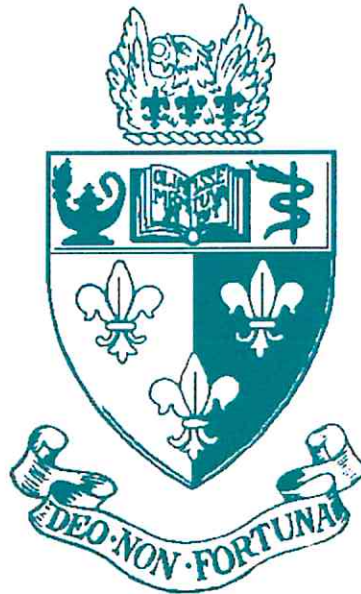


Royal Medical Foundation of Epsom College

**Annual Report and Financial Statements
for the year ended
30 June 2022**



*presented to the
Annual General Meeting of
The Governors on Wednesday 30th November 2022*

**ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
COUNCIL AND ADVISERS
YEAR ENDED 30 JUNE 2022



PATRON

HER MAJESTY THE QUEEN (Deceased 8th September 2022)

VISITOR

The Right Reverend The Lord Bishop of Guildford

PRESIDENT

Lord Carlile, CBE, FRSA, KC

VICE-PRESIDENTS

Mr PM Dodd, TD
Mr PG Hakim, FCA
Mr A Hagdrup, LLB

TREASURER

Mr AJ Pianca, FCA

MEMBERS OF COUNCIL

The Governors of the Royal Medical Foundation of Epsom College elect the Members of Council of the Royal Medical Foundation of Epsom College.

Dr JS Bolton, MA, MB, FRCPsych

Dr HH Bowen-Perkins, MRCS, LRCP, MB, BS, LMSSA,
PGD(card)

R Bruce, LLB, LLM, FCI Arb

Lord Carlile, CBE, FRSA, KC (*President*)

EJ Chandler, MA (resigned 1 July 2022)

Miss K Davidson, KC (appointed 1 December 2021)

Dr S Dhillon, MBE

Mrs B. Dolbear (appointed 22nd June 2022)

JA Hay

D Mahoney, MA

AJ Pianca, FCA (Treasurer)

GB Pincus, MBE

Sir John Scarlett, KCMG, OBE, MA
(Oxon)

Mrs K Thomas, BM (Soton), FRCS
(Orth) (Vice-Chairman)

AJ Vallance-Owen, MBE, MBA, FRCSEd

C Watson, BA(Hons), MA,

Mst(Cantab.), ACA

Dr AJ Wells, MB, BS, DRCOG,

MRCGP (Chairman)

SECRETARY TO COUNCIL

CJP Titman (resigned 31st December 2021)

Mrs EL Winfield, LLB (appointed 26th April 2022)

ADDRESS

BANKERS

AUDITOR

INVESTMENT ADVISERS

Epsom College, College Road, Epsom, Surrey KT17 4JQ

Barclays Bank PLC, One Churchill Place, London E14 5HP

Crowe U.K. LLP, St James House, St James Square, Cheltenham GL50 3PR

Quilter Cheviot Ltd, 85 Queen Victoria Street, London EC4V 4AB

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL
YEAR ENDED 30 JUNE 2022

TRUSTEES' REPORT

The Trustees of the Royal Medical Foundation of Epsom College (the "Charity"), who are also the Members of Council, present their annual report for the year ended 30 June 2022. The financial statements comply with the Charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) as it applies from 1 January 2015.

The present Trustees, any past Trustees who served during the year, the Patron and the external advisers of the Charity, are set out on page 1.

REFERENCE AND ADMINISTRATIVE DETAILS

The Royal Medical Foundation of Epsom College, also known as "RMF of EC", is a registered charity (number 312046) originally established by an Act of Parliament of 1855. The objects of the Charity, which were contained in the Royal Medical Benevolent College Acts of 1855 and 1894 (as amended), were the provision of a school and the provision of assistance to medical men and their dependants. Dr John Propert, together with medical colleagues, set out to collect funds by public subscription, creating the Charity in 1853.

On 2 July 2000 a Statutory Instrument, The Charities (Royal Medical Foundation of Epsom College) Order, dated 18 June 2000 (the "Order"), replaced the old statutory provisions with more appropriate modern rules. Under the Order, two new companies limited by guarantee were created as subsidiary charities of the overall Charity which is called the "Royal Medical Foundation of Epsom College". One subsidiary was formed to carry on the activities of the medical profession charity under the name "The Royal Medical Foundation" and the other to carry on the activities of the school under the name "Epsom College".

Following approval from the Charity Commission, the Council of the Royal Medical Foundation of Epsom College "The Council" passed a resolution on 14 March 2001, made under Section 74 of the Charities Act 1993, to divide the trust funds within the "Epsom College Investment Pool" between these two new limited companies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

On 31 August 2022 Mr Jay Piggot stepped down as Headmaster of Epsom College after ten years of outstanding, and transformative, service. We thank him for his many successes and his tireless efforts to expand the College and improve its standing. Mr Piggot was succeeded by Mrs Emma Pattison, who became the College's 14th Head on 1 September 2022.

The Governors are aware of the Charity Governance Code published in 2017 and updated in December 2020, which sets out the principles and recommended practice for good governance within the sector. The Board of Governors has reviewed its current governance arrangements against the principles within the code and these are detailed within this report. The Board will continue to review its operation against the Charity Governance Code over the coming year.

Governing Documents

The Charity is governed by its Statutory Instrument adopted on 2 July 2000 and is managed through its two subsidiary charities: The Royal Medical Foundation (charity number 312046-145) and Epsom College (charity number 312046-146).

Governing Body

The Charity is run by the Council, the members of which are the Trustees of the Charity. The Council consists of no more than 24 members, including the President and the Treasurer who are ex-officio members, all of whom are elected by the Governors in accordance with the relevant legislation. The Governors comprise the current Trustees together with both Vice-Presidents and Life Governors. Vice-Presidents are elected by the Council. Life Governors are persons who subscribed certain sums of money to the Charity prior to 1980 and were elected prior to 2000. Since 2000, new Governors have been elected either by the Governors in general meeting, or by the Council. The financial control of the Charity is the responsibility of the Treasurer.

Trustee roles, recruitment and training

To ensure that Trustees' roles and responsibilities are carried out effectively, the Council has prepared a portfolio of expertise that covers specific aspects of the Charity's work. The Council has an agreed process of induction and briefing for new Trustees. The process includes a detailed written and verbal brief by the Secretary, attendance at Council and Sub-Committee meetings before appointment where appropriate and the issuing of an information pack containing legal and trustee documents. Trustees also attend relevant briefings held by advisers.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Management

Council meetings include meetings where Trustees review strategy, operational and investment performance and the setting of operating plans and budgets. An Annual General Meeting is held in November or December. The Council appoints Sub-Committees when appropriate.

Effective partnership between Trustees and staff continues to contribute significantly to our success. The Council delegates the exercise of certain powers in connection with the management and administration of the Charity as set out below. This is controlled by the requirement of regular reporting to the Council, so that all decisions made under delegated powers can be ratified in due course.

Key Personnel

Secretary to Council: The Secretary is responsible for the day-to-day administration of the Charity's affairs as agreed by the Council.

Epsom College: The Head, COO & Bursar and members of the Senior Leadership Team are responsible for delivery of the College's charitable vision and purpose and for implementing policies agreed by the Council. The remuneration of key management personnel is set by the College Governors, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the College's success. The appropriateness of the remuneration policy is reviewed annually; this includes comparisons with other independent schools to ensure that the College remains sensitive to the broader issues of pay and employment conditions elsewhere. The conduct of affairs is delegated to the executive team consisting of the Head, the COO & Bursar and the other members of the Senior Leadership Team.

The Royal Medical Foundation: Together, the RMF Caseworker, the RMF Administrator and the Epsom College finance department are responsible for the day-to-day management of the Charity's affairs and for implementing policies agreed by the Council. Staff salaries are reviewed annually. In view of the nature of the charity, the Trustees benchmark against pay-levels for similar roles in other comparable charities.

Employment policy

The Charity actively supports the attainment of the highest standards of education through rigorous and continuous evaluation of quality and performance, the application of best practice and a widespread desire to improve standards. The Charity 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 the Charity. In order to promote an environment in which the Charity can call upon the widest possible range of knowledge, skill and experience, as well as ensuring compliance with the relevant legislation and codes of practice, the Charity is committed to achieving and maintaining a workforce which represents the population within its recruitment area in terms of race or colour, nationality or national or ethnic origins, religion or belief, sex, sexual orientation or marital status, age and disability. To this end the Charity regularly reviews the operation of its recruitment, promotion, training and development policies to ensure that no applicant for employment or member of staff is disadvantaged by conditions or requirements which cannot be shown to be justifiable. Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to appraise staff of current issues.

Investment Policy and Objectives

The Joint Investment Committee ("JIC"), a committee of Council, is responsible for the management of the funds on behalf of the Trustees. The JIC meets twice a year, and currently delegates management of the funds to Quilter Cheviot Limited ("QC").

In accordance with the Trustee Act 2000, the JIC have the power to invest in such stocks, shares and investments, as they consider appropriate. The JIC's primary objective is the preservation of the capital value of the trust funds, as adjusted for inflation (measured by the RPI). The secondary objective is to generate the income levels required and maximise capital growth. The JIC takes a long-term view on its investments and have instructed QC to give due consideration to social, environmental and ethical considerations when making investment decisions.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Charity's registered objects are given in the Statutory Instrument, The Charities (Royal Medical Foundation of Epsom College) Order, dated 18 June 2000.

The Charity has two primary objects:

- (1) To support registered medical practitioners of the United Kingdom, or individuals who have been such practitioners, and/or their widows/widowers, who find themselves in reduced circumstances; and
- (2) To provide generally for the advancement of education and, without compromising this primary object, to do so by the provision of a school with a preference for the children of registered medical practitioners.

In addition, the Charity has a secondary object:

- (3) To provide annuities or occasional financial assistance to registered medical practitioners of the United Kingdom and/or their widows/widowers and children, but only if it can do so without detriment to the primary objects.

The Trustees confirm that they have complied with the duty in s.17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published guidance concerning the operation of the benefit requirement under that Act when reviewing the Charity's aims and objectives and in planning future activities and setting grant making policy for the year.

The work of the Charity is managed through its two subsidiary charities as follows:

The Royal Medical Foundation ("RMF")

The RMF carries out objects (1) and (3) by:

1. **Providing financial assistance** in the form of means-tested awards. There are four ways this help may be given to eligible beneficiaries who are facing financial hardship:

- regular payments to medical practitioners, their widows or widowers;
- one-off and short-term grants when urgent assistance is required;
- financial assistance with educational expenses at Epsom College; and
- financial assistance with other educational expenses.

2. **Providing information and advice** on organisations that may provide assistance within the public and charity sectors.

- The Caseworker is Citizens Advice Bureau trained and an affiliate of the Institute of Money Advisers and through the provision of information and advice on how to apply for current state welfare benefits, the Caseworker can empower potential applicants to help themselves.
- Where possible, the Caseworker also refers potential applicants to other relevant charities who may be able to help.

Public Benefit Aim and Intended Impact

In setting the Charity's aims the Trustees have given due consideration to the Charity Commission's guidance on public benefit. The Charity's public benefit aim is to give relief to those in need by reason of poverty or financial hardship. The Trustees have sought to ensure that the section of the public that the Charity supports can readily access the Charity's resources and that such access is not restricted by reason of geography within the United Kingdom or by the ability to pay.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Grant-making Policy

The RMF has established its grant making policy to achieve its objects for the public benefit to improve the lives of doctors who are living in poverty or financial hardship and/or their widows, widowers and children. All registered medical practitioners (*who are, or have been, on the Principal List of the General Medical Council of the United Kingdom*) and/or their widows, widowers and children are eligible to apply for assistance. The Caseworker acts as the initial point of contact for all requests for financial assistance. As a first step, the Caseworker researches the circumstances of each case in detail to determine if the request is eligible for RMF support and how best to proceed. For example, if it transpires the applicant is not in receipt of their eligible welfare benefits, they will immediately be given information on how to apply. The RMF only gives financial assistance where a beneficiary is in receipt of their welfare benefit entitlement. The provision of such information is sometimes enough to empower the person to help themselves and in many cases, no further financial assistance is required.

Where an eligible applicant wishes to apply for financial assistance, a comprehensive application form is completed and reports from two referees are obtained. The needs of eligible applicants are assessed through telephone assessments, which are undertaken by the Caseworker, following which the Caseworker writes a Case Paper and Assessment Report. Cases are then carefully assessed by the RMF Board, which meets four times per year. The RMF Board comprises nominated representatives with both medical and non-medical backgrounds and is responsible for considering and approving all grants decisions.

Grants are valid for a maximum of one year from the date of the award and are conditional on no change in financial or other circumstances. Full disclosure of information is requested at the time of each payment. All grants are subject to a comprehensive annual review and are only continued for a further period if the circumstances are appropriate and if the funds are available. The RMF Board assesses the impact the charity has on the lives of its beneficiaries. This is achieved through regular contact by the Caseworker and by the review of correspondence that is received by the Charity's office.

Epsom College (the "College")

The College carries out object (2) through the provision of day and boarding education on a co-educational basis at Epsom College. The College also has object (3) as a secondary object. The College has various endowed, restricted and unrestricted trust funds held for special purposes in connection with the development of its facilities and for scholarships, bursaries, prizes and other educational uses.

Statement of Aims and Intended Impact

The College's aim is to provide exceptional all-round opportunities - academic, social, sporting and cultural - in a safe and supportive community. The College is a school that aims for excellence, and values both achievement and endeavour. The College challenges pupils to develop their talents and broaden their interests; to become confident in themselves and to be tolerant and appreciative of others.

Primary Objectives

The primary objectives of the College to fulfil these aims are:

1. To provide a flourishing co-educational environment for boarding and day pupils;
2. To deliver a modern, challenging and stimulating academic curriculum;
3. To challenge and ultimately eradicate any form of discrimination within the College by promoting diversity, equality and inclusion throughout the community;
4. To prepare pupils for entry to university, including those who aim for places on the most competitive courses;
5. To preserve and strengthen the College's close traditional links to the medical profession;
6. To provide comprehensive pastoral care and guidance under the leadership of dedicated and caring staff;
7. To offer a wide range of co-curricular activities to foster the interest and maximise the individual potential of each pupil;
8. To foster moral and spiritual values, tolerance and understanding in every pupil and from within Epsom's Christian foundation;
9. To develop a strong sense of responsibility and commitment to the community;
10. To further genuine awareness, understanding and co-operation between College pupils and staff and its wider communities, both local and international;
11. To create a community where pupils will find some things that will matter to them for the rest of their lives.

The aims and objectives set for the College's subsidiaries are to facilitate the achievement of the College's aims and objectives as above.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Strategies to Achieve the Objectives

During the year under review, the Governing Body, who are also Trustees of Epsom College, have focussed on the following areas to assist the College in fulfilling its aim and objectives:

- After the pandemic, continue to restore academic confidence and achievement in our pupils' learning and prepare them appropriately for the return to formal public examinations;
- Work on the appointments of key members of staff; namely, the new Head of the College and a new COO & Bursar;
- Working effectively within our pastoral support structures continue to respond to any lingering pupil welfare issues that attended the pandemic;
- Work closely with the newly appointed Assistant Head: Designated Safeguarding Lead (DSL) and Academic Advancement with a particular focus on the continuing enhancement of our safeguarding provision and the transition to the use of CPOMS, a software solution for monitoring safeguarding;
- Ensure that the College remains 'future proof' and aligns effectively with market demand by exploring possibilities of establishing a further income stream; in particular, explore the possibility of appointing an external Director of Overseas Development and a potential affiliation with a successful local Prep School that comprises both day and boarding pupils;
- Continue to meet the recommendations of the three-year Equality, Diversity & Inclusion (EDI) Development Plan and support the work and development of the Head of EDI;
- Review and enhance the provision of pastoral care across the College with a particular focus on the role of the Second Master. The role no longer encompasses responsibility as Lead DSL and a further appointment of a Director of Pastoral Innovation may enhance the College provision, particularly in light of the growth in the pupil enrolment;
- Increase funding and pastoral support for pupils under the aegis the Royal National Children's Springboard Foundation, Surrey County Council Looked After Children provision, Chelsea Football Academy and Boarding Schools Partnerships and displaced pupils from Afghanistan and the Ukraine;
- Enable our Co-Curriculum to flourish as we are released from Covid restrictions and continue to promote our policy of 'no-one on the bench' and our pursuit of excellence in the form of national honours;
- Enable the completion of the construction stage of The Mermaid over the course of the academic year commencing September 2022 and facilitate a final push on supporting donations of the project.

Principal Activities for the Year

The College provides an education to boys and girls aged 11 to 18 on its 72-acre site situated on the outskirts of Epsom, Surrey. At the end of the academic year Epsom College had 1,063 pupils (2021: 1,020), of which 31% were boarders (2021: 31%). 44% (2021: 44%) of the pupils were female.

Public Benefit Aims

The Governors recognise the College's broader responsibilities towards local communities, society and the environment, and staff and pupils are actively encouraged to expand their awareness, understanding and contribution to the wider society wherever possible.

Epsom College is committed to the aim of providing public benefit in accordance with its founding principles. In setting its aims the Governors have carefully considered and complied with the duty in s.17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published guidance concerning the operation of the benefit requirement under that Act.

The awarding of bursaries, scholarships and other awards is a measurable means of providing public benefit. The College is continuing its efforts to widen access to Epsom to talented youngsters with less financially fortunate families. 92 pupils in September 2022 (2021: 86) will now have the opportunity of an Epsom education, opened up through bursaries with help provided by the Education Trust, Epsom College Bursary Funds, The Old Epsomian Club and other generous benefactors. So far £2,023,000 (2021/22: £1,778,000) has been allocated to bursaries for the 2022/23 academic year.

All bursaries are awarded based on a proven financial need, and in 2022/23 the average bursary awarded to a pupil will be £22,989 per annum (2021/22: £20,675). Of the 96 pupils with a bursary 57% (2021: 56%) are in receipt of support covering at least 75% of the fees. All but seven of the recipients have been awarded 'access widening' bursaries, enabling children whose parents could not have otherwise afforded to enrol their child to start at Epsom College.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Public Benefit Aims (continued)

The College is an accredited member of the Royal National Children's SpringBoard Foundation, and will be fully supporting four pupils (2021/22: three pupils) from disadvantaged circumstances, increasing social mobility by widening access to boarding education and learning, adapting and sharing best practice with other SpringBoard schools. In addition, the College continues to work with Boarding Schools Partnerships, an organisation that works with local authorities to place vulnerable children in boarding schools. In September 2022, the College will again be fully funding two children under this scheme.

Those pupils who attend the College 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.

In addition to financial assistance, the College has engaged in many other activities that provide benefits within the College's objectives. An area of continuing development is the building of closer links with schools within the Bourne Education Trust. In particular, the College has been working with Teddington School and Ewell High School to share best practice regarding online learning, creating links between departments to support teaching and learning with a view to sharing seminars/extension sessions in specific subjects next academic year.

Facilities are regularly used by local clubs and maintained and other independent schools. The swimming pool is especially busy, occupied by many local young children's swimming groups; the Surrey regional squash training is held in the Sports Centre; the hockey AstroTurf is the venue for Epsom hockey club and youth team sessions and the cricket pitches for regional coaching and matches. Epsom pupils' referee or lead groups of junior pupils and Epsom usually hosts the annual Surrey Schools' Squash tournament for state and independent school pupils.

Throughout the last year, despite the challenge of putting on the usual charitable events in unusual circumstances, a sum of over £15,000 was raised for causes including the Shooting Stars Children's Hospices, the British Red Cross, Refuge UK and Epsom & Ewell Food Bank. Additionally, the College continued its long-time support of Growbaby, working with the Vineyard Church, distributing over 1,000 donated toys for needy families in the borough of Kingston each December.

The College's Service programme sends sixth form pupils into the local community to offer an hour of service per week to local community projects, local maintained schools, gardeners, foodbanks, hospitals, disabled groups and ad hoc seasonal projects, complemented by use of the College's facilities by local maintained infants, junior and special schools and IT assistance for various community groups.

ACHIEVEMENTS AND PERFORMANCE

RMF

The RMF aims to help registered medical practitioners, and their widows/widowers and children, living in poverty or financial hardship within the United Kingdom. The section of the public that has the opportunity to benefit from the support of the RMF is quite considerable since, at 30 June 2022, there were over 344,000 medical practitioners registered with the General Medical Council (GMC). In addition, their widows/widowers and children are also eligible to apply. During the last financial year, the RMF's contact details were circulated to all registered medical practitioners by the GMC and are available to all Members of the GMC via their web site. Additionally, the RMF is part of both the Educational Trusts' Forum and the joint portal for Medical Charities. The RMF supports its beneficiaries throughout the UK and our service is given free of charge. The direct cost of providing this service in 2022 was £40,736 (2021: £41,678) out of total administration expenses of £91,120 (2021: £99,209). In most cases, the RMF is contacted at a time of unforeseen crisis or tragedy and one of the greatest achievements of the RMF is to listen and help people when they are most vulnerable and do not know where else to turn. Examples of achievements during the year are given below.

Providing information and advice on organisations that may provide assistance

The Caseworker is Citizens Advice Bureau trained and an affiliate of the Institute of Money Advisers and can empower potential applicants to help themselves through the provision of information and advice on how to apply for current state welfare benefits. For example, a beneficiary received a large Council Tax arrears bill based on 2 adults living at the property, the beneficiary had not realised that they were entitled to a 25% single-persons discount. On the Caseworker's advice they contacted the Council Tax office and had their bill significantly reduced.

The Caseworker also refers callers to other relevant charities who may be able to help. In the last year, many people including nurses, medical professionals and medical students were referred to other charities.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

The Caseworker offers comfort and support to beneficiaries. This is especially important for those who have no friends or family and are therefore extremely isolated. Usually, this involves a regular telephone call to vulnerable beneficiaries to check how things are going. Usually, this involves a regular telephone call to vulnerable beneficiaries to check how things are going. For example, the Caseworker keeps in close contact with a recently bereaved vulnerable person who has no communication with any family members or friends. The person finds the regular contact invaluable and feels reassured with the guidance and general support they receive from the caseworker and benefit greatly from the money advice provided. A beneficiary recently expressed their worries to the Caseworker about a utility bill they received for their late-mother's unoccupied property. The Caseworker encouraged them to call their provider and the problem was quickly resolved and the beneficiary was subsequently reimbursed £625.

This ongoing system of regular support is achieved through regular telephone calls and visits if required. The Caseworker is, therefore, able to monitor the wellbeing of the RMF's beneficiaries, and can refer a case back to the RMF Board should a financial need become apparent.

The provision of such information and support by the Caseworker is a fundamental part of the work of the Charity. It is not possible to distinguish between the amount of time spent purely on giving information, advice and support and that spent on assessing requests for financial assistance. The Trustees consider both equally important.

Providing financial assistance

The RMF provides means-tested financial assistance to alleviate the stress of poverty or financial hardship. Awards totalling £157,226 (2021: £128,871) were made during the year ended 30 June 2022, as shown below:

Number of beneficiaries	Type of Award	Amount Paid (£)
7	Regular payments to medical practitioners and their widows / widowers	9,200
27	Short-term payments or one-off grants where urgent assistance is required	70,316
3	Financial assistance with educational expenses	17,737
2	Financial assistance with educational expenses at Epsom College	59,973
39	TOTAL	157,226

Regular payments to medical practitioners and their widows / widowers. The RMF has continued to support a number of medical practitioners and their families who live in reduced circumstances. For example, the RMF has been assisting a doctor, suffering with long-term mental health issues, with regular monthly payments. The doctor said that the regular award they receive from the RMF has given them some relief from the financial pressure and the feeling of total inadequacy they have been experiencing since having to give up their work as a doctor. It has enabled them to spend more time concentrating on their recovery and the extra money has also helped them feel less isolated, as they are now able to afford occasional visits to family and friends.

Short-term payments or one-off grants where urgent assistance is required. A relatively small amount of money paid can have a huge impact on our beneficiaries' lives. For example, a recently widowed trainee doctor, a parent of young children, was assisted towards the cost of completing their medical training course, including exam fees and cost of necessary equipment. This will enable the doctor to financially provide for their family in the future.

Financial assistance with educational expenses. Family crisis can strike at any time and educational stability, especially during critical exam years, can be crucial. The RMF helps by providing assistance with educational costs where a change of circumstance puts the family into financial crisis and where they are unable to carry on with paying school fees or extras. For example, the RMF assisted towards the cost of school fees of a young child with Learning Developmental Disorder and Autism which enabled them to remain at their fee-paying school, when their estranged father decided to stop making any further contribution. This helped maintain some stability for the child whilst the family were going through very difficult times.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Section 172 (1) Statement

The RMF is not required to make a disclosure under section 172(1) of the U.K. Companies Act 2006, due to its status as a small company.

Epsom College

Review of Achievements and Performance for the Year

The College enjoyed strong A-level results in 2022 with 27% of grades A*s and 62% A*A. The grade distributions were weighted differently this year so comparisons with previous (and future) years is not informative or valid.

Overall, the A-level results were excellent and, of the 168 Leavers applying to University this year, over 80% have met the conditions for first and second choice institutions with 66% of students accepted at their first-choice university. At GCSE, the results were encouraging with 54% of all grades 9s and 8s (a school record for externally moderated examinations), and all pupils achieved the grades they required to enter the Sixth Form.

Attaining academic achievement did not prejudice sporting and cultural activities this year. In sport there have been notable successes at a variety of levels despite the closure of the school site at various points as a result of the Covid pandemic. The College prides itself on exceptional breadth of participation by boys and girls in an extensive fixture list against schools with a national reputation for sport. On average around 80% of the whole pupil roll play sport for the College across the year, with 95-100% in the younger groups.

The College's tri-service CCF is one of the largest in the country and has produced several graduates and serving members of the armed forces across the years. The College also operates a high quality and vibrant Duke of Edinburgh programme, and the College has continued to see a significant increase in the number of pupils completing their silver and gold awards over the last few years, despite the challenges of the pandemic in restricting expeditions. Similarly, participation in Music and Drama is widespread with excellence evident in the staging of plays and musicals such as 'Les Misérables' and 'The Sound of Music' during COVID, followed by 'Beauty and the Beast', 'The Comedy of Errors' and 'Matilda', as well as a wide range of concerts and recitals. These were all rehearsed and performed initially despite the challenges of Covid bubbles throughout the school year, and live streamed for parents and the wider College community, and more recent shows and concerts have returned to being in front of audiences.

The Governors' commitment to maintaining the College's excellence has again been reinforced by the capital expenditure programme. Expenditure on capital work this year amounted to over £6.7m (£2021: £2.4m).

In September 2022, Epsom College won two awards at the Independent School of the Year Awards: the Student Wellbeing award and the coveted overall prize of Independent School of the Year.

Fundraising Performance

The fundraising activities of the College are coordinated and run through the Epsom College Development Department. Significant progress has been made this year in their ongoing work of raising voluntary funding for the College. Grants, donations and legacies donated through this department totalled £1,151,000 (2021: £434,000). The operating costs of the Development Department are paid for by the College. For this year, the performance of fundraising, on costs of £166,000 (including staff costs), was a ratio of 14.4% against the £1,151,000 voluntary income receivable by the Development Department. These figures exclude funds raised by pupils in support of other charities and the income given under gift aid by the trading subsidiary companies.

All fundraising activities for the College are carried out by the Development Office and College staff, with assistance from the alumni, parents and pupils for the running of specific fundraising events. The College does not use professional external fundraisers or have any commercial participators. All fundraising activities are managed by the Director of Development, with overall oversight by the members of the Fundraising Sub-Committee.

Under the Charities (Protection and Social Investment) Act 2016, the College is reporting that no complaints relating to fundraising activities have been received by the College during this financial year. However, the College has in place procedures that would be followed in the event of a complaint being received, with the initial response being the responsibility of the Director of Development under the Head and the Chair of the Sub-Committee. Any continuing issues would then be passed to the Chairman of the College Governing Body to determine what further action might be required. The College is a member of The Institute of Development Professionals in Education and the Council for Advancement and Support of Education and subscribes to the Fundraising Preference Service. It has voluntarily registered with the Fundraising Regulator and complies with the Code

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

of Fundraising Practice. The College considers that it has set appropriate standards for the operation and management of its fundraising activities and these are outlined under its Code of Ethical Fundraising, which may be found on the College website. In particular, the College considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

Section 172 (1) Statement

The Governors, as Directors, must act in accordance with a set of general duties. These duties are detailed in section 172(1) of the U.K. Companies Act 2006, which is summarised as follows: *'A Director of a Company must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:*

1. *The likely consequences of any decision in the long term*
2. *The interests of the Company's employees*
3. *The need to foster the Company's business relationships with suppliers, customers and others*
4. *The impact of the Company's operations on the community and the environment*
5. *The desirability of the Company maintaining a reputation for high standards of business conduct, and*
6. *The need to act fairly as between members of the Company.'*

The Governors consider that they have fulfilled their duties in accordance with section 172(1) of the U.K. Companies Act 2006 and have acted in a way in which is most likely to promote the success of Epsom College for the benefit of its stakeholders as a whole in the following ways:

Pupils

Boarding and day pupils alike benefit from the College's award-winning pastoral provision with staff placing as much importance on pupils' personal development, lifelong friendships and camaraderie as they do on exam results. Pupils are actively encouraged to offer comments and suggestions on the operation of the school through committees, houses or tutor meetings, and this pupil voice is actively considered in decisions made by the Senior Leadership Team and Governors. The pupil centric focus continued during the year and the enforced closure of the school site and the subsequent move to remote learning, recognising the challenges faced by pupils during this lockdown. Staff worked with individuals and groups of pupils to address any concerns and organised online events designed to maintain social interaction and pupil motivation.

All of the College's policies in support of Safeguarding and Child Protection have come under the scrutiny of an independently commissioned Safeguarding Review conducted by two experienced and respected professionals, Jane Foster and Jan Pickles OBE. The review offered helpful minor suggestions and adjudged the provision to be fit for purpose. The College's Personal and Social Development (PSD) programme has been significantly enhanced, particularly in Years 10 and 11 where more time has been given to the course. Modules have been refined and new modules introduced covering RSE, digital safety, spiritually & morality and physical wellbeing.

In December 2021 the College received a Regulatory Compliance Inspection from the Independent Schools Inspectorate (ISI), the results of which were published in September 2022. The College was fully compliant with 20 of the 23 National Minimum Standards, but not compliant in three areas, relating specifically to safeguarding. However, at no time did inspectors suggest that any pupil was unsafe or not well cared for. Since the inspection, the College's leadership team has worked to address the areas of non-compliance, by executing a thorough action plan. We now await an ISI Progress Monitoring Inspection to evaluate the steps we have taken to ensure we are now fully compliant with these standards.

Employees

The College recognises that the qualities and skills of its employees and the commitment of its staff play a major role in the College's success. Weekly briefings keep staff informed of school wide developments, and there are opportunities for staff consultation with Governors, both formally and informally. Staff wellbeing has remained a key focus this year when staff returned from a further period of absence from the site. The College continues to offer support in the form of trained teaching and support staff who had undertaken the mental health first aiders course and the appointment of new College Chaplain has added further care and energy to the College provision.

Parents

The College recognises the many benefits from engaging positively with parents; towards this end, the College publications highlight aspects of College life and provide an insight into the school, especially for parents of weekly and full boarders. The Thursday Post, sent out at 3pm each Thursday, consolidates all of the week's notices and announcements into a singular email and its focus remains with an internal audience concerning matters relating to the successful running of the College. In

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

addition, The Brief continues to be sent on a Friday afternoon to approximately 3,300 subscribers and it is an important component of the College's marketing and PR. Parental attendance at events, co-curricular, Soirees, Founder's Day and Speech Day reached the highest levels on record; obviously, in part this reflects the growth of the school, however, it also indicates the strength and quality of the relationship that exists within the community.

Community

The College is proud of its place within the local community and endeavours to offer support and assistance where possible by sponsoring local sports clubs and offering opportunities for local schools and clubs to benefit from its excellent academic and co-curricular facilities. The pupil Service Programme works with local charities and social organisations to identify ways in which the pupil body can best provide support and assistance. Although the 250-strong programme had to adapt during the COVID years to working in-school and producing services and goods for local schools and charities, it has returned as a hybrid operation, with over 150 pupils returning to work in the local community each week, with others continuing to contribute in-school to deliver services. The programme was recognised by an award at the House of Lords in November 2021, for the College's partnership with local state schools.

The College has endorsed the three-year Equality, Diversity and Inclusion Development Plan; progress has been pleasing and set targets have been met; the work undertaken has received wider recognition and the members of staff at the heart of the provision are regularly invited to speak at regional and national conferences.

FINANCIAL REVIEW

Results for the year

The Statement of Financial Activities reveals a surplus of £3,419,000 (2021: surplus of £4,387,000). The surplus for the financial year exceeded forecast expectations, primarily due to funding secured from individuals to support pupils during their time at the College and the revaluation of the financial derivatives. A number of other factors including strong ancillary and grant income and controlled costs also assisted in arriving at the surplus.

The overall surplus has bolstered the Charity's reserves. Within the total surplus, losses of £1,145,000 arose in respect of Endowed Funds (2021: gains £1,668,000) and gains of £605,000 (2021: gains £936,000) on Restricted activities. A £3,959,000 surplus arose in respect of Unrestricted activities (2021: £1,783,000). The Balance Sheet of the Charity remains strong and in line with Council's expectations given the investment in fixed assets.

The principal funding source of the Charity continues to be school fees receivable. This income is used directly to support the primary objectives of the Charity disclosed on Pages 2 and 3 above.

Investment Performance

At the year-end, the Charity's long-term investments totalled £16.6m (2021: £17.9m). The investments generated investment income of £500,000 (2021: £460,000) during the year. The year-end valuation of invested funds resulted in net losses on investments of £1,699,000 (2021: gains of £2,588,000) being recognised in the Statement of Financial Activities.

In assessing performance, the JIC use various indices as a means of evaluating both the investment adviser in terms of performance against their competitors and the trust funds against returns achieved by other UK charities of the same size. In the past year, the Charity has been above the mean average and the JIC are satisfied with this performance.

Reserves policy

RMF

The Trustees make every effort to distribute the maximum amount that they are able, by awarding grants to any beneficiary who has a proven financial need and who falls within their criteria. In recent years, the RMF has been able to support all eligible applicants. Through the Trustees and Caseworker, the RMF liaises closely with other medical charities and the Educational Trusts Forum to maximise the ability of the Charity to identify qualifying beneficiaries. The RMF details are also available on various web sites, through which many enquiries for assistance are generated. Awards are met from the resources of the Charity, which is supported by donations and bequests from Local Medical Committees, Medical Charities, Medical Organisations and individual Medical Practitioners.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Total reserves at 30 June 2022 are £8,840,641 (2021: £9,730,923) and unrestricted reserves held by the RMF are £2,583,542 (2021: £2,907,345). The Trustees have reviewed the reserves policy and recognise that there are substantial undistributed reserves. The planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on investment income and planned expenditure. The Trustees take the view that the level of reserves is appropriate to meet the RMF's annual obligations on a fund-by-fund basis and to ensure financial stability. Undistributed reserves are invested to increase income to enable more beneficiaries to be helped in the future and our cash deposits could easily be drawn down should working capital be required. The accounts have therefore been prepared on the basis that the charity is a going concern.

Epsom College

The College and its subsidiaries currently hold minimal free reserves. This is because the College continues to invest its unrestricted surpluses, over the years, into the College campus and educational facilities. This investment is vital to the long-term sustainability of the College. The College is able to operate using this model, due to the significant cash generated throughout the year via school fees, which, along with the banking facilities, provides the required working capital to operate during the year, and to manage any short-term income volatility. The Governors have reviewed this position and consider it remains appropriate.

The Epsom College Group's total reserves of £33.6m (2021: £29.3m) at the year-end is represented by £5.8m (2021: £6.4m) of endowed funds, £6.2m (2021: £5.6m) of restricted funds and £21.6m (2021: £17.3m) unrestricted funds. There are currently free reserves in the Group of £16,000 (2021: £16,000) and none in the College (2021: nil) as funds continue to be invested in tangible fixed assets.

In terms of demand and pupil numbers, the long-term impact of COVID-19 on the school, appears to be minimal. At the time of approving these financial statements, the College has not seen any material reduction in prospective pupil numbers. The Governors continue to be satisfied that external financial facilities provide an additional and adequate safety net, if it should be required and, therefore, have no concerns regarding going concern of the College. The Going Concern policy, found in Note 1(q) to the Financial Statements expands on the reasons for this conclusion.

A pension liability of £47,000 (2021: £221,000) arising from the College's obligations as a member of The Pension Trust (historic defined benefit pension scheme) exists at the year-end date. A funding agreement is in place with The Pensions Trust and the College has sufficient resources to meet the future funding requirements.

PRINCIPAL RISKS AND UNCERTAINTIES

RMF

The RMF has a register of major potential risks for the charity and the RMF Board regularly examines the principal areas of the Charity's operations and considers what major risks may arise in each of these areas. In the opinion of the Trustees, the Charity has established procedures and review systems to manage these risks, the principal risk being a reduction in investment income which could jeopardise the amounts available for beneficiaries.

Epsom College

The College maintains a Risk Register which is reviewed annually by the Board of Governors with a view to ensuring that the charitable objectives of the College are achieved in the short, medium and longer term, and that the risks of the trading subsidiaries are understood and managed. The principal risks for the forthcoming academic year are as follows:

- **Cost of living increases:** the rise in the cost of living crisis is not sparing schools and a marked increase in inflation will inevitably impact on schools via increased staffing and supply costs;
- **Pension and pay:** several schools have recently been through a number of teacher strikes following the decision to withdraw from the TPS. The College currently intends to stay in the scheme but this will remain under constant review;
- **Political change:** a general election and a change of government in the coming 12 months is unlikely but not impossible. At the Labour Conference in September 2021, Sir Keir Starmer pledged to remove charitable status from independent schools, although he stopped short of promising the abolition of the sector;
- **Pupil numbers:** these could be at risk because of rising fees and increased inflation; and
- **Inspections:** a number of schools are reporting concerns with the manner and negative outcome of ISI inspections,

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Epsom College (continued)

- despite feeling the same inspection process 2 years ago would have led to successful outcomes.

The key controls used by the Governors to manage risk include:

- Formal agenda and minutes for the Committee and Board activities;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels;
- Vetting procedures as required by law for the protection of the vulnerable; and
- Consideration of the recent recommendations of any ISI inspections.

Through the risk management process established for the College and its subsidiaries, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute assurance that major risks have been adequately managed. The Governors regularly review the effectiveness of current plans and strategies for managing all identified major risks for both the College and its subsidiaries

FUTURE PLANS

RMF

The RMF Trustees recognise that life in the charitable sector is tough, particularly for a small charity with such a focused operation. With a portfolio of investments where fund values are directly affected by market conditions, the Trustees are conscious of the continuing need to reduce overhead costs to the minimum, in particular those associated with administration, and the need to maximise income from its investments and other sources.

The Trustees believe that the Charity has a sound financial basis upon which to build for the future. We will continue to strengthen the RMF's profile and to develop existing services yet further to reach and help the medical community. The Board are sure that the charity's founder, Dr John Propert, would heartily approve of the efforts of the Foundation over the last year and would be content that the RMF is meeting the moral and legal obligations that it owes to its beneficiaries and to its benefactors.

Epsom College

Over the course of the coming academic year the following aspects of school development will receive particular attention:

- Assist the new Head and new COO & Bursar to settle effectively and efficiently into their new positions;
- After the pandemic, continue to restore academic confidence and achievement in our pupils' learning and continue to prepare them appropriately for the return to formal public examinations;
- Ensure that the College remains 'future proof' and aligns effectively with market demand by exploring possibilities of establishing a further income stream; in particular, explore any opportunities identified by the consultant who has been recently engaged to advise on Overseas Development and work towards a potential affiliation with a successful local Prep School that comprises both day and boarding pupils;
- Continue to meet the recommendations of the three-year EDI Development Plan and support the work and development of the Head of EDI;
- Review and continue to improve the structure and effectiveness of data and information technology systems at the College;
- Increase funding and pastoral support for pupils under the aegis of the Royal National Children's Springboard Foundation, Surrey County Council Looked After Children provision, Chelsea Football Academy and the Boarding Schools Partnerships and displaced pupils from Afghanistan and the Ukraine;
- Continue to build upon the marked success of our Co-Curriculum programme both in terms of high participation levels and the success achieved by the College at County and National level;
- Continue to inform and identify best practice and to emphasise the importance of safeguarding and enhancing pupil wellbeing throughout the College community by engaging in externally sourced audits and reviews;
- Enable the completion of the construction stage and open formally The Mermaid over the course of the academic year commencing September 2022 and facilitate a final push on supporting donations for the project.
- Work with the ISI to ensure all National Minimum Standards are met and the College remains at the forefront of pupil safeguarding and wellbeing.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
REPORT OF THE COUNCIL (CONTINUED)
YEAR ENDED 30 JUNE 2022

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' 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. Under Charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as each of the Trustees at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each member of Council has taken all the steps that he or she ought to have taken as a member of Council in order to make himself or herself aware of the relevant audit information and to establish that the charity's auditor is aware of that information.

COUNCIL MEMBERSHIP

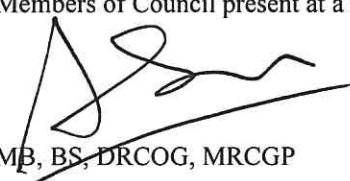
The following Members are standing down in rotation at the Annual General Meeting but are eligible and recommended for re-election for a term of three years:

MR D Mahoney, Sir John Scarlett, DR A.J. Vallance-Owen, Mr C Watson and Dr A.J. Wells

AUDITOR

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor and a general resolution proposing reappointment will be submitted to the forthcoming Annual General Meeting.

Approved by Members of Council present at a meeting on 9 November 2022 and signed on its behalf by:


Dr AJ Wells, MB, BS, DRCOG, MRCGP
Chairman

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE

Opinion

We have audited the financial statements of the Royal Medical Foundation of Epsom College ('the charity') and its subsidiaries ('the group') for the year ended 30 June 2022 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the parent charity's affairs as at 30 June 2022 and of the group's 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

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE (CONTINUED)

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 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper 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 14, 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 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 Acts 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation, Health and Safety legislation, Employment and Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the assumptions and volatility of valuation data used to value the financial instruments and derivatives, the procurement processes for significant capital projects, grant expenditure and the override of controls by management for all entities. Our audit procedures to respond to these risks included enquiries of management, and The Council of the Royal Medical Foundation of

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE (CONTINUED)**

Epsom College about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



Date 3 February 2023

Crowe U.K LLP
Statutory Auditor
Cheltenham

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.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2022 £'000	Total 2021 £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities						
School fees receivable	2	29,218	-	-	29,218	24,956
Ancillary trading income	3	1,859	-	-	1,859	1,572
Other trading activities						
Non-ancillary trading income	4	378	-	-	378	141
Other activities	4	200	-	-	200	200
Investments						
Investment income		94	402	4	500	460
Bank interest		12	2	-	14	10
Voluntary sources						
Grants and donations	6	104	1,342	-	1,446	1,476
TOTAL BEFORE FINANCE INCOME		31,865	1,746	4	33,615	28,815
Change in fair value of derivatives	5	1,294	-	-	1,294	451
TOTAL INCOME		33,159	1,746	4	34,909	29,266
EXPENDITURE ON:						
Raising funds						
Non-ancillary trading	7	135	-	-	135	62
Financing costs	7,8	535	-	-	535	738
Investment management	7	12	16	52	80	74
Fundraising and development	7	166	-	-	166	166
TOTAL DEDUCTIBLE COSTS		848	16	52	916	1,040
CHARITABLE ACTIVITIES						
Education and grant making	7	28,223	777	-	29,000	26,426
TOTAL EXPENDITURE	7	29,071	793	52	29,916	27,466
NET INCOME/(EXPENDITURE) FROM OPERATIONS						
		4,088	953	(48)	4,993	1,800
(Losses)/gains on investments	11	(254)	(348)	(1,097)	(1,699)	2,588
NET INCOME FOR THE YEAR		3,834	605	(1,145)	3,294	4,388
Pension scheme actuarial losses	21	125	-	-	125	(1)
NET MOVEMENT IN FUNDS		3,959	605	(1,145)	3,419	4,387
Fund balances brought forward at 1 July	20	20,237	6,457	12,365	39,059	34,672
FUND BALANCES CARRIED FORWARD AT 30 JUNE	20	24,196	7,062	11,220	42,478	39,059

The notes on pages 22 to 41 form part of these financial statements

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
GROUP AND CHARITY BALANCE SHEETS
AT 30 JUNE 2022

	Notes	Group 2022 £'000	Group 2021	Charity 2022 £'000	Charity 2021 £'000
FIXED ASSETS					
Tangible assets	10	33,874	30,289	33,852	30,261
Investments	11	16,512	17,789	16,587	17,864
Derivatives	12	1,435	451	1,435	451
		51,821	48,529	51,874	48,576
CURRENT ASSETS					
Stock		51	33	47	30
Debtors	13	1,192	841	1,680	997
Cash and deposits		11,929	7,155	11,331	6,912
		13,172	8,029	13,058	7,939
CURRENT LIABILITIES					
Creditors payable within one year	14	(7,396)	(6,067)	(7,351)	(6,040)
		5,776	1,962	5,707	1,899
TOTAL ASSETS LESS CURRENT LIABILITIES					
		57,597	50,491	57,581	50,475
LONG TERM LIABILITIES					
Creditors payable after one year	15	(15,119)	(11,432)	(15,119)	(11,432)
		42,478	39,059	42,462	39,043
NET ASSETS					
ENDOWED FUNDS	19,20	11,220	12,365	11,220	12,365
RESTRICTED FUNDS	19,20	7,062	6,457	7,062	6,457
UNRESTRICTED FUNDS	19,20	24,196	20,237	24,180	20,221
		42,478	39,059	42,462	39,043
TOTAL FUNDS					

The net result of the charity for the year, included within the financial statements, was a surplus of £3,003,000 (2021: £4,145,000).

Approved and authorised for issue by Members of Council present at a meeting on 9 November 2022 and signed on their behalf by:



A. J. Pianca
Treasurer

The notes on pages 22 to 41 form part of these financial statements.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Net cash provided by operating activities	(i)	7,344	5,211
Cash flows from investing activities:			
Dividends and interest from investments		500	460
Payments for tangible fixed assets		(6,735)	(2,264)
Change in cash awaiting investment		78	(14)
Proceeds on sale of tangible fixed assets		9	1
Net cash used in investing activities		<u>(6,148)</u>	<u>(1,817)</u>
Cash flows from financing activities:			
Repayment of borrowing		-	(8,486)
Cash inflows from new borrowing		4,123	8,862
Movement in finance leases		(60)	238
Finance costs paid		(403)	(365)
New fees in advance money		1,239	1,699
Fees in advance money utilised		(1,321)	(1,229)
Net cash provided by financing activities		<u>3,578</u>	<u>719</u>
Change in cash and cash equivalents in the reporting period		<u>4,774</u>	<u>4,113</u>
Cash and cash equivalents at the beginning of the reporting period		<u>7,155</u>	<u>3,042</u>
Cash and cash equivalents at the end of the reporting period	(ii)	<u>11,929</u>	<u>7,155</u>

The notes on pages 22 to 41 form part of these financial statements.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

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

	2022 £'000	2021 £'000
Net income for the reporting period (as per the statement of financial activities)	4,993	1,800
Investment income	(500)	(460)
Other finance income	(1,356)	(451)
Finance costs	535	365
Depreciation charges	3,135	3,162
Loss on disposal of assets	5	20
(Increase) / decrease in stock	(18)	9
(Increase) / decrease in debtors	(351)	327
Increase in creditors (excluding fees in advance)	901	439
	2,351	3,411
Net cash provided by operating activities	7,344	5,211

ii) Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash in bank	11,459	6,688
Cash in hand	14	13
Notice deposits (less than 3 months)	456	454
Total cash and cash equivalents	11,929	7,155

iii) Analysis of changes in net debt

	1 July 2021 £'000	Cash flows £'000	Non-cash changes	30 June 2022 £'000
Cash in bank	6,688	4,771	-	11,459
Cash in hand	13	1	-	14
Notice deposits	454	2	-	456
Cash and cash equivalents	7,155	4,774	-	11,929
Bank loans falling due within one year	(15)	-	(88)	(103)
Bank loans falling due after more than one year	(8,847)	(4,123)	(44)	(13,014)
Finance lease obligations due within one year	(59)	60	(60)	(59)
Finance lease obligations due after more than one year	(190)	-	60	(130)
Total borrowings + finance lease obligations	(9,111)	(4,063)	(132)	(13,306)
Net debt	(1,956)	711	(132)	(1,377)

The notes on pages 22 to 41 form part of these financial statements.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. ACCOUNTING POLICIES

The principle accounting policies adopted and critical areas of judgement are as follows:

a) Basis of Preparation of the Financial Statements

The financial statements have been prepared on the historical cost basis of accounting, as modified by the revaluation of investment investments, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011, the Charities SORP (FRS 102) and the accounting policies set out below.

The functional currency of the Charity is considered to be pounds sterling as that is the currency of the primary economic environment in which the Charity operates. The financial statements are also presented in pounds sterling.

The financial statements consolidate, on a line-by-line basis, all funds of the RMF and the College together with the financial statements of its wholly owned subsidiaries, Epsom College Enterprises Limited (company number 01066747), Epsom College Overseas Limited (company number 07562826) and Epsom College Transport Limited (company number 12437332) that are prepared for the same period. No separate Statement of Financial Activities has been prepared for the College alone, as permitted by Section 408 of the Companies Act 2006. The College has taken advantage of the exemption available to a qualifying entity in FRS 102 from requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The Charity is a public benefit entity and is registered as a charity in England and Wales (charity number: 312046). It was established by an Act of Parliament of 1855. The Charity is domiciled in the UK and the address of the registered office is Epsom College, College Road, Epsom, KT17 4JQ.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods. Bank loans are amortised using the effective interest rate method.

In the view of the Trustees, with the exception of pension liabilities (see note 21), no assumptions concerning the future or estimation uncertainly affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

b) Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the College against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

c) Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

1. ACCOUNTING POLICIES (Continued)

d) Donations, legacies, grants and other voluntary income

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the Charity is considered probable.

Voluntary income for the Charity's general purpose is accounted for as "Unrestricted Funds". Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention is to be permanent or not.

Grant income is recognised when there is evidence of entitlement, the receipt is probable and the amount can be reliably measured. There were no performance related conditions attached to grant income received.

e) Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for long-term liabilities. Expenditure attributable to more than one cost category in the SOFA is appropriated to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Governance costs comprise the costs of complying with constitutional and statutory requirements as well as Trustee training.

f) Tangible fixed assets and depreciation

Expenditure of the acquisition, construction or enhancement of land and buildings, vehicles, furniture, machinery, ICT infrastructure and equipment costing more than £500 are capitalised and carried in the balance sheet at historical cost. Other expenditure on equipment incurred in the normal day-to-day running of the Charity is charged to the Statement of Financial Activities as incurred.

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal instalments over their expected useful economic lives. The current depreciation rates are as follows:

New buildings	2 – 4%
Freehold and leasehold improvements and renovations	2 – 20%
Furniture, machinery and equipment	10 – 25%
Motor Vehicles	25%

Buildings outside the grounds of Epsom College have been included at their 30 June 1995 valuation. Costs associated with buildings in the course of construction have not been depreciated pending completion of the work.

g) Investments

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated the appropriate fund according to the "ownership" of the underlying assets.

Investments in subsidiaries are valued at cost less provision for impairment.

h) Stock

Stock represents goods for resale and is valued at the lower of cost or estimated selling price.

i) Debtors

Short term debtors are measured at transaction price (e.g. value of school fees billed but not yet paid), less any impairment.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

ACCOUNTING POLICIES (continued)

j) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities including bank loans, are measured at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method.

Pupil fee deposits held by the school: Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The school does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held are included within current liabilities.

k) School fees in advance

In addition to the school fees, which are payable one term in advance, the College accepts fees for longer periods. These longer-term fees paid in advance are credited to income when the fees are due. In consideration of the lump sum received the scheme provides for a discount to be applied towards the cost of education.

Amounts received under the College's Advance Fee Scheme contracts for education not yet utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

l) Provisions for liabilities

Provisions are recognised when the Charity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Charity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Financial Activities ("SOFA") in the period it arises.

The Charity recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Charity. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

ACCOUNTING POLICIES (Continued)

n) Fund accounting

Charitable trust funds are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded. Endowment funds are further sub-divided into permanent and expendable.

Unrestricted income belongs to the Charity's corporate reserves, spendable at the discretion of the Trustees either to further the Charity's Objects or to benefit the Charity itself. Where the Trustees decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Restricted income comprises gifts and legacies where there is no capital retention obligation or power but only a trust law restriction to some specific propose intended by the donor.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the Charity (e.g. freehold land) or for its financial benefit (i.e. by investment).

Expendable endowment funds can be converted into income for spending with at the Trustees own discretion or else upon the happening of some event contemplated by the donor.

o) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with exception of investments which are held at fair value.

Financial assets held at amortised cost comprise cash at bank and in hand, together with all debtors other than prepayments and tax recoverable. A specific provision is made for any debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital.

Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and fees received in advance.

Derivatives are not basic financial instruments. These are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the balance sheet date. Changes in fair value are recognised in the Statement of Financial Activities in finance costs or finance income as appropriate.

Derivatives classified as liabilities have been split between due with one year and after one year based on the future estimated cashflows.

p) Pension costs

Retirement benefits to employees of the Charity are provided through three pension schemes. The pension costs charged in the Statement of Financial Activities are determined as follows:

The Teachers' Pension Scheme

This is a multi-employer pension scheme and it is not possible to identify the Charity's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the College accounts for the scheme as if it were a defined contribution scheme. The Charity's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

Pensions Trust

Contributions are paid, in respect of non-teaching staff, to the Pensions Trust into a defined contribution scheme. Contributions for current employees are generally at a rate equivalent to 7% of annual basic pay for those in the existing scheme and 4% for those who were auto-enrolled from the Charity's staging date of 1 January 2014.

The Charity previously contributed to a Pension Trust defined benefit scheme. A liability exists in relation to the deficit funding for this historic scheme.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

ACCOUNTING POLICIES (Continued)

p) Pension costs (continued)

The historic defined benefit scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standard issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

Retiring Pensions Fund

The Charity also pays post-employment benefits to certain former members of staff and their relatives. This was previously paid from a designated, separately invested fund, which was divested during the year. The College now pays these benefits from operating income. The Fund is invested separately from all other funds.

q) Going concern

The preparation of financial statements requires an assessment of the validity of the going concern assumption, this being dependent upon the availability of adequate financial resource to allow the Group and Charity to continue in operational existence for the foreseeable future.

Throughout the COVID-19 pandemic, the College managed risk successfully and the long-term impact upon the College appears to minimal at this time. The Governors have reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff.

The income expected to be available depends most importantly upon an estimate of pupil numbers and their boarding mix as well as investment income. At the time of approving these financial statements the College is experiencing increased pupil numbers compared with prior years. The College has considered the effects of a small reduction in pupil numbers on the financial forecasts, taking account of current cash reserves, banking facilities and the College's ability to rescale its operations accordingly. There are currently adequate cash balances and banking facilities in place to ensure that the College can meet its obligations through this period of uncertainty.

The Trustees have reviewed budgets and projected cash flows and are confident that with the continued support of existing bank funding levels the Group and Charity will have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the financial statements. Consequently, the Trustees consider it appropriate to prepare the financial statements on the going concern basis.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

2.	CHARITABLE ACTIVITIES – FEES RECEIVABLE	2022	2021
		£'000	£'000
	Fees receivable consist of:		
	School fees	30,996	26,450
	Less: Scholarships, bursaries and other awards	<u>(2,403)</u>	<u>(2,016)</u>
		28,593	24,434
	Add back scholarships and grants paid out of restricted funds	<u>625</u>	<u>522</u>
		<u>29,218</u>	<u>24,956</u>

Scholarships and grants paid out of restricted funds is the total restricted expenditure on grants and awards made during the year. In previous years, only restricted expenditure on grants and awards that was funded by investment income was included here, and funding from other sources was netted against the cost of scholarships, bursaries and other awards in note 2. Comparative figures above have been restated.

3.	CHARITABLE ACTIVITIES – OTHER INCOME	2022	2021
		£'000	£'000
	Ancillary trading income		
	Entrance and registration fees	161	193
	Additional charges to pupils	1,598	1,206
	Insurance commission	4	4
	Other	<u>96</u>	<u>169</u>
		1,859	1,572

4.	OTHER TRADING ACTIVITIES	2022	2021
		£'000	£'000
	Non-ancillary trading income		
	Epsom College Enterprises Ltd	308	108
	Courses and lettings	<u>70</u>	<u>33</u>
		378	141
	Other activities		
	Epsom College Overseas Ltd - royalties	<u>200</u>	<u>200</u>

Trading subsidiaries

Epsom College Enterprises Ltd: the aggregate amount of its assets, liabilities and funds as the end of the reporting period were £91,491 (2021: £94,491). It had turnover of £308,529 (2021: £107,653), expenditure of £114,342 (2021: £59,718) and a profit of £194,187 (2021: £47,935) for the reporting period.

Epsom College Overseas Ltd: the aggregate amount of its assets, liabilities and funds as the end of the reporting period were £100 (2021: £100). It had turnover of £200,000 (2021: £200,000), expenditure of £3,671 (2021: £5,600) and a profit of £196,329 (2021: £194,400) for the reporting period.

Epsom College Transport Ltd: the company started trading on 1 March 2021; the aggregate amount of its assets, liabilities and funds as the end of the reporting period were £100 (28 February 2021: £100). It had turnover, derived from transport services provided to Epsom College, of £184,873 (2021: NIL), expenditure of £159,350 (2021: NIL) and a profit of £25,523 (2021: NIL) for the reporting period.

5.	FINANCE INCOME	2022	2021
		£'000	£'000
	Change in fair value of derivatives	<u>1,294</u>	<u>451</u>

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

6. GRANTS AND DONATIONS RECEIVABLE

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total 2022 £'000	Total 2021 £'000
Donations to Royal Medical Foundation	2	-	-	2	6
Donations to the College for other charities, bursaries, fixed asset purchases and other purposes	-	426	-	426	368
Donations to the Epsom College Education Trust for the development of educational facilities and activities of the College	-	916	-	916	434
Government Grants	102	-	-	102	668
	104	1,342	-	1,446	1,476

During the year ended 30 June 2022 six Governors made total donations of £120,000 to the College for the development of educational facilities and activities of the College (2021: five Governors donated £5,000 in total).

The Government Grant was received under the Coronavirus Job Retention Scheme for 3 months during the year (2021: ten months).

7. ANALYSIS OF TOTAL EXPENDITURE

(a) Total expenditure

	Staff Costs £'000	Other Costs £'000	Depreciation £'000	2022 Total £'000	2021 Total £'000
Raising funds					
Trading costs	-	123	12	135	62
Fundraising costs	143	23	-	166	166
Investment management	-	80	-	80	74
Financing costs (note 8)	-	535	-	535	738
Total raising funds	143	761	12	916	1,040
Charitable activities					
Teaching	11,009	2,297	26	13,332	12,380
Welfare	3,419	1,909	-	5,328	4,579
Premises	448	2,239	2,438	5,125	4,942
Support and governance costs	1,784	1,959	659	4,402	3,858
Grants, awards and prizes	-	813	-	813	667
Total charitable activities	16,660	9,217	3,123	29,000	26,426
Total expenditure	16,803	9,978	3,135	29,916	27,466

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

(b) Governance included in support costs

	2022	2021
	£'000	£'000
Remuneration paid to auditor for audit services	55	40
Remuneration paid to auditor for assurance services	3	3
	58	43

Remuneration paid to auditor for audit services and assurance services exclude irrecoverable VAT.

Remuneration paid to the auditor of Epsom College Enterprises Ltd, Epsom College Overseas Ltd and Epsom College Transport Ltd for audit services are included, net of VAT, within Trading costs and amount to £4,325 (2021: £4,140), £2,130 (2021: £2,040) and £4,430 (2021: NIL) respectively.

Remuneration paid to the auditor of Epsom College Enterprises Ltd for tax services was £2,550 (2021: £ 2,500), remuneration paid to the auditor of Epsom College Overseas Ltd for tax services was £2,000 (2021: £3,500) and remuneration paid to the auditor of Epsom College Transport Ltd for tax services was £2,550 (2021: NIL).

8. FINANCE COSTS

	2022	2021
	£'000	£'000
School fees in advance financing costs	43	37
Bank borrowings financing costs	491	326
Change in fair value of derivatives	-	373
Pension scheme financing costs	1	2
	535	738

9. STAFF COSTS

	2022	2021
	£'000	£'000
The aggregate payroll costs for the year were as follows:		
Wages and salaries	13,497	12,570
Social security costs	1,440	1,303
Pension contributions	1,866	1,769
	16,803	15,642
Aggregate employee benefits of key management personnel	1,510	1,310

The average number of employees during the year was:

	2022	2021
	No.	No.
Teaching (including teaching support staff)	140	136
Other	299	293
	439	429

None of the Trustees, or persons connected with them, received any remuneration during the year. There were no expense reimbursements made to Governors during the year (2020: 2 Governors reimbursed a total of £1,224).

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

9. STAFF COSTS (continued)

The number of employees who received remuneration of £60,000 or greater, in the following bands, was:

	2022	2021
£60,001 - £70,000	36	37
£70,001 - £80,000	14	13
£80,001 - £90,000	4	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	2	-
£130,001 - £140,000	-	1
£240,001 - £250,000	-	1
£260,001 - £250,000	1	-

The number with retirement benefits accruing in the Teachers' Defined Benefit and Non-Teachers' Defined Contribution Schemes was 50 and 8 respectively (2021: 46 and 9). The relevant amount of contributions in respect of the Non-Teachers' Scheme was £48,866 (2021: £52,250).

Redundancy and settlements payments of £2,163 and £26,373, respectively, were made during the year (2021: redundancy payments £15,836). There were no outstanding payments at the year-end (2021: nil).

10. TANGIBLE FIXED ASSETS- CHARITY AND GROUP

	Land & Buildings	Charity Assets Under Construction	Plant, Machinery & Vehicles	Fixtures & Equipment	Charity Total	Subsidiary Fixtures & Equipment	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or frozen valuation							
<i>At 1 July 2021</i>	63,264	1,342	1,759	4,993	71,358	57	71,415
Additions at cost	927	4,839	99	864	6,729	6	6,735
Transfers	32	(32)	-	-	-	-	-
Disposals	-	(13)	-	(108)	(121)	-	(121)
At 30 June 2022	64,223	6,136	1,858	5,749	77,966	63	78,029
Depreciation							
<i>At 1 July 2021</i>	35,762	-	1,549	3,787	41,098	29	41,127
Charge for the year	2,339	-	112	672	3,123	12	3,135
Eliminated on disposals	-	-	-	(107)	(107)	-	(107)
At 30 June 2022	38,101	-	1,661	4,352	44,114	41	44,155
Net book value							
<i>At 1 July 2021</i>	27,502	1,342	210	1,206	30,261	28	30,289
At 30 June 2022	26,122	6,136	197	1,397	33,852	22	33,874

The amount of expenditure on buildings up to 31 December 1955 is unascertainable and is not considered to be material to these financial statements. Expenditure since that date has been capitalised in the balance sheet.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Included in Land & Buildings are properties outside the College grounds. These were first capitalised in the balance sheet as at 30 June 1995 at their market value of £2,060,771 at that date. Additions since then have been included at cost. Chartered Surveyors carried out an independent valuation of freehold properties outside the College grounds as at 30 June 1995 on the assumption that vacant possession was immediately available. Properties comprising sub-divided flats were valued on the assumption that the individual flats had the benefit of 99 year leases at peppercorn ground rent and that an acceptable management and service agreement was in place. No structural survey or legal searches were carried out.

The total net book value of fixtures & equipment of the College of £1,397,000 (2021: £1,206,000) includes £156,000 (2021: £230,881) held under finance lease. Depreciation charged on these assets amounted to £74,880 (2021: £68,640).

All tangible fixed assets are held for use in charitable activities.

11. INVESTMENTS

a) Group and Charity Investment movements

	Total	<i>Total</i>
	2022	<i>2021</i>
	£'000	<i>£'000</i>
Group investments as at 1 July	17,789	15,186
New capital introduced	500	-
Change in cash awaiting investment	(78)	15
Realised gains/(losses)	(1,520)	2,385
Unrealised (losses)/ gains	(179)	203
Group investments at 30 June	16,512	17,789
Investment in subsidiaries	75	75
Charity investments at 30 June	16,587	17,864

b) Investment analysis

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Fixed interest stocks and bonds	2,403	2,280
UK equities	5,508	4,317
Worldwide equities	7,356	8,580
Alternative investments	1,245	2,612
Group investments	16,512	17,789
Investment in subsidiaries	75	75
Charity investments	16,587	17,864

12. DERIVATIVES

	Group	<i>Group</i>	Charity	<i>Charity</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Financial instruments	1,435	451	1,435	451

During the year the College entered into a second derivative arrangement on the £7m loan facility, taking out a zero-floor interest rate swap, with an embedded cap. This is a similar arrangement to the one in place at June 2021 on the £8m loan facility.

The College uses these arrangements to protect against interest rate volatility over the period of repayment. Further information on the interest rate swap arrangements is found in Note 15.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

13. DEBTORS	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Fees and extras	335	393	335	393
Trade debtors	36	86	-	-
Sundry debtors	65	43	56	43
Prepayments and accrued income	756	319	751	314
Amounts due from subsidiary companies	-	-	538	247
	1,192	841	1,680	997

All debtors are due within one year.

14. CREDITORS PAYABLE WITHIN 1 YEAR	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Deposits from fee payers	2,133	2,635	2,133	2,635
Bank loans and overdrafts	103	15	103	15
Finance lease	59	59	59	59
Trade creditors	741	380	731	380
Taxation and social security	415	344	415	344
Other creditors, accruals and deferred income	2,144	858	2,110	831
School fees in advance scheme (see note 16)	1,137	1,145	1,136	1,145
Pension deficit funding (see note 21)	19	60	19	60
Holiday pay accrual	645	476	645	476
Derivative financial instruments	-	95	-	95
	7,396	6,067	7,351	6,040

Deposits from fee payers, under normal circumstances, are repaid over future years when the pupils complete their education at the school. However, as pupils can leave at earlier dates, the balance of the deposits held at the end of the financial year have been included within current liabilities. In the normal course of business, the expected repayment of these amounts will be £573,741 within one year (2021: £1,038,000) and £1,558,760 after more than one year (2021: £1,597,000).

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2022	2021
	£'000	£'000
Bank loans and overdrafts	13,015	8,847
School fees in advance scheme (see note 16)	1,883	1,956
Finance lease	130	190
Pension deficit funding (see note 21)	28	161
Derivative financial instruments	63	278
	15,119	11,432

The total bank loan at the year-end is £13,117,581 (2021: £8,862,564) and is comprised of two facilities. The £8m facility, with a 25-year amortisation period, is fully drawn and is for the purpose of funding the College's previous building and development programmes. The £7m facility is also in place to part fund the construction of the Mermaid building and will be drawn upon as the project progresses.

During the year, £4,122,663 was drawn on this facility (2021: £851,000). Capital repayments are due as follows:

	2022	2021
	£'000	£'000
Due within 1 year	103	15
Due between 2 and 5 years	1,126	2,228
Due after more than 5 years	11,889	6,619
	13,118	8,862

Interest is charged at SONIA plus 1.90% on both loans.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

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

The College has entered into fixed interest rate swaps in relation to both loans. The strike rates are 1.25% and 2.8% for the £8m and £7m loans, respectively. The interest rate swap has a zero-floor mechanism with an embedded cap, the floor and cap elements are valued separately as assets for the purposes of these accounts.

The College has access to a £3.5m revolving credit facility to help fund its building and capital development programme. There was no utilisation of this facility during the year. Interest is charged on this facility at a rate of SONIA plus 1.35%. The College also has in place a £1.5m overdraft facility to help manage working capital requirements throughout the year. All facilities are secured by a fixed and floating charge over all assets of the College.

16. SCHOOL FEES IN ADVANCE SCHEME

Parents may enter into a contract to pay to the College up to the equivalent of seven years' fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. The scheme provides for discounts to be applied to the cost of education as the fees fall due. Assuming pupils remain at the College/ start at the college as anticipated, the liability for advance fees, accrued to date, will be applied as follows:

	2022	2021
	£'000	£'000
Beyond 5 years	252	269
Within 2-5 years	1,631	1,687
Within 1 year	1,137	1,145
	3,020	3,101
 The movements during the year were as follows:		
At 1 July	3,101	2,631
New contracts during the year	1,239	1,699
Amounts accrued to contracts	-	-
	4,340	4,330
Amounts returned to leavers	-	(30)
Amounts utilised in payment of fees	(1,320)	(1,199)
Balance at 30 June	3,020	3,101

17. FINANCIAL INSTRUMENTS

	2022	2021
	£'000	£'000
Financial assets measured at fair value	17,947	18,240
Financial liabilities measured at fair value	63	373

Financial assets held at fair value include assets held as investments and derivative financial instruments (floor and cap).
 Financial liabilities held at fair value includes derivative financial instruments (interest rate swap).

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

18. FUNDS OF THE GROUP

UNRESTRICTED FUNDS

Epsom College

General fund – Representing accumulated income from the College’s activities and other sources that are available for the general purpose of the College.

Fixed assets fund – A designated fund that represents the College’s investment in property less the amount funded by bank borrowings.

Derivative reserve – Representing accumulated fair value gains and losses associated with the annual revaluations of derivative financial instruments.

Royal Medical Foundation

General fund – Representing accumulated income from the Charity’s activities and other sources that are available for the general purpose of the Charity.

Royal Medical Foundation of Epsom College

Surrey scholars’ fund – Representing funds received from the parents of Surrey Scholars and held for the general purpose of the charity.

RESTRICTED FUNDS

Epsom College

Scholarships, bursaries and the development of educational activities – Representing numerous individual gifts, legacies and grants given to the College over many years for a specific purpose but where there is no requirement to preserve capital. For several years, The College has been receiving donations to The Mermaid capital campaign to fund a new centre to transform the educational experience of its pupils, with particular focus on the Sixth Form. These donations are restricted for this purpose only.

Royal Medical Foundation

Grant funds for education and maintenance (restricted and endowed) – Representing funds held to provide pensions, annuities and grants and other pecuniary assistance for medical practitioners or their families in need.

Gift/annuity fund (restricted and endowed) – Representing the Funds held to provide renewable annual grants, annuities and other pecuniary assistance for medical practitioners or their families in need.

ENDOWED FUNDS

Epsom College

Scholarships - Representing numerous individual gifts, legacies and grants given to the College over many years for scholarships and bursaries.

School endowment trust – Representing an expendable endowment with the purpose of assisting in the provision, maintenance, improvement or extension of the premises of the school. In May 2016 the Governors gave approval that funds then held in the School Endowment Trust should be used for the purpose of funding capital projects. As such, investments held for School Endowment Trust funds were liquidated, transferred to the College and designated to the Fixed assets fund in year ending 30th June 2017.

Royal Medical Foundation

Foundation scholars’ fund – Representing the funds held to provide for the education of children of medical practitioners in need at Epsom College.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

19. ALLOCATION OF THE NET ASSETS

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

	Fixed Assets £'000	Investments £'000	Net Current Assets/ (Liabilities) £'000	Long Term Liabilities £'000	2022 Total £'000
Unrestricted funds					
General fund	1,616	1,714	(672)	(55)	2,603
Fixed assets fund	32,258	-	1,081	(13,118)	20,221
Advance fees	-	-	1,883	(1,883)	-
Derivative reserve	1,435	-	-	(63)	1,372
	<u>35,309</u>	<u>1,714</u>	<u>2,292</u>	<u>(15,119)</u>	<u>24,196</u>
Restricted funds	-	3,574	3,488	-	7,062
Endowed funds	-	11,224	(4)	-	11,220
Balances at 30 June 2022	35,309	16,512	5,776	(15,119)	42,478
<i>2021</i>	<i>Fixed Assets £'000</i>	<i>Investments £'000</i>	<i>Net Current Assets/ (Liabilities) £'000</i>	<i>Long Term Liabilities £'000</i>	<i>2021 Total £'000</i>
Unrestricted funds					
General fund	1,445	2,861	(1,028)	(351)	2,927
Fixed assets fund	28,844	-	(2,765)	(8,847)	17,232
Advance fees	-	-	1,956	(1,956)	-
Derivative reserve	451	-	(95)	(278)	78
	<u>30,740</u>	<u>2,861</u>	<u>(1,932)</u>	<u>(11,432)</u>	<u>20,237</u>
Restricted funds	-	2,563	3,894	-	6,457
Endowed funds	-	12,365	-	-	12,365
Balances at 30 June 2021	30,740	17,789	1,962	(11,432)	39,059

20. MOVEMENT ON FUNDS

	1 July 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains /Losses £'000	30 June 2022 £'000
a. UNRESTRICTED						
Epsom College						
General fund	16	31,769	(28,937)	(2,989)	157	16
Designated fixed asset fund	17,232	-	-	2,989	-	20,221
Derivative reserve	78	1,294	-	-	-	1,372
Royal Medical Foundation						
General funds	2,911	96	(134)	-	(286)	2,587
	<u>20,237</u>	<u>33,159</u>	<u>(29,071)</u>	<u>-</u>	<u>(129)</u>	<u>24,196</u>

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

20. MOVEMENT ON FUNDS (Continued)	<i>1 July 2021</i>	Income	Expenditure	Transfers	Gains /Losses	30 June 2022
b. RESTRICTED						
Epsom College						
Scholarships, bursaries and development of educational facilities	5,611	1,585	(696)	-	(273)	6,227
Royal Medical Foundation						
Grant funds – maintenance and education	222	72	(54)	-	(20)	220
Gift/annuity fund	624	89	(43)	-	(55)	615
	6,457	1,746	(793)	-	(348)	7,062
c. ENDOWED						
Epsom College						
Scholarships	6,391	4	(27)	-	(567)	5,801
Royal Medical Foundation						
Grant funds – maintenance and education	2,476	-	(9)	-	(220)	2,247
Relief of poverty fund	228	-	(1)	-	(20)	207
Gift/annuity fund	2,758	-	(12)	-	(245)	2,501
Foundation scholars	512	-	(3)	-	(45)	464
	12,365	4	(52)	-	(1,097)	11,220
TOTAL FUNDS	39,059	34,909	(29,916)	-	(1,574)	42,478
2021	<i>1 July 2020 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Transfers £'000</i>	<i>Gains / Losses £'000</i>	<i>30 June 2021 £'000</i>
a. UNRESTRICTED						
Epsom College						
General fund	16	27,547	(26,253)	(1,293)	(1)	16
Designated fixed asset fund	15,886	-	-	1,346	-	17,232
Derivative reserve	-	451	(373)	-	-	78
Royal Medical Foundation						
General funds	2,552	95	(85)	(53)	402	2,911
	18,454	28,093	(26,711)	-	401	20,237
b. RESTRICTED						
Epsom College						
Scholarships, bursaries and the development of educational facilities	4,831	1,024	(602)	-	358	5,611
Royal Medical Foundation						
Grant funds – maintenance and education	173	66	(45)	-	28	222
Gift/annuity fund	517	83	(59)	-	83	624
	5,521	1,173	(706)	-	469	6,457
c. ENDOWED						
Epsom College						
Scholarships	5,529	-	(25)	-	887	6,391
Royal Medical Foundation						
Grant funds – maintenance and education	2,142	-	(10)	-	344	2,476
Relief of poverty fund	197	-	(1)	-	32	228
Gift/annuity fund	2,386	-	(11)	-	383	2,758
Foundation scholars	443	-	(2)	-	71	512
	10,697	-	(49)	-	1,717	12,365

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

21. PENSION COSTS

(a) Teachers' Pension Scheme

The College 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 £1,563,938 (2021: £1,497,970) and at the year-end £195,397 (2021: £186,453) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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 a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is 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.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

(b) Pensions Trust

Contributions are paid, in respect of non-teaching staff, to the Pensions Trust into a defined contribution scheme.

Contributions for current employees are generally at a rate equivalent to 7% of annual basic pay for those in the existing scheme and 4% for those who were auto-enrolled from the College's staging date of 1 January 2014. The pension charge for the year includes contributions payable to The Pensions Trust of £281,279 (2021: £299,019) excluding the defined benefit deficit funding. At the year-end £51,324 (2021: £58,756) was accrued in respect of contributions to this scheme.

The College previously contributed to a Pension Trust defined benefit scheme. A liability exists in relation to the deficit funding for this historic scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The historic defined benefit scheme is classified as a 'last-man standing arrangement'. Therefore, the College is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025: £3,312,000 per annum (payable monthly and increasing by 3% on 1st April each year)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

As the scheme is in deficit and the College has entered into a deficit funding arrangement a liability has been recognised for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement. The present value is calculated using a discount rate of 3.45% per annum. The discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions. The unwinding of the discount rate is recognised as a finance cost.

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	2022	2021
	£'000	£'000
Provision at 1 July	221	276
Unwinding of the discount factor (interest expense recognised in SOFA)	1	2
Deficit contribution paid	(50)	(58)
Re-measurements – impact of change in actuarial assumptions (recognised in SOFA)	(2)	1
Re-measurement – amendment to the contribution schedule (recognised in SOFA)	(123)	-
Provision at 30 June	47	221

22. CAPITAL AND OTHER COMMITMENTS

Epsom College

Tangible fixed assets contracted for at 30 June 2022 totalled £3,508,101 (2021: £7,190,121). This includes the commitment to pay retentions following the satisfactory completion of the Mermaid building project, estimated at £175,131 (2021: £281,673), and non-recoverable VAT.

The College utilises bank borrowings in order to fund capital development. A bank overdraft is secured by a fixed charge against the freehold assets of the College and forms part of the facilities agreement that includes the loans referred to in Note 15.

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

22. CAPITAL AND OTHER COMMITMENTS (Continued)

In the forthcoming academic year, the College has committed to fund bursaries for 92 pupils totalling £2,023,000, and has awarded scholarships totalling £604,000 to 305 pupils. Bursaries and scholarships are funded principally from school fees receivable, supplemented by investment income.

Royal Medical Foundation

The Royal Medical Foundation and related Trust Funds have already made awards totalling £41,293 for the year to 30 June 2023 (to 30 June 2022: £39,850) in respect of tuition fees and other charitable assistance. The Trustees have authorised these awards, which have not been provided for within the accounts as the awards are subject to the recipients fulfilling certain conditions.

23. LEASE COMMITMENTS

The Charity's future minimum finance lease payments are as follows:

	2022	2021
	£'000	£'000
Within one year	59	59
Between one and five years	130	190
	189	249

Certain IT equipment is held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases (see note 10).

24. RELATED PARTY TRANSACTIONS

The Charity has entered into the following related party transactions during the year:

Epsom College

During the year, Jennifer Hay Ballet, operated by a daughter of Governor JA Hay, invoiced the College for educational services totalling £19,667 (2021: £15,695).

Epsom College in Malaysia

During the year to 30 June 2022, there were no rechargeable costs incurred by the College which required invoicing to Epsom College in Malaysia (2021: NIL). A balance of £nil remained unpaid at the year-end (2021: £nil).

The Royal Medical Foundation Limited (the "RMF")

The Royal Medical Foundation is a sister company which falls under The Royal Medical Foundation of Epsom College umbrella.

During the year Epsom College charged the RMF £5,000 (2021: £5,000) to rent office space and paid salaries including pension contributions of £57,936 (2021: £75,274) on behalf of the RMF which were subsequently reimbursed by the RMF.

In addition, the RMF paid school fees to Epsom College for the Foundationer beneficiary totalling £26,998 (2021: £56,439).

Epsom College Enterprises Limited ("Enterprises")

Epsom College Enterprises Limited is a wholly owned subsidiary company.

During the year Epsom College Enterprises donated £194,187 (2021: £47,935) of income to Epsom College. In addition, the College made payments for salaries and expenses on behalf of Enterprises, which totalled £100,663 (2021: £91,302). All expenses were reimbursed by Enterprises. No loans were made by Epsom College to Epsom College Enterprises during the year (2021: £165,000 during the year and repaid in full at year end).

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

24. RELATED PARTY TRANSACTIONS (Continued)

At the year-end, Epsom College Enterprises owed the College £330,301 (2021: £53,126).

Epsom College Overseas Limited (“Overseas”)

Epsom College Overseas Limited is a wholly owned subsidiary company.

During the year Overseas donated £196,329 (2021: £194,400) of income to Epsom College. In addition, the College made payments for expenses on behalf of Overseas, which totalled £13 (2021: £4,351). All expenses were reimbursed by Overseas. No loans were made by between the two organisations during the year (2021: Epsom College was loaned £95,000 from Epsom College Overseas which was repaid in full within the year).

At the year-end, Epsom College Overseas owed the College £195,401 (2021: Epsom College Overseas owed the College £194,400).

Epsom College Transport Limited (“Transport”)

Epsom College Transport Limited is a wholly owned subsidiary company.

During the year Epsom College Transport donated £25,523 (2021: NIL) of income to Epsom College. The organisation provided a minibus service to the College throughout the year. In addition, the College made payments for salaries and expenses on behalf of Transport, which totalled £89,675 (2021: NIL). All expenses were reimbursed by Transport. During the year, Transport was loaned £10,000 by Epsom College, which remains outstanding at the year end (2021: NIL). At the year-end, Epsom College Transport owed the College £12,097 (2021: NIL).

The Royal Medical Foundation of Epsom College

The Royal Medical Foundation of Epsom College is the parent Charity to which Epsom College belongs.

The Royal Medical Foundation of Epsom College is responsible for the ‘Pool’ within which Epsom College and the Royal Medical Foundation invest. Additional funds of £500,000 were invested in the Pool during the year (2021: NIL). The Pool has generated Epsom College and the Royal Medical Foundation investment income of £239,601 and £249,454, respectively (2021: £221,366 and £238,687 respectively).

At the year-end, the Royal Medical Foundation of Epsom College owed the College £72,216 (2021: £218,120).

At the year-end, the Royal Medical Foundation owed the Royal Medical Foundation of Epsom College £25,379 (2021: £54,632).

ROYAL MEDICAL FOUNDATION OF EPSOM COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

25. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 30 JUNE 2021

	Unrestricted	Restricted	Endowed	Total 2021
	£'000	£'000	£'000	£'000
Charitable activities				
School fees receivable	24,956	-	-	24,956
Ancillary trading income	1,572	-	-	1,572
Other trading activities				
Non-ancillary trading income	141	-	-	141
Other activities	200	-	-	200
Investments				
Investment income	90	370	-	460
Finance income	460	1	-	461
Voluntary sources				
Grants and donations	674	802	-	1,476
TOTAL INCOME	28,093	1,173	-	29,266
EXPENDITURE ON:				
Raising funds				
Non-ancillary trading	62	-	-	62
Financing costs	738	-	-	738
Investment management	11	14	49	74
Fundraising and development	166	-	-	166
TOTAL DEDUCTIBLE COSTS	977	14	49	1,040
CHARITABLE ACTIVITIES				
Education and grant making	25,734	692	-	26,426
TOTAL EXPENDITURE	26,711	706	49	27,466
NET INCOME/(EXPENDITURE) FROM OPERATIONS	1,382	467	(49)	1,800
Gains on investments	402	469	1,717	2,588
NET INCOME FOR THE YEAR	1,784	936	1,668	4,388
Pension scheme actuarial losses	(1)	-	-	(1)
NET MOVEMENT IN FUNDS	1,783	936	1,668	4,387
Fund balances brought forward at 1 July	18,454	5,521	10,697	34,672
FUND BALANCES CARRIED FORWARD AT 30 JUNE	20,237	6,457	12,365	39,059

