

**THE GORDON FOUNDATION**  
**ANNUAL REPORT AND CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2022**

Company Number 00027272  
Charity Number 312092

## THE GORDON FOUNDATION

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## THE GORDON FOUNDATION

### LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Patron</b>	HM The Queen
<b>Vice Presidents</b>	The Lord Mayor of London The Lord Lieutenant of Surrey The Bishop of Guildford
<b>Ambassadors</b>	Mr P Talbot Mr M Hawkesworth Mr P Wynter Bee

#### Foundation Committee (The Board)

General Sir Peter Wall GCB CBE	Chairman (Resigned 1 May 2022)
Lieutenant General Richard Cripwell CB, CBE	Chairman (Appointed 1 May 2022)
Mr R Whittington DL <sup>1,2,4,5,8</sup>	Vice Chairman
Mr C Whiffin <sup>1,2,8</sup>	Treasurer
Mrs J Valner <sup>1,2,3,4,5,7</sup>	Chair of Governors
Lord Lingfield	Resigned 21 January 2023
Mr W Eason <sup>1,2,3,4,5,8</sup>	Resigned 21 January 2023
Ms A MacLennan <sup>6</sup>	Resigned 21 January 2023
Mr T Gordon	
Mrs L Bannister <sup>3,7,9</sup>	
Mr C Lomas	Resigned 16 June 2022
Mr M Barnes <sup>1,2,8,9</sup>	
Mrs A Stephens <sup>1</sup>	
Major General A Fay CB	
Mrs D McKenzie <sup>5</sup>	
Mrs S Hounsham <sup>6,7</sup>	
Mr P Jones <sup>1,2</sup>	
Mr S Azeem DL	
Ms Neelam Devesher DL <sup>4,9</sup>	Appointed 22 January 2022
Brigadier J Mullin <sup>7</sup>	Appointed 22 January 2022
Ms J Kruger	Appointed 21 January 2023

#### Head Teacher

Mr A Moss

#### Foundation and Company Secretary

Mrs S M Meikle

#### Committee Membership

Member of the Foundation Development Committee = 1

Member of the Joint Finance & Estates Committee = 2

Member of the Investment Panel = 3

Member of the Awards Panel = 4

Member of the Governance Committee = 5

Member of the Fundraising & Enterprises Committee = 6

Governor of Gordon's School = 7

Member of the Risk & Audit Committee = 8

Member of the Performance Management & Salaries Committee = 9

## THE GORDON FOUNDATION

### LEGAL AND ADMINISTRATIVE INFORMATION (continued)

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#### ADVISERS

<b>Bankers:</b>	Bank of Scotland 38 Threadneedle Street London EC2P 2HL
<b>Auditors:</b>	Alliotts LLP Friary Court 13-21 High Street Guildford Surrey GU1 3DL
<b>Investment Managers:</b>	Quilter Cheviot Senator House 85 Queen Victoria Street London EC4V 4AB
<b>Legal Advisers:</b>	Moore Barlow LLP The Oriel Guildford Surrey GU1 3SR

#### STATUS AND ADMINISTRATION

<b>Registered Office:</b>	The Gordon Foundation Gordon's School West End Woking Surrey GU24 9PT
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## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT

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#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### **Constitution**

The Gordon Foundation is a company limited by guarantee (Company No 00027272), its registered office being at Gordon's School, West End, Woking, Surrey, GU24 9PT. The company is a charity for educational purposes (registered charity No 312092).

Management of the charity is vested in the Foundation Committee, who are directors and members for the purposes of the Companies Act and trustees for the purposes of charity law. In this regard they comply with the requirements of the Charities Act 2011, the Trust Deed and the Charities SORP 2015 (FRS 102). Foundation Committee members are required to retire from office every third year from the date of election but are eligible for re-election for a maximum of three terms. The Foundation Committee has powers at any time to appoint additional members. The day to day running of the Foundation is the responsibility of the Foundation Secretary.

The charity was founded at the express wish of Queen Victoria as the national memorial to General Gordon who was killed in Khartoum in 1885. The Gordon Foundation owns, freehold, the land and buildings formerly known as the Gordon Boys' Home which was changed to The Gordon's Boys' Home in 1943, started to accept girls and day boarders from 1990 and is now known as Gordon's School.

The majority of the Governors of Gordon's School, a State Boarding School with Academy status, are either trustees of or are appointed by The Gordon Foundation.

Following a decision made in 2019 to increase the number of (ex-officio) Vice Presidents, a recommendation to introduce the position of Ambassador was approved. Ambassadors, a seven-year appointment, are former trustees of seniority or long service who have continued interest in supporting the Foundation's work. Paul Talbot, Gordonian and former trustee of over 30 years' service, and Mark Hawkesworth, former Treasurer, accepted the invitation to be the first Ambassadors for The Gordon Foundation while Peter Wynter Bee who retired in 2021 after 21 years' service to Gordon's as trustee and for eight years a School Governor, accepted the Committee's invitation to continue his links as a Gordon's Ambassador.

After seven years as the Foundation's Chairman, General Sir Peter Wall retired and was succeeded by Royal Engineer, Lieutenant General Richard Cripwell. The Foundation and School are grateful to Sir Peter for his leadership, particularly during the challenges of the Covid Pandemic and school lockdowns.

The Wider Leadership Team controls the running of the Foundation and School at an executive level and implements the policies and decisions of the trustees and governors through agreed schemes of delegation. Key management personnel are defined as the Head Teacher, Deputy Heads (Curriculum and Pastoral), Bursar, Head of Sixth Form, Assistant Heads and senior Foundation support services managers. A review of Governance was commissioned during Summer 2021. This identified many strengths in governance arrangements and some areas for improvement including consideration of the size of the Foundation Committee, decision-making procedures and succession planning.

##### **Arrangements for setting pay and remuneration of key management personnel**

The Wider Leadership Team is paid on the Leadership pay scale which broadly adheres to the leadership pay bands outlined in the School Teachers' Pay and Conditions Document. Leaders must demonstrate sustained performance in respect to their performance objectives; non-teaching leadership salaries are benchmarked against local market conditions. The Performance Management and Salaries Committee awards one incremental point on the Gordon's Pay Scale where performance objectives are met and where there is a sustained high quality of overall performance.

##### **Policies and Procedures adopted for the Induction and Training of Trustees**

Prospective trustees are invited to Gordon's School prior to their appointment to meet with the Foundation Secretary, Head Teacher and at least two trustees who make their report to the next meeting of the Governance Committee. A schedule of trustees with their qualifications and experience is maintained, cross-referenced against the business requirements of the Foundation, which assists in the selection of new trustees.

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

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Once appointed, new trustees follow an induction which includes an explanation of their role as trustee, the company and the relationship between The Gordon Foundation and Gordon's School. They are invited to meet staff members in order to familiarise themselves with the School as well as receiving copies of policies and procedures and other relevant documentation. All trustees are encouraged to attend professional training courses, take online courses for trustees and are provided with joint briefings at least once each year.

#### OBJECT AND OBJECTIVES

##### General

Currently, the main activity of The Gordon Foundation is the support of Gordon's School, a non-selective, co-educational State Boarding School for 945 residential and day boarding students aged 11-18 years. The School changed from Voluntary Aided to Academy status on 1 January 2013. Funding from the Education and Skills Funding Agency pays the cost of teaching and learning, delivery of the national curriculum and some classroom facilities. In addition to managing the estate and buildings, The Gordon Foundation provides support services to the School and in particular runs the boarding operation for the day, weekly and full boarding students and the extensive co-curricular programmes. For families who require financial assistance with boarding charges, The Gordon Foundation is able to provide means-tested bursaries.

The Gordon Enterprises UK Ltd, a subsidiary of The Gordon Foundation, oversees management of and hire of the Gordon's Sports Hub, letting of the school facilities when not required by the School and other opportunities for non-boarding revenue generation. Proceeds from such activities are gift-aided to The Gordon Foundation, designated to the bursary funds.

##### Vision

Our long-term vision is a family of Gordon Foundation schools where students, particularly those from disadvantaged backgrounds, benefit from a Gordon's education. An education recognised as amongst the finest in the world for the calibre of young people we develop, the progress they make and the difference they make to the lives of others.

##### Object

The object of The Gordon Foundation is to educate or contribute to the education of boys and girls having particular regard to those with a specific boarding or educational need, with a view to preparing them for education or for earning their livelihood, such object being in continuation of the work of the unincorporated institution known as the Gordon Boys' Home, established in July 1885 as the National Memorial to General Gordon.

##### Objectives

Whilst the main objective of The Gordon Foundation is support for Gordon's School, trustees appreciate its wider objects of encouraging and supporting residential boarding for 'necessitous' young people, improving the public's awareness of the value and benefits of residential boarding and increasing funds available to support residential boarding. In setting these objectives and planning activities, trustees give careful consideration to the Charity Commission's guidance on Public Benefit.

OBJECTIVE	ACTIVITIES TO FULFIL THE OBJECTIVE
Maintain the National Memorial to General Gordon	Following the previous year's Covid lockdown and restrictions, it was pleasing that the Whitehall Parade and memorial service in Embankment Gardens could again take place. Y7 History classes continue to include a short course on the history of Gordon's, the Home and School, and the life of General Charles Gordon. Links with Khartoum International Community School are sustained with the hope that a visit can be planned for 2024. General Gordon's principles are referred to and maintained within the updated strategy, <i>Vision for Gordon's</i> . A lecture was planned for Autumn 2022 on General Gordon's legacy today.

Objectives (continued)

OBJECTIVE	ACTIVITIES TO FULFIL THE OBJECTIVE
Be alert to and take advantage of opportunities to extend the influence of Gordon's at home and overseas	A range of partnerships are in place that benefit current students and extend the Gordon's reach. In addition to the Harlequins RFC Programme, the MoU with Aldershot Town FC continues positively, and with Surrey Storm (Netball). Cooperation with Woking High School continues under the Arete Partnership, particularly for student leadership training and inter-school competitions; Robert May's School joins in September 2022 and a fourth school will join during 2023. The partnership launched in 2022 with Commonwealth Education Trust is developing, drawing on Gordon's pedagogy. Opportunities for a Gordon's 2 continue to be explored as opportunities arise.
Ensure that support services provided by The Gordon Foundation are fit for purpose and commensurate with outstanding provision	Taking opportunities to review for improvement is embedded within the Support teams. With the need to appoint a new Deputy Head Pastoral, the role and responsibilities of Designated Safeguarding Lead has been separated to a new post of DSL, appointed January 2022, such is its importance and increasing workload. The role of the Attendance Officer has also been augmented.
Increase the Foundation's financial stability and support for financially necessitous students	Post-Covid, maintaining ma positive cashflow alongside capital commitments is challenging but achieved. Regular communication is maintained with our Bank and there was no recourse to any further Bank facilities apart from the existing capital loans. By the end of the year, 71 (7.6%) students were in receipt of a means-tested bursary with total spend £403,748 with 15 of those students supported also by nine different external educational trusts.
Deliver world-class pastoral care, curriculum, and co-curriculum provision	In June, Gordon's was presented with the Times Educational Supplement Boarding School of the Year Award. This recognises innovation, imagination and efforts to develop children in ways that go beyond academic achievement and the league tables as well as maintained continued excellence. Gordon's was one of eight boarding schools across the country to have been nominated. Recognising the lack of provision in primary schools for learning musical instruments, a scheme offering free group tuition to Year 7 students started in September, with the intention of extending this for a maximum of three years and involving students in various ensembles. This initiative started well and 14 of the initial 20 students will continue into Year 8 with a new Y7 cohort starting. The wide range of co-curricular activities included students travelling to participate in MUN Conferences, two teams took part in the Dartmoor Ten Tors Challenge and various drama productions, including Matilda.

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

**The Vision for Gordon's**

As we recovered from a world pandemic there has never been a more important time to reconnect with General Gordon's legacy and reimagine what we can and should try to achieve. The updated 'Vision for Gordon's' was launched during the Summer term 2021, following extensive consultation within the Gordon's Community. This strategic plan for Gordon's sets out our vision for the national memorial to General Gordon to be more than a school, but a symbol of what can be achieved by a community united in making an outstanding contribution for the good of global society, through its educational leadership and through the lives Gordonians go on to lead. During the next year this vision will be extended towards 2035, the Foundation's 150th anniversary.

A Gordon's education strives to be more than the best possible examination results, but a thorough preparation for life. Our aim is to develop rounded world class, global citizens with the character, capabilities and confident humility to achieve well, to stay active, to appreciate what they have and to connect and give back to the communities in which they live and work.

The Vision for Gordon's is for the national memorial to General Gordon to be a force for a more caring and just world: a world in which inequality in opportunities is diminishing; where individuals are treated similarly and have equal chances based not on privilege, but on how hard they work for themselves and others.

### Capital Developments

Woolwich House, the residential boarding house created from the former Head Teacher's House and adjoining Chapel House that opened in September 2019 continues to provide a popular and appropriate introduction to residential boarding for 32 Year 7 students within their own accommodation, while linking with their senior House to which they move in Year 8.

Planning permission for the new sports hall and 3G all-weather pitch was received in January 2019. A £6m long-term bank loan facility was taken out in December 2019 to finance this project. After a delayed start on site, work continued throughout the Covid-19 lockdown and the sports hall was completed with hand-over in October 2020. A contractual disagreement with the main contractor meant that handover of the 3G pitch was delayed until December 2021. That disagreement led to the main contractor referring the dispute to adjudication as the Foundation had withheld funds to replace what it considered a non-compliant facility; the adjudication in November 2022 went against the Foundation and the account is now settled in full.

During summer 2021 the two-classroom building known as 'India' was replaced and enlarged to provide four large and well-equipped classrooms for teaching IT & Computing and Business Studies. The Academy's 2021 CIF grants from the DfE to remedy significant damp issues in the Medway building (Music and Drama) was completed summer 2022.

The Drama and Music departments make good use of the Gym and Pool building ahead of its conversion into a performing arts centre, when finance allows. Some theatrical equipment that will continue to be used in the performing arts centre was purchased during this year to improve student drama experience.

During summer 2022 a seventh Science Laboratory was created (with financial assistance from The Wolfson Foundation, an extra classroom provided, the Library part-refurbished; the two Art studios were co-located and to achieve this, the Fitness Suite re-sited close to the Sports Hall. Two of the four senior residential boarding Houses were in part refurbished, the first stage of an intended £2m improvement plan for all residential Houses. Future projects under consideration include the performing arts centre, improvements to the Back Fields and moving Gordon's to Carbon Neutral.

### Academic Results for the School

During the year the School educated approximately 936 students between the ages of 11 and 18. Recruitment continues to be strong with waiting lists for Key Stages 3 and 4. There were 271 residential boarders and 314 students in the Sixth Form. With Teacher Assessed Grades in 2020, then Centre Assessed Grades in 2021, for Y13, 2022 was their first set formal public examinations.

Compared to many state schools, the KS5 curriculum at Gordon's is rigorous and a high proportion of students opt for the more intellectually demanding subjects. 45% of Y13 Leavers obtaining places at Russell Group universities and 83% gained places at their preferred destination, above national average. Two students gained places at Cambridge, three embarked on courses in Medicine or Dentistry, two gained places at Leeds Conservatoire, four took up Sports Scholarships at US Universities. One student entered RMA Sandhurst on a Leadership Scholarship and two DiSE students gained professional contracts with Harlequins RFC. Seven leavers opted for Apprenticeships.

#### A Level results 2022

48% of entries graded A\*-A  
77% of entries graded A\* -B  
91% of entries graded A\*-C

#### GCSE results 2022

48% of entries graded 9-7  
87% of entries graded 9-5  
96% of entries graded 9-4

#### BTEC L3 2022

35% of entries graded D\*-D  
92% of entries graded D\*-M

#### BTEC L2 2022

33% of entries graded D\*-D  
100% of entries graded D\*-M

Detailed information on student activities and the co-curricular programme can be found on the School website [www.gordons.school](http://www.gordons.school) as well as the Annual Report of the Gordon's School Academy Trust.

## **THE GORDON FOUNDATION**

### **REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)**

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#### **ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE**

##### **General**

The Development team is responsible for activities focusing on support for the school community as well as strengthening local and wider community links, ranging from regular talks, organising all larger school internal and external event and seeking opportunities to let facilities when not required by the school, and fundraising. Development Prefects assist the department with appropriate administration and hosting of events, providing them with some insight into a different area of the school as well as useful experience. A strong working partnership continues with the Gordon's School Parents' Association which clearly benefits the school and the parent community.

In September, we were delighted to be able to assist in providing a venue for part of the Archbishop of Canterbury's visitation to the Diocese of Guildford. Also, to welcome HRH Princess Eugenie who came to speak about her involvement in the work of the Anti-Slavery Collective, as relevant today in the UK as it was for General Gordon in Sudan.

Following the dissolution of the Gordonian Association and responsibility for all alumni-focused activity incorporated within the Development Office, a key focus continues to be developing a strategy for appropriate communication and engagement activity with each age groups. The Gordonian Football team, sponsored by a local business, is also supported by providing home match facilities on the new 3G pitch. In the summer, Gordonians of all ages enjoyed being able to return to the School for the Annual Parade and previously meeting up in London after the Whitehall Parade. Former members of the Pipe Band are invited to play in the Big Blow, the summer cricket match is popular as well as a three-way netball tournament for Gordonians, staff and current students. The Gordonian Awards 2021, for Arts and for Sports, attract increasing numbers of high calibre applicants; these financially support two Year 11 students with the costs for developing a particular talent, and encouragement to continue into the Gordon's Sixth Form.

Support is provided to the Careers team to assist with finding work placements and speakers as well as organising the annual Careers Fair. Opportunities for parents and members of the local community to network continue with reinstatement of the monthly Business Networking Breakfasts held at the School. The Development team now helps and encourages the School Charities Committee with appropriate links and organisational support; Gordon's students volunteered over 9,000 hours during the year and the whole community was generous in its support for the people of Ukraine as requested items and money were collected and sent to their assistance.

The Gordon's Pipe Band celebrated its 80<sup>th</sup> anniversary with a range of activities including a piping recital held in the Gordon's Chapel, travel to Scotland to compete in the Schools' and World Championships and, following a longstanding link with Brookwood Last Post Association at Brookwood Military Cemetery, members of the Pipes and Drums who represent the School at Brookwood Last Post were selected to go to Menin Gate to play and take part in the Last Post Association's Remembrance Service.

##### **Commercial**

A planning condition for the Sports Hall and 3G pitch is community use with a Community Use Agreement in place between Gordon's and Surrey Heath Council. There is significant interest in hire of these facilities, with a focus on supporting local grass-roots sports clubs. Other sports facilities, creating the Sports Hub, are also made available for hire.

Other commercial activity includes GordonstoGo within the Catering Department, and the Sports Hub Café, part of the new Sports Hall building available for use in conjunction with sports hire as well as Gordon's Sixth Form students during the school day. A monthly Gordon's Supper Club has been re-launched post-Covid. While we were pleased to again host Barracuda Day Camps during the Easter and Summer holidays, residential lettings were not feasible due to refurbishment work in the residential Houses and fewer enquiries received following Covid as well as Brexit.

##### **Partnerships**

The partnership launched with Aldershot Town Football Club in July 2021 whereby their team is based and trains at Gordon's during weekday mornings, and provided with catering and other facilities, continues positively. In addition to hire charges, School football teams are provided with coaching by the ATFC coaching team and opportunities for free home match tickets. Other sporting partnerships continue, with Harlequins Rugby Football Club and Surrey Storm (Premier Netball).

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

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Gordon's is proud to help reduce global educational poverty through a working partnership with the Commonwealth Education Trust (CET). Formally known as the Commonwealth Institute, the CET is a well-established, leading charity that champions education across the Commonwealth. Their digital platforms reach teachers in underserved, often rural communities around the world, providing them with much needed bite-size professional development courses. Gordon's teachers work with CET to establish courses to help improve pedagogy and classroom management, later extending to support designated schools through fundraising and practical resources.

The Camelthorn Foundation supports community-led wildlife initiatives alongside promoting education and socio-economic opportunities in Zimbabwe's Hwange province. Gordon's has pledged to work with the Camelthorn Foundation to raise sufficient funds to provide, initially, a girls' boarding house and then accommodation for boys, attending Ngamo Secondary School. In time, we hope that students and staff may be able to volunteer with the Camelthorn Foundation in their conservation, education or social programmes.

#### **External support**

Applications to trusts and foundations continue for bursary funding as well as specific projects. The support for Gordon's students from a range of educational trusts is valued and in particular the continued generosity of the Girdlers' Livery Company.

Support for Gordon's students by Reedham Children's Trust, Buttle UK, the Masonic Charitable Foundation, Lloyd Foundation, Emmott Foundation, Wispers Trust, The Royal SpringBoard Children's Foundation and Tak Turton Trust continues to be welcomed by student families and the School.

Last year, two significant new competitions were launched, the Wynter Bee Global Citizen Prize and the Headmaster's Global Citizen Prize, for which students were asked to engage with one of the UN 17 Sustainable Development Goals. We are immensely grateful to Peter Wynter Bee, former trustee and now Gordon's Ambassador, for encouraging the institution of these student competitions and for his generosity in funding the prizes, an all-expenses paid trip to Costa Rica to take part in a conservation and development project for the KS4/5 Wynter Bee Global Citizen Award and a Red Letter Day experience together with sponsorship for a Costa Rican student for the KS3 Headmaster's Global Citizen Award.

Gordon's is proud to have signed up to the Forces Covenant and to display the Bronze Award of the Employers' Recognition Scheme, recognising the School's role in supporting our Forces families as well as being a major employer in the area. The link with the Corps of Royal Engineers continues to be valued, in particular CCF students participating in Field Days organised at Gibraltar Barracks; training staff from Pirbright Camp assist with ceremonial drill. Members of the Pipes and Drums play regularly for the Last Post Association at Brookwood Cemeteries. The Pipe Band has played for Surrey Police Pass-Out Parades and with Surrey Police Band in a Festival Remembrance Parade.

#### **Fundraising**

The trustees recognise the importance of meeting the highest standards of practice and care in relation to fundraising activities. The Foundation keeps donors informed about fundraising activities through regular updates. All fundraising activity is carried out by school staff, who have received training on fundraising standards. No complaints have been received. The Foundation only raises funds from those individuals and organisations known to it and the Foundation does not undertake fundraising campaigns to members of the public.

#### **Patronage**

In June, the School celebrated the Platinum Jubilee of Queen Elizabeth II, Patron of Gordon's School. In September the School joined the nation as we mourned Her Majesty's death. Trustees hope that in due course HM King Charles III will agree to continue the unbroken line of the reigning monarch as the Foundation's Patron.

#### **Former trustee**

Trustees were saddened to learn of the death in September 2022 of former trustee John Udal, who had served with the Sudan Political Service until Sudan's independence and continued to promote interest in the country.

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

#### MANAGEMENT AND EFFECTS OF COVID-19

It has been relief to the whole School community to have the whole school year without lockdown. The additional costs incurred during the previous two years have reduced significantly, any cost of continuing practices incorporated within general operating costs. Changes that came about through Covid such as online staff briefing, the two-part lunch break and virtual parent conferences have continued.

#### FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The main sources of funding for the Foundation are through boarding charges and investments. Gordon's continues to be an oversubscribed school operating to maximum capacity with a waiting list. The fee income received by the Foundation was £10,193,082 (2021: £8,451,959).

The net movement in funds for the year was a surplus of £1,081,008 (2021: deficit of £1,364,962)

Investments performed as well as could be expected during a year of continued upheaval. The investment portfolio has decreased by £191,800 to £3,229,973 (2021: £3,421,773).

On 1 January 2013, Gordon's School converted to Academy Trust status under the Academies Act 2010 with all operations, assets and liabilities transferred over to the Gordon's School Academy Trust. This transfer was accounted for using the acquisition method resulting in a £389,000 deficit on the Local Government Pension Scheme transferring into the Trust. Most years since there has been an additional deficit on the scheme, the scheme deficit was £610,000 at 31 August 2022 (2021: £1,903,000).

Further information on the pension schemes is given in note 21.

#### RESERVES

Funds comprise unrestricted funds of £13,586,116 (2021: £13,916,598) and restricted funds, excluding pension reserve, of £1,385,871 (2021: £1,267,381). The restricted funds pension deficit reserve stands at £610,000 (2021: £1,903,000 deficit). The restricted funds are set out in note 17.

Unrestricted funds are represented by the Foundation's property and other tangible fixed assets, investments and net working capital. Free reserves, defined as total unrestricted funds having eliminated the net book value of unrestricted fixed assets, are negative and the Foundation Committee have set a policy to restore and build free reserves in order to maintain the site and fund the modernisation and future development of Gordon's School.

#### Risk

The trustees have assessed the major risks to which The Gordon Foundation is exposed and have taken steps to reduce and manage these risks. Trustees approve a formal Risk Register which is updated regularly and reviewed by the Joint Audit and Risk Committee at least annually. The most significant risks identified are noted below together with the means by which to manage the risk:

<b>RISK</b>	<b>CONTROL</b>
<b>Worsening economic climate</b>	Regular consideration given to economic factors which may affect parents' ability to pay charges and reduce ESFA funding. Effect of economic downturn mitigated by reducing costs where possible and holding back on plans as well as ensuring frequent reporting of student roll and finances. Maintain a schedule of pre-agreed changes in the event of significantly reduced income. Focus on developing alternative income streams.
<b>Loss of charitable status</b>	Compliance with requirement of public benefit; the availability of means-tested bursaries
<b>Breach of Health &amp; Safety issues; major incident resulting in loss of life or school closure.</b>	Crisis Management Plan in place and reviewed at least annually. Risks mitigated by identifying them, setting our procedures to reduce and monitoring that all procedures are operating effectively. H&S external advice, staff trained on specific procedures and are reviewed annual by external experts. H&S policy reviewed annually. H&S Committee meets termly or as required; membership includes a trustee / governor. H&S part of staff induction. Property Services Manager is H&S and Fire Officer and is trained appropriately.

Risk (continued)

RISK	CONTROL
<b>Compromised site security, buildings and personnel</b>	All staff know to challenge strangers on site; wear emergency contact information; security contractor employed evenings, overnight and 24 hours over weekends; resident staff. Restricted access to all buildings. Perimeter fencing and gates improved but some weakness end of Front Field and should review north side access controls. Lockdown procedures in place.
<b>Fire that results in the school being unable to operate</b>	Fire risk assessments carried out by specialist subcontractor on a triennial basis (or sooner where there is an alteration to premises) and reviewed annually. Procedures and evacuation plans reviewed annually. Procedures in place for dealing with arson, smoking, kitchen, heating, lightening conductors, fire evacuation, alarm installation. Routine alarm checks, hydrants, appliances. Adequate insurance in place + disaster recovery plan which is tested.
<b>Difficulty in staff retention; poor staff morale and wellbeing</b>	Staff turnover data maintained. Exit interviews with Assistant Bursar for all posts and report made to SLT. Pay rates reviewed regularly against appropriate market, benchmark. Effective communications maintained between staff, line and senior managers. Open Door for Head and Chair of Governors. Appropriate benefits provided + PRP (teaching) and termly bonus scheme (support). Positive encouragement to use non-contact time for wellbeing activity if wish to. Availability of school facilities for staff.
<b>Loss of Internet connectivity for a prolonged period</b>	Service is provided by contracted IT managed service provider with high SLAs and 24/7 remote monitoring. Depending on where the failure has occurred, a restricted network provision could be restored. Backup second internet feed being considered (less speed but adequate for priority purposes). School website can be updated to inform parents if prolonged loss of service or SchoolComms messaging. Termly check of disaster recovery plan with IT managed Services.

**INVESTMENT POLICY**

The charity aims to manage the investment portfolio such that investment income is maintained and capital growth is achieved, in real terms. The performance of investments and the investment policy is reviewed regularly by the Investment Panel. The Investment Panel does not impose any constraints that might limit selection of individual investments for social, environmental or ethical reasons.

**PLANS FOR FUTURE YEARS**

**3-year Strategic Priorities:**

- i) Develop a working and learning environment for Gordon’s School that moves beyond outstanding
- ii) Develop the School’s Digital Strategy across both learning and administrative processes
- iii) Progress the Estates Master Plan
- iv) Design and implement our environmental policy
- v) Further develop ‘Gordon’s Connected’ platform, boosting parent, student and staff engagement by creating partnerships between Gordon’s Careers department, Business Network, alumni and parents
- vi) Further develop Gordon’s Schools’ Partnership, boosting collaborative opportunities for students and staff.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each person who was a Director at the time this report was approved:

- So far as that Director was aware there was no relevant available information of which the Group’s auditor was unaware and
- That Director had taken all the steps that the Director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group’s auditor was aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

**THE GORDON FOUNDATION**

**REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of the charitable company) are responsible for preparing the Report of the Foundation trustees, incorporating the Strategic Report, and the financial statements in accordance with applicable law regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

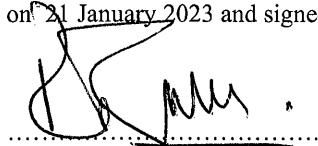
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

Our auditor, Alliotts LLP, has indicated their willingness to continue in office.

The Trustees' Report, incorporating the Strategic Report was approved by the trustees of The Gordon Foundation

on 21 January 2023 and signed on its behalf by:



**Lieutenant General Richard Cripwell CB, CBE**  
**Chairman**

## THE GORDON FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GORDON FOUNDATION

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#### Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2022 and of the group's and parent charitable company's net movement in funds, including the 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 Companies Act 2006.

#### 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

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

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

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Foundation Trustees' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Foundation Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Foundation Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group and parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and parent charitable company through discussions with trustees and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent charitable company, including the Companies Act 2006, the Charities Act 2011, the Academy Trust Handbook 2021, taxation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

## THE GORDON FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GORDON FOUNDATION (continued)

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We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Foundation Committee;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.


There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### Use of this report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members 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 group and parent charitable company and the group and parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Stephen Meredith BA FCA DChA (Senior Statutory Auditor)  
for and on behalf of Alliot's LLP**

Senior Statutory Auditor  
Alliot's LLP  
Friary Court  
13-21 High Street

10 May 2023

THE GORDON FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
<b>Income from:</b>					
Donations and legacies	1	91,975	-	91,975	13,136
Grants	2	-	238,513	238,513	159,157
<b>Charitable activity:</b>					
Income from boarding charges	3	10,186,586	6,496	10,193,082	8,451,959
Other operating income	3	206,276	-	206,276	240,304
Funding for the Academy's educational operations	3	-	5,323,140	5,323,140	5,109,004
<b>Trading activities:</b>					
Trading income	4	153,278	-	153,278	41,822
<b>Investment income</b>	5	88,823	12,866	101,689	106,529
<b>Total income</b>		<b>10,726,938</b>	<b>5,581,015</b>	<b>16,307,953</b>	<b>14,121,911</b>
<b>Expenditure on:</b>					
<b>Charitable activity:</b>					
Staff costs	6	5,965,615	4,155,884	10,121,499	9,372,237
Educational costs		-	529,173	529,173	481,604
Welfare costs		1,908,141	-	1,908,141	1,612,039
Premises costs		1,901,624	715,688	2,617,312	3,290,721
Support costs		570,592	358,865	929,457	728,323
<b>Raising funds:</b>					
Finance costs		291,509	-	291,509	244,926
Investment management		2,261	-	2,261	762
<b>Trading activities:</b>					
Trading costs		142,892	-	142,892	12,683
<b>Total expenditure</b>	6	<b>10,782,634</b>	<b>5,759,610</b>	<b>16,542,244</b>	<b>15,743,295</b>
<b>Operating income/(expenditure)</b>		<b>(55,696)</b>	<b>(178,595)</b>	<b>(234,291)</b>	<b>(1,621,384)</b>
Net gains/(losses) on investments	9	(274,786)	(20,915)	(295,701)	430,422
<b>Net income/(expenditure)</b>		<b>(330,482)</b>	<b>(199,510)</b>	<b>(529,992)</b>	<b>(1,190,962)</b>
Actuarial (losses)/gains on defined benefit pension schemes	21	-	1,611,000	1,611,000	(174,000)
<b>Net movement in funds for the year</b>		<b>(330,482)</b>	<b>1,411,490</b>	<b>1,081,008</b>	<b>(1,364,962)</b>
<b>Fund balances brought forward at 16, September 2021</b>	17	13,916,598	(635,619)	13,280,979	14,645,941
<b>Fund balances carried forward at 31 August 2022</b>	17	<b>13,586,116</b>	<b>775,871</b>	<b>14,361,987</b>	<b>13,280,979</b>

All of the charitable group's activities are continuing.

All recognised gains and losses are included in the Statement of Financial Activities.

The accompanying notes form part of these financial statements.

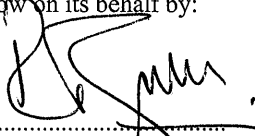
Details of comparative figures by fund are disclosed in note 23.

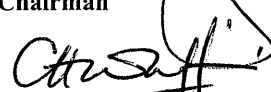
## GROUP BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible	8		21,756,654		21,170,012
Investments	9,10		3,229,973		3,421,773
			<u>24,986,627</u>		<u>24,591,785</u>
<b>CURRENT ASSETS</b>					
Debtors	12	780,056		776,046	
Cash at bank and in hand		273,054		743,138	
			<u>1,053,110</u>	<u>1,519,184</u>	
<b>CREDITORS:</b> Amounts falling due within one year	13	(3,852,991)		(3,714,563)	
<b>NET CURRENT LIABILITIES</b>			<u>(2,799,881)</u>		<u>(2,195,379)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			22,186,746		22,396,406
<b>CREDITORS:</b> Amounts falling due after more than one year	14		(7,214,759)		(7,212,427)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>14,971,987</u>		<u>15,183,979</u>
<b>PENSION SCHEME LIABILITY</b>	21		(610,000)		(1,903,000)
<b>NET ASSETS</b>			<u><u>14,361,987</u></u>		<u><u>13,280,979</u></u>
<b>FUNDS</b>					
Unrestricted funds	16		13,586,116		13,916,598
Restricted – Specific Funds	17		1,385,871		1,267,381
Restricted - Pension Reserve	17		(610,000)		(1,903,000)
			<u>14,361,987</u>		<u>13,280,979</u>

The financial statements were approved and authorised for issue by the Board on 21 January 2023 and were signed below on its behalf by:

  
 .....  
 Lieutenant General Richard Cripwell CB, CBE  
 Chairman

  
 .....  
 Mr C Whiffin  
 Treasurer

The accompanying notes form part of these financial statements.

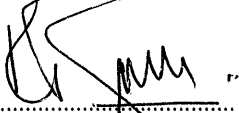
## CHARITY BALANCE SHEET

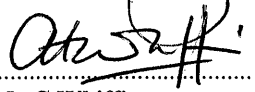
AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible	8		21,514,516		20,962,028
Investments	9		3,229,973		3,421,773
Investment in subsidiary company	10		2		2
			<u>24,744,491</u>		<u>24,383,803</u>
<b>CURRENT ASSETS</b>					
Debtors	12	404,739		501,087	
Cash at bank and in hand		267,016		659,980	
			<u>671,755</u>	<u>1,161,067</u>	
<b>CREDITORS:</b> Amounts falling due within one year	13	(3,944,406)		(5,166,632)	
<b>NET CURRENT LIABILITIES</b>			<u>(3,272,651)</u>	<u>(4,055,565)</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>21,471,840</u>	<u>20,378,238</u>	
<b>CREDITORS:</b> Amounts falling due after more than one year	14		(7,146,667)		(7,131,954)
<b>NET ASSETS</b>			<u><u>14,325,173</u></u>	<u><u>13,246,284</u></u>	
<b>FUNDS</b>					
Unrestricted funds	19		13,420,683		12,340,241
Restricted funds	20		904,490		906,043
			<u><u>14,325,173</u></u>	<u><u>13,246,284</u></u>	

The charitable company has taken exemption from presenting the charity statement of financial activities under section 408 of the Companies Act 2006. The net income of the charitable company for the year was £1,078,889 (2021: net expenditure £1,365,954).

The financial statements were approved and authorised for issue by the Board on 21 January 2023 and were signed below on its behalf by:

  
 .....  
 Lieutenant General Richard Cripwell CB, CBE  
 Chairman

  
 .....  
 Mr C Whiffin  
 Treasurer

The accompanying notes form part of these financial statements.

THE GORDON FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022		2021	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	<b>A</b>		728,984		574,590
<b>Cash flows from investing activities</b>					
Investment income received		101,689		106,529	
Capital grants from DFE/ESFA		263,122		518,135	
Purchase of fixed assets		(1,171,806)		(1,434,008)	
Purchase of investments		(128,687)		(169,314)	
Sale of investments		24,784		63,560	
<b>Net cash outflow from investing activities</b>			(910,898)		(915,098)
<b>Cash flow from financing activities</b>					
Loan repayments		(332,381)		(133,333)	
New loan finance		334,713		1,090,351	
Interest paid		(291,509)		(244,926)	
<b>Net cash inflow from financing activities</b>			(289,177)		712,092
<b>Change in cash and cash equivalents in the year</b>			<b>(471,091)</b>		<b>371,584</b>
Cash and cash equivalents at the beginning of the year			743,138		371,554
Cash and cash equivalents at the end of the year			<b>272,047</b>		<b>743,138</b>

**A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2022	2021
	£	£
Net movement in funds for the year	1,081,008	(1,364,962)
Depreciation	585,164	1,311,759
ESFA capital grants	(238,513)	26,020
Losses/(Gains) on investments	295,701	(430,422)
Decrease/(increase) in debtors	1,244,197	729,342
(Decrease)/increase in creditors	(1,135,393)	(193,544)
Investment income receivable	(101,689)	(106,529)
Finance Costs	291,509	244,926
Pension adjustment	(1,293,000)	358,000
<b>Net cash inflow from operating activities</b>	<b>728,984</b>	<b>574,590</b>

**B. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2021	2020
	£	£
Cash at bank	273,054	743,138
Overdraft	(1,007)	-
	<b>272,047</b>	<b>743,138</b>

**THE GORDON FOUNDATION**  
**STATEMENT OF ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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The Gordon Foundation is a charitable company limited by guarantee, incorporated in England and Wales (company number: 00027272) and a charity registered in England and Wales (charity number: 312092). The Charity's registered office address is: The Gordon Foundation, Gordon's School, West End, Woking, Surrey, GU24 9PT.

**a) Basis of Accounting**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The company is a public benefit entity for the purposes of FRS 102 and a registered charity established as a company limited by guarantee and therefore has also prepared its financial statements in accordance with the 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 (the FRS 102 Charities SORP) (effective from 1 January 2019) and the Companies Act 2006.

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

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The principal accounting policies adopted are set out below.

**Boarding Charge Debtor Policy**

Boarding Charges debts, in debtors, reflect outstanding debts for the boarding charges to 31 August 2022, whilst Boarding Charges in advance, in creditors, reflect cash received prior to 31 August for the autumn term 2022 boarding charges.

**Basis of Consolidation**

The consolidated financial statements incorporate those of The Gordon Foundation and all its subsidiaries. All financial statements are made up to 31 August 2022. All subsidiary undertakings have been included within the financial statements.

The entities are consolidated on a line by line basis and all intra-group transactions and balances between group companies are eliminated on consolidation.

**b) Going concern**

The financial statements are prepared under the going concern basis which assumes the Group will continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The trustees have reviewed regularly revised budgets and cash flow forecasts based on various scenarios including the requirements of the bank loan covenants and are keeping the situation under constant review, meeting regularly with senior management.

Based on the information available on the date of signing these financial statements, the trustees cannot make a reliable estimate as to the ultimate financial impact, however they believe the actions taken have ensured the Group's ability to continue to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements.

## THE GORDON FOUNDATION

### STATEMENT OF ACCOUNTING POLICIES (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2022

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c) **Significant judgments and sources estimation uncertainty**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. The key judgements that have been applied by management relate to:

- **Judgment 1** – the present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- **Judgement 2** - a bad debt provision against potential future uncollectible boarding charges.

d) **Income**

All income included in the Statement of Financial Activities (SOFA) when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy, and receipt is probable.

*Grants receivable*

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant fund on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

*Donations*

Donations and all other receipts from fundraising are reported gross and are accounted for on a receivable basis. The related fundraising costs are reported in costs of raising funds.

*Investment Income*

Investment income is accounted for when receivable and includes the related tax recoverable.

e) **Expenditure:**

Expenditure is accounted for on an accruals basis.

*Costs of raising funds*

Costs of raising funds comprise finance charges associated with interest payable on the Group's borrowings and costs associated with lettings.

*Charitable activities*

Costs of charitable activities include grants payable and other costs directly associated with providing the services and support provided by the charity and an apportionment of overhead, support and governance costs. Charitable activity costs represent costs directly associated with the provision of education and related support costs.

*Governance costs*

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

*Trading activities*

Costs of trading activities include costs directly associated with providing the services provided through trading.

f) **Leased Assets**

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the period of the leases.

**THE GORDON FOUNDATION**

**STATEMENT OF ACCOUNTING POLICIES (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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**g) Tangible Fixed Assets**

Depreciation is provided on all tangible fixed assets, other than freehold land, on the following methods at rates calculated to write off the assets over their estimated useful lives. The methods and rates are

Freehold land and buildings	-	2% - 4% per annum straight line
Machinery and equipment	-	20% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Motor vehicles	-	20% per annum straight line

Buildings erected before the year 2000 are depreciated over 50 years, and newer buildings over 25 years.

**h) Investments**

Listed investments are stated at market value at the balance sheet date. Realised and unrealised gains/losses on investments are included in the Statement of Financial Activities.

**i) Stocks**

Stocks are stated at the lower of cost and net realisable value.

**j) Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

*Debtors and creditors*

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

*Bank borrowings*

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

**k) Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**l) Funds**

General funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which is not restricted nor designated funds. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor (see notes 17 and 20).

**THE GORDON FOUNDATION**

**STATEMENT OF ACCOUNTING POLICIES (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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**m) Pension Costs**

Retirement benefit to employees are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Foundation employees are part of a defined contribution workplace pension scheme with Salvus Master. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**THE GORDON FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

	Unrestricted Funds £	2022 Restricted Funds £	Total £	2021 Total £
<b>1. DONATIONS AND LEGACIES</b>				
Donations and gifts	91,975	-	91,975	13,136
Legacies	-	-	-	-
	<u>91,975</u>	<u>-</u>	<u>91,975</u>	<u>13,136</u>
<b>2. GRANTS</b>				
Government grant - Coronavirus Job Retention Scheme	-	-	-	159,157
ESFA capital grants		238,513	238,513	
	<u>-</u>	<u>238,513</u>	<u>238,513</u>	<u>159,157</u>
<b>3. INCOME FROM CHARITABLE ACTIVITIES</b>				
Gross income from boarding charges	10,757,313	6,496	10,763,809	8,912,188
<b>Less:</b>				
Bursaries	(535,286)	-	(535,286)	(431,590)
Staff discounts	(18,739)	-	(18,739)	(15,405)
Other discounts	(16,702)	-	(16,702)	(13,234)
Net income from boarding charges	<u>10,186,586</u>	<u>6,496</u>	<u>10,193,082</u>	<u>8,451,959</u>
Other operating income	206,276	-	206,276	240,304
Funding for the Academy's educational operations	-	5,323,140	5,323,140	5,109,004
	<u>10,392,862</u>	<u>5,329,636</u>	<u>15,722,498</u>	<u>13,801,267</u>
<b>4. TRADING ACTIVITIES</b>				
Trading income	153,278	-	153,278	41,822
	<u>153,278</u>	<u>-</u>	<u>153,278</u>	<u>41,822</u>
<b>5. INVESTMENT INCOME</b>				
Interest received	-	-	-	14
Dividends received	88,823	12,866	101,689	106,515
	<u>88,823</u>	<u>12,866</u>	<u>101,689</u>	<u>106,529</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

6. EXPENDITURE

	Staff Costs £	Other £	Depreciation £	2022 Total £
<b>Charitable activity:</b>				
Staff costs	10,121,499	-	-	10,121,499
Teaching costs	-	529,173	-	529,173
Welfare costs	-	1,908,141	-	1,908,141
Premises costs	-	2,032,148	585,164	2,617,312
Support costs	-	929,457	-	929,457
	<u>10,121,499</u>	<u>5,398,919</u>	<u>585,164</u>	<u>16,105,582</u>
<b>Raising funds:</b>				
Finance costs	-	291,509	-	291,509
Other costs	-	2,261	-	2,261
Trading costs	-	142,892	-	142,892
	<u>10,121,499</u>	<u>5,835,581</u>	<u>585,164</u>	<u>16,542,244</u>

EXPENDITURE (PRIOR YEAR)

	Staff Costs £	Other £	Depreciation £	2021 Total £
<b>Charitable activity:</b>				
Staff costs	9,372,237	-	-	9,372,237
Teaching costs	-	481,604	-	481,604
Welfare costs	-	1,612,039	-	1,612,039
Premises costs	-	1,978,962	1,311,759	3,290,721
Support costs	-	728,323	-	728,323
	<u>9,372,237</u>	<u>4,800,928</u>	<u>1,311,759</u>	<u>15,484,924</u>
<b>Raising funds:</b>				
Finance costs	-	244,926	-	244,926
Other costs	-	762	-	762
Trading costs	-	12,683	-	12,683
	<u>9,372,237</u>	<u>5,059,299</u>	<u>1,311,759</u>	<u>15,743,295</u>

	2022 £	2021 £
<b>Total expenditure includes:</b>		
Depreciation	585,164	1,311,759
Operating lease payments recognised as an expense	297,563	194,509
Auditor's remuneration: - Audit fees	23,600	21,200
- Other services	10,050	8,325

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

7. STAFF COSTS	2022 £	2021 £
Wages and salaries	7,838,181	7,345,031
Social security costs	775,083	695,402
Other pension costs	1,498,483	1,319,564
Staff restructuring costs	9,752	12,240
	<u>10,121,499</u>	<u>9,372,237</u>

	2022 No	2021 No
The average number of employees in the year was:		
Teachers	73	70
Administration (including academic support & maintenance)	214	176
	<u>287</u>	<u>246</u>

The number of higher paid staff during the year was as follows:

£60,001 to £70,000	13	7
£70,001 to £80,000	2	1
£80,001 to £90,000	1	2
£90,001 to £100,000	1	1
£120,001 to £130,000	1	1
	<u>18</u>	<u>12</u>

No trustees received any remuneration or benefits-in-kind during the year (2021: £nil). No trustees received reimbursement of expenses in respect of travel and subsistence during the year (2021: £nil).

Pension contributions of £80,819 (2021: £89,313) were made to personal pension plans in respect of higher paid staff during the year.

The key management personnel of the group comprise the trustees, Head Teacher, Deputy Head Teachers, Bursar, Head of Finance, Assistant Bursar and Property Services Manager. The total remuneration of the key management personnel during the year was £693,800 (2021: £741,926).

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

8. FIXED ASSETS – GROUP AND CHARITY

	Freehold Land & Buildings £	Machinery & Equipment £	Fixtures & Fittings £	Assets under Construction £	Total Charity £	Academy Trust £	Total Group £
<b>COST</b>							
At 1 September 2021	26,175,265	1,022,155	817,218	154,822	28,169,460	1,071,402	29,240,862
Additions	303,453	128,951	162,500	455,355	1,050,259	121,547	1,171,806
Reclassification	154,822	-	-	(154,822)			
<b>At 31 August 2022</b>	<b>26,633,540</b>	<b>1,151,106</b>	<b>979,718</b>	<b>455,355</b>	<b>29,219,719</b>	<b>1,192,949</b>	<b>30,412,668</b>
<b>DEPRECIATION</b>							
At 1 September 2021	5,671,885	815,952	719,595	-	7,207,432	863,418	8,070,850
Charge for the year	316,986	97,266	83,519	-	497,771	87,393	585,164
<b>At 31 August 2022</b>	<b>5,988,871</b>	<b>913,218</b>	<b>803,114</b>	<b>-</b>	<b>7,705,203</b>	<b>950,811</b>	<b>8,656,014</b>
<b>NET BOOK VALUE</b>							
<b>At 31 August 2022</b>	<b>20,644,669</b>	<b>237,888</b>	<b>176,604</b>	<b>455,355</b>	<b>21,514,516</b>	<b>242,138</b>	<b>21,756,654</b>
<b>At 31 August 2021</b>	<b>20,503,380</b>	<b>206,203</b>	<b>97,623</b>	<b>154,822</b>	<b>20,962,028</b>	<b>207,984</b>	<b>21,170,012</b>

9. FIXED ASSETS INVESTMENTS – GROUP AND CHARITY

	2022 £	2021 £
Balance at 1 September 2021 (excluding cash deposits)	3,367,891	2,852,799
Additions	66,116	169,314
Disposals at opening market value	(24,784)	(84,644)
Realised and unrealised (losses)/gains	(295,701)	430,422
<b>Balance at 31 August 2022 (excluding cash deposits)</b>	<b>3,113,522</b>	<b>3,367,891</b>
Cash deposits	116,451	53,882
<b>Balance at 31 August 2022</b>	<b>3,229,973</b>	<b>3,421,773</b>

Class of investments is split as follow:

	2022 £
Cash or cash equivalents	116,451
Equities	2,967,159
Alternative investments	95,994
Fixed interest	50,369
<b>Balance at 31 August 2022</b>	<b>3,229,973</b>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS - CHARITY

Shares in  
group  
undertakings  
£  
2

Balance at 1 September 2021 and 31 August 2022

Details of the charitable company's subsidiaries at 31 August are as follows:

(i) **Gordon's School Academy Trust** is a private company limited by guarantee, domiciled and incorporated in England and Wales. The registered office and principal place of business is Bagshot Road, West End, Surrey, GU24 9PT. On the basis that The Gordon Foundation is member of the Gordon's School Academy Trust and has significant influence over the entity, Gordon's School Academy Trust has been included within the consolidated financial statements.

**Academy results:**

	<b>Total 2022 £</b>	<b>Total 2021 £</b>
<b><u>SOFA</u></b>		
Total Income	6,354,947	7,789,953
Total Expenditure	(7,963,829)	(7,614,961)
Net income/(expenditure)	(1,608,882)	174,992
Other recognised gains and losses		
Actuarial(losses) on defined benefit pension scheme	1,611,000	(174,000)
Net movement in funds	2,118	992
Total funds brought forward at 1 September 2021	21,108	20,116
Total funds carried forward at 31 August 2022	23,226	21,108
<b><u>Balance Sheet</u></b>		
Fixed Assets	242,138	207,984
Current Assets	1,404,279	2,622,926
Current Liabilities	(945,099)	(826,329)
Creditors falling due after more than one year	(68,092)	(80,473)
LGPS Pension Scheme Liabilities	(610,000)	(1,903,000)
Total Funds	23,226	21,108

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS – CHARITY (Continued)**

(ii) The Foundation holds 100% of the share capital of **The Gordon Enterprises UK Limited** (company number: 04104254, registered in England and Wales, registered office: Bagshot Road, West End, Surrey, G24 9PT), whose principal activities are letting the buildings and grounds of Gordon’s School and selling memorabilia. A summary of the profit and loss account and the balance sheet from the audited financial statements is set out below:

<u>Profit and Loss Account</u>	2022 £	2021 £
Turnover	145,193	39,695
Costs	(142,892)	(12,683)
Profit for the year	2,301	27,012
Donation to The Gordon Foundation	(2,301)	(27,012)
Retained Profit for the Year	<u>£Nil</u>	<u>£Nil</u>
 <u>Balance Sheet</u>		
Net Current Assets	<u>13,587</u>	<u>13,587</u>
Retained Profits	13,585	13,585
Share capital	<u>2</u>	<u>2</u>
Total equity	<u>13,587</u>	<u>13,587</u>

12. DEBTORS	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Boarding charge debtors	228,309	178,448	228,309	178,448
Sundry debtors	21,137	3,639	2	111
Amount owing to subsidiaries	-	-	8,656	39,994
Prepayments	206,979	168,384	32,284	55,937
VAT reclaim	225,624	302,959	135,488	226,597
Accrued income	98,007	122,616	-	-
	<u>780,056</u>	<u>776,046</u>	<u>404,739</u>	<u>501,087</u>

13. CREDITORS: amounts falling due within one year	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Loans and overdraft	333,387	332,380	320,000	320,000
Trade creditors	1,291,467	1,384,102	900,111	975,834
Boarding charges in advance and pupil deposits	648,739	849,028	648,739	849,028
Taxation and social security	186,209	180,390	49,074	50,563
Other creditors	665,149	792,436	303,123	555,356
Amount owing to subsidiaries	-	-	1,041,325	2,282,802
Accruals and deferred income	728,040	176,227	682,034	133,049
	<u>3,852,991</u>	<u>3,714,563</u>	<u>3,944,406</u>	<u>5,166,632</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

14. CREDITORS: amounts falling due after more than one year	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Bank loan	7,214,759	7,212,427	7,146,667	7,131,954
Other loan	-	-	-	-
	<u>7,214,759</u>	<u>7,212,427</u>	<u>7,146,667</u>	<u>7,131,954</u>
<b>Analysis of loans:</b>				
Between one and two years	332,380	332,380	320,000	320,000
Between two and five years	997,141	997,141	960,000	960,000
After five years	5,885,238	5,882,906	5,866,667	5,851,954
	<u>7,214,759</u>	<u>7,212,427</u>	<u>7,146,667</u>	<u>7,131,954</u>
Due within one year	332,380	332,380	320,000	320,000
	<u>7,547,139</u>	<u>7,544,807</u>	<u>7,466,667</u>	<u>7,451,954</u>

At the year end, The Gordon Foundation had two long term loans. Both loans are secured by legal first charges over freehold land and buildings of The Gordon Foundation.

The first bank loan of £2,000,000 was taken out in December 2018 and is due for repayment by instalments by January 2044. Interest accrues on this loan at 3.8%. and interest payments are made quarterly. Capital repayments commenced in January 2020.

The second bank loan facility of £6,000,000 was taken out in December 2019 to fund construction of a new sports facility and all weather pitch. A sum of £5,680,000 was outstanding at 31 August 2022 and the capital will be repaid by instalments until January 2046. Interest accrues on this loan at a rate of 2.1% plus the Bank of England base interest rate. Interest payments are made monthly and capital repayments commenced in April 2021.

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**15. LEASE COMMITMENTS**

At 31 August 2022 the total of future minimum lease payments under non-cancellable operating leases were:

	2022 £	2021 £
<b>Leases expiring:</b>		
Within one year	283,024	225,089
Between two and five years	248,499	238,105
More than five years	-	-
	<u>531,523</u>	<u>463,194</u>

**16. UNRESTRICTED FUNDS**

	1 September 2021 £	Income £	Expenditure £	Investment (Losses) £	Transfers £	31 August 2022 £
Designated - Eyre Fund	50,651	-	-	-	-	50,651
General Fund	13,865,947	10,726,938	(10,782,634)	(274,786)	-	13,535,465
	<u>13,916,598</u>	<u>10,726,938</u>	<u>(10,782,634)</u>	<u>(274,786)</u>	<u>-</u>	<u>13,586,116</u>

**UNRESTRICTED FUNDS (PRIOR YEAR)**

	1 September 2020 £	Income £	Expenditure £	Investment Gains £	Transfers £	31 August 2021 £
Designated - Eyre Fund	51,743	-	(1,092)	-	-	50,651
General Fund	14,612,881	8,965,620	(10,106,573)	394,019	-	13,865,947
	<u>14,664,624</u>	<u>8,965,620</u>	<u>10,107,665</u>	<u>394,019</u>	<u>-</u>	<u>13,916,598</u>

The Designated Eyre Fund represents the balance on an unrestricted donation which is used to help finance music lessons.

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

17. RESTRICTED FUNDS

	Balance at 1 September 2021 £	Income £	Expenditure £	Investment Gains/(losses) £	Transfers £	Balance at 31 August 2022 £
<b>Specific funds:</b>						
Gordon Foundation Special fund	434,815	12,866	-	(20,915)	-	426,766
Stepping Forward Appeal	300,686	-	-	-	-	300,686
Piano fund	1,740	-	-	-	-	1,740
Bursaries	89,398	6,496	-	-	-	95,894
DfCSF (DfE) fund	153,354	5,323,140	(5,354,217)	-	(91,891)	30,386
Other restricted funds	79,404	-	-	-	-	79,404
DfE Fixed Asset fund	207,984	238,513	(87,393)	-	91,891	450,995
	<u>1,267,381</u>	<u>5,581,015</u>	<u>(5,441,610)</u>	<u>(20,915)</u>	<u>-</u>	<u>1,385,871</u>
<b>Pension reserve</b>	<u>(1,903,000)</u>	<u>-</u>	<u>(318,000)</u>	<u>1,611,000</u>	<u>-</u>	<u>(610,000)</u>

RESTRICTED FUNDS  
(PRIOR YEAR)

	Balance at 1 September 2020 £	Income £	Expenditure £	Investment Gains/(losses) £	Transfers £	Balance at 31 August 2021 £
<b>Specific funds</b>						
Gordon Foundation Special fund	387,606	10,806	-	36,403	-	434,815
Stepping Forward Appeal fund	300,686	-	-	-	-	300,686
Piano fund	2,160	-	(420)	-	-	1,740
Bursaries	52,917	36,481	-	-	-	89,398
DfCSF (DfE) fund	517,331	5,109,004	(5,322,332)	-	(150,649)	153,354
Other restricted funds	79,404	-	-	-	-	79,404
DfE Fixed Asset fund	186,213	-	(128,878)	-	150,649	207,984
	<u>1,526,317</u>	<u>5,156,291</u>	<u>(5,451,630)</u>	<u>36,403</u>	<u>-</u>	<u>1,267,381</u>
<b>Pension reserve</b>	<u>(1,545,000)</u>	<u>-</u>	<u>(184,000)</u>	<u>(174,000)</u>	<u>-</u>	<u>(1,903,000)</u>

**Gordon Foundation Special Fund** – this fund represents the balance of assets transferred by several connected charities on 1 April 1996.

**Stepping Forward Appeal Fund** - this fund reflects an appeal to enhance performing arts facilities at Gordon's School.

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

17. RESTRICTED FUNDS (Continued)

**DfCSF (DfE) Fund & DfE Fixed Asset fund** – these funds reflect monies received from the Department for Education (previously the Department for Children, Schools and Families), for the purpose of assisting with the general academy running costs and building projects.

**Other restricted funds** represent other specific donations to fund activities of the Foundation.

**Pension Reserve** – this fund represents the share of the pension deficit borne by the subsidiary, Gordon’s School Academy Trust, in the Local Government Pension Scheme. Further detail is given in note 21 below.

18. ALLOCATION OF THE GROUP NET ASSETS

	Investments	Tangible Assets	Net Current Assets (Liabilities)	Long Term Liabilities/ Pension	Total
	£	£	£	£	£
Restricted – Specific	269,945	242,138	873,788	-	1,385,871
Restricted – Pension reserve	-	-	-	(610,000)	(610,000)
Unrestricted	2,960,028	21,514,516	(3,673,669)	(7,214,759)	13,586,116
	<u>3,229,973</u>	<u>21,756,654</u>	<u>(2,799,881)</u>	<u>(7,824,759)</u>	<u>14,361,987</u>

ALLOCATION OF THE GROUP NET ASSETS (PRIOR YEAR)

	Investments	Fixed Assets	Net Current Assets (Liabilities)	Long Term Liabilities/ Pension	Total
	£	£	£	£	£
Restricted – Specific	275,553	207,984	783,844	-	1,267,381
Restricted – Pension reserve	-	-	-	(1,903,000)	(1,903,000)
Unrestricted	3,146,220	20,962,028	(2,979,223)	(7,212,427)	13,916,598
	<u>3,421,773</u>	<u>21,170,012</u>	<u>(2,195,379)</u>	<u>(9,115,427)</u>	<u>13,280,979</u>

19. CHARITY UNRESTRICTED FUNDS

UNRESTRICTED FUNDS

	Balance at 1 September 2021	Income	Expenditure	Investment Gains/(losses)	Transfers	Balance at 31 August 2022
	£	£	£	£	£	£
Designated - Eyre Fund	50,651	-	-	-	-	50,651
General Fund	12,289,590	10,575,961	(9,220,733)	(274,786)	-	13,370,032
	<u>12,340,241</u>	<u>10,575,961</u>	<u>(9,220,733)</u>	<u>(274,786)</u>	<u>-</u>	<u>13,420,683</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

19. CHARITY UNRESTRICTED FUNDS (Continued)

UNRESTRICTED FUNDS (PRIOR YEAR)

	Balance at 1 September 2020	Income	Expenditure	Investment Gains/(losses)	Transfers	Balance at 31 August 2021
	£	£	£	£	£	£
Designated - Eyre Fund	51,743	-	(1,092)	-	-	50,651
General Fund	13,737,722	8,950,810	(10,792,961)	394,019	-	12,289,590
	<u>13,789,465</u>	<u>8,950,810</u>	<u>(10,794,053)</u>	<u>394,019</u>	<u>-</u>	<u>12,340,241</u>

20. CHARITY RESTRICTED FUNDS

	Balance at 1 September 2021	Income	Expenditure	Investment Gains/(losses)	Transfers	Balance at 31 August 2022
	£	£	£	£	£	£
Gordon Foundation Special fund	434,815	12,866	-	(20,915)	-	426,766
Stepping Forward Appeal Camel fund	300,686	-	-	-	-	300,686
Piano fund	-	-	-	-	-	-
Bursaries	1,740	-	-	-	-	1,740
DfCSF (DfE) funds	89,398	6,496	-	-	-	95,894
Other restricted funds	-	-	-	-	-	-
	79,404	-	-	-	-	79,404
	<u>906,043</u>	<u>19,362</u>	<u>-</u>	<u>(20,915)</u>	<u>-</u>	<u>904,490</u>

CHARITY RESTRICTED FUNDS (PRIOR YEAR)

	Balance at 1 September 2020	Income	Expenditure	Investment Gains	Transfers	Balance at 31 August 2021
	£	£	£	£	£	£
Gordon Foundation Special fund	387,606	10,806	-	36,403	-	434,815
Stepping Forward Appeal	300,686	-	-	-	-	300,686
Camel fund	-	-	-	-	-	-
Piano fund	2,160	-	(420)	-	-	1,740
Bursaries	52,917	36,481	-	-	-	89,398
DfCSF (DfE) funds	-	-	-	-	-	-
Other restricted funds	79,404	-	-	-	-	79,404
	<u>822,773</u>	<u>42,287</u>	<u>(420)</u>	<u>36,403</u>	<u>-</u>	<u>906,043</u>

## THE GORDON FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### FOR THE YEAR ENDED 31 AUGUST 2022

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#### 21. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £356,527 were payable to the schemes at 31 August 2022 (2021: £231,680) and are included within creditors.

##### Teachers' Pension Scheme

###### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

###### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £889,176 (2021: £867,713).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**21. PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.2% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Total contributions made**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Employer's contributions	158,000	141,000
Employees' contributions	42,000	37,000
	<u>200,000</u>	<u>178,000</u>

**Principal actuarial assumptions**

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	4.10	3.80
Rate of increase for pensions in payment/inflation	3.20	2.90
Discount rate for scheme liabilities	<u>4.25</u>	<u>1.65</u>

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>2022</b>	<b>2021</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.1	22.3
- Females	24.5	24.7
Retiring in 20 years		
- Males	23.1	23.4
- Females	<u>26.2</u>	<u>26.4</u>

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**21. PENSION AND SIMILAR OBLIGATIONS (continued)**

Scheme liabilities would have been affected by changes in assumptions as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Discount rate + 0.1%	(57,000)	(84,000)
Discount rate - 0.1%	57,000	84,000
Mortality assumption + 1 year	105,000	154,000
Mortality assumption - 1 year	(105,000)	(154,000)
CPI rate + 0.1%	56,000	80,000
CPI rate - 0.1%	(56,000)	(80,000)

**Defined benefit pension scheme net liability**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Scheme assets	2,004,000	1,942,000
Scheme obligations	(2,614,000)	(3,845,000)
Net liability	(610,000)	(1,903,000)

**The academy trust's share of the assets in the scheme**

	<b>2022</b>	<b>2021</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	1,523,000	1,456,000
Bonds	281,000	311,000
Cash	40,000	39,000
Property	160,000	136,000
	2,004,000	1,942,000

The actual return on scheme assets was a loss of £100,000 (2021: loss of £343,000).

**Amount recognised in the Statement of Financial Activities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current service cost	442,000	298,000
Interest income	(33,000)	(26,000)
Interest cost	67,000	53,000
Benefit changes, curtailments and settlements gains or losses	-	-
Total operating charge	476,000	325,000

**THE GORDON FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022****21. PENSION AND SIMILAR OBLIGATIONS (continued)**

<b>Changes in the present value of defined benefit obligations</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 September 2021	3,845,000	2,993,000
Current service cost	442,000	298,000
Interest cost	67,000	53,000
Employee contributions	42,000	37,000
Actuarial loss	(1,744,000)	491,000
Benefits paid	(38,000)	(27,000)
At 31 August 2022	<u>2,614,000</u>	<u>3,845,000</u>
 <b>Changes in the fair value of the academy trust's share of scheme assets</b>		
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 September 2021	1,942,000	1,448,000
Interest income	33,000	26,000
Actuarial loss/(gain)	(133,000)	317,000
Employer contributions	158,000	141,000
Employee contributions	42,000	37,000
Benefits paid	(38,000)	(27,000)
At 31 August 2022	<u>2,004,000</u>	<u>1,942,000</u>

The Foundation offers employees a workplace pension and uses the Salvus Master Trust. The employer contribution rate is 7% and the employee contribution rate is a minimum of 3.5%. The employer pension costs during the year were £166,848 (2021: £153,705) and there were no contributions payable to the scheme at 31 August 2022 (2021: £19,716).

**22. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the period (2021: None).

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

23. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
<b>Income from:</b>					
Donations and legacies	1	13,136	-	13,136	92,300
Grants	2	159,157	-	159,157	462,520
<b>Charitable activity:</b>					
Income from boarding charges	3	8,415,478	36,481	8,451,959	7,092,768
Other operating income	3	240,304	-	240,304	215,851
Funding for the Academy's educational operations	3	-	5,109,004	5,109,004	5,186,906
<b>Trading activities:</b>					
Trading income	4	41,822	-	41,822	21,901
<b>Investment income</b>	5	95,723	10,806	106,529	78,075
<b>Total income</b>		<b>8,965,620</b>	<b>5,156,291</b>	<b>14,121,911</b>	<b>13,150,321</b>
<b>Expenditure on:</b>					
<b>Charitable activity:</b>					
Staff costs	6	5,489,150	3,883,087	9,372,237	8,678,783
Educational costs		-	481,604	481,604	534,952
Welfare costs		1,611,619	420	1,612,039	1,219,652
Premises costs		2,344,105	946,616	3,290,721	2,603,511
Support costs		404,420	323,903	728,323	591,318
<b>Raising funds:</b>					
Finance costs		244,926	-	244,926	105,680
Investment management		762	-	762	54,714
<b>Trading activities:</b>					
Trading costs		12,683	-	12,683	2,803
<b>Total expenditure</b>	6	<b>10,107,665</b>	<b>5,635,630</b>	<b>15,743,295</b>	<b>13,791,413</b>
<b>Net income/(expenditure)</b>		<b>(1,142,045)</b>	<b>(479,339)</b>	<b>(1,621,384)</b>	<b>(641,092)</b>
Gross transfers between funds	17	-	-	-	-
<b>Other recognised gains and losses</b>		<b>(1,142,045)</b>	<b>(479,339)</b>	<b>(1,621,384)</b>	<b>(641,092)</b>
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(174,000)	(174,000)	(541,000)
Net gains/(losses) on investments	9	394,019	36,403	430,422	(28,942)
<b>Net movement in funds for the year</b>		<b>(748,026)</b>	<b>(616,936)</b>	<b>(1,364,962)</b>	<b>(1,211,034)</b>
<b>Fund balances brought forward at 1 September 2020</b>	16, 17	14,664,624	(18,683)	14,645,941	15,856,975
<b>Fund balances carried forward at 31 August 2021</b>	16, 17	<b>13,916,598</b>	<b>(635,619)</b>	<b>13,280,979</b>	<b>14,645,941</b>

All of the charitable group's activities are continuing.

All recognised gains and losses are included in the Statement of Financial Activities.

**THE GORDON FOUNDATION**  
**ANNUAL REPORT AND CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2022**

Company Number 00027272  
Charity Number 312092

## THE GORDON FOUNDATION

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## THE GORDON FOUNDATION

### LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Patron</b>	HM The Queen
<b>Vice Presidents</b>	The Lord Mayor of London The Lord Lieutenant of Surrey The Bishop of Guildford
<b>Ambassadors</b>	Mr P Talbot Mr M Hawkesworth Mr P Wynter Bee

#### Foundation Committee (The Board)

General Sir Peter Wall GCB CBE	Chairman (Resigned 1 May 2022)
Lieutenant General Richard Cripwell CB, CBE	Chairman (Appointed 1 May 2022)
Mr R Whittington DL <sup>1,2,4,5,8</sup>	Vice Chairman
Mr C Whiffin <sup>1,2,8</sup>	Treasurer
Mrs J Valner <sup>1,2,3,4,5,7</sup>	Chair of Governors
Lord Lingfield	Resigned 21 January 2023
Mr W Eason <sup>1,2,3,4,5,8</sup>	Resigned 21 January 2023
Ms A MacLennan <sup>6</sup>	Resigned 21 January 2023
Mr T Gordon	
Mrs L Bannister <sup>3,7,9</sup>	
Mr C Lomas	Resigned 16 June 2022
Mr M Barnes <sup>1,2,8,9</sup>	
Mrs A Stephens <sup>1</sup>	
Major General A Fay CB	
Mrs D McKenzie <sup>5</sup>	
Mrs S Hounsham <sup>6,7</sup>	
Mr P Jones <sup>1,2</sup>	
Mr S Azeem DL	
Ms Neelam Devesher DL <sup>4,9</sup>	Appointed 22 January 2022
Brigadier J Mullin <sup>7</sup>	Appointed 22 January 2022
Ms J Kruger	Appointed 21 January 2023

#### Head Teacher

Mr A Moss

#### Foundation and Company Secretary

Mrs S M Meikle

#### Committee Membership

Member of the Foundation Development Committee = 1

Member of the Joint Finance & Estates Committee = 2

Member of the Investment Panel = 3

Member of the Awards Panel = 4

Member of the Governance Committee = 5

Member of the Fundraising & Enterprises Committee = 6

Governor of Gordon's School = 7

Member of the Risk & Audit Committee = 8

Member of the Performance Management & Salaries Committee = 9

**THE GORDON FOUNDATION**

**LEGAL AND ADMINISTRATIVE INFORMATION (continued)**

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**ADVISERS**

<b>Bankers:</b>	Bank of Scotland 38 Threadneedle Street London EC2P 2HL
<b>Auditors:</b>	Alliotts LLP Friary Court 13-21 High Street Guildford Surrey GU1 3DL
<b>Investment Managers:</b>	Quilter Cheviot Senator House 85 Queen Victoria Street London EC4V 4AB
<b>Legal Advisers:</b>	Moore Barlow LLP The Oriel Guildford Surrey GU1 3SR

**STATUS AND ADMINISTRATION**

<b>Registered Office:</b>	The Gordon Foundation Gordon's School West End Woking Surrey GU24 9PT
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## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT

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#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### **Constitution**

The Gordon Foundation is a company limited by guarantee (Company No 00027272), its registered office being at Gordon's School, West End, Woking, Surrey, GU24 9PT. The company is a charity for educational purposes (registered charity No 312092).

Management of the charity is vested in the Foundation Committee, who are directors and members for the purposes of the Companies Act and trustees for the purposes of charity law. In this regard they comply with the requirements of the Charities Act 2011, the Trust Deed and the Charities SORP 2015 (FRS 102). Foundation Committee members are required to retire from office every third year from the date of election but are eligible for re-election for a maximum of three terms. The Foundation Committee has powers at any time to appoint additional members. The day to day running of the Foundation is the responsibility of the Foundation Secretary.

The charity was founded at the express wish of Queen Victoria as the national memorial to General Gordon who was killed in Khartoum in 1885. The Gordon Foundation owns, freehold, the land and buildings formerly known as the Gordon Boys' Home which was changed to The Gordon's Boys' Home in 1943, started to accept girls and day boarders from 1990 and is now known as Gordon's School.

The majority of the Governors of Gordon's School, a State Boarding School with Academy status, are either trustees of or are appointed by The Gordon Foundation.

Following a decision made in 2019 to increase the number of (ex-officio) Vice Presidents, a recommendation to introduce the position of Ambassador was approved. Ambassadors, a seven-year appointment, are former trustees of seniority or long service who have continued interest in supporting the Foundation's work. Paul Talbot, Gordonian and former trustee of over 30 years' service, and Mark Hawkesworth, former Treasurer, accepted the invitation to be the first Ambassadors for The Gordon Foundation while Peter Wynter Bee who retired in 2021 after 21 years' service to Gordon's as trustee and for eight years a School Governor, accepted the Committee's invitation to continue his links as a Gordon's Ambassador.

After seven years as the Foundation's Chairman, General Sir Peter Wall retired and was succeeded by Royal Engineer, Lieutenant General Richard Cripwell. The Foundation and School are grateful to Sir Peter for his leadership, particularly during the challenges of the Covid Pandemic and school lockdowns.

The Wider Leadership Team controls the running of the Foundation and School at an executive level and implements the policies and decisions of the trustees and governors through agreed schemes of delegation. Key management personnel are defined as the Head Teacher, Deputy Heads (Curriculum and Pastoral), Bursar, Head of Sixth Form, Assistant Heads and senior Foundation support services managers. A review of Governance was commissioned during Summer 2021. This identified many strengths in governance arrangements and some areas for improvement including consideration of the size of the Foundation Committee, decision-making procedures and succession planning.

##### **Arrangements for setting pay and remuneration of key management personnel**

The Wider Leadership Team is paid on the Leadership pay scale which broadly adheres to the leadership pay bands outlined in the School Teachers' Pay and Conditions Document. Leaders must demonstrate sustained performance in respect to their performance objectives; non-teaching leadership salaries are benchmarked against local market conditions. The Performance Management and Salaries Committee awards one incremental point on the Gordon's Pay Scale where performance objectives are met and where there is a sustained high quality of overall performance.

##### **Policies and Procedures adopted for the Induction and Training of Trustees**

Prospective trustees are invited to Gordon's School prior to their appointment to meet with the Foundation Secretary, Head Teacher and at least two trustees who make their report to the next meeting of the Governance Committee. A schedule of trustees with their qualifications and experience is maintained, cross-referenced against the business requirements of the Foundation, which assists in the selection of new trustees.

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

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Once appointed, new trustees follow an induction which includes an explanation of their role as trustee, the company and the relationship between The Gordon Foundation and Gordon's School. They are invited to meet staff members in order to familiarise themselves with the School as well as receiving copies of policies and procedures and other relevant documentation. All trustees are encouraged to attend professional training courses, take online courses for trustees and are provided with joint briefings at least once each year.

#### OBJECT AND OBJECTIVES

##### General

Currently, the main activity of The Gordon Foundation is the support of Gordon's School, a non-selective, co-educational State Boarding School for 945 residential and day boarding students aged 11-18 years. The School changed from Voluntary Aided to Academy status on 1 January 2013. Funding from the Education and Skills Funding Agency pays the cost of teaching and learning, delivery of the national curriculum and some classroom facilities. In addition to managing the estate and buildings, The Gordon Foundation provides support services to the School and in particular runs the boarding operation for the day, weekly and full boarding students and the extensive co-curricular programmes. For families who require financial assistance with boarding charges, The Gordon Foundation is able to provide means-tested bursaries.

The Gordon Enterprises UK Ltd, a subsidiary of The Gordon Foundation, oversees management of and hire of the Gordon's Sports Hub, letting of the school facilities when not required by the School and other opportunities for non-boarding revenue generation. Proceeds from such activities are gift-aided to The Gordon Foundation, designated to the bursary funds.

##### Vision

Our long-term vision is a family of Gordon Foundation schools where students, particularly those from disadvantaged backgrounds, benefit from a Gordon's education. An education recognised as amongst the finest in the world for the calibre of young people we develop, the progress they make and the difference they make to the lives of others.

##### Object

The object of The Gordon Foundation is to educate or contribute to the education of boys and girls having particular regard to those with a specific boarding or educational need, with a view to preparing them for education or for earning their livelihood, such object being in continuation of the work of the unincorporated institution known as the Gordon Boys' Home, established in July 1885 as the National Memorial to General Gordon.

##### Objectives

Whilst the main objective of The Gordon Foundation is support for Gordon's School, trustees appreciate its wider objects of encouraging and supporting residential boarding for 'necessitous' young people, improving the public's awareness of the value and benefits of residential boarding and increasing funds available to support residential boarding. In setting these objectives and planning activities, trustees give careful consideration to the Charity Commission's guidance on Public Benefit.

OBJECTIVE	ACTIVITIES TO FULFIL THE OBJECTIVE
Maintain the National Memorial to General Gordon	Following the previous year's Covid lockdown and restrictions, it was pleasing that the Whitehall Parade and memorial service in Embankment Gardens could again take place. Y7 History classes continue to include a short course on the history of Gordon's, the Home and School, and the life of General Charles Gordon. Links with Khartoum International Community School are sustained with the hope that a visit can be planned for 2024. General Gordon's principles are referred to and maintained within the updated strategy, <i>Vision for Gordon's</i> . A lecture was planned for Autumn 2022 on General Gordon's legacy today.

Objectives (continued)

OBJECTIVE	ACTIVITIES TO FULFIL THE OBJECTIVE
Be alert to and take advantage of opportunities to extend the influence of Gordon's at home and overseas	A range of partnerships are in place that benefit current students and extend the Gordon's reach. In addition to the Harlequins RFC Programme, the MoU with Aldershot Town FC continues positively, and with Surrey Storm (Netball). Cooperation with Woking High School continues under the Arete Partnership, particularly for student leadership training and inter-school competitions; Robert May's School joins in September 2022 and a fourth school will join during 2023. The partnership launched in 2022 with Commonwealth Education Trust is developing, drawing on Gordon's pedagogy. Opportunities for a Gordon's 2 continue to be explored as opportunities arise.
Ensure that support services provided by The Gordon Foundation are fit for purpose and commensurate with outstanding provision	Taking opportunities to review for improvement is embedded within the Support teams. With the need to appoint a new Deputy Head Pastoral, the role and responsibilities of Designated Safeguarding Lead has been separated to a new post of DSL, appointed January 2022, such is its importance and increasing workload. The role of the Attendance Officer has also been augmented.
Increase the Foundation's financial stability and support for financially necessitous students	Post-Covid, maintaining ma positive cashflow alongside capital commitments is challenging but achieved. Regular communication is maintained with our Bank and there was no recourse to any further Bank facilities apart from the existing capital loans. By the end of the year, 71 (7.6%) students were in receipt of a means-tested bursary with total spend £403,748 with 15 of those students supported also by nine different external educational trusts.
Deliver world-class pastoral care, curriculum, and co-curriculum provision	In June, Gordon's was presented with the Times Educational Supplement Boarding School of the Year Award. This recognises innovation, imagination and efforts to develop children in ways that go beyond academic achievement and the league tables as well as maintained continued excellence. Gordon's was one of eight boarding schools across the country to have been nominated. Recognising the lack of provision in primary schools for learning musical instruments, a scheme offering free group tuition to Year 7 students started in September, with the intention of extending this for a maximum of three years and involving students in various ensembles. This initiative started well and 14 of the initial 20 students will continue into Year 8 with a new Y7 cohort starting. The wide range of co-curricular activities included students travelling to participate in MUN Conferences, two teams took part in the Dartmoor Ten Tors Challenge and various drama productions, including Matilda.

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

**The Vision for Gordon's**

As we recovered from a world pandemic there has never been a more important time to reconnect with General Gordon's legacy and reimagine what we can and should try to achieve. The updated 'Vision for Gordon's' was launched during the Summer term 2021, following extensive consultation within the Gordon's Community. This strategic plan for Gordon's sets out our vision for the national memorial to General Gordon to be more than a school, but a symbol of what can be achieved by a community united in making an outstanding contribution for the good of global society, through its educational leadership and through the lives Gordonians go on to lead. During the next year this vision will be extended towards 2035, the Foundation's 150th anniversary.

A Gordon's education strives to be more than the best possible examination results, but a thorough preparation for life. Our aim is to develop rounded world class, global citizens with the character, capabilities and confident humility to achieve well, to stay active, to appreciate what they have and to connect and give back to the communities in which they live and work.

The Vision for Gordon's is for the national memorial to General Gordon to be a force for a more caring and just world: a world in which inequality in opportunities is diminishing; where individuals are treated similarly and have equal chances based not on privilege, but on how hard they work for themselves and others.

### Capital Developments

Woolwich House, the residential boarding house created from the former Head Teacher's House and adjoining Chapel House that opened in September 2019 continues to provide a popular and appropriate introduction to residential boarding for 32 Year 7 students within their own accommodation, while linking with their senior House to which they move in Year 8.

Planning permission for the new sports hall and 3G all-weather pitch was received in January 2019. A £6m long-term bank loan facility was taken out in December 2019 to finance this project. After a delayed start on site, work continued throughout the Covid-19 lockdown and the sports hall was completed with hand-over in October 2020. A contractual disagreement with the main contractor meant that handover of the 3G pitch was delayed until December 2021. That disagreement led to the main contractor referring the dispute to adjudication as the Foundation had withheld funds to replace what it considered a non-compliant facility; the adjudication in November 2022 went against the Foundation and the account is now settled in full.

During summer 2021 the two-classroom building known as 'India' was replaced and enlarged to provide four large and well-equipped classrooms for teaching IT & Computing and Business Studies. The Academy's 2021 CIF grants from the DfE to remedy significant damp issues in the Medway building (Music and Drama) was completed summer 2022.

The Drama and Music departments make good use of the Gym and Pool building ahead of its conversion into a performing arts centre, when finance allows. Some theatrical equipment that will continue to be used in the performing arts centre was purchased during this year to improve student drama experience.

During summer 2022 a seventh Science Laboratory was created (with financial assistance from The Wolfson Foundation, an extra classroom provided, the Library part-refurbished; the two Art studios were co-located and to achieve this, the Fitness Suite re-sited close to the Sports Hall. Two of the four senior residential boarding Houses were in part refurbished, the first stage of an intended £2m improvement plan for all residential Houses. Future projects under consideration include the performing arts centre, improvements to the Back Fields and moving Gordon's to Carbon Neutral.

### Academic Results for the School

During the year the School educated approximately 936 students between the ages of 11 and 18. Recruitment continues to be strong with waiting lists for Key Stages 3 and 4. There were 271 residential boarders and 314 students in the Sixth Form. With Teacher Assessed Grades in 2020, then Centre Assessed Grades in 2021, for Y13, 2022 was their first set formal public examinations.

Compared to many state schools, the KS5 curriculum at Gordon's is rigorous and a high proportion of students opt for the more intellectually demanding subjects. 45% of Y13 Leavers obtaining places at Russell Group universities and 83% gained places at their preferred destination, above national average. Two students gained places at Cambridge, three embarked on courses in Medicine or Dentistry, two gained places at Leeds Conservatoire, four took up Sports Scholarships at US Universities. One student entered RMA Sandhurst on a Leadership Scholarship and two DiSE students gained professional contracts with Harlequins RFC. Seven leavers opted for Apprenticeships.

#### A Level results 2022

48% of entries graded A\*-A  
77% of entries graded A\* -B  
91% of entries graded A\*-C

#### GCSE results 2022

48% of entries graded 9-7  
87% of entries graded 9-5  
96% of entries graded 9-4

#### BTEC L3 2022

35% of entries graded D\*-D  
92% of entries graded D\*-M

#### BTEC L2 2022

33% of entries graded D\*-D  
100% of entries graded D\*-M

Detailed information on student activities and the co-curricular programme can be found on the School website [www.gordons.school](http://www.gordons.school) as well as the Annual Report of the Gordon's School Academy Trust.

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

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#### ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

##### General

The Development team is responsible for activities focusing on support for the school community as well as strengthening local and wider community links, ranging from regular talks, organising all larger school internal and external event and seeking opportunities to let facilities when not required by the school, and fundraising. Development Prefects assist the department with appropriate administration and hosting of events, providing them with some insight into a different area of the school as well as useful experience. A strong working partnership continues with the Gordon's School Parents' Association which clearly benefits the school and the parent community.

In September, we were delighted to be able to assist in providing a venue for part of the Archbishop of Canterbury's visitation to the Diocese of Guildford. Also, to welcome HRH Princess Eugenie who came to speak about her involvement in the work of the Anti-Slavery Collective, as relevant today in the UK as it was for General Gordon in Sudan.

Following the dissolution of the Gordonian Association and responsibility for all alumni-focused activity incorporated within the Development Office, a key focus continues to be developing a strategy for appropriate communication and engagement activity with each age groups. The Gordonian Football team, sponsored by a local business, is also supported by providing home match facilities on the new 3G pitch. In the summer, Gordonians of all ages enjoyed being able to return to the School for the Annual Parade and previously meeting up in London after the Whitehall Parade. Former members of the Pipe Band are invited to play in the Big Blow, the summer cricket match is popular as well as a three-way netball tournament for Gordonians, staff and current students. The Gordonian Awards 2021, for Arts and for Sports, attract increasing numbers of high calibre applicants; these financially support two Year 11 students with the costs for developing a particular talent, and encouragement to continue into the Gordon's Sixth Form.

Support is provided to the Careers team to assist with finding work placements and speakers as well as organising the annual Careers Fair. Opportunities for parents and members of the local community to network continue with reinstatement of the monthly Business Networking Breakfasts held at the School. The Development team now helps and encourages the School Charities Committee with appropriate links and organisational support; Gordon's students volunteered over 9,000 hours during the year and the whole community was generous in its support for the people of Ukraine as requested items and money were collected and sent to their assistance.

The Gordon's Pipe Band celebrated its 80<sup>th</sup> anniversary with a range of activities including a piping recital held in the Gordon's Chapel, travel to Scotland to compete in the Schools' and World Championships and, following a longstanding link with Brookwood Last Post Association at Brookwood Military Cemetery, members of the Pipes and Drums who represent the School at Brookwood Last Post were selected to go to Menin Gate to play and take part in the Last Post Association's Remembrance Service.

##### Commercial

A planning condition for the Sports Hall and 3G pitch is community use with a Community Use Agreement in place between Gordon's and Surrey Heath Council. There is significant interest in hire of these facilities, with a focus on supporting local grass-roots sports clubs. Other sports facilities, creating the Sports Hub, are also made available for hire.

Other commercial activity includes GordonstoGo within the Catering Department, and the Sports Hub Café, part of the new Sports Hall building available for use in conjunction with sports hire as well as Gordon's Sixth Form students during the school day. A monthly Gordon's Supper Club has been re-launched post-Covid. While we were pleased to again host Barracuda Day Camps during the Easter and Summer holidays, residential lettings were not feasible due to refurbishment work in the residential Houses and fewer enquiries received following Covid as well as Brexit.

##### Partnerships

The partnership launched with Aldershot Town Football Club in July 2021 whereby their team is based and trains at Gordon's during weekday mornings, and provided with catering and other facilities, continues positively. In addition to hire charges, School football teams are provided with coaching by the ATFC coaching team and opportunities for free home match tickets. Other sporting partnerships continue, with Harlequins Rugby Football Club and Surrey Storm (Premier Netball).

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

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Gordon's is proud to help reduce global educational poverty through a working partnership with the Commonwealth Education Trust (CET). Formally known as the Commonwealth Institute, the CET is a well-established, leading charity that champions education across the Commonwealth. Their digital platforms reach teachers in underserved, often rural communities around the world, providing them with much needed bite-size professional development courses. Gordon's teachers work with CET to establish courses to help improve pedagogy and classroom management, later extending to support designated schools through fundraising and practical resources.

The Camelthorn Foundation supports community-led wildlife initiatives alongside promoting education and socio-economic opportunities in Zimbabwe's Hwange province. Gordon's has pledged to work with the Camelthorn Foundation to raise sufficient funds to provide, initially, a girls' boarding house and then accommodation for boys, attending Ngamo Secondary School. In time, we hope that students and staff may be able to volunteer with the Camelthorn Foundation in their conservation, education or social programmes.

#### **External support**

Applications to trusts and foundations continue for bursary funding as well as specific projects. The support for Gordon's students from a range of educational trusts is valued and in particular the continued generosity of the Girdlers' Livery Company.

Support for Gordon's students by Reedham Children's Trust, Buttle UK, the Masonic Charitable Foundation, Lloyd Foundation, Emmott Foundation, Wispers Trust, The Royal SpringBoard Children's Foundation and Tak Turton Trust continues to be welcomed by student families and the School.

Last year, two significant new competitions were launched, the Wynter Bee Global Citizen Prize and the Headmaster's Global Citizen Prize, for which students were asked to engage with one of the UN 17 Sustainable Development Goals. We are immensely grateful to Peter Wynter Bee, former trustee and now Gordon's Ambassador, for encouraging the institution of these student competitions and for his generosity in funding the prizes, an all-expenses paid trip to Costa Rica to take part in a conservation and development project for the KS4/5 Wynter Bee Global Citizen Award and a Red Letter Day experience together with sponsorship for a Costa Rican student for the KS3 Headmaster's Global Citizen Award.

Gordon's is proud to have signed up to the Forces Covenant and to display the Bronze Award of the Employers' Recognition Scheme, recognising the School's role in supporting our Forces families as well as being a major employer in the area. The link with the Corps of Royal Engineers continues to be valued, in particular CCF students participating in Field Days organised at Gibraltar Barracks; training staff from Pirbright Camp assist with ceremonial drill. Members of the Pipes and Drums play regularly for the Last Post Association at Brookwood Cemeteries. The Pipe Band has played for Surrey Police Pass-Out Parades and with Surrey Police Band in a Festival Remembrance Parade.

#### **Fundraising**

The trustees recognise the importance of meeting the highest standards of practice and care in relation to fundraising activities. The Foundation keeps donors informed about fundraising activities through regular updates. All fundraising activity is carried out by school staff, who have received training on fundraising standards. No complaints have been received. The Foundation only raises funds from those individuals and organisations known to it and the Foundation does not undertake fundraising campaigns to members of the public.

#### **Patronage**

In June, the School celebrated the Platinum Jubilee of Queen Elizabeth II, Patron of Gordon's School. In September the School joined the nation as we mourned Her Majesty's death. Trustees hope that in due course HM King Charles III will agree to continue the unbroken line of the reigning monarch as the Foundation's Patron.

#### **Former trustee**

Trustees were saddened to learn of the death in September 2022 of former trustee John Udal, who had served with the Sudan Political Service until Sudan's independence and continued to promote interest in the country.

## THE GORDON FOUNDATION

### REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)

#### MANAGEMENT AND EFFECTS OF COVID-19

It has been relief to the whole School community to have the whole school year without lockdown. The additional costs incurred during the previous two years have reduced significantly, any cost of continuing practices incorporated within general operating costs. Changes that came about through Covid such as online staff briefing, the two-part lunch break and virtual parent conferences have continued.

#### FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The main sources of funding for the Foundation are through boarding charges and investments. Gordon's continues to be an oversubscribed school operating to maximum capacity with a waiting list. The fee income received by the Foundation was £10,193,082 (2021: £8,451,959).

The net movement in funds for the year was a surplus of £1,081,008 (2021: deficit of £1,364,962)

Investments performed as well as could be expected during a year of continued upheaval. The investment portfolio has decreased by £191,800 to £3,229,973 (2021: £3,421,773).

On 1 January 2013, Gordon's School converted to Academy Trust status under the Academies Act 2010 with all operations, assets and liabilities transferred over to the Gordon's School Academy Trust. This transfer was accounted for using the acquisition method resulting in a £389,000 deficit on the Local Government Pension Scheme transferring into the Trust. Most years since there has been an additional deficit on the scheme, the scheme deficit was £610,000 at 31 August 2022 (2021: £1,903,000).

Further information on the pension schemes is given in note 21.

#### RESERVES

Funds comprise unrestricted funds of £13,586,116 (2021: £13,916,598) and restricted funds, excluding pension reserve, of £1,385,871 (2021: £1,267,381). The restricted funds pension deficit reserve stands at £610,000 (2021: £1,903,000 deficit). The restricted funds are set out in note 17.

Unrestricted funds are represented by the Foundation's property and other tangible fixed assets, investments and net working capital. Free reserves, defined as total unrestricted funds having eliminated the net book value of unrestricted fixed assets, are negative and the Foundation Committee have set a policy to restore and build free reserves in order to maintain the site and fund the modernisation and future development of Gordon's School.

#### Risk

The trustees have assessed the major risks to which The Gordon Foundation is exposed and have taken steps to reduce and manage these risks. Trustees approve a formal Risk Register which is updated regularly and reviewed by the Joint Audit and Risk Committee at least annually. The most significant risks identified are noted below together with the means by which to manage the risk:

RISK	CONTROL
<b>Worsening economic climate</b>	Regular consideration given to economic factors which may affect parents' ability to pay charges and reduce ESFA funding. Effect of economic downturn mitigated by reducing costs where possible and holding back on plans as well as ensuring frequent reporting of student roll and finances. Maintain a schedule of pre-agreed changes in the event of significantly reduced income. Focus on developing alternative income streams.
<b>Loss of charitable status</b>	Compliance with requirement of public benefit; the availability of means-tested bursaries
<b>Breach of Health &amp; Safety issues; major incident resulting in loss of life or school closure.</b>	Crisis Management Plan in place and reviewed at least annually. Risks mitigated by identifying them, setting our procedures to reduce and monitoring that all procedures are operating effectively. H&S external advice, staff trained on specific procedures and are reviewed annual by external experts. H&S policy reviewed annually. H&S Committee meets termly or as required; membership includes a trustee / governor. H&S part of staff induction. Property Services Manager is H&S and Fire Officer and is trained appropriately.

Risk (continued)

RISK	CONTROL
<b>Compromised site security, buildings and personnel</b>	All staff know to challenge strangers on site; wear emergency contact information; security contractor employed evenings, overnight and 24 hours over weekends; resident staff. Restricted access to all buildings. Perimeter fencing and gates improved but some weakness end of Front Field and should review north side access controls. Lockdown procedures in place.
<b>Fire that results in the school being unable to operate</b>	Fire risk assessments carried out by specialist subcontractor on a triennial basis (or sooner where there is an alteration to premises) and reviewed annually. Procedures and evacuation plans reviewed annually. Procedures in place for dealing with arson, smoking, kitchen, heating, lightening conductors, fire evacuation, alarm installation. Routine alarm checks, hydrants, appliances. Adequate insurance in place + disaster recovery plan which is tested.
<b>Difficulty in staff retention; poor staff morale and wellbeing</b>	Staff turnover data maintained. Exit interviews with Assistant Bursar for all posts and report made to SLT. Pay rates reviewed regularly against appropriate market, benchmark. Effective communications maintained between staff, line and senior managers. Open Door for Head and Chair of Governors. Appropriate benefits provided + PRP (teaching) and termly bonus scheme (support). Positive encouragement to use non-contact time for wellbeing activity if wish to. Availability of school facilities for staff.
<b>Loss of Internet connectivity for a prolonged period</b>	Service is provided by contracted IT managed service provider with high SLAs and 24/7 remote monitoring. Depending on where the failure has occurred, a restricted network provision could be restored. Backup second internet feed being considered (less speed but adequate for priority purposes). School website can be updated to inform parents if prolonged loss of service or SchoolComms messaging. Termly check of disaster recovery plan with IT managed Services.

**INVESTMENT POLICY**

The charity aims to manage the investment portfolio such that investment income is maintained and capital growth is achieved, in real terms. The performance of investments and the investment policy is reviewed regularly by the Investment Panel. The Investment Panel does not impose any constraints that might limit selection of individual investments for social, environmental or ethical reasons.

**PLANS FOR FUTURE YEARS**

**3-year Strategic Priorities:**

- i) Develop a working and learning environment for Gordon’s School that moves beyond outstanding
- ii) Develop the School’s Digital Strategy across both learning and administrative processes
- iii) Progress the Estates Master Plan
- iv) Design and implement our environmental policy
- v) Further develop ‘Gordon’s Connected’ platform, boosting parent, student and staff engagement by creating partnerships between Gordon’s Careers department, Business Network, alumni and parents
- vi) Further develop Gordon’s Schools’ Partnership, boosting collaborative opportunities for students and staff.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each person who was a Director at the time this report was approved:

- So far as that Director was aware there was no relevant available information of which the Group’s auditor was unaware and
- That Director had taken all the steps that the Director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group’s auditor was aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

**THE GORDON FOUNDATION**

**REPORT OF THE FOUNDATION TRUSTEES INCLUDING THE STRATEGIC REPORT (continued)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of the charitable company) are responsible for preparing the Report of the Foundation trustees, incorporating the Strategic Report, and the financial statements in accordance with applicable law regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

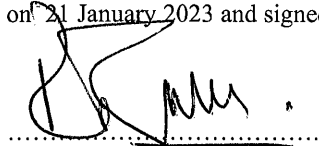
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

Our auditor, Alliotts LLP, has indicated their willingness to continue in office.

The Trustees' Report, incorporating the Strategic Report was approved by the trustees of The Gordon Foundation

on 21 January 2023 and signed on its behalf by:



**Lieutenant General Richard Cripwell CB, CBE**  
**Chairman**

## THE GORDON FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GORDON FOUNDATION

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#### **Opinion**

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2022 and of the group's and parent charitable company's net movement in funds, including the 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 Companies Act 2006.

#### **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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### **Other information**

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Foundation Trustees' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Foundation Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Foundation Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group and parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and parent charitable company through discussions with trustees and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent charitable company, including the Companies Act 2006, the Charities Act 2011, the Academy Trust Handbook 2021, taxation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

## THE GORDON FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GORDON FOUNDATION (continued)

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We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Foundation Committee;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.


There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### Use of this report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members 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 group and parent charitable company and the group and parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Stephen Meredith BA FCA DChA (Senior Statutory Auditor)  
for and on behalf of Alliotts LLP**

Senior Statutory Auditor  
Alliotts LLP  
Friary Court  
13-21 High Street

10 May 2023

THE GORDON FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
<b>Income from:</b>					
Donations and legacies	1	91,975	-	91,975	13,136
Grants	2	-	238,513	238,513	159,157
<b>Charitable activity:</b>					
Income from boarding charges	3	10,186,586	6,496	10,193,082	8,451,959
Other operating income	3	206,276	-	206,276	240,304
Funding for the Academy's educational operations	3	-	5,323,140	5,323,140	5,109,004
<b>Trading activities:</b>					
Trading income	4	153,278	-	153,278	41,822
<b>Investment income</b>	5	88,823	12,866	101,689	106,529
<b>Total income</b>		<b>10,726,938</b>	<b>5,581,015</b>	<b>16,307,953</b>	<b>14,121,911</b>
<b>Expenditure on:</b>					
<b>Charitable activity:</b>					
Staff costs	6	5,965,615	4,155,884	10,121,499	9,372,237
Educational costs		-	529,173	529,173	481,604
Welfare costs		1,908,141	-	1,908,141	1,612,039
Premises costs		1,901,624	715,688	2,617,312	3,290,721
Support costs		570,592	358,865	929,457	728,323
<b>Raising funds:</b>					
Finance costs		291,509	-	291,509	244,926
Investment management		2,261	-	2,261	762
<b>Trading activities:</b>					
Trading costs		142,892	-	142,892	12,683
<b>Total expenditure</b>	6	<b>10,782,634</b>	<b>5,759,610</b>	<b>16,542,244</b>	<b>15,743,295</b>
<b>Operating income/(expenditure)</b>		<b>(55,696)</b>	<b>(178,595)</b>	<b>(234,291)</b>	<b>(1,621,384)</b>
Net gains/(losses) on investments	9	(274,786)	(20,915)	(295,701)	430,422
<b>Net income/(expenditure)</b>		<b>(330,482)</b>	<b>(199,510)</b>	<b>(529,992)</b>	<b>(1,190,962)</b>
Actuarial (losses)/gains on defined benefit pension schemes	21	-	1,611,000	1,611,000	(174,000)
<b>Net movement in funds for the year</b>		<b>(330,482)</b>	<b>1,411,490</b>	<b>1,081,008</b>	<b>(1,364,962)</b>
<b>Fund balances brought forward at 16, September 2021</b>	17	13,916,598	(635,619)	13,280,979	14,645,941
<b>Fund balances carried forward at 31 August 2022</b>	17	<b>13,586,116</b>	<b>775,871</b>	<b>14,361,987</b>	<b>13,280,979</b>

All of the charitable group's activities are continuing.

All recognised gains and losses are included in the Statement of Financial Activities.

The accompanying notes form part of these financial statements.

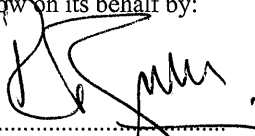
Details of comparative figures by fund are disclosed in note 23.

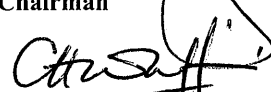
## GROUP BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible	8		21,756,654		21,170,012
Investments	9,10		3,229,973		3,421,773
			<u>24,986,627</u>		<u>24,591,785</u>
<b>CURRENT ASSETS</b>					
Debtors	12	780,056		776,046	
Cash at bank and in hand		273,054		743,138	
			<u>1,053,110</u>	<u>1,519,184</u>	
<b>CREDITORS:</b> Amounts falling due within one year	13	(3,852,991)		(3,714,563)	
<b>NET CURRENT LIABILITIES</b>			<u>(2,799,881)</u>		<u>(2,195,379)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			22,186,746		22,396,406
<b>CREDITORS:</b> Amounts falling due after more than one year	14		(7,214,759)		(7,212,427)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>14,971,987</u>		<u>15,183,979</u>
<b>PENSION SCHEME LIABILITY</b>	21		(610,000)		(1,903,000)
<b>NET ASSETS</b>			<u><u>14,361,987</u></u>		<u><u>13,280,979</u></u>
<b>FUNDS</b>					
Unrestricted funds	16		13,586,116		13,916,598
Restricted – Specific Funds	17		1,385,871		1,267,381
Restricted - Pension Reserve	17		(610,000)		(1,903,000)
			<u>14,361,987</u>		<u>13,280,979</u>

The financial statements were approved and authorised for issue by the Board on 21 January 2023 and were signed below on its behalf by:

  
 .....  
 Lieutenant General Richard Cripwell CB, CBE  
 Chairman

  
 .....  
 Mr C Whiffin  
 Treasurer

The accompanying notes form part of these financial statements.

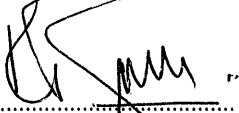
## CHARITY BALANCE SHEET

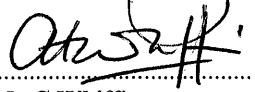
AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible	8		21,514,516		20,962,028
Investments	9		3,229,973		3,421,773
Investment in subsidiary company	10		2		2
			<u>24,744,491</u>		<u>24,383,803</u>
<b>CURRENT ASSETS</b>					
Debtors	12	404,739		501,087	
Cash at bank and in hand		267,016		659,980	
			<u>671,755</u>	<u>1,161,067</u>	
<b>CREDITORS:</b> Amounts falling due within one year	13	(3,944,406)		(5,166,632)	
<b>NET CURRENT LIABILITIES</b>			<u>(3,272,651)</u>		<u>(4,055,565)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>21,471,840</u>		<u>20,378,238</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	14		(7,146,667)		(7,131,954)
<b>NET ASSETS</b>			<u><u>14,325,173</u></u>		<u><u>13,246,284</u></u>
<b>FUNDS</b>					
Unrestricted funds	19		13,420,683		12,340,241
Restricted funds	20		904,490		906,043
			<u>14,325,173</u>		<u>13,246,284</u>

The charitable company has taken exemption from presenting the charity statement of financial activities under section 408 of the Companies Act 2006. The net income of the charitable company for the year was £1,078,889 (2021: net expenditure £1,365,954).

The financial statements were approved and authorised for issue by the Board on 21 January 2023 and were signed below on its behalf by:

  
 .....  
 Lieutenant General Richard Cripwell CB, CBE  
 Chairman

  
 .....  
 Mr C Whiffin  
 Treasurer

The accompanying notes form part of these financial statements.

THE GORDON FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022		2021	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	<b>A</b>		728,984		574,590
<b>Cash flows from investing activities</b>					
Investment income received		101,689		106,529	
Capital grants from DFE/ESFA		263,122		518,135	
Purchase of fixed assets		(1,171,806)		(1,434,008)	
Purchase of investments		(128,687)		(169,314)	
Sale of investments		24,784		63,560	
<b>Net cash outflow from investing activities</b>			(910,898)		(915,098)
<b>Cash flow from financing activities</b>					
Loan repayments		(332,381)		(133,333)	
New loan finance		334,713		1,090,351	
Interest paid		(291,509)		(244,926)	
<b>Net cash inflow from financing activities</b>			(289,177)		712,092
<b>Change in cash and cash equivalents in the year</b>			<b>(471,091)</b>		<b>371,584</b>
Cash and cash equivalents at the beginning of the year			743,138		371,554
Cash and cash equivalents at the end of the year			<b>272,047</b>		<b>743,138</b>

<b>A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2022</b>	<b>2021</b>
	£	£
Net movement in funds for the year	1,081,008	(1,364,962)
Depreciation	585,164	1,311,759
ESFA capital grants	(238,513)	26,020
Losses/(Gains) on investments	295,701	(430,422)
Decrease/(increase) in debtors	1,244,197	729,342
(Decrease)/increase in creditors	(1,135,393)	(193,544)
Investment income receivable	(101,689)	(106,529)
Finance Costs	291,509	244,926
Pension adjustment	(1,293,000)	358,000
<b>Net cash inflow from operating activities</b>	<b>728,984</b>	<b>574,590</b>
<b>B. ANALYSIS OF CASH AND CASH EQUIVALENTS</b>	<b>2021</b>	<b>2020</b>
	£	£
Cash at bank	273,054	743,138
Overdraft	(1,007)	-
	<b>272,047</b>	<b>743,138</b>

**THE GORDON FOUNDATION**  
**STATEMENT OF ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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The Gordon Foundation is a charitable company limited by guarantee, incorporated in England and Wales (company number: 00027272) and a charity registered in England and Wales (charity number: 312092). The Charity's registered office address is: The Gordon Foundation, Gordon's School, West End, Woking, Surrey, GU24 9PT.

**a) Basis of Accounting**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The company is a public benefit entity for the purposes of FRS 102 and a registered charity established as a company limited by guarantee and therefore has also prepared its financial statements in accordance with the 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 (the FRS 102 Charities SORP) (effective from 1 January 2019) and the Companies Act 2006.

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

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The principal accounting policies adopted are set out below.

**Boarding Charge Debtor Policy**

Boarding Charges debts, in debtors, reflect outstanding debts for the boarding charges to 31 August 2022, whilst Boarding Charges in advance, in creditors, reflect cash received prior to 31 August for the autumn term 2022 boarding charges.

**Basis of Consolidation**

The consolidated financial statements incorporate those of The Gordon Foundation and all its subsidiaries. All financial statements are made up to 31 August 2022. All subsidiary undertakings have been included within the financial statements.

The entities are consolidated on a line by line basis and all intra-group transactions and balances between group companies are eliminated on consolidation.

**b) Going concern**

The financial statements are prepared under the going concern basis which assumes the Group will continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The trustees have reviewed regularly revised budgets and cash flow forecasts based on various scenarios including the requirements of the bank loan covenants and are keeping the situation under constant review, meeting regularly with senior management.

Based on the information available on the date of signing these financial statements, the trustees cannot make a reliable estimate as to the ultimate financial impact, however they believe the actions taken have ensured the Group's ability to continue to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements.

## THE GORDON FOUNDATION

### STATEMENT OF ACCOUNTING POLICIES (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2022

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c) **Significant judgments and sources estimation uncertainty**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. The key judgements that have been applied by management relate to:

- **Judgment 1** – the present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- **Judgement 2** - a bad debt provision against potential future uncollectible boarding charges.

d) **Income**

All income included in the Statement of Financial Activities (SOFA) when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy, and receipt is probable.

*Grants receivable*

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant fund on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

*Donations*

Donations and all other receipts from fundraising are reported gross and are accounted for on a receivable basis. The related fundraising costs are reported in costs of raising funds.

*Investment Income*

Investment income is accounted for when receivable and includes the related tax recoverable.

e) **Expenditure:**

Expenditure is accounted for on an accruals basis.

*Costs of raising funds*

Costs of raising funds comprise finance charges associated with interest payable on the Group's borrowings and costs associated with lettings.

*Charitable activities*

Costs of charitable activities include grants payable and other costs directly associated with providing the services and support provided by the charity and an apportionment of overhead, support and governance costs. Charitable activity costs represent costs directly associated with the provision of education and related support costs.

*Governance costs*

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

*Trading activities*

Costs of trading activities include costs directly associated with providing the services provided through trading.

f) **Leased Assets**

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the period of the leases.

**THE GORDON FOUNDATION**

**STATEMENT OF ACCOUNTING POLICIES (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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**g) Tangible Fixed Assets**

Depreciation is provided on all tangible fixed assets, other than freehold land, on the following methods at rates calculated to write off the assets over their estimated useful lives. The methods and rates are

Freehold land and buildings	-	2% - 4% per annum straight line
Machinery and equipment	-	20% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Motor vehicles	-	20% per annum straight line

Buildings erected before the year 2000 are depreciated over 50 years, and newer buildings over 25 years.

**h) Investments**

Listed investments are stated at market value at the balance sheet date. Realised and unrealised gains/losses on investments are included in the Statement of Financial Activities.

**i) Stocks**

Stocks are stated at the lower of cost and net realisable value.

**j) Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

*Debtors and creditors*

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

*Bank borrowings*

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

**k) Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**l) Funds**

General funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which is not restricted nor designated funds. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor (see notes 17 and 20).

**THE GORDON FOUNDATION**

**STATEMENT OF ACCOUNTING POLICIES (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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**m) Pension Costs**

Retirement benefit to employees are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Foundation employees are part of a defined contribution workplace pension scheme with Salvus Master. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**THE GORDON FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

	Unrestricted Funds £	2022 Restricted Funds £	Total £	2021 Total £
<b>1. DONATIONS AND LEGACIES</b>				
Donations and gifts	91,975	-	91,975	13,136
Legacies	-	-	-	-
	<u>91,975</u>	<u>-</u>	<u>91,975</u>	<u>13,136</u>
<b>2. GRANTS</b>				
Government grant - Coronavirus Job Retention Scheme	-	-	-	159,157
ESFA capital grants	-	238,513	238,513	-
	<u>-</u>	<u>238,513</u>	<u>238,513</u>	<u>159,157</u>
<b>3. INCOME FROM CHARITABLE ACTIVITIES</b>				
Gross income from boarding charges	10,757,313	6,496	10,763,809	8,912,188
<b>Less:</b>				
Bursaries	(535,286)	-	(535,286)	(431,590)
Staff discounts	(18,739)	-	(18,739)	(15,405)
Other discounts	(16,702)	-	(16,702)	(13,234)
Net income from boarding charges	<u>10,186,586</u>	<u>6,496</u>	<u>10,193,082</u>	<u>8,451,959</u>
Other operating income	206,276	-	206,276	240,304
Funding for the Academy's educational operations	-	5,323,140	5,323,140	5,109,004
	<u>10,392,862</u>	<u>5,329,636</u>	<u>15,722,498</u>	<u>13,801,267</u>
<b>4. TRADING ACTIVITIES</b>				
Trading income	153,278	-	153,278	41,822
	<u>153,278</u>	<u>-</u>	<u>153,278</u>	<u>41,822</u>
<b>5. INVESTMENT INCOME</b>				
Interest received	-	-	-	14
Dividends received	88,823	12,866	101,689	106,515
	<u>88,823</u>	<u>12,866</u>	<u>101,689</u>	<u>106,529</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

6. EXPENDITURE

	Staff Costs £	Other £	Depreciation £	2022 Total £
<b>Charitable activity:</b>				
Staff costs	10,121,499	-	-	10,121,499
Teaching costs	-	529,173	-	529,173
Welfare costs	-	1,908,141	-	1,908,141
Premises costs	-	2,032,148	585,164	2,617,312
Support costs	-	929,457	-	929,457
	<u>10,121,499</u>	<u>5,398,919</u>	<u>585,164</u>	<u>16,105,582</u>
<b>Raising funds:</b>				
Finance costs	-	291,509	-	291,509
Other costs	-	2,261	-	2,261
Trading costs	-	142,892	-	142,892
	<u>10,121,499</u>	<u>5,835,581</u>	<u>585,164</u>	<u>16,542,244</u>

EXPENDITURE (PRIOR YEAR)

	Staff Costs £	Other £	Depreciation £	2021 Total £
<b>Charitable activity:</b>				
Staff costs	9,372,237	-	-	9,372,237
Teaching costs	-	481,604	-	481,604
Welfare costs	-	1,612,039	-	1,612,039
Premises costs	-	1,978,962	1,311,759	3,290,721
Support costs	-	728,323	-	728,323
	<u>9,372,237</u>	<u>4,800,928</u>	<u>1,311,759</u>	<u>15,484,924</u>
<b>Raising funds:</b>				
Finance costs	-	244,926	-	244,926
Other costs	-	762	-	762
Trading costs	-	12,683	-	12,683
	<u>9,372,237</u>	<u>5,059,299</u>	<u>1,311,759</u>	<u>15,743,295</u>

	2022 £	2021 £
<b>Total expenditure includes:</b>		
Depreciation	585,164	1,311,759
Operating lease payments recognised as an expense	297,563	194,509
Auditor's remuneration: - Audit fees	23,600	21,200
- Other services	10,050	8,325

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

7. STAFF COSTS	2022 £	2021 £
Wages and salaries	7,838,181	7,345,031
Social security costs	775,083	695,402
Other pension costs	1,498,483	1,319,564
Staff restructuring costs	9,752	12,240
	<u>10,121,499</u>	<u>9,372,237</u>

	2022 No	2021 No
The average number of employees in the year was:		
Teachers	73	70
Administration (including academic support & maintenance)	214	176
	<u>287</u>	<u>246</u>

The number of higher paid staff during the year was as follows:

£60,001 to £70,000	13	7
£70,001 to £80,000	2	1
£80,001 to £90,000	1	2
£90,001 to £100,000	1	1
£120,001 to £130,000	1	1
	<u>18</u>	<u>12</u>

No trustees received any remuneration or benefits-in-kind during the year (2021: £nil). No trustees received reimbursement of expenses in respect of travel and subsistence during the year (2021: £nil).

Pension contributions of £80,819 (2021: £89,313) were made to personal pension plans in respect of higher paid staff during the year.

The key management personnel of the group comprise the trustees, Head Teacher, Deputy Head Teachers, Bursar, Head of Finance, Assistant Bursar and Property Services Manager. The total remuneration of the key management personnel during the year was £693,800 (2021: £741,926).

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

8. FIXED ASSETS – GROUP AND CHARITY

	Freehold Land & Buildings £	Machinery & Equipment £	Fixtures & Fittings £	Assets under Construction £	Total Charity £	Academy Trust £	Total Group £
<b>COST</b>							
At 1 September 2021	26,175,265	1,022,155	817,218	154,822	28,169,460	1,071,402	29,240,862
Additions	303,453	128,951	162,500	455,355	1,050,259	121,547	1,171,806
Reclassification	154,822	-	-	(154,822)			
<b>At 31 August 2022</b>	<b>26,633,540</b>	<b>1,151,106</b>	<b>979,718</b>	<b>455,355</b>	<b>29,219,719</b>	<b>1,192,949</b>	<b>30,412,668</b>
<b>DEPRECIATION</b>							
At 1 September 2021	5,671,885	815,952	719,595	-	7,207,432	863,418	8,070,850
Charge for the year	316,986	97,266	83,519	-	497,771	87,393	585,164
<b>At 31 August 2022</b>	<b>5,988,871</b>	<b>913,218</b>	<b>803,114</b>	<b>-</b>	<b>7,705,203</b>	<b>950,811</b>	<b>8,656,014</b>
<b>NET BOOK VALUE</b>							
<b>At 31 August 2022</b>	<b>20,644,669</b>	<b>237,888</b>	<b>176,604</b>	<b>455,355</b>	<b>21,514,516</b>	<b>242,138</b>	<b>21,756,654</b>
<b>At 31 August 2021</b>	<b>20,503,380</b>	<b>206,203</b>	<b>97,623</b>	<b>154,822</b>	<b>20,962,028</b>	<b>207,984</b>	<b>21,170,012</b>

9. FIXED ASSETS INVESTMENTS – GROUP AND CHARITY

	2022 £	2021 £
Balance at 1 September 2021 (excluding cash deposits)	3,367,891	2,852,799
Additions	66,116	169,314
Disposals at opening market value	(24,784)	(84,644)
Realised and unrealised (losses)/gains	(295,701)	430,422
<b>Balance at 31 August 2022 (excluding cash deposits)</b>	<b>3,113,522</b>	<b>3,367,891</b>
Cash deposits	116,451	53,882
<b>Balance at 31 August 2022</b>	<b>3,229,973</b>	<b>3,421,773</b>

Class of investments is split as follow:

	2022 £
Cash or cash equivalents	116,451
Equities	2,967,159
Alternative investments	95,994
Fixed interest	50,369
<b>Balance at 31 August 2022</b>	<b>3,229,973</b>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS - CHARITY

Shares in  
group  
undertakings  
£  
2

Balance at 1 September 2021 and 31 August 2022

Details of the charitable company's subsidiaries at 31 August are as follows:

(i) **Gordon's School Academy Trust** is a private company limited by guarantee, domiciled and incorporated in England and Wales. The registered office and principal place of business is Bagshot Road, West End, Surrey, GU24 9PT. On the basis that The Gordon Foundation is member of the Gordon's School Academy Trust and has significant influence over the entity, Gordon's School Academy Trust has been included within the consolidated financial statements.

**Academy results:**

	<b>Total 2022 £</b>	<b>Total 2021 £</b>
<b><u>SOFA</u></b>		
Total Income	6,354,947	7,789,953
Total Expenditure	(7,963,829)	(7,614,961)
Net income/(expenditure)	(1,608,882)	174,992
Other recognised gains and losses		
Actuarial(losses) on defined benefit pension scheme	1,611,000	(174,000)
Net movement in funds	2,118	992
Total funds brought forward at 1 September 2021	21,108	20,116
Total funds carried forward at 31 August 2022	23,226	21,108
<b><u>Balance Sheet</u></b>		
Fixed Assets	242,138	207,984
Current Assets	1,404,279	2,622,926
Current Liabilities	(945,099)	(826,329)
Creditors falling due after more than one year	(68,092)	(80,473)
LGPS Pension Scheme Liabilities	(610,000)	(1,903,000)
Total Funds	23,226	21,108

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS – CHARITY (Continued)**

(ii) The Foundation holds 100% of the share capital of **The Gordon Enterprises UK Limited** (company number: 04104254, registered in England and Wales, registered office: Bagshot Road, West End, Surrey, G24 9PT), whose principal activities are letting the buildings and grounds of Gordon’s School and selling memorabilia. A summary of the profit and loss account and the balance sheet from the audited financial statements is set out below:

<u>Profit and Loss Account</u>	2022 £	2021 £
Turnover	145,193	39,695
Costs	(142,892)	(12,683)
Profit for the year	2,301	27,012
Donation to The Gordon Foundation	(2,301)	(27,012)
Retained Profit for the Year	<u>£Nil</u>	<u>£Nil</u>
 <u>Balance Sheet</u>		
Net Current Assets	<u>13,587</u>	<u>13,587</u>
Retained Profits	13,585	13,585
Share capital	<u>2</u>	<u>2</u>
Total equity	<u>13,587</u>	<u>13,587</u>

12. DEBTORS	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Boarding charge debtors	228,309	178,448	228,309	178,448
Sundry debtors	21,137	3,639	2	111
Amount owing to subsidiaries	-	-	8,656	39,994
Prepayments	206,979	168,384	32,284	55,937
VAT reclaim	225,624	302,959	135,488	226,597
Accrued income	98,007	122,616	-	-
	<u>780,056</u>	<u>776,046</u>	<u>404,739</u>	<u>501,087</u>

13. CREDITORS: amounts falling due within one year	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Loans and overdraft	333,387	332,380	320,000	320,000
Trade creditors	1,291,467	1,384,102	900,111	975,834
Boarding charges in advance and pupil deposits	648,739	849,028	648,739	849,028
Taxation and social security	186,209	180,390	49,074	50,563
Other creditors	665,149	792,436	303,123	555,356
Amount owing to subsidiaries	-	-	1,041,325	2,282,802
Accruals and deferred income	728,040	176,227	682,034	133,049
	<u>3,852,991</u>	<u>3,714,563</u>	<u>3,944,406</u>	<u>5,166,632</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

14. CREDITORS: amounts falling due after more than one year	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Bank loan	7,214,759	7,212,427	7,146,667	7,131,954
Other loan	-	-	-	-
	<u>7,214,759</u>	<u>7,212,427</u>	<u>7,146,667</u>	<u>7,131,954</u>
<b>Analysis of loans:</b>				
Between one and two years	332,380	332,380	320,000	320,000
Between two and five years	997,141	997,141	960,000	960,000
After five years	5,885,238	5,882,906	5,866,667	5,851,954
	<u>7,214,759</u>	<u>7,212,427</u>	<u>7,146,667</u>	<u>7,131,954</u>
Due within one year	332,380	332,380	320,000	320,000
	<u>7,547,139</u>	<u>7,544,807</u>	<u>7,466,667</u>	<u>7,451,954</u>

At the year end, The Gordon Foundation had two long term loans. Both loans are secured by legal first charges over freehold land and buildings of The Gordon Foundation.

The first bank loan of £2,000,000 was taken out in December 2018 and is due for repayment by instalments by January 2044. Interest accrues on this loan at 3.8%. and interest payments are made quarterly. Capital repayments commenced in January 2020.

The second bank loan facility of £6,000,000 was taken out in December 2019 to fund construction of a new sports facility and all weather pitch. A sum of £5,680,000 was outstanding at 31 August 2022 and the capital will be repaid by instalments until January 2046. Interest accrues on this loan at a rate of 2.1% plus the Bank of England base interest rate. Interest payments are made monthly and capital repayments commenced in April 2021.

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**15. LEASE COMMITMENTS**

At 31 August 2022 the total of future minimum lease payments under non-cancellable operating leases were:

	2022 £	2021 £
<b>Leases expiring:</b>		
Within one year	283,024	225,089
Between two and five years	248,499	238,105
More than five years	-	-
	<u>531,523</u>	<u>463,194</u>

**16. UNRESTRICTED FUNDS**

	1 September 2021 £	Income £	Expenditure £	Investment (Losses) £	Transfers £	31 August 2022 £
Designated - Eyre Fund	50,651	-	-	-	-	50,651
General Fund	13,865,947	10,726,938	(10,782,634)	(274,786)	-	13,535,465
	<u>13,916,598</u>	<u>10,726,938</u>	<u>(10,782,634)</u>	<u>(274,786)</u>	<u>-</u>	<u>13,586,116</u>

**UNRESTRICTED FUNDS (PRIOR YEAR)**

	1 September 2020 £	Income £	Expenditure £	Investment Gains £	Transfers £	31 August 2021 £
Designated - Eyre Fund	51,743	-	(1,092)	-	-	50,651
General Fund	14,612,881	8,965,620	(10,106,573)	394,019	-	13,865,947
	<u>14,664,624</u>	<u>8,965,620</u>	<u>10,107,665</u>	<u>394,019</u>	<u>-</u>	<u>13,916,598</u>

The Designated Eyre Fund represents the balance on an unrestricted donation which is used to help finance music lessons.

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

17. RESTRICTED FUNDS

	Balance at 1 September 2021 £	Income £	Expenditure £	Investment Gains/(losses) £	Transfers £	Balance at 31 August 2022 £
<b>Specific funds:</b>						
Gordon Foundation Special fund	434,815	12,866	-	(20,915)	-	426,766
Stepping Forward Appeal	300,686	-	-	-	-	300,686
Piano fund	1,740	-	-	-	-	1,740
Bursaries	89,398	6,496	-	-	-	95,894
DfCSF (DfE) fund	153,354	5,323,140	(5,354,217)	-	(91,891)	30,386
Other restricted funds	79,404	-	-	-	-	79,404
DfE Fixed Asset fund	207,984	238,513	(87,393)	-	91,891	450,995
	<u>1,267,381</u>	<u>5,581,015</u>	<u>(5,441,610)</u>	<u>(20,915)</u>	<u>-</u>	<u>1,385,871</u>
<b>Pension reserve</b>	<u>(1,903,000)</u>	<u>-</u>	<u>(318,000)</u>	<u>1,611,000</u>	<u>-</u>	<u>(610,000)</u>

RESTRICTED FUNDS  
(PRIOR YEAR)

	Balance at 1 September 2020 £	Income £	Expenditure £	Investment Gains/(losses) £	Transfers £	Balance at 31 August 2021 £
<b>Specific funds</b>						
Gordon Foundation Special fund	387,606	10,806	-	36,403	-	434,815
Stepping Forward Appeal fund	300,686	-	-	-	-	300,686
Piano fund	2,160	-	(420)	-	-	1,740
Bursaries	52,917	36,481	-	-	-	89,398
DfCSF (DfE) fund	517,331	5,109,004	(5,322,332)	-	(150,649)	153,354
Other restricted funds	79,404	-	-	-	-	79,404
DfE Fixed Asset fund	186,213	-	(128,878)	-	150,649	207,984
	<u>1,526,317</u>	<u>5,156,291</u>	<u>(5,451,630)</u>	<u>36,403</u>	<u>-</u>	<u>1,267,381</u>
<b>Pension reserve</b>	<u>(1,545,000)</u>	<u>-</u>	<u>(184,000)</u>	<u>(174,000)</u>	<u>-</u>	<u>(1,903,000)</u>

**Gordon Foundation Special Fund** – this fund represents the balance of assets transferred by several connected charities on 1 April 1996.

**Stepping Forward Appeal Fund** - this fund reflects an appeal to enhance performing arts facilities at Gordon's School.

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

17. RESTRICTED FUNDS (Continued)

**DfCSF (DfE) Fund & DfE Fixed Asset fund** – these funds reflect monies received from the Department for Education (previously the Department for Children, Schools and Families), for the purpose of assisting with the general academy running costs and building projects.

**Other restricted funds** represent other specific donations to fund activities of the Foundation.

**Pension Reserve** – this fund represents the share of the pension deficit borne by the subsidiary, Gordon’s School Academy Trust, in the Local Government Pension Scheme. Further detail is given in note 21 below.

18. ALLOCATION OF THE GROUP NET ASSETS

	Investments	Tangible Assets	Net Current Assets (Liabilities)	Long Term Liabilities/ Pension	Total
	£	£	£	£	£
Restricted – Specific	269,945	242,138	873,788	-	1,385,871
Restricted – Pension reserve	-	-	-	(610,000)	(610,000)
Unrestricted	2,960,028	21,514,516	(3,673,669)	(7,214,759)	13,586,116
	<u>3,229,973</u>	<u>21,756,654</u>	<u>(2,799,881)</u>	<u>(7,824,759)</u>	<u>14,361,987</u>

ALLOCATION OF THE GROUP NET ASSETS (PRIOR YEAR)

	Investments	Fixed Assets	Net Current Assets (Liabilities)	Long Term Liabilities/ Pension	Total
	£	£	£	£	£
Restricted – Specific	275,553	207,984	783,844	-	1,267,381
Restricted – Pension reserve	-	-	-	(1,903,000)	(1,903,000)
Unrestricted	3,146,220	20,962,028	(2,979,223)	(7,212,427)	13,916,598
	<u>3,421,773</u>	<u>21,170,012</u>	<u>(2,195,379)</u>	<u>(9,115,427)</u>	<u>13,280,979</u>

19. CHARITY UNRESTRICTED FUNDS

UNRESTRICTED FUNDS

	Balance at 1 September 2021	Income	Expenditure	Investment Gains/(losses)	Transfers	Balance at 31 August 2022
	£	£	£	£	£	£
Designated - Eyre Fund	50,651	-	-	-	-	50,651
General Fund	12,289,590	10,575,961	(9,220,733)	(274,786)	-	13,370,032
	<u>12,340,241</u>	<u>10,575,961</u>	<u>(9,220,733)</u>	<u>(274,786)</u>	<u>-</u>	<u>13,420,683</u>

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

19. CHARITY UNRESTRICTED FUNDS (Continued)

UNRESTRICTED FUNDS (PRIOR YEAR)

	Balance at 1 September 2020	Income	Expenditure	Investment Gains/(losses)	Transfers	Balance at 31 August 2021
	£	£	£	£	£	£
Designated - Eyre Fund	51,743	-	(1,092)	-	-	50,651
General Fund	13,737,722	8,950,810	(10,792,961)	394,019	-	12,289,590
	<u>13,789,465</u>	<u>8,950,810</u>	<u>(10,794,053)</u>	<u>394,019</u>	<u>-</u>	<u>12,340,241</u>

20. CHARITY RESTRICTED FUNDS

	Balance at 1 September 2021	Income	Expenditure	Investment Gains/(losses)	Transfers	Balance at 31 August 2022
	£	£	£	£	£	£
Gordon Foundation Special fund	434,815	12,866	-	(20,915)	-	426,766
Stepping Forward Appeal Camel fund	300,686	-	-	-	-	300,686
Piano fund	1,740	-	-	-	-	1,740
Bursaries	89,398	6,496	-	-	-	95,894
DfCSF (DfE) funds	-	-	-	-	-	-
Other restricted funds	79,404	-	-	-	-	79,404
	<u>906,043</u>	<u>19,362</u>	<u>-</u>	<u>(20,915)</u>	<u>-</u>	<u>904,490</u>

CHARITY RESTRICTED FUNDS (PRIOR YEAR)

	Balance at 1 September 2020	Income	Expenditure	Investment Gains	Transfers	Balance at 31 August 2021
	£	£	£	£	£	£
Gordon Foundation Special fund	387,606	10,806	-	36,403	-	434,815
Stepping Forward Appeal	300,686	-	-	-	-	300,686
Camel fund	-	-	-	-	-	-
Piano fund	2,160	-	(420)	-	-	1,740
Bursaries	52,917	36,481	-	-	-	89,398
DfCSF (DfE) funds	-	-	-	-	-	-
Other restricted funds	79,404	-	-	-	-	79,404
	<u>822,773</u>	<u>42,287</u>	<u>(420)</u>	<u>36,403</u>	<u>-</u>	<u>906,043</u>

## THE GORDON FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### FOR THE YEAR ENDED 31 AUGUST 2022

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#### 21. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £356,527 were payable to the schemes at 31 August 2022 (2021: £231,680) and are included within creditors.

##### Teachers' Pension Scheme

###### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

###### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £889,176 (2021: £867,713).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**21. PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.2% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Total contributions made**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Employer's contributions	158,000	141,000
Employees' contributions	42,000	37,000
	<u>200,000</u>	<u>178,000</u>

**Principal actuarial assumptions**

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	4.10	3.80
Rate of increase for pensions in payment/inflation	3.20	2.90
Discount rate for scheme liabilities	<u>4.25</u>	<u>1.65</u>

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>2022</b>	<b>2021</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.1	22.3
- Females	24.5	24.7
Retiring in 20 years		
- Males	23.1	23.4
- Females	<u>26.2</u>	<u>26.4</u>

**THE GORDON FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

**21. PENSION AND SIMILAR OBLIGATIONS (continued)**

Scheme liabilities would have been affected by changes in assumptions as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Discount rate + 0.1%	(57,000)	(84,000)
Discount rate - 0.1%	57,000	84,000
Mortality assumption + 1 year	105,000	154,000
Mortality assumption - 1 year	(105,000)	(154,000)
CPI rate + 0.1%	56,000	80,000
CPI rate - 0.1%	(56,000)	(80,000)

**Defined benefit pension scheme net liability**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Scheme assets	2,004,000	1,942,000
Scheme obligations	(2,614,000)	(3,845,000)
Net liability	(610,000)	(1,903,000)

**The academy trust's share of the assets in the scheme**

	<b>2022</b>	<b>2021</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	1,523,000	1,456,000
Bonds	281,000	311,000
Cash	40,000	39,000
Property	160,000	136,000
	2,004,000	1,942,000

The actual return on scheme assets was a loss of £100,000 (2021: loss of £343,000).

**Amount recognised in the Statement of Financial Activities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current service cost	442,000	298,000
Interest income	(33,000)	(26,000)
Interest cost	67,000	53,000
Benefit changes, curtailments and settlements gains or losses	-	-
Total operating charge	476,000	325,000

**THE GORDON FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022****21. PENSION AND SIMILAR OBLIGATIONS (continued)**

<b>Changes in the present value of defined benefit obligations</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 September 2021	3,845,000	2,993,000
Current service cost	442,000	298,000
Interest cost	67,000	53,000
Employee contributions	42,000	37,000
Actuarial loss	(1,744,000)	491,000
Benefits paid	(38,000)	(27,000)
At 31 August 2022	<u>2,614,000</u>	<u>3,845,000</u>
 <b>Changes in the fair value of the academy trust's share of scheme assets</b>		
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 September 2021	1,942,000	1,448,000
Interest income	33,000	26,000
Actuarial loss/(gain)	(133,000)	317,000
Employer contributions	158,000	141,000
Employee contributions	42,000	37,000
Benefits paid	(38,000)	(27,000)
At 31 August 2022	<u>2,004,000</u>	<u>1,942,000</u>

The Foundation offers employees a workplace pension and uses the Salvus Master Trust. The employer contribution rate is 7% and the employee contribution rate is a minimum of 3.5%. The employer pension costs during the year were £166,848 (2021: £153,705) and there were no contributions payable to the scheme at 31 August 2022 (2021: £19,716).

**22. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the period (2021: None).

THE GORDON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2022

23. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
<b>Income from:</b>					
Donations and legacies	1	13,136	-	13,136	92,300
Grants	2	159,157	-	159,157	462,520
<b>Charitable activity:</b>					
Income from boarding charges	3	8,415,478	36,481	8,451,959	7,092,768
Other operating income	3	240,304	-	240,304	215,851
Funding for the Academy's educational operations	3	-	5,109,004	5,109,004	5,186,906
<b>Trading activities:</b>					
Trading income	4	41,822	-	41,822	21,901
<b>Investment income</b>	5	95,723	10,806	106,529	78,075
<b>Total income</b>		<b>8,965,620</b>	<b>5,156,291</b>	<b>14,121,911</b>	<b>13,150,321</b>
<b>Expenditure on:</b>					
<b>Charitable activity:</b>					
Staff costs	6	5,489,150	3,883,087	9,372,237	8,678,783
Educational costs		-	481,604	481,604	534,952
Welfare costs		1,611,619	420	1,612,039	1,219,652
Premises costs		2,344,105	946,616	3,290,721	2,603,511
Support costs		404,420	323,903	728,323	591,318
<b>Raising funds:</b>					
Finance costs		244,926	-	244,926	105,680
Investment management		762	-	762	54,714
<b>Trading activities:</b>					
Trading costs		12,683	-	12,683	2,803
<b>Total expenditure</b>	6	<b>10,107,665</b>	<b>5,635,630</b>	<b>15,743,295</b>	<b>13,791,413</b>
<b>Net income/(expenditure)</b>		<b>(1,142,045)</b>	<b>(479,339)</b>	<b>(1,621,384)</b>	<b>(641,092)</b>
Gross transfers between funds	17	-	-	-	-
<b>Other recognised gains and losses</b>		<b>(1,142,045)</b>	<b>(479,339)</b>	<b>(1,621,384)</b>	<b>(641,092)</b>
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(174,000)	(174,000)	(541,000)
Net gains/(losses) on investments	9	394,019	36,403	430,422	(28,942)
<b>Net movement in funds for the year</b>		<b>(748,026)</b>	<b>(616,936)</b>	<b>(1,364,962)</b>	<b>(1,211,034)</b>
<b>Fund balances brought forward at 1 September 2020</b>	16, 17	14,664,624	(18,683)	14,645,941	15,856,975
<b>Fund balances carried forward at 31 August 2021</b>	16, 17	<b>13,916,598</b>	<b>(635,619)</b>	<b>13,280,979</b>	<b>14,645,941</b>

All of the charitable group's activities are continuing.

All recognised gains and losses are included in the Statement of Financial Activities.

# The Gordon Foundation

## Management Report for the Year Ended 31 August 2022



Alliotts LLP  
13-21 High Street  
Guildford  
Surrey  
GU1 3DL

**Draft: January 2023**

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This report is part of a continuing dialogue between the charity and ourselves and is therefore not intended to cover every matter discussed during the course of the audit. For this reason, the report is intended for the sole use of the charity. We do not accept responsibility to the trustees acting in an individual capacity, and do not accept responsibility for any reliance that third parties may place on the report.

It should be noted that the primary objective of our audit is to express an opinion on the truth and fairness of the charity accounts as a whole. An audit does not examine every operating activity and accounting procedure in the charity, nor does it provide a substitute for management's responsibility to maintain adequate controls over the charity's activities. Our work is not designed therefore to provide a comprehensive statement of all weaknesses or inefficiencies that may exist in the charity's systems and working practices, or of all improvements that could be made.

# 1 EXECUTIVE SUMMARY

## 1.1 Purpose

The purpose of this report is to record the overall results of our work and to assist the trustees

by commenting on those matters that came to our attention during the course of the audit. These matters cover:

- Independence
- Materiality and Audit approach
- Comments on the accounting policies and practices applied when preparing the charity accounts
- Summary of adjustments to draft management figures
- Suggestions for improvement to the charity's accounting and financial control systems

## 1.2 Independence

In accordance with auditing standards we can confirm that any relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff have been identified and assessed at the planning stage of our audit.

- We have no independence issues to bring to your attention.

## 1.3 Audit approach and materiality

Our audit planning was carried out taking account of the issues highlighted through a planning meeting with you, and our knowledge and understanding of the charity.

In our planning, we have taken account of the results of our own risk assessment made in accordance with the guidance set by International Standards on Auditing (UK and Ireland).

- The level of materiality for making adjustments to the financial statements, as set out in the detailed planning memorandum, was calculated at £210,000.

We are required to notify you of any potential adjustments identified during the course of our audit work unless they are trivial.

- For the purposes of this report we have taken trivial as being less than £10,500.

## 1.4 Accounting policies and practices

In preparing the financial statements of the charity, trustees are required under FRS102 to review the charity's accounting policies on an annual basis to ensure they remain appropriate to the charity's circumstances and are being properly applied.

- We have reviewed the accounting policies and practices selected by the charity and are satisfied that the charity operates acceptable accounting policies and practices.
- Section 2 of this report summarises the main accounting issues that we have discussed with management.
- Section 3 records the adjustments that have been made to the draft accounts as a result of matters arising during the course of the audit. This section also summarises the errors identified during the course of the audit which remain unadjusted.

## 1.5 Accounting and financial control systems

We found that the charity had good operational and management controls.

- We have identified some areas where we believe controls should be strengthened further. These are detailed in Section 5 together with the management's responses to our recommendations for improvement.

## 2 SIGNIFICANT MATTERS

### 2.1 Introduction

The following significant matters were discussed with management during the course of the audit. This includes the audit outcome of the key risks identified within our audit planning memorandum.

### 2.2 Expenditure – Service Contract

During the audit, it was noted that there was a change in FY21-22 for the service contract with Gordon Enterprises UK Limited. The academy trust is now charging the company various amounts; as a result, there is less charged to the Academy trust and The Gordon Foundation as a percentage for certain charges.

### 2.3 Gordonian Bank Accounts

In the prior year, Gordonians were a separate legal entity to the Foundation. This has changed in 2021/22 and the Foundation now has complete control over the Gordonian Bank Account.

Specific amounts are restricted and awarded as grants as decided by the advisory panel. There have been no grants made in the FY ended 31 August 2022.

### 2.4 Loss of Legal Dispute

During the audit, we have noted that £334,713 that had been held in a separate Foundation deposit account for the football pitch has been released and spent on replacing the all-weather pitch during the year.

We have also noted that a Dispute to Adjudication dated 26 September 2022 regarding the amended JCT 2016 Design and Build Contract dated 11 December 2019, to design and build sporting facilities at the Gordon's School was found in favour of Stepnell Limited. As a result, the Charitable Company has made a payment of £312k for the contractual sum including interest and adjudicators fees (exclusive VAT) after the year end. A provision for this has been provided in the accounts at the year end. See Section 3 audit adjustments.

### 3 CORRECTED AND UNCORRECTED MISSTATEMENTS

#### 3.1 Adjusted items

The following misstatements were processed during the course of our audit:

<i>Adjusted misstatements:</i>	SOFA		Balance Sheet	
	<i>£Dr</i>	<i>£Cr</i>	<i>£Dr</i>	<i>£Cr</i>
Being reallocation of debtors	2,284,594	2,284,594	-	-
Being reallocation of other income to unrestricted income	-	-	35,709	35,709
Being agree intercompany debtor due from Gordon Enterprise	-	29,313	29,313	-
Being agree intercompany creditor due to Gordon School Academy	42,000	-	-	42,000
Being transfer from Assets Under Construction to Land & Buildings	-	-	154,822	154,822
Being reclassification of fixed assets additions	-	-	154,822	154,822
Being provision for Stepnell dispute costs	312,911	-	-	312,911
<b>Total of corrected misstatements</b>	<b>2,639,505</b>	<b>2,313,907</b>	<b>374,666</b>	<b>700,264</b>
<b>Net impact of corrected misstatements</b>		<b>325,598</b>		

#### 3.2 Unadjusted items – Potential adjustments

The following immaterial misstatements were noted during our audit testing and have not been adjusted for:

<i>Unadjusted misstatements:</i>	SOFA		Balance Sheet	
	<i>£Dr</i>	<i>£Cr</i>	<i>£Dr</i>	<i>£Cr</i>
Being bad debts provision over provided	-	19,915	19,915	-
<b>Net impact of corrected misstatements</b>		<b>19,915</b>		

## 4 UPDATE ON RISKS IDENTIFIED AT THE PLANNING STAGE

At the audit planning stage we established the key risk areas for the focus of our audit work. This annex includes the outcomes of our audit work in respect of these key risks.

Issue	Audit risk	Proposed audit work	Outcome
1. Fluctuations in pupil numbers	Changes in demographics and public perception could lead to fluctuating pupil numbers which would lead to a fall in GAG funding.	Review if there are any indications that the School has suffered from a fall in income.	Pupil numbers have remained in line with forecasts and the prior year figure therefore no concerns around decreased future funding.
2. Reliance on key members of staff and possible management override	<p>Risk that segregation of duties could become difficult should members of the team be absent due to ill health for any length of time.</p> <p>Risk that management could override key controls.</p>	Discuss with the client and review systems and controls.	<p>There is seen to be a reliance on certain members of staff which could be sustained over short term absences but would be unsustainable in the long-term.</p> <p>Adequate segregation of duties was found to be in place from our reviews carried out during the audit suggesting that management override would be difficult to achieve without collusion.</p>
3. Errors and fraud	<p>Risk of errors in the cut off of expenditure leading to the accounts not reflecting a true and fair view and thereby affecting management decisions based on the accounts.</p> <p>Risk of fraud from internal and external affecting the results.</p>	<p>Cut off to be tested. Review systems and control procedures through discussions with the accounts staff and complete a number of walkthroughs to confirm systems and controls are in place.</p> <p>Discuss with management if any frauds have occurred and review any systems in place to mitigate the risks.</p>	No instances of fraud were identified during the audit and no significant concerns over the management controls were raised. This was confirmed with management.

#### 4 UPDATE ON RISKS IDENTIFIED AT THE PLANNING STAGE(CONTINUED)

Issue	Audit risk	Proposed audit work	Outcome
4. Income Recognition	Risk that income could be understated.	Review cut off procedures and systems for income recognition.	Income was seen to be recognised in line with the SORP requirements.
5. Related parties and transactions	Risk related party transactions with the Foundation may be missed from the financial statements.	<p>Request information regarding all related party transactions with the Foundation and from the Trustees.</p> <p>Review transactions comparing to Governors' register of interest and Foundation accounting records to confirm no further related party transactions to be disclosed.</p>	<p>Systems and controls were reviewed, and no issues were identified.</p> <p>No issues noted from review of the related party declarations received and minutes of meetings during the year.</p>
6. Going Concern	<p>Risk that changes in government funding may impact the group's ability to continue as a Going Concern.</p> <p>Risk that disclosure of Going Concern position is not disclosed in the financial statements.</p>	<p>Review the budget/forecast.</p> <p>Discuss with management.</p> <p>Review disclosures to ensure these reflect the appropriate Going Concern position.</p>	From review of the group forecast we can see that surpluses are predicted for the forthcoming years.
7. Assets under construction	Risk that assets under construction are materially misstated in the accounts due to being an estimate.	<p>Review the assets under construction on the fixed asset register and trace to invoices raised in the year.</p> <p>Carry out physical inspection of the assets under construction.</p>	From review of the assets under construction, we traced the sample back to invoices and physically verified that the assets under construction existed.

## 5 ACCOUNTING AND FINANCIAL CONTROL SYSTEMS

### 5.1 Introduction

The table below summarises our recommendations for improving the effectiveness of the charity's accounting and financial control systems in the following areas:

#	Subject	Grade
1	Points raised from the previous years' audit	N/A
2	Current year recommendations – Enterprise Debtors	3

We have used the following grading system to indicate the significance of the matters we have raised and the priority that we believe should be given to our recommendations:

- Grade 1: We believe these observations are particularly significant and that management should take prompt action.
- Grade 2: These observations are significant but of a less urgent nature than Grade 1 observations. We believe that action needs to be taken within the agreed timescale.
- Grade 3: Observations that merit attention but are less significant than Grade 1 and 2 observations.

## 5.2 Issues noted

1	Points raised from the previous years' audit	Grade: N/A
<p data-bbox="226 347 517 379"><b>(a) Supplier Accounts</b></p> <p data-bbox="226 411 2033 531">During testing of the Academy Trust in prior years, it was noted that a number of purchase invoices were being expensed by the Academy but the invoices were in the name of the Foundation. It was discussed that this was a mistake due to confusion by suppliers over the entity that they were dealing with. This gives rise to the risk that costs are not recognised against the appropriate budgets and therefore spending controls are not able to operate correctly.</p> <p data-bbox="226 563 2033 595">We recommended that where invoices are in the Foundation's name that these are recognised as such and recharged to the academy where applicable.</p> <p data-bbox="226 611 2033 699"><i>Resolved: During expenditure testing this year, some invoices were found to have been addressed to the School, rather than the Foundation, however we note that where these invoices are in relation to the two entities that the costs have been recharged appropriately. Therefore, this point is considered to be resolved.</i></p> <p data-bbox="226 754 488 786"><b>(b) Bank Covenants</b></p> <p data-bbox="226 818 2033 938">We noted during prior audits that as a result of covid19 and the unusual events during that years audit that the bank covenants covering the loan agreements had been broken. The loans from these agreements have provided significant amounts necessary for the cash flow of the Foundation, to ensure it remains operational and the agreements should be reviewed regularly to ensure that where the Foundation is projected to break the covenants that all necessary measures are taken and confirmation of the bank's continuing support has been obtained in advance of this.</p> <p data-bbox="226 970 2033 1034">We recommended that the covenants should be tracked and measured as part of the Foundations reporting to Trustees to ensure covenants are not broken without foresight of this.</p> <p data-bbox="226 1050 2033 1114"><i>Resolved: Confirmation of Lloyds' support in relation to the bank loans has been confirmed to us by the Lloyds Relationship Director, who confirms that the covenants have not been breached.</i></p> <p data-bbox="226 1129 2033 1193"><i>This year we understand that the Head of Finance has been in regular contact with the Lloyds' Relationship Director to ensure they have been updated of any occurrences that could affect the covenants.</i></p>		

2

Enterprise – Debtors

Grade: 3

**Issue**

During the audit we noted that Aldershot Town FC who are one of the main customers of Gordon Enterprise UK Ltd had some outstanding invoices which exceeded their credit limit. From discussions with the client, these credit terms were verbally agreed with Aldershot Town FC and not set out in writing. This could cause confusion as to when payments are due and may lead to bad debts.

**Recommendation**

We recommend that credit terms of all customers be reviewed and set out in writing to ensure there is no confusion between parties and debts are paid on time.

**Management response**

**Action by whom**

**Deadline**

## 6 TECHNICAL UPDATE

### 6.1 Charities Act 2022

The Charities Act 2022 (the Act) received Royal Assent earlier in the year and brings into force several key changes to the Charities Act 2011, aimed at simplifying a number of processes.

These changes include:

- **Governing document amendments**

The Act has made amendments to bring the rules in line for charities amending their constitution irrespective of the charity's legal structure, be it a limited company, trust or Charitable Incorporated Organisation. The Commission will still need to approve any regulated amendments, such as changes to the charity's objects, but they will now apply the same consistent criteria to approve these.

- **Permanent endowments**

The definition of permanent endowments has been updated with a simplified definition where property is considered to be a permanent endowment if it is 'subject to a restriction on being expended which distinguishes between income and capital'. The Charities Act has also been updated to increase the maximum value of a permanent endowment that Trustees can resolve to release restrictions on spending capital from £10,000 to £25,000. This power has also been extended to incorporated entities too.

In addition, a new provision in the Act will allow Trustees to borrow up to a quarter of the value of a charity's permanent endowment, on condition that the amount borrowed needs to be repaid within 20 years of the loan being taken out.

- **Mergers**

A key amendment to the Act allows for legacies to be transferred to a merged charity. This change will remove the need for 'shell charities' to be maintained on the mergers register and therefore should reduce administration costs.

- **Failed appeals**

The Act introduces new rules granting the power for trustees to apply cy-près, therefore allowing charities more flexibility where there may have been a specific appeal that has failed to meet its fundraising target. The donations collected in this instance, can be applied for another charitable purposes rather than having to be returned to donors under certain conditions:

- the donation is a single gift of £120 or less; or
- the donor, after all agreed actions have been taken, cannot be identified or found; or
- the donor cannot be identified at all (which would be the case for cash street collections).

- **Payments to Trustees**

The Act has updated the circumstances where a trustee, or someone connected to the trustee, may be paid for the provision of services to a charity under certain conditions. The Act also extends this provision to allow payment for the provision of goods to a charity.

Ex gratia payments have historically required Charity Commission permission in the past, but the Act allows for ex gratia payments to be made without the Commission's consent, up to a maximum of £20,000 depending on the charity's income. The Act allows this decision making to be delegated to charity staff.

## **6.2 Charity Commission Guidance on the Implications of Covid 19 (last update March 2022)**

The Charity Commission issued guidance to encourage charities to explain the impact of the Covid 19 virus on the charity.

When preparing their trustees' annual report, charity trustees may wish to consider the following:

- how the virus control measures affected the charity's activities
- explain any financial uncertainties regarding financial sustainability and going concern
- how the contribution of any volunteers assisted in managing in the changed circumstances
- the impact on the charity's ability to fundraise
- how the outbreak of the virus has affected
  - staff, volunteers and beneficiaries and the implications for the charity's operations and activities
  - the principal risks and uncertainties facing the charity during the reporting period
- implications for any defined benefit pension liability and investments
- any impact on the charity's reserves policy
- impact on the future aims and activities of the charity
- impact on any wider network of which the charity is a part and how this affects the charity's operations

The Corporate Insolvency and Governance Act (CIGA) 2020 allowed charities and most CIOs to hold online AGMs whether their governing documents allowed virtual meetings or not. The provisions of CIGA finished on 31 March 2021, and the Charity Commission allowed a flexible approach but from **22 April 2022**, the Commission does not allow cancellation/postponement of AGMs and other physical meetings, unless the governing document permits this, so some charities with older rules will have to hold physical AGMs again or seek to update their rules.

### **6.3 Audit regulation changes- Revised International Standards on Auditing (ISAs)**

A number of changes to auditing standards have been made which have had/ will have an impact on how audits are carried out for charities and ultimately mean that charities will spend more time and money meeting the requirements of the audit regime.

#### **ISA(UK) 240 Fraud – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements**

The revised standard applies to accounting periods starting after 15 December 2021 and tightens up the processes adopted by auditors when considering the prospect of fraud in financial statements.

Whilst It still remains that the primary responsibility for the prevention and detection of fraud rests with ‘those charged with governance’ and management, the enhanced processes carried out by the auditors look to obtain the reasonable assurance (not absolute assurance), required by the standard.

Whilst auditors have more things to do to comply with the revised standards, charities will see the impact of these changes as there will an enhances risk assessment and further enquiries from the auditors, perhaps of other member of charity staff that do not normally deal with the audit.

#### **ISA (UK) 315 Risk of Material Misstatement**

This expanded standard gives more guidance to auditors on how to identify significant risks, with a stronger emphasis on looking at internal controls within the charity. Charities are likely to face additional questions from auditors about how charity trustees assess the control environment, particularly with remote/branch operations. This standard is from accounting periods starting after 15 December 2021.

#### **ISA (UK) 570 on Going Concern**

This standard was updated and now auditors have to perform additional work to conclude on whether the Governors use of the ‘Going Concern’ basis of accounting is appropriate, and whether there are any material uncertainties in this regard. Auditors have to be tougher and more rigorous; consider management bias of presentation and perform a ‘Stand back’ test when draw conclusions –right up to the date of signing of the audit report.

#### **ISA (UK) 700 on Forming an opinion and reporting on financial statements**

The update in this standard now requires that the auditor's report of all entities explain to what extent the audit was considered capable of detecting irregularities, including fraud. The auditor must also consider impact of non-compliance with laws and regulations, which can be complex for charities.