenham College Enterprises Limited and Cheltenham College 2nd Hand Clothing Store Limited remained dormant during the year.

Cheltenham College Charitable Trust (CCCT) is an Independent Charity with objects similar to those of Cheltenham College. It holds a number of funds raised for specific activities or purposes and these include the provision of scholarships, bursaries and prizes. It also holds funds raised for development projects at Cheltenham College and accumulates these funds until released to help

finance the projects the funds were donated for. Whilst it is managed, and run, as an independent charity, due to the majority of trustees being common to Cheltenham College, its financial statements are consolidated with those of College to comply with FRS 102.

The financial performance of each subsidiary is described in note 23. Details on transactions between group companies are also set out in note 23.

Cheltenham College maintains membership of appropriate representative bodies with the aim of ensuring familiarity with, and delivery of, the highest educational and pastoral care standards.

College also seeks and develops strong relationships with other local schools (both independent and state-maintained) with the clear objective of further widening public access to the benefits our pupils enjoy, whilst at the same time developing in our own pupils, a better understanding of the wider social context in which we operate.

### **Investment policy and objectives**

College's investment objectives in relation to funds held in College and in CCCT are to balance the current and future needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure and, in relation to the Fees in Advance Fund, act as asset backing for future liabilities; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives, College's investments as a whole are managed to produce capital growth and income, maintaining diversification across a range of asset classes to produce an appropriate balance between risk and return. The investment strategy and policy is monitored by the Finance, Risk and Development sub-committee, as is investment performance for which appropriate asset management sector benchmarks have been determined.

In 2006 College made the decision to adopt an ethical investment strategy, restricting investments to exclude any tobacco and armaments providers.

All the investments held by College and the Charitable Trust benefited from a strong underlying investment climate. The combined realised and unrealised gains during the period, after the reinvestment of income and sale of investments, totalled £100,000 (2019: £220,000) on an opening portfolio of £6.6 million closing at £6.7 million, following the sale of investments. Further details are set out in note 13 to the financial statements.

### **Charity Governance Code**

The Council is acutely aware of the updated guidance from the Charity Commission in relation to the Code and fully supports the core values, principles and disciplines the Code seeks to inculcate into the governance of College.

As such, all Council members (in their capacity as Trustees) complete a 'Board Appraisal' annually. The appraisal includes 30 statements (drawing on the seven principles of the Code), which Council members are asked to consider and then rate how strongly they agree, or disagree, with them. The appraisal seeks to follow the 'key outcomes' for good governance as identified in the Code as well

as seeking to improve the operations and effectiveness of the Council as the governing body of College.

The Appraisal will be completed annually in the Autumn term in respect of the preceding academic year. Council members' ratings and comments will be collated and progress in each of the areas covered by the statements will be tracked and reported over time.

### **Objects, aims, objectives and activities**

The principal objective of College is to provide an excellent academic and broadly based education, in a predominantly boarding environment, for boys and girls from the age of three to eighteen in accordance with Christian principles. Within these objectives, College also has to maintain its heritage endowment of Grade I and II listed buildings; various works of art; artefacts; books and historical documents relating to College's history, as well as a number of trust funds held for special purposes in connection with the development of College's facilities, the provision of scholarships, bursaries, prizes and for other educational purposes.

College has continued to focus on the provision of improved academic performance, improving the quality of the built environment and continuing to widen access to College for pupils for whom an independent education would otherwise be unaffordable. Further details are set out below.

College welcomes pupils from all backgrounds, who have the potential to benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process. College is committed to safeguarding and promoting the welfare of its pupils and expects all staff and volunteers to share this commitment.

### **Policy**

The Council's fundamental policy is to ensure that: -

- the principal objectives of Cheltenham College and Cheltenham College Preparatory School are met through the proper provision of the necessary staff and other resources to the highest possible standards; and
- a sound financial base is maintained to support these resources and the future development of College.

### **Strategies to achieve the year's objectives**

Cheltenham College and Cheltenham College Preparatory School continued a value-added approach, not only with the objective of achieving academic excellence but balanced by a strong emphasis on sport, music, drama and other co-curricular activities. There was also a clear focus on the development of leadership, for both pupils and staff, and social skills together with the provision of a wide variety of activities, including College's Humanitarian Aid Projects (CHAPS) in Romania, Kenya and the Shamrock School in Nepal. Both schools continued to conduct adventurous expeditions and international sports and choral tours.

## Principal activity

College's principal activity remains the advancement of education and, in this, College has again had a successful year. The combined schools averaged 1,111 pupils (2019: 1,056); in College 80% of pupils were boarders or day boarders (2019: 81%), the balance were day pupils. The Prep School continues to be predominantly a day school, with day pupils representing 88% (2019: 89%) of the total.

## Public benefit

College remains committed to the aim of providing public benefit in accordance with its founding principles. Charity legislation includes a requirement to demonstrate that public benefit for any charitable purpose where it had hitherto been presumed in the absence of evidence to the contrary. In this regard, the Council remains committed to giving full and careful consideration to the Charity Commission's general guidance on public benefit and confirm that they have complied with their duty under Section 17 of the Charities Act 2011.

The awarding of means-tested bursaries is a measurable means of providing public benefit. College takes the view that bursaries awarded to those who would not otherwise be able to afford the fees are important, but not to the exclusion of the much wider benefit that College provides within the community. Those pupils who attend our schools and who receive financial support contribute to the school community in a variety of ways, and so the benefit is not purely to these pupils but to the whole College and, in some cases, to the wider community.

This year College awarded 505 bursaries and scholarships totalling £2.7m (2019: 523 awards totalling £3.2m). Within this, means-tested awards, based on a sliding scale according to financial circumstances, totalled £1.29m including ten pupils for 85% or more of fees when scholarship awards are included (2019: £1.56m). College continued to refine means-testing this year by introducing a more rigorous and detailed process that continues to develop. In the context of these refinements however the provision of bursaries to pupils who are expected to contribute fully to both schools over a broad spectrum of academic and non-academic activities remains a key part of College's strategy. Further fee subventions are granted in respect of certain staff children, serving military families and to parents with more than two children in the two schools.

In addition to bursaries, College has engaged in a number of other activities that provide benefit to the public within College's objectives. College continues to invest in its enhanced partnerships with two local state schools; College with All Saints' Academy, and the Prep School with Saint John's C of E Primary School. The formal parameters of these partnerships have been codified in MOUs.

The scope and depth of these partnerships is being co-ordinated by the Director of Partnerships (together with the recently appointed Director of Outreach at the Prep school) but the principal focus of both is the raising of academic attainment for state school pupils. Beyond that immediate focus, the artistic and sporting needs of these pupils is also being addressed, and College is making available support in terms of facilities, coaching and logistical support.

In addition, College is closely involved in developing long-term relationships with other schools and charitable organisations. Through these links our aim is to build on a shared vision that makes an outstanding and meaningful difference to our local community.

The key partnership focus for College has been creating the Cheltenham Education Partnership (CEP), an equal partnership combining 10 of Cheltenham's state and independent secondary

schools, plus the University of Gloucestershire (full partners), supported by a number of the town's important organisations: Cheltenham Festivals, The Cheltenham Trust, the National Cyber Security Centre, Cheltenham Christian Arts Festival, Gloucestershire County Council, Cheltenham Borough Council and the Diocese of Gloucester (supporting partners). We have received great interest from more potential full and supporting partners, who we expect to join the CEP as official members during the first quarter of 2021.

The structure of CEP includes a Steering Group, comprising leaders from our full and supporting partners, who meet termly and have strategic oversight of the CEP. An Operations Group brings together 'champions' from each full and some supporting partners, who meet every 4-6 weeks to plan the Programme of Activities. In September 2020 CEP appointed a partnership Coordinator who chairs the Operations Group meetings and leads the administration, planning and delivery of the Programme of Activities. The CEP Coordinator reports back to the Steering Group on the partnership's activities.

The aims of CEP, to which College has invested professional staff time and financial support, are as follows:

Ensure the best interests of young people are at the heart of education initiatives in Cheltenham.

- Provide outstanding educational opportunities for young people in Cheltenham.
- Reach out to all young people with potential regardless of social, economic or educational background.
- Provide stimulating professional development for teachers and update areas of knowledge, understanding, skills and attitudes.
- Promote mutual respect amongst education professionals and students across the state and independent sectors.
- Foster social cohesion in Cheltenham.

College continues to strive to awaken in our pupils an awareness of the social context of the all-round education they receive. A significant number of pupils in the Sixth Form now elect to join the Community Action programme. There are a diverse range of placement opportunities, including local schools, care homes, charity shops and other key community areas. Despite the challenges we faced during 2020 a large number of Sixth Form pupils were able to support the local community through coordinating food donations for the homeless and needy in Cheltenham, connecting with residents of local care homes through letter writing and virtual meetings, and visiting both charity shop and outdoor development initiatives. In addition, pupils in College fourth form engage in a year's programme of rotating community service as part of the newly introduced 'Wilson diploma'. Several members of staff, in addition to the Director of Community and Partnerships, manage the delivery of this programme.

College continues to work with local charities and educational bodies in our ongoing endeavours to widen public access to the schooling we provide.

During the year the Pupil leadership team of College raised £16,607 which, together with support from the College's humanitarian aid fund, has helped to cover the costs of building a new hall for a rural school in Kenya. At the start of the academic year 2020-21 the new leadership team elected to support the work of Active Impact - a Gloucestershire based disability charity. College paid for the charity to appear as the principal sponger of the Severn Stars Netball Super-league

franchise. This is a first for a top-level Netball team and should help to support Active Impact through this difficult period. As the academic year 2020-21 progresses, pupils at College, alongside individuals from Severn Stars and Active Impact, will be taking part in fundraising and awareness raising activities.

The total amount raised for charitable causes between 2019 and 2020 across both schools was in excess of £37,000. In addition to this sum, College directed £37,250, from its Humanitarian Aid fund towards supporting schools in Nepal, Kenya, South Africa and Romania.

College has also partnered with the charity 'Talent Tap' and All Saints Academy. This initiative offers pupils from the academy access to the alumni networks of independent school partners in order to develop business acumen.

Finally, College remains committed to our overseas supported schools' partnerships. In normal years these schools flourish through the dedicated care of College and overseas staff. Working closely with 4 schools in Nepal, Romania, Kenya and South Africa our longest standing association started 20 years ago. Our main focus is to:

- Offer educational opportunities to disadvantaged children;
- Contribute to building and renovation work;
- Fundraise; and
- Monitor achievements and performance.

### **Intended impact**

With the combination of the provision of first class education, an extensive range of co-curricular activities and the granting of significant bursaries and scholarships, College continues to develop the academic, sporting, artistic and social potential of children from a broad spectrum of financial and social backgrounds.

### **Review of achievements and performance for the year**

College's consistently excellent performance in public examinations was maintained again this year with 59% of A level exams achieving A\* to A grade (2019: 36%) and 83% A\* to B grade (2019: 66%). College retains its place amongst the top schools in the country for academic performance which, combined with the added breadth of the educational experience, enables pupils to reach their full potential. At the Prep School, every final year pupil moved to their first choice senior school with 21 pupils (2019: 26) obtaining scholarships and exhibitions at their chosen school.

Maintaining a mix of excellent academic achievement and sporting and cultural activities this year remained a key element of our ethos. College has a policy of sport for all and as a result up to five teams per year group represent us in each sport. The 'major' sports include rugby, netball, hockey, cricket, tennis, racquets and athletics. A broad range of 'minor' sports are also promoted.

College gives a high priority to the performing arts. In addition to a strong academic performance across drama and music in public examinations, there are weekly concerts, major music and drama productions, house concerts and group productions, many of which allow a broad participation for pupils across the age range from 8 to 18.

### **Capital and other projects**

Both the financial effects of Covid-19 and the physical restrictions that lockdown required, inevitably curtailed many of the planned capital investment projects for last year 2019-20 and to an extent this year. The proposed extension to College Lawn of 16 new bedrooms and Housemistress accommodation was postponed. However, following new approvals from the Council this project is now expected to commence in June/July 2021 with completion in time for the start of the new 2022-23 academic year.

Other projects due to start during the current academic include improvements to the facilities at Kingfishers in the Prep. It is expected that much needed improvements to staff changing facilities at College will also be completed.

### **Cheltenham College Muscat**

During the year, College announced its collaboration in the opening of an overseas school in Muscat, capital of Oman.

'Cheltenham Muscat' will be the first British branded, co-educational independent school to open in the country and expects to welcome its first pupils in September 2021. The school has been purpose built on a 45,000sqm site in the capital and will deliver an all-round education based on the experience and values of over 175 years of education at Cheltenham College. This, combined with outstanding facilities and inspiring teachers, will provide Cheltenham Muscat with all the elements required to support young people to fulfil their potential.

Cheltenham Muscat will be locally owned and operated by an independent company, led by the Oman Ministry of Defence Pension Fund.

In addition to generating incremental income that will be used to fund bursary provision - thus further widening access to College - this new school will strengthen the profile and reach of the Cheltenham College brand internationally. Cheltenham Muscat will also create a range of exciting opportunities for staff and pupil cooperation and development.

### **Fundraising performance**

Donations received for the year amounted to £148,833, with 25% from regular donors and 75% from one-off gifts and legacies. Donations received were either restricted to a specific use, such as bursaries and various capital projects, or directed to the area of greatest need. All donations received are held in the Cheltenham College Charitable Trust (Charity No. 1006429).

The Development Office cost base was significantly lower for the year on account of operating budget and staff cost reductions.

Cheltenham College's Code of Practice for Fundraising, which is available on the College website, states that:

- All fundraising for and on behalf of the College is to be undertaken by the Development department. The Director of Development has responsibility for all fundraising.

- The Director of Development follows the Code of Practice for Fundraising as set out by The Institute of Fundraising which includes policies regarding the protection of vulnerable people and the wider public from undue pressure.
- All suggestions and projects requiring fundraising are passed in writing in the first instance to the Bursar, outlining the purpose of the project, the benefits of the project, the estimated costs and the timeframe.
- All fundraising priorities, as part of the overall Fundraising Strategy, are to be agreed by the Heads, Bursar, Council and Director of Development.
- The Development department, alongside the Accounts department, has responsibility for ensuring that all gifts are recorded, additional benefits claimed and donors thanked. It is a requirement of everyone to notify the Development department of any donations received, the amount, the purpose of the gift and the details of the donor.
- All funds raised for a particular cause must be used for that particular cause.
- College is fully accountable and as such will report on all monies raised and how those monies have been spent.

Cheltenham College did not receive any complaints with respect to fundraising for the year to 31 August 2020.

## Financial Review

### Results for the year

The group's net income for the year to 31 August 2020 amounted to £1,100,000 (2019: £2,243,000). Realised and unrealised investment gains of £100,000 (2019: £220,000) are included in this figure. The gains on investment do not form part of the core financial planning for College; excluding these gains College met the financial performance targets set by Council. Such a surplus will strengthen College's ability to invest in facilities in both schools in the years to come.

Our trading subsidiary has contributed to the above achievements by optimising the use of College's assets and generating a trading surplus for donation to College as reported below.

### Reserves

College does not hold any free reserves; all operating surpluses are invested in fixed assets and infrastructure to ensure the continued development of College. The general reserve, accumulated since the founding of College has been retained to cover these fixed assets investments, provide working capital and also a buffer against fluctuations in income resultant from significant adverse variations in pupil numbers. In the unlikely event of the need to call upon reserves, the level and variety of fixed assets held are such that disposal of an appropriate asset could realise sufficient resources to meet the requirement. The Trustees have reviewed the reserves policy as part of their strategic planning and decided that continued investment in College's facilities remains essential to ensure continued recruitment of healthy pupil numbers through the provision of excellent facilities in both schools.

Total funds at the year end stood at £68.3 million (2019: £67.2 million).

The Unrestricted Designated Funds of £351,000 (2019: £385,000) are used to hold College Lottery receipts, unused amounts from bequests and to make provision for future discounts in respect of

fees paid in advance. Following the closure of the Closed FIA scheme in May 2015 (see note 18) College continues to hold a prudent proportion of advance fees in liquid investments. The Lottery element of these funds are used throughout the academic year to subsidise school trips in the Prep and College (including cricket and netball tours to Dubai, a geography trip to Cuba and the annual Prep year 8 trip to Bude) as well as fund projects in our partner schools in Nepal and Kenya, and the Romanian Orphanage project. Other funds will be allocated according to need.

The Restricted Funds of £1,673,000 (2019: £1,430,000) are scholarship income (normally all used in the year of receipt), College's bursary fund that is subscribed to by parents on accepting a place for their children at the Senior School and monies belonging to the CCCT.

The Endowed Funds of £3,595,000 (2019: £3,423,000) consist of Scholarship, Bursary and Prize Funds, which are invested to provide income for scholarships and other awards, which are designed to help widen access to College.

Note 26 to the accounts analyses the assets attributable to the various funds. These assets are sufficient to meet the Charity's obligations on a fund-by-fund basis.

The reserve maintained for the Fees in Advance Scheme will continue to provide a strong level of asset backing for longer term liabilities. The restricted and endowed investment reserves are held through College's Scholarship and Endowment Reserves or through CCCT and continue to support College's development as well as providing support for specific pupil grants.

### **Principal risks and uncertainties**

The Council considers the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risks faced by College. College is currently full and expects to expand in the future alongside investments in College Lawn, but the Council remains acutely aware of the importance of affordability of fees. For September 2020, the Council has again limited fee changes to a 3.5% increase which we believe to be relatively low compared with College's peer group. The provision of bursaries remains a key plank in College's strategy to make fees affordable.

College continues to review the political risks that attach to the independent schools sector. These include maintenance of charitable status, possible VAT on fees, Brexit and rates relief on principal buildings.

Of particular note in relation to the 2019-20 academic year is the substantial increase in the contributions College is required to make to the Teachers Pension Scheme ("TPS"). College has remained in TPS for this academic year but continues to monitor and review its participation in the future.

Health and safety, and pupil safeguarding are always a significant area for risk management and reflect the immense responsibilities College takes in regard to both pupils and staff. A robust set of policies is constantly updated and supported by a number of well-established committees which include the senior officers of College. Recruitment of staff is the first step in inculcating College's policies in regard to these risks. Further communication of those policies to staff and pupils, and the monitoring of compliance is a vital part of the ongoing risk management plan.

College has invested heavily both in terms of IT hardware and IT staff during the last year. This is not only to provide the level of bandwidth and resilience that teachers, operational staff and pupils

require but also to provide stability and reliable back-up facilities in the event of an IT infrastructure failure.

The loss of Tier 4 Sponsor status, whereby College takes responsibility for a number of overseas pupils, is deemed to be a risk to College's reputation and could result in the loss of a number of overseas pupils. College's Director of Compliance and Operations continues to oversee compliance with UK Visas and Immigration requirements.

Detailed consideration of risk is delegated to FRD, which reports formally to the Council. The risk management process and the resulting report identifies risks, assesses their impact and likelihood and, where necessary, recommends controls to mitigate and monitor those risks. The generic controls used by College to minimise risk include:

- detailed terms of reference together with formal agendas for Committee and Board activity;
- strategic development planning, reviewed annually by FRD;
- comprehensive budgeting and management accounting;
- established organisational structures and lines of reporting;
- formal written policies including clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Further details as to the Council's approach to the current Covid-19 pandemic is detailed on page 18.

The Council regularly review the effectiveness of current plans and strategies for managing all identified major risks for both College and its subsidiaries.

### **Future plans**

College's current Development Plan has been agreed by Council and is subject to annual review. The primary future plans for College are set out in the core elements of the Development Plan. These are:

- to provide a happy and secure pastoral environment, suitable for both day and boarding pupils, in which all pupils are offered opportunities for leadership and service to others;
- to provide a stimulating learning environment in which pupils can develop their academic potential to the full;
- to offer all pupils the opportunities of experiencing a broad range of intellectual, cultural, sporting and wider-community influences;
- to continue to ensure the campus has a safe and attractive environment for pupils, staff and visitors alike;
- to provide first class catering facilities and produce to all pupils and staff;
- to seek to expand College pupil numbers through the further investment in College Lawn;
- to continue to upgrade the quality of accommodation for the boarding houses in College and Prep;

- to increase the capability of College to offer education to children whose parents are unable to afford full fees;
- to provide an enjoyable and appropriately challenging environment within which members of staff may develop their careers; and
- to ensure that College plays a significant part in the life of the local community, sharing facilities and seeking local partnerships wherever possible.

These aims underpin development plans which have been developed for each of the two schools and so College continues to enhance its ability to provide a first-class education to its pupils.

### **Covid-19 and going concern**

College and Prep have recently opened their doors to all year groups following the lifting of restrictions imposed by HM Government which were put in place at the beginning of January 2021. Remote learning was new to the majority of pupils and teaching staff when it was first put in place for the Summer 2020 term. It has been accepted during the Spring 2021 term by both pupils and staff with the enthusiasm that was seen last summer but with the added advantage of well-rehearsed familiarity.

As with Summer 2020, in the light of the temporary closure of both schools, the Council agreed to reduce the fees chargeable to all parents for the majority of the Spring 2021 term (prior to re-opening on 8 March 2021); this fee reduction has brought further financial challenges to College in addition to those of Summer 2020. As with Summer 2020 temporary savings were made in Spring 2021 in certain staff costs through HM Government's furlough scheme. In addition, College has sought to control other operating costs during the period of lockdown. College took advantage of the Government's CBIL scheme, the facility remains in place should there be a sudden and significant deterioration in the situation.

While College remains highly vigilant to the effects of Covid-19 among the pupil and staff bodies, it takes a certain level of confidence from the decline in transmission of the virus both through the UK Government vaccination program as well as the social and workplace restrictions imposed through lockdown. As such the working assumption of College is that full operations will be in place for Summer 2021 with any international students who did not return to the UK for the last three weeks of the Spring 2021 term, back taking a full role in the life of College.

To support the level of confidence for the term ahead College has, as with all UK schools, put in place a strict testing regime with pupils tested in their respective houses or, with day pupils, under parental supervision. All staff are, likewise, subject to a regime of regular testing.

In the section in this report titled 'Capital and other projects' reference is made to the proposed capital investment projects that are anticipated to commence later this academic year. In addition to those projects a strategy has been agreed with Council to kick start a program of substantial capital developments over the next four years. The program will enhance the academic and pastoral life of pupils and staff while seeking to meet the challenges of new teaching methodologies that are emerging from the Covid-19 lockdowns. This program is set in the context of strong pupil numbers

in both College and Prep. In addition demand for new places for both schools for September 2021 onwards remains both buoyant and greater than in previous years.

College has discussed the nature and expected costs of its investment plans with its bankers who have expressed support for the proposed program. In light of the various factors touched on above, Council believe that College's financial resources and contingency planning are sufficient to ensure the ability of College to continue as a going concern for the foreseeable future and therefore the financial statements have been prepared on this basis.

### Statement of Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions, 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 Charities (Accounts and Reports) Regulations 2008 and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report and this Statement of Trustees' responsibilities have been signed on behalf of the Trustees.



William Straker-Nesbit  
President of the Council  
6 March 2021

## Independent Auditor's Report to the Trustees of Cheltenham College

### Opinion

We have audited the financial statements of Cheltenham College for the year ended 31 August 2020 which comprise of the Consolidated Statement of Financial Activities, Consolidated and College Balance Sheets, Consolidated Cashflow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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 the 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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- 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 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 Trustees' responsibilities statement set out on page 20, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the 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 charity or to cease operations, or have no realistic alternative but to do so.

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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

*Crowe U.K LLP*

Crowe U.K LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

1 April 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



**Consolidated Statement of Financial Activities for the year end 31 August 2020**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed funds £'000	2020 Total £'000	2019 Total £'000
<b>Income and endowments from:</b>						
<b>Charitable activities</b>						
School fees receivable	2	24,821	-	-	24,821	26,426
Ancillary trading income	3	647	-	-	647	1,961
<b>Other trading activities</b>						
Non-ancillary trading income	4	2	-	-	2	2
Other activities	4	1	-	-	1	(25)
<b>Investments</b>						
Investment income	5	58	78	-	136	130
Bank and other interest	6	78	-	-	78	79
Donations, grants and legacies	7	1,173	115	-	1,288	162
<b>Total income</b>		<b>26,780</b>	<b>193</b>	<b>-</b>	<b>26,973</b>	<b>28,735</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Non-ancillary trading	8	(257)	-	-	(257)	(380)
Financing costs	9	(377)	-	-	(377)	(485)
Investment management		(17)	(2)	(21)	(40)	(38)
Fundraising and development		(333)	-	-	(333)	(462)
<b>Total deductible costs</b>	8	<b>(984)</b>	<b>(2)</b>	<b>(21)</b>	<b>(1,007)</b>	<b>(1,365)</b>
<b>Charitable activities</b>						
Education and grant making	8	(24,908)	(58)	-	(24,966)	(25,347)
<b>Total expenditure</b>		<b>(25,892)</b>	<b>(60)</b>	<b>(21)</b>	<b>(25,973)</b>	<b>(26,712)</b>
<b>Net income/(expenditure) before investment gains</b>		<b>888</b>	<b>133</b>	<b>(21)</b>	<b>1,000</b>	<b>2,023</b>
Gains on investments	13	(45)	10	135	100	220
<b>Net income</b>		<b>843</b>	<b>143</b>	<b>114</b>	<b>1,100</b>	<b>2,243</b>



**Consolidated Statement of Financial Activities for the year end 31 August 2020 (continued)**

		<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowed</b>	<b>2020</b>	<b>2019</b>
	Notes	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Total</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net income</b>		<b>843</b>	<b>143</b>	<b>114</b>	<b>1,100</b>	<b>2,243</b>
Transfers between funds	24	<b>(158)</b>	<b>100</b>	<b>58</b>	-	-
<b>Net movement in funds</b>		<b>685</b>	<b>243</b>	<b>172</b>	<b>1,100</b>	<b>2,243</b>
<b>Reconciliation of funds</b>						
Fund balances brought forward at 1 September 2019		<b>62,357</b>	<b>1,430</b>	<b>3,423</b>	<b>67,210</b>	<b>64,967</b>
<b>Fund balances carried forward at 31 August 2020</b>		<b>63,042</b>	<b>1,673</b>	<b>3,595</b>	<b>68,310</b>	<b>67,210</b>

The notes on page 29 to 56 form part of these financial statements.

Balance Sheets as at 31 August 2020

	Note	Group		College	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible assets	12	80,033	80,765	80,223	80,906
Fees in Advance Scheme invested	13	2,536	2,551	2,536	2,551
Securities investments	13	4,173	3,960	2,912	2,755
		<b>86,742</b>	<b>87,276</b>	<b>85,671</b>	<b>86,212</b>
<b>Current assets</b>					
Stock	14	106	83	79	54
Debtors	15	1,214	1,282	1,931	2,046
Cash and deposits		1,507	1,714	1,028	1,015
		<b>2,827</b>	<b>3,079</b>	<b>3,038</b>	<b>3,115</b>
<b>Current liabilities</b>					
Creditors payable within one year	16	(8,185)	(9,401)	(8,805)	(9,876)
		<b>(5,358)</b>	<b>(6,322)</b>	<b>(5,767)</b>	<b>(6,761)</b>
<b>Net current (liabilities)</b>					
		<b>81,384</b>	<b>80,954</b>	<b>79,904</b>	<b>79,451</b>
<b>Long-term liabilities</b>					
Creditors payable after one year	17	(13,074)	(13,744)	(13,074)	(13,744)
		<b>68,310</b>	<b>67,210</b>	<b>66,830</b>	<b>65,707</b>
<b>Net assets</b>					
<b>Represented by:</b>					
<b>Endowed funds</b>	24	3,595	3,423	2,912	2,755
<b>Restricted funds</b>	24	1,673	1,430	935	745
<b>Unrestricted funds</b>					
General and designated reserves	24	63,042	62,357	62,983	62,207
		<b>68,310</b>	<b>67,210</b>	<b>66,830</b>	<b>65,707</b>

The surplus, before gains on investments, for the financial year dealt with in the financial statements for College was £1,061,000 (2019: £2,114,000).

These financial statements were approved by the Council on 6 March 2021 and were signed on its behalf by:

**William Straker-Nesbit** (President of Council)

The notes on page 29 to 56 form part of these financial statements.



**Consolidated Cashflow statement for the year ending 31 August 2020**

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	(a)		<b>1,888</b>		3,478
<b>Cash flows provided by/(used in) investing activities:</b>					
Payments for tangible fixed assets		<b>(424)</b>		(1,028)	
Proceeds on sale of tangible fixed assets		-		15	
Additions to securities investments portfolio		<b>(1,495)</b>		(1,264)	
Withdrawals from securities investments portfolio		<b>1,440</b>		1,172	
<b>Net cash used in investing activities</b>			<b>(479)</b>		(1,105)
			<b>1,409</b>		2,373
<b>Cash flows provided by/(used in) financing activities:</b>					
New loans		<b>3,000</b>		-	
Loan repayments		<b>(2,844)</b>		(2,163)	
Finance income received		<b>136</b>		130	
Bank interest paid		<b>(312)</b>		(369)	
<b>Net cash used in financing activities</b>			<b>(20)</b>		(2,402)
<b>Fees in advance schemes</b>					
New fees in advance contracts		<b>1,243</b>		2,613	
Refunded fees		<b>(2)</b>		(127)	
Capital utilised in year		<b>(2,837)</b>		(2,662)	
			<b>(1,596)</b>		(176)
<b>Change in cash and cash equivalents</b>			<b>(207)</b>		(205)
<b>Reconciliation of net cash flow to movement in net funds</b>					
(Decrease) in cash in the year	(b)		<b>(207)</b>		(205)
Cash (outflow)/inflow from movement in debt and hire purchase			<b>(194)</b>		2,170
<b>Net bank debt at 1 September 2019</b>			<b>(7,258)</b>		(9,223)
<b>Net bank debt at 31 August 2020</b>			<b>(7,659)</b>		(7,258)

The notes on page 29 to 56 form part of these financial statements.



**Consolidated Cashflow statement for the year ending 31 August 2020 (continued)**

**(a) Reconciliation of net income to net cash flow from operating activities**

	2020		2019	
	£'000	£'000	£'000	£'000
Net income before investment gains		<b>1,000</b>		2,023
Elimination of non-operating cash flows:				
Finance income received	<b>(136)</b>		(130)	
Bank interest paid	<b>312</b>		365	
Fees in advance fair value adjustment	<b>(58)</b>		(61)	
Depreciation charge	<b>1,154</b>		1,133	
Loss/(profit) on sale of assets	<b>1</b>		27	
(Increase) in stocks	<b>(23)</b>		-	
Decrease/(Increase) in debtors	<b>66</b>		(71)	
(Decrease)/Increase in creditors (excluding fees in advance scheme and bank loans)	<b>(428)</b>		192	
		<b>888</b>		<b>1,455</b>
<b>Net cash inflow from operations</b>		<b>1,888</b>		<b>3,478</b>

**(b) Analysis of changes in net debt**

	1 September		31 August	
	2019	Cash flows	2020	
	£'000	£'000	£'000	£'000
Cash at bank	1,714	<b>(207)</b>	<b>1,507</b>	
Loans due within 1 year	(943)	<b>(83)</b>	<b>(1,026)</b>	
Loans due after 1 year	(8,029)	<b>(111)</b>	<b>(8,140)</b>	
Net bank debt	(7,258)	<b>(401)</b>	<b>(7,659)</b>	

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## Notes to the Financial Statements

Cheltenham College ("College") is a Public Benefit Entity registered as a charity on 10 June 1965 in England and Wales (number 311720). Its principal office is Bath Road, Cheltenham GL53 7LD.

### 1. Principal Accounting Policies

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Statement of Recommended Practice (the Charities SORP (FRS 102)) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

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 for Charities that prepare their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2015 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

#### (a) Basis of Consolidation

The consolidated Statement of Financial Activities and Balance Sheet include the financial statements of Cheltenham College and its wholly owned trading subsidiary, Cheltenham College Services Limited.

Cheltenham College Charitable Trust is an independently run charity. The charity is consolidated into College in order to comply with FRS 102 Section 9. Cheltenham College International Limited was incorporated during the year; it has yet to commence trading and as such has not been included in the consolidated financial statements.

College has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement within the consolidated financial statements.

#### (b) Going Concern

Having reviewed the funding facilities available to the Group together with the expected ongoing demand for places and the Group's future projected cash flows, the Council have a reasonable expectation that the Group has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Group's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 20.

At the time of approval, the COVID19 virus continues to develop and has now been designated a global pandemic by the World Health Organisation. Both short term and long term effects of the rapidly escalating situation are unknown but, as for many schools at this time, the Council consider that there is potential for significant and enduring impact on College's fees and staffing availability.

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## Notes to the Financial Statements

### 1. Principal Accounting Policies (continued)

#### (b) Going Concern (continued)

The Council have undertaken detailed planning and forecasting and continue to closely monitor the developing situation. Please refer to page 18 of the Council's Report where they have reflected on the current situation and have outlined the impact for the College. Despite the current circumstances the Council believe that the College's financial resources and contingency planning is sufficient to ensure the ability of College to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

#### (c) Fees Receivable

Fees receivable consists of charges billed for fees, board and tuition for the School less bursaries and allowances. They are accounted for in the period in which the services are provided. Fees received for education to be provided in future years are carried forward as deferred income.

#### (d) Trading Activities

Trading income comprises the trading activities of College and the subsidiaries and is credited to the Statement of Financial Activities on a receivables basis.

#### (e) Donations, Grants and Legacies

Donations, grants and legacies are recognised in the financial statements when the Group has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

#### (f) Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates. Costs of generating funds includes all staffing and fundraising costs. Charitable activity expenses are allocated to functional groups on a direct cost basis or apportioned on a staff time basis.

Governance costs are included in charitable expenditure and comprise the costs of running College including strategic planning for its future development, also external audit, any legal advice for the Council, and all the costs of complying with constitutional and statutory requirements, such as the costs of Council meetings and of preparing statutory financial statements and satisfying public accountability.

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## Notes to the Financial Statements

### 1. Principal Accounting Policies (continued)

#### (g) Pension Scheme Arrangements

College is involved with a number of pension schemes for its employees.

Cheltenham College contributes to the Teachers' Pension Defined Benefit Scheme at rates set by the Scheme Actuary and advised to College by the Scheme Administrator. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme, which are attributable to College. In accordance with FRS 102 Section 28.11 the Scheme is accounted for as a defined contribution scheme and contributions are accounted for when advised as due by the Scheme Administrator.

Other staff have the option of joining a defined contribution scheme operated by an insurance company. College and members of staff pay fixed percentages of salaries to the insurance company. College's contributions are charged in the Statement of Financial Activities as they fall due.

#### (h) Fund Accounting

Details and the nature and purpose of each fund is set out within the Investment policy and objectives on page 9 of the Annual Report of the Council. Funds held for the general purpose of College are held as unrestricted funds. Those held by College for specific purposes outside normal operations such as College lottery, bequests and the Tinson Hardship Fund are held as designated funds and set aside by the Trustees. Those subject to specific wishes of the donors are included within the relevant restricted or endowed funds.

#### (i) Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition and is subject to a de-minimis limit of £1,000. Freehold land and buildings include original cost and subsequent alterations and additions. The cost of land and buildings includes interest paid on specific related borrowings during the construction period.

#### (j) Depreciation

Depreciation is calculated on a straight-line basis to write off the cost, less estimated residual value, of fixed assets over their estimated useful lives as follows: -

Freehold buildings	1% - 20% on cost
Furniture & equipment	4% - 33% on cost, based on life expectancy
- Boilers	10% on cost
- Computers & electronic equipment	10% - 50% on cost
Cars	25% on cost
Other motor vehicles	10% - 50% on cost

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## Notes to the Financial Statements

### 1. Principal Accounting Policies (continued)

#### (j) Depreciation (continued)

Depreciation commences in the year of acquisition or when the asset is brought into use and as a result assets under construction are not depreciated. College's buildings have to be maintained in good working order, with many having listed building status. Most of these buildings are therefore considered to have an expected useful life in excess of one hundred years. In accordance with FRS 102 Section 27.7 the buildings are tested for impairment annually, because their expected useful life exceeds 50 years. College, in determining the value of the buildings, has based its consideration on the service potential of the assets to further their charitable objectives. Depreciation on those buildings not already being depreciated commenced in September 2000 at a rate of not less than 1% based on their life expectancy. Land is not depreciated.

#### (k) Investments

Investment in subsidiaries are stated at cost.

Listed investments are reported at their fair values at the balance sheet date based on their quoted market prices. Gains and losses arising on investment assets are disclosed separately in the Statement of Financial Activities which includes realised gains or losses where the investments have been sold and unrealised where they are still held at the balance sheet date. In both cases the gain or loss is calculated with regard to the market value at the beginning of the year, or its cost if purchased during the year.

#### (l) Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is defined as the average cost of finished goods and raw materials including transport and handling costs. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to disposal.

**(m) Debtors** Short term debtors are measured at transaction price, less impairment. Details of these financial assets are set in note 15.

#### (n) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions.

#### (o) Creditors

Short term creditors are initially measured at the transaction price. Details of these financial liabilities are set in notes 16, 17 and 18 below.

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## Notes to the Financial Statements

### 1. Principal Accounting Policies (continued)

#### (p) Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of investments and the complex fees in advance scheme, which are held at fair value.

Financial assets measured at their settlement value comprise cash, trade and fee debtors, group and other debtors and accrued income. See note 15 for further details.

Financial liabilities measured at their settlement value comprise trade creditors, bank loans and overdrafts, group and other creditors, and accruals. See notes 16, 17 and 20 for further details.

College offered an inflation free fees in advance scheme as described in note 19.

The liability recognised in respect of this scheme is considered to be a non-basic financial instrument and has therefore been classified as a financial liability measured at fair value through profit or loss.

#### (q) Recognition of Liabilities

Liabilities are recognised once there is a legal or constructive obligation that commits College to the obligation.

#### (r) Fees in Advance

Under the current FIA scheme, which was introduced in July 2015, a fee payer may enter into a contract to pay College in advance for fixed contributions towards the tuition fees for a period agreed with College. These contributions give rise to a fixed discount on future fees.

The discount arising on the contributions is charged to the Statement of Financial Activities on a year by year basis.

In the event of a parent withdrawing their capital sum from the old FIA scheme, interest arises on the un-drawn balance at 1% below the bank base rate. Any such interest is disclosed as a potential liability under the scheme.

#### (s) Judgments in applying Accounting Policies and Key Sources of Estimation Uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### (i) Useful economic lives of tangible assets

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the fixed assets and note 1(j) for the useful lives for each class of assets.

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## Notes to the Financial Statements

### 1. Principal Accounting Policies (continued)

#### (ii) Impairment of debtors

The group makes an estimate of the recoverable value of fee and other debtors. When assessing impairment of fee and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors.

#### (iii) Fees in advance Scheme

As set out in notes 18 and 19 the liabilities of one of the extant Fees in Advance Schemes was closed for new business in May 2015.



**Notes to the Financial Statements**

**2. Charitable activities – Fees receivable**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Fees receivable consist of:</b>		
School fees	<b>32,081</b>	30,761
Less: Total scholarships and bursaries	<b>(3,830)</b>	(4,414)
Covid -19 (Summer 20 term)		
Waiving of boarding fees	<b>(1,716)</b>	-
Discount on day fees arising from Covid 19	<b>(1,772)</b>	-
	<b>24,763</b>	26,347
Add back: Bursaries and other awards paid for by restricted funds	<b>58</b>	79
	<b>24,821</b>	26,426

505 awards including scholarships, bursaries and other awards were awarded to pupils across both schools in the year to 31 August 2020 (2019: 523). Within this means-tested bursaries totalling £1.29 million were granted (2019: £1.56 million).

**3. Ancillary Trading income**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Extras and trips	<b>116</b>	864
Lettings and other revenue	<b>339</b>	894
Entrance and registration fees	<b>192</b>	203
	<b>647</b>	1,961

**4. Other trading activities**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Trading income</b>		
Tuck Shop	<b>2</b>	2
<b>Other activities</b>		
(Profit)/loss on sale of assets	<b>1</b>	(26)
Other income	<b>-</b>	1
	<b>1</b>	(25)



**Notes to the Financial Statements**

**5. Investment Income**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowed</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>2020</b>	<b>2019</b>
				<b>£'000</b>	<b>£'000</b>
Equities	<b>58</b>	<b>78</b>	<b>-</b>	<b>136</b>	<b>130</b>

**6. Bank and other interest income**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowed</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>2020</b>	<b>2019</b>
				<b>£'000</b>	<b>£'000</b>
Interest on overdue fees and other charges	<b>78</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>79</b>

**7. Donations, grants and legacies**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowed</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>2020</b>	<b>2019</b>
				<b>£'000</b>	<b>£'000</b>
Grants to Group for Bursaries from:					
College Lottery Scheme	<b>70</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>37</b>
Donations and legacies	<b>42</b>	<b>115</b>	<b>-</b>	<b>157</b>	<b>125</b>
Government grant - Furlough	<b>1,061</b>	<b>-</b>	<b>-</b>	<b>1,061</b>	<b>-</b>
	<b>1,173</b>	<b>115</b>	<b>-</b>	<b>1,288</b>	<b>162</b>



Notes to the Financial Statements

8. Analysis of Expenditure

(a) Total expenditure

	Staff costs (note 11) £'000	Depreciation (note 12) £'000	Other £'000	Total 2020 £'000	Total 2019 £'000
<b>Expenditure on raising funds</b>					
Non-ancillary trading	-	51	206	257	380
Financing costs (note 9)	-	-	377	377	485
Investment management	-	-	40	40	38
Fundraising and development	282	-	51	333	462
<b>Total costs of raising funds</b>	<b>282</b>	<b>51</b>	<b>674</b>	<b>1,007</b>	<b>1,365</b>
<b>Charitable expenditure</b>					
<b>Education and grant making</b>					
Teaching	12,277	246	1,244	13,767	14,085
Welfare	2,295	-	1,048	3,343	3,756
Premises	1,294	854	2,568	4,716	4,743
Support costs of schooling	2,151	6	658	2,815	2,441
Governance costs	133	-	51	184	172
Grants, awards and prizes	-	-	141	141	150
<b>Total charitable expenditure</b>	<b>18,150</b>	<b>1,106</b>	<b>5,710</b>	<b>24,966</b>	<b>25,347</b>
<b>Total expended</b>	<b>18,432</b>	<b>1,157</b>	<b>6,384</b>	<b>25,973</b>	<b>26,712</b>

Governance costs consist of 15% of the salary costs of both Heads, 25% of the Bursar, Deputy Bursar and Director of Finance. The other governance costs are the audit fee, governance legal costs and Council members' expenses. See note 8(c) for further details.

(b) Grants, awards and prizes

	2020 £'000	2019 £'000
<b>From Restricted Funds:</b>		
Bursaries and other grants and awards	58	79
<b>From Unrestricted Funds:</b>		
Prizes and leaving awards	84	72
	<b>142</b>	<b>151</b>

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**Notes to the Financial Statements**

**8. Analysis of Expenditure (continued)**

	<b>2020</b>	2019
<b>(c) Other governance included above:</b>	<b>£'000</b>	£'000
Remuneration paid to auditor:		
- for audit services	<b>18</b>	22
- for taxation and VAT (included in Support costs of Schooling)	<b>4</b>	4
- for Teachers Pension returns	<b>1</b>	1
Council expenses	<b>11</b>	19
Reimbursement of personal expenses to Council	<b>2</b>	2
	<hr/> <b>36</b>	<hr/> 48

Travel expenses were reclaimed by 1 member (2019: 3) of the Council in relation to attendance at Council meetings.

**9. Financing costs**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Fees in Advance debt-financing cost	<b>123</b>	181
Release of fair value provision for Fees in Advance	<b>(58)</b>	(61)
Bank and loan interest	<b>312</b>	365
	<hr/> <b>377</b>	<hr/> 485

**10. Taxation**

College is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of College's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

## Notes to the Financial Statements

### 11. Staff costs and related party transactions

	<b>2020</b>	2019
	<b>£'000</b>	£'000
The aggregate payroll costs for the year were as follows:		
Wages and salaries	<b>14,869</b>	14,660
Social security costs	<b>1,293</b>	1,235
Other pension costs (note 22)	<b>2,174</b>	1,585
Life assurance costs	<b>96</b>	59
	<b>18,432</b>	17,539

None of the Governors received any remuneration or other benefits from College or from any connected body.

The key management for the purposes of the analysis below represents the five members (2019: five) of College Executive Committee (CEC) currently comprising the Heads of both schools, the Bursar, the Deputy Head of College and one of the Deputy Heads of the Prep. The total employee benefits of those personnel sitting on CEC while employed by College, including employers' National Insurance and pensions costs, were:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Aggregate employee-benefits of the CEC:	<b>819</b>	739

	<b>2020</b>	2019
	<b>number</b>	number
Number of higher paid employees (excluding National Insurance and Pension) including the CEC, in bands of:		
£60,001 to £70,000	<b>5</b>	10
£70,001 to £80,000	<b>7</b>	4
£80,001 to £90,000	<b>2</b>	1
£90,001 to £100,000	<b>1</b>	-
£100,001 to £110,000	<b>-</b>	2
£110,001 to £120,000	<b>1</b>	-
£140,001 to £150,000	<b>-</b>	1
£150,001 to £160,000	<b>1</b>	-
£170,001 to £180,000	<b>-</b>	1
£190,001 to £200,000	<b>1</b>	-

**Notes to the Financial Statements**

**11. Staff costs and related party transactions (continued)**

The number with retirement benefits accruing

- in Defined Contribution schemes:	<b>4</b>	5
of which the contributions amounted to (£000's)	<b>52</b>	45

- in Defined Benefit schemes:	<b>14</b>	15
of which the contributions amounted to (£000's)	<b>271</b>	184

The average number of College's employees during the year was as follows:

	<b>2020</b>	2019
	<b>number</b>	number
Teaching	<b>299</b>	294
Welfare	<b>109</b>	107
Premises	<b>55</b>	53
Support	<b>96</b>	91
Other activities	<b>7</b>	7
	<b>566</b>	552

The average number of College's full time equivalent employees during the year was as follows:

	<b>2020</b>	2019
	<b>number</b>	number
Teaching	<b>206</b>	195
Welfare	<b>79</b>	74
Premises	<b>42</b>	40
Support	<b>56</b>	59
	<b>383</b>	368

During the year there were a number of termination payments made which amounted to £26,300 (2019: Nil). These payments arose out of the restructuring of a number of departments within College and were calculated in line with College's contractual commitments.



Notes to the Financial Statements

12. Tangible fixed assets

Group	Freehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2019	83,824	8,981	195	93,000
Additions	87	336	1	424
Disposals	-	(474)	(1)	(475)
<b>At 31 August 2020</b>	<b>83,911</b>	<b>8,843</b>	<b>195</b>	<b>92,949</b>
<b>Depreciation</b>				
At 1 September 2019	6,099	5,979	157	12,235
Charge for the year	478	662	14	1,154
Disposals	-	(473)	-	(473)
<b>At 31 August 2020</b>	<b>6,577</b>	<b>6,168</b>	<b>171</b>	<b>12,916</b>
<b>Net book value</b>				
<b>At 31 August 2020</b>	<b>77,334</b>	<b>2,675</b>	<b>24</b>	<b>80,033</b>
At 31 August 2019	77,725	3,002	38	80,765



**Notes to the Financial Statements**

**12. Tangible fixed assets (continued)**

College	Freehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2019	84,137	8,374	222	92,733
Additions	87	337	1	425
Disposals	-	(470)	(1)	(471)
<b>At 31 August 2020</b>	<b>84,224</b>	<b>8,241</b>	<b>222</b>	<b>92,687</b>
<b>Depreciation</b>				
At 1 September 2019	6,146	5,496	185	11,827
Charge for the year	482	611	14	1,107
Disposals	-	(469)	-	(469)
<b>At 31 August 2020</b>	<b>6,628</b>	<b>5,638</b>	<b>199</b>	<b>12,465</b>
<b>Net book value</b>				
<b>At 31 August 2020</b>	<b>77,596</b>	<b>2,603</b>	<b>23</b>	<b>80,223</b>
At 31 August 2019	77,991	2,878	37	80,906

All tangible fixed assets are held for use on charitable activities. Interest capitalised in the total costs above amounts to £531,854 (2019: £531,854).

College holds no 'heritage assets' as defined by FRS 102 as such assets are employed in operational use.



**Notes to the Financial Statements**

**13. Securities Investments**

	Fees in advance		Scholarship and Trust	
	Investments		investments	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Group investments</b>				
At 1 September 2019	2,551	2,399	3,960	3,799
Net dividends	52	53	83	77
Investment management fees	(15)	(14)	(24)	(22)
Net (losses)/gains in value of investments	(52)	113	154	106
<b>Group investments at 31 August 2020</b>	<b>2,536</b>	<b>2,551</b>	<b>4,173</b>	<b>3,960</b>
<b>Investments comprise:</b>				
<b>Listed investments</b>				
Fixed interest	1,548	1,543	585	533
Alternative investments	568	538	576	547
Equities	375	380	2,931	2,702
<b>Cash</b>	<b>45</b>	<b>90</b>	<b>81</b>	<b>178</b>
<b>Group investments</b>	<b>2,536</b>	<b>2,551</b>	<b>4,173</b>	<b>3,960</b>
<b>College investments</b>				
At 1 September 2019	2,551	2,399	2,755	2,630
Net dividends	52	53	57	56
Investment management fees	(15)	(14)	(16)	(16)
Net (losses)/gains in value of investments	(52)	(113)	116	85
<b>College investments at 31 August 2020</b>	<b>2,536</b>	<b>2,551</b>	<b>2,912</b>	<b>2,755</b>

The main Securities investments and Fees in Advance Scheme investment deposits are managed for College by Quilter Cheviot Investment Management.



## Notes to the Financial Statements

### 13. Securities Investments (continued)

Alternative investments, as above, comprise investment in property and commodity fund and unit trusts.

Holdings at the year-end comprising more than 5% of the above combined total are:

	2020	2019
	£'000	£'000
<b>Group and College</b>		
Ishares li Index-linked Gilts Investment Trust	397	445
Charities Prop Property Fund Income	295	311
Ishares Core S&P 500 UCITS ETF USD	274	286

Further details on the investments in subsidiaries are set out in note 23.

### 14. Stock

	Group		College	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Works department materials	11	7	11	7
Catering	21	15	21	15
Other	74	61	47	32
	<b>106</b>	<b>83</b>	<b>79</b>	<b>54</b>

Stock in the Group is stated after a provision for impairment of £1,900 (2019: £500).

### 15. Debtors

	Group		College	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due in one year				
Fees and extras	817	838	817	838
Trade	51	105	51	39
Other debtors	36	33	20	8
Other prepayments and accrued income	310	306	303	302
Amounts due from subsidiary companies	-	-	-	118
Due after one year	<b>1,214</b>	1,282	<b>1,191</b>	1,305
Prepayment to subsidiary company	-	-	<b>740</b>	741
	<b>1,214</b>	<b>1,282</b>	<b>1,931</b>	<b>2,046</b>



**Notes to the Financial Statements**

**16. Creditors: amounts falling due within one year**

	Group		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans and overdraft (note 20)	1,026	943	1,026	943
Deposits from parents	533	436	533	436
Fees received from parents in advance of term	2,269	2,824	2,269	2,824
Trade creditors	181	253	171	231
Taxation and social security	317	368	310	360
Other creditors	668	723	660	700
Fees in Advance Scheme (note 18)	1,839	2,602	1,839	2,602
Fees in Advance Scheme - Fair value (note 18)	39	65	39	65
Accruals	1,313	1,187	1,313	1,187
Amounts due to subsidiary companies	-	-	645	528
	<b>8,185</b>	<b>9,401</b>	<b>8,805</b>	<b>9,876</b>

The amount owed to subsidiaries is repayable on demand.

**17. Creditors: amounts falling due after more than one year**

	College & Group	
	2020 £'000	2019 £'000
Deposits from parents	2,470	2,386
Fees in Advance Schemes (Note 18)	2,378	3,211
Fees in Advance Scheme - Fair value (Note 18)	86	118
Bank loans (Note 20)	8,140	8,029
	<b>13,074</b>	<b>13,744</b>

Deposits from parents are received by College at the time of final acceptance of a place. These deposits are returned at the end of the term in which the pupil leaves College or Prep. Deposits for those pupils who College are aware are leaving, primarily Upper College leavers, are treated as due within one year.

## Notes to the Financial Statements

### 18. Fees in advance schemes

College has liabilities arising from two separate Fees in advance (FIA) schemes. One of these schemes (the Closed Scheme) allowed the fee payer to fix future fees at the fee rates applicable at the time of entering into a contract. This scheme closed to new business in May 2015 albeit certain contracts remain. The financial obligations arising from the Closed Scheme FIA contracts are deemed under FRS 102 to arise from being a 'complex financial instrument'. Further details for the accounting of these obligations are set out in Note 19.

Under the new FIA scheme which was introduced in July 2015, a fee payer may enter into a contract to pay College in advance for fixed contributions towards the tuition fees for a period agreed with College. These contributions give rise to a fixed discount on future fees.

The money may be returned subject to specific conditions on the receipt of notice within no more than 90 days. Assuming pupils will remain in College, fees in advance under both schemes will be applied as follows:

	2020	2019
	£'000	£'000
Due within one year	1,839	2,602
Adjustment for fair value due in one year	39	65
	<b>1,878</b>	<b>2,667</b>
Within one to two years	977	2,126
Within two to five years	1,056	821
After five years	345	264
Adjustment for fair value due in more than one year	86	118
	<b>2,464</b>	<b>3,329</b>
<b>Balance at 31 August</b>	<b>4,342</b>	<b>5,996</b>

### Summary of movements in liability

	2020	2019
	£'000	£'000
Balance at 1 September	5,996	6,232
New contracts	1,243	2,613
Release of fair value provision	(58)	(61)
Repayments	(2)	(127)
Amounts used to pay fees	(2,837)	(2,661)
<b>Balance at 31 August</b>	<b>4,342</b>	<b>5,996</b>

**Notes to the Financial Statements**

**19. Fees in Advance Scheme - Complex financial instrument**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Closed FIA scheme liability (opening balance)	<b>1,119</b>	1,805
Transfer to fee income before finance charge	<b>(446)</b>	(571)
Revenue foregone (finance charge)	<b>(49)</b>	(101)
Refunds to parents	<b>(2)</b>	(14)
	<hr/>	<hr/>
Closed FIA scheme liability before future finance charge	<b>622</b>	1,119
Present value of future finance charges		
Due in one year	<b>39</b>	65
Due after one year	<b>86</b>	118
	<hr/>	<hr/>
Fair value of full liability grossed up for future finance charges	<b>747</b>	1,302
	<hr/>	<hr/>

The fair value of the Closed FIA Scheme liability reflects the present value of the future expected fee income, where the discount rate used represents the financial effect of the expected fee increases forgone spread over the term of the arrangement. This fair value has been estimated by allocating the estimated expected future fee increases over the arrangement term on a straight line basis. These estimated expected future fee increases are reviewed and revised where appropriate on an annual basis. At the year-end the annualised expected future fee increase over the next five years is calculated on an average rate of 2.75%. In the view of the trustees this approach results in a carrying value which is materially consistent with that which would be generated by a more detailed fair value calculation.

There were no impairment losses charged to financial assets measured at amortised cost in the year. In the event of a request for a refund by all remaining participants in the Closed Scheme as at 31 August 2020, no accrued interest will be payable, calculated on the basis of a discount to prevailing bank base rate, over and above the capital payments received of £622,000 (2019: £1,119,000).

**20. Loans & Overdraft**

An analysis of loans and overdrafts is below:

	<b>College &amp; Group</b>	
	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Bank Loans</b>		
Due within one year	<b>1,026</b>	943
Due between one and two years	<b>1,548</b>	991
Due between two and five years	<b>2,872</b>	3,709
Due after five years	<b>3,721</b>	3,329
	<hr/>	<hr/>
Due after more than one year	<b>8,140</b>	8,029
	<hr/>	<hr/>
<b>Total bank loans</b>	<b>9,166</b>	8,972
	<hr/>	<hr/>

## Notes to the Financial Statements

### 20. Loans & Overdraft (continued)

College bank loans as well as any overdrafts are secured by fixed charges over specific freehold land and building assets. The Bank also has a financial covenant requiring that College's consolidated net incoming resources before bank interest paid, depreciation, amortisation and corporation tax paid is not less than 125% of the capital repayments due on its structured loan facilities and the bank interest paid in the financial year. In addition a security covenant requires that total borrowings do not exceed 70% of the value of all property.

### 21. Financial Instruments

An analysis of financial instruments, as defined under FRS 102, is below:

	Group		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets measured at fair value	<b>6,583</b>	6,243	<b>5,352</b>	5,102

Financial assets held at fair value include assets held as investments.

### 22. Pensions

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 £1,711,000 (2019: £1,173,000) and at the year-end £Nil (2019 - £Nil) 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.

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## Notes to the Financial Statements

### 22. Pensions (continued)

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. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

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

In addition to auto-enrolment, College also runs a scheme for its non-teaching staff, which is a defined contribution scheme. The cost for the year represents the school's contributions to the scheme and for auto-enrolment of £450,000 (2019: £412,000).

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## Notes to the Financial Statements

### 23. Subsidiaries

During the year College invoiced CCSL £500 (2019: £11,000) for catering services. CCSL invoiced College £83,000 (2019: £114,000) primarily for transport services. At the year end College's intercompany balances with CCSL were a balance due to CCSL of £644,000 (2019: £527,000).

Cheltenham College Charitable Trust is an independently run charity (Charity number 1006429) (CCCT). The charity is consolidated in order to comply with FRS 102 section 9. As at 31 August 2020 CCCT had assets, including investments, of £1.75 million (2019: £1.78 million) and short term liabilities of £2,500 (2019: £22,500); as such its net assets were £1.75 million (2019: £1.76 million). CCCT had a balance due to College of £Nil (2019: £20,000 due to College) at the year end. CCCT's revenue for the period was £154,000 (2019: £128,000) and its net deficit was £11,000 (2019: deficit of £42,000). During the year CCCT made donations and grants towards various building projects and by way of financial support to a number of pupils at College. In 2019-20 these grants and donations totalled £194,000 (2019: £186,000).

Cheltenham College International Limited (company number 11246905) was incorporated during 2017-18 with a share capital of £1; it has yet to commence trading and as such has not been included in the consolidated financial statements.

Cheltenham College Enterprises Limited (company number 01849118) (CCEL) ceased trading during 2015-16 with its activities transferred to CCSL. CCEL balance due to College was £80 (2019: £80) at the year end. The net assets and reserves of CCEL at the year end were £100 (2019: £100).

Cheltenham College 2nd Hand Clothing Store Limited remained dormant during the year.



Notes to the Financial Statements

24(a). Movement in Funds – Current year

Consolidated	1 September 2019 £'000	Net movement £'000	Transfers £'000	Investment gain/(losses) £'000	31 August 2020 £'000
<b>Endowed funds</b>					
College (Scholarship)	2,757	(17)	58	115	2,913
CCCT	666	(4)	-	20	682
<b>Endowed</b>	<b>3,423</b>	<b>(21)</b>	<b>58</b>	<b>135</b>	<b>3,595</b>
<b>Restricted funds</b>					
College (Bursary)	791	190	-	-	981
CCCT	639	(57)	100	10	692
<b>Restricted</b>	<b>1,430</b>	<b>133</b>	<b>100</b>	<b>10</b>	<b>1,673</b>
<b>Unrestricted funds</b>					
General reserve	61,518	818	(58)	-	62,278
CCCT	454	12	(100)	8	374
Designated (FIA & Lottery)	385	58	-	(53)	390
<b>Unrestricted</b>	<b>62,357</b>	<b>888</b>	<b>(158)</b>	<b>(45)</b>	<b>63,042</b>
<b>Consolidated reserves movement</b>	<b>67,210</b>	<b>1,000</b>	<b>-</b>	<b>100</b>	<b>68,310</b>
<b>College</b>					
<b>Endowed funds</b> (Scholarship)	<b>2,755</b>	<b>(16)</b>	<b>58</b>	<b>115</b>	<b>2,912</b>
<b>Restricted funds</b> College (Bursary)	<b>745</b>	<b>190</b>	<b>-</b>	<b>-</b>	<b>935</b>
<b>Unrestricted funds</b> General Designated (FIA & Lottery)	<b>61,822</b> <b>385</b>	<b>829</b> <b>58</b>	<b>(58)</b> <b>-</b>	<b>-</b> <b>(53)</b>	<b>62,593</b> <b>390</b>
<b>Unrestricted</b>	<b>62,207</b>	<b>887</b>	<b>(58)</b>	<b>(53)</b>	<b>62,983</b>
<b>College reserves movement</b>	<b>65,707</b>	<b>1,061</b>	<b>-</b>	<b>62</b>	<b>66,830</b>

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## Notes to the Financial Statements

### 24(a). Movement in Funds – Current year (continued)

The net transfers set out above of £158,000 (2019: £56,000) represents the net movement in College's Bursary Fund.

College's Endowed scholarship funds comprise a number of individual endowments of varying sizes. Those representing more than 5% of the total funds are:

General Fund (£330,700) (2019: £312,900)

Marsh Bequest (£586,300) (2019: £554,800)

For the benefit of the children of members of the medical profession

Victor Percival Bequest (£235,400)  
(2019: £222,700)

For the benefit of the children of members of the medical profession

Unwin Bequest (£497,100) (2019: £470,500)

For the benefit of the children and descendants of those killed on active military service

Cadbury (£965,000) (2019: £913,200)

For the benefit of descendants of Martin and Anne Cadbury

College's restricted fund of £817,000 (2019: £745,000) comprises the contributions made by parents at registration towards the bursary fund less any drawdown on those funds by College during the year.

Further details of the restricted and endowed funds of CCCT are set out in the Annual Report of CCCT.

Designated funds, comprising accrued lottery surpluses and dividend income for the Fees in Advance investment fund, are drawn down annually to support the tours and projects ordinarily supported by the lotteries across both schools and to maintain a base of investments to support the Fees in Advance Schemes.



**Notes to the Financial Statements**

**24(b). Movement in Funds - Prior Year**

<b>Consolidated</b>	1 September 2018 £'000	Net movement £'000	Transfers £'000	Investment gain/(losses) £'000	31 August 2019 £'000
Endowed funds					
College (Scholarship)	2,632	(16)	56	85	2,757
CCCT	658	(4)	-	12	666
<b>Endowed</b>	<b>3,290</b>	<b>(20)</b>	<b>56</b>	<b>97</b>	<b>3,423</b>
Restricted funds					
College (Bursary)	669	122	-	-	791
CCCT	663	(30)	-	6	639
<b>Restricted</b>	<b>1,332</b>	<b>92</b>	<b>-</b>	<b>6</b>	<b>1,430</b>
<b>Unrestricted funds</b>					
General reserve	59,654	1,920	(56)	-	61,518
CCCT	481	(31)	-	4	454
Designated (Fees in Advance & Lottery)	210	62	-	113	385
<b>Unrestricted</b>	<b>60,345</b>	<b>1,951</b>	<b>(56)</b>	<b>117</b>	<b>62,357</b>
<b>Consolidated reserves movement</b>	<b>64,967</b>	<b>2,023</b>	<b>-</b>	<b>220</b>	<b>67,210</b>
<b>College</b>					
<b>Endowed funds (Scholarship)</b>	<b>2,630</b>	<b>(16)</b>	<b>56</b>	<b>85</b>	<b>2,755</b>
<b>Restricted funds</b>					
College (Bursary)	669	76	-	-	745
<b>Unrestricted funds</b>					
General	59,886	1,992	(56)	-	61,822
Designated (Fees in Advance & Lottery)	210	62	-	113	385
<b>Unrestricted</b>	<b>60,096</b>	<b>2,054</b>	<b>(56)</b>	<b>113</b>	<b>62,207</b>



**Notes to the Financial Statements**

**25. Capital commitments**

At 31 August 2020 there were no commitments (2019: £87,000) for capital spend.

**26(a). Allocation of Net assets between funds – Current year**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed funds £'000	2020 Total £'000
<b>Consolidated (2020)</b>				
Tangible Fixed assets	80,033	-	-	80,033
Securities investments	-	618	3,555	4,173
FIA Scheme investments	2,536	-	-	2,536
Net Current Assets/(Liabilities) excluding FIA	(4,575)	1,055	40	(3,480)
FIA current liabilities	(1,839)	-	-	(1,839)
FIA fair value adjustment	(39)	-	-	(39)
Long-Term Liabilities excluding FIA (< 1 yr)	(10,610)	-	-	(10,610)
FIA long term liabilities	(2,378)	-	-	(2,378)
FIA fair value adjustment (> 1 yr)	(86)	-	-	(86)
<b>Total funds</b>	<b>63,042</b>	<b>1,673</b>	<b>3,595</b>	<b>68,310</b>
<b>College (2020)</b>				
Tangible Fixed assets	80,223	-	-	80,223
Securities investments	-	-	2,912	2,912
FIA Scheme investments	2,536	-	-	2,536
Net Current Assets/(Liabilities) excluding FIA	(4,825)	935	-	(3,891)
Fees in Advance current liabilities	(1,839)	-	-	(1,839)
Fees in Advance fair value adjustment	(39)	-	-	(39)
Long-Term Liabilities excluding FIA (< 1 yr)	(10,609)	-	-	(10,609)
FIA long term liabilities	(2,378)	-	-	(2,378)
FIA fair value adjustment (> 1 yr)	(86)	-	-	(86)
<b>Total funds</b>	<b>62,983</b>	<b>935</b>	<b>2,912</b>	<b>66,830</b>

**Notes to the Financial Statements**

**26(b). Allocation of Net assets between funds – Prior year**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowed funds £'000</b>	<b>2019 Total £'000</b>
<b>Consolidated (2019)</b>				
Tangible Fixed assets	80,765	-	-	80,765
Securities investments	-	578	3,382	3,960
FIA Scheme investments	2,551	-	-	2,551
Net Current Assets/(Liabilities) excluding FIA	(4,544)	852	41	(3,651)
Fees in Advance current liabilities	(2,602)	-	-	(2,602)
Fees in Advance fair value adjustment	(65)	-	-	(65)
Long-Term Liabilities excluding FIA (< 1 yr)	(10,421)	-	-	(10,421)
FIA long term liabilities	(3,209)	-	-	(3,209)
FIA fair value adjustment (> 1 yr)	(118)	-	-	(118)
<b>Total funds</b>	<b>62,357</b>	<b>1,430</b>	<b>3,423</b>	<b>67,210</b>
<b>College (2019)</b>				
Tangible Fixed assets	80,906	-	-	80,906
Securities investments	-	-	2,755	2,755
FIA Scheme investments	2,551	-	-	2,551
Net Current Assets/(Liabilities) excluding FIA	(4,835)	745	-	(4,090)
Fees in Advance current liabilities	(2,602)	-	-	(2,602)
Fees in Advance fair value adjustment	(65)	-	-	(65)
Long-Term Liabilities excluding FIA (< 1 yr)	(10,421)	-	-	(10,421)
FIA long term liabilities	(3,209)	-	-	(3,209)
FIA fair value adjustment (> 1 yr)	(118)	-	-	(118)
<b>Total funds</b>	<b>62,207</b>	<b>745</b>	<b>2,755</b>	<b>65,707</b>

**27. Related Party Transactions**

Mrs Huggett had two children attending College during the year. As is common practice within independent education, staff members are allowed a discount against fees. The discount was at the same percentage rate as that allowed to all staff members. No fees were outstanding at the year end (2019: £Nil).

There were no other related party transactions during the year which require disclosure.



**Notes to the Financial Statements**

**28. College results**

College's own results for the year included in the consolidated Statement of Financial Activities were:

	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£'000</b>	£'000
<b>Income and endowments from:</b>		
<b>Charitable activities</b>		
School fees receivable	<b>24,816</b>	26,426
Ancillary trading income	<b>363</b>	1,377
<b>Other trading activities</b>		
Non-ancillary trading income	<b>2</b>	2
Other activities	<b>1</b>	(25)
<b>Investments</b>		
Investment income	<b>111</b>	110
Bank and other interest	<b>78</b>	79
Donations, grants and legacies	<b>1,482</b>	584
<b>Total income</b>	<b>26,853</b>	28,553
<b>Expenditure on:</b>		
<b>Raising funds</b>		
Financing costs	<b>(392)</b>	(500)
Fundraising and development	<b>(334)</b>	(463)
<b>Total deductible costs</b>	<b>(726)</b>	(963)
<b>Charitable activities</b>		
Education and grant making	<b>(25,066)</b>	(25,476)
<b>Total expenditure</b>	<b>(25,792)</b>	(26,439)
<b>Net income before investment gains</b>	<b>1,061</b>	2,114
Gains on investments	<b>62</b>	198
<b>Net income on funds</b>	<b>1,123</b>	2,312
<b>Reconciliation of Funds</b>		
Fund balances brought forward at 1 September 2019	<b>65,707</b>	63,395
<b>Fund balances carried forward at 31 August 2020</b>	<b>66,830</b>	65,707