

Cothill Educational Trust

Registered Company Number: 961616

Registered Charity Number: 309639

**Accounts
for the year ended
31st August 2014**

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Wenn Townsend
Chartered Accountants
Oxford

Cothill Educational Trust
Report of the Trustees
for the year ended 31st August 2014

Reference and Administrative Details

Trustees: Sir Henry Aubrey-Fletcher, Bt DL (Chairman)
C J Cazalet (resigned 2nd December 2013)
P M Cook
A D Darroch
Mrs P G Ferriera
J Marking
J Marriage
Lady Poltimore
A D Richardson (retired 31st December 2014)
J R Royds (resigned 2nd December 2013)
R P Taylor
Dr R D Townsend
The Hon Nigel Turner

President: The Rt Hon Lord Wakeham, DL

Company Secretary: T Verdon

Principal: A D Richardson

Bursar: T Verdon

Registered Office: Cothill House
Nr Abingdon

Company Number: 961616

Charity Number: 309639

Auditor: Wenn Townsend
Chartered Accountants and Statutory Auditor
Oxford

Bankers: Barclays Bank plc
Oxford

Solicitors: Veale Wasbrough
Bristol

Goodyear Blackie Herrington
Godalming

Cothill Educational Trust

Report of the Trustees (including the Strategic Report) for the year ended 31st August 2014

Structure, governance and management

The Cothill Educational Trust incorporates seven distinct and separate schools Cothill House (All boys boarding 8-13+), Chandlings (Co-educational day nursery -11+), Kitebrook House (Co-educational day nursery -8+, day and boarding 8-13+), Sauveterre (Co-educational boarding in France, 11-13+), Mowden Hall School (Co-educational day nursery 3-13+, Co-educational boarding 8-13+, The Old Malthouse (week long co-educational science courses for children aged 10-13), Ashdown House (co-educational day and boarding 7-13+). The Directors, who are also the Trustees of the charity, present their report and accounts for the year ended 31st August 2014.

Charitable and company status

Cothill Educational Trust is a company which does not have share capital and is limited by the guarantee of the members to a maximum of £1 each. The membership at 31st August 2014 was 11 (2013: 13). The Educational Trust is governed by the Memorandum and Articles of the company.

Trustees

The Trustees are listed on page 1. The Trustees meet at least three times a year and assume governance for each school in the Trust. Each school has a Head Teacher responsible for the day to day running. Regular management meetings are held between The Head Teachers, The Trust Bursar and The Principal. The Trustees entrust the coordination of management for the Trust's schools to the Principal.

The Trust has a policy of recruiting Trustees with specialist skills and a knowledge of the Trust's objectives. They are appointed in accordance with the Memorandum and Articles of Association.

Trustees' induction and training

Trustees are briefed on their obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes and business plan and recent performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Risk management

Risk management is an integral part of good governance to which the Trust is committed. The board has considered the major risks that may arise from time to time. The Trust has established systems which under normal conditions should allow these risks to be mitigated to an acceptable level in its day to day operations. Risk and Performance Assessments are carried out on an annual basis. Where weaknesses are found, appropriate measures are taken and, if necessary, further training is arranged.

Objectives and activities

The principal activity of the Trust is that of Education.

The aim of the Trust is to provide first class preparatory education to children to the age of 14 through a mix of day and boarding, co-educational and single sex schools. The Trust believes in strength through partnership and the development of individuality, which extends parental options and enables the right choice to be made for each child.

Involvement with local primary schools through the provision of teaching, shared facilities and specialist services is a further important aspect of the Trust's commitment to Education.

Each school including Sauveterre retains its own name and preserves its own identity, while the Trust provides support and expertise in the encouragement of all that is special and particular to each.

Cothill Educational Trust

Report of the Trustees (including the Strategic Report) (continued) for the year ended 31st August 2014

Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Educational

- The independent sector as a whole provides excellence in "challenging subjects".
- While nationally the numbers of children studying languages has declined, the Trust continues to teach all children modern foreign languages.
- All children are screened for Special Educational Needs. The provision of specialist support to those identified with needs is in itself a public good.
- The standards of the Trust's education are reviewed annually against national benchmarks and the Trust's educational provision exceeds those benchmarks, including Dry Sandford County Primary School where national CVA scores are significantly higher than the national value.
- The Trust uses its own resources to recruit people into the teaching profession, then to induct and train them. 4 teachers were actively assisted in achieving Qualified Teacher Status, which allows teachers to move to the maintained sector should they wish.

Wider community

- The Trust is constantly seeking new ways in which to deliver its Charitable Objects to a young public without regard to wealth, race, religion, social or academic status.
- The Trust has developed links with the local primary schools. In particular, during the past year the Trust has provided the following without charge: A full-time special needs teacher and guitar teacher to Dry Sandford County Primary School, fully supported by all the necessary resources.
- The Principal and Bursar of the Trust spend a proportion of their working time in the support of charities that specifically relate to the objects of the Trust. For example, the Trust has developed links with a local Oxfordshire charity "See Saw" which provides specialist support for bereaved young. This ensures that our commitment is local and focused on an age group that corresponds with those that we care for and educate in our schools. Help has been both financial and practical.
- The Trust schools take an active part in local church life and support them financially.
- Many contacts have been made by Sauveterre with the neighbouring school and community in France, especially in the sporting arena. The Cothill choir has become well known for its annual tour throughout the region, giving concerts without charge.

Financial

- The Cothill Educational Trust has educated over 1,100 children at nil cost to the state thereby saving the public purse in excess of £4.5m.
- The Trust is actively creating a scientific study centre on the Dorset coast in close collaboration with the Natural History Museum. Once The Old Malthouse is fully functional it is anticipated that pupils from non-fee paying schools will have access to all the benefits this short stay facility will have to offer. The Trust has played a significant role in 'rescuing' its neighbouring County Primary School, St. Georges, from closure by granting it access (at no charge) to the Trust's extensive outdoor facilities at The Old Malthouse.
- The Trust supported 5 pupils with music bursaries, in recognition of ability and 70 families received financial help during the year due to hardship. Without this help the children would not have been able to continue their education.
- No fees are charged to pupils at Dry Sandford County Primary School who receive the benefit of a full-time Special Needs teacher and related services paid for by the Trust.

Cothill Educational Trust

Report of the Trustees (including the Strategic Report) (continued) for the year ended 31st August 2014

Public benefit (continued)

General

- The Trust's school sites provide facilities for local functions including village council meetings, carol services and church and village fetes. Some Trust premises are used by the Fire Brigade for fire and rescue practice on a regular basis.

Strategic Report

Achievements and performance

Cothill Educational Trust applied its income received during the year to the costs of operating schools at Cothill House, Chandlings, Kitebrook, Mowden Hall, Ashdown House and The Old Malthouse in England together with Sauveterre in France.

During 2014 the pupils at the operating schools achieved good standards across the curriculum and did well in Common Entrance and Scholarship examinations.

86 Trust pupils spent a term at the Trust's School (Sauveterre) in France providing the unique opportunity of learning a language in its native context but within the framework of an English school.

Pupil numbers

Cothill's average number of boarding pupils for the year was 204 a term (2013: 206).

Chandlings' average number of day pupils for the year was 409 a term (2013: 400) and 56 children attended the nursery (2013: 54).

Kitebrook's average number of pupils for the year was 126 a term (2013: 136).

Mowden's average number of pupils for the year was 172 a term (2013: 177).

Ashdown's average number of pupils for the year was 118 a term (2013: 123).

The number of external pupils who visited Sauveterre for a term in 2014 was 80 (2013: 103).

Financial results

The results for the year are shown in the income and expenditure account on page 8. St Aubyns was closed in July 2013 and is shown as discontinued activities in the comparatives for that year.

The Trust has continued to grow and invest in new educational projects. The Trust produced a deficit for the year of £213k (2013: deficit of £209k) before accounting for realised and unrealised gains and losses on fixed assets.

Payroll costs were 69% of income (2013: 68%).

£665k was spent on the repair and maintenance of Trust properties.

Cothill Educational Trust

Report of the Trustees (including the Strategic Report) (continued) for the year ended 31st August 2014

Fixed assets

Changes in fixed assets during the year are set out in the notes to the accounts as follows:

Tangible fixed assets	- note 13
Land and buildings	- note 14

The Trustees have taken the opportunity to revalue freehold land and buildings and as this involves a change in accounting policy have restated the assets at 31st August 2013.

Employee policies

Employment policies are designed to respect employees' human rights and to ensure child protection, equal opportunity and promote diversity. Employees are actively encouraged to undertake relevant training, and staff appraisals are conducted with individual employees. The policy of the Trust with regard to disabled persons is to give full and fair consideration to all applicants for employment and to all employees in relation to promotion. Wherever possible, employees who become disabled during their employment are offered suitable alternative employment.

Financial review

Reserves policy

The Trustees are currently borrowing to invest in the development of the Trust, funding interest and loan repayments out of current income. The improvements and modernisation are planned to cope with the development of its schools over the next few years. The long term aim is to increase reserves such that the Trust is not dependent on borrowing. The Trust has no free reserves (unrestricted reserves less tangible fixed assets and commitments) and it is not anticipated that free reserves will be available in the next five years. Reserves are monitored termly by reference to cash flows projected to the end of the academic year and then for a further three years, with the object of scheduling major expenditure as early as possible.

Investment policy

The Trust holds no permanent endowment but any temporary surplus cash is held on short term deposits to secure a high rate of interest.

Plans for future periods

The Trust will continue with its principal objective: to achieve excellence in the educational development of the whole child. The Trust is committed to playing an active role in the wider community and in particular its involvement with Academies. Further, the Trust will continue to seek opportunities for strategic acquisitions and mergers with other similar educational establishments in order to fulfil its objectives.

Principal risks and uncertainties

Risk is assessed in terms of significant things which may prevent the Trust from achieving its strategic objectives. Consideration is given to the financial, operational, environmental and reputational impact on the delivery of the Trusts key objectives. The health, safety and welfare of the children in the Trust's care is paramount and the Trustees take this responsibility seriously, ensuring its policies are appropriate and implemented school wide. The Trustees are aware of the financial risks and having invested heavily in improving schools with the support of bank finance are carefully seeking to replace this through the strategic sale of Trust assets.

Cothill Educational Trust
Report of the Trustees (continued)
for the year ended 31st August 2014

Statement of Trustees responsibilities

The Trustees (who are also directors of Cothill Educational Trust for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

Wenn Townsend have agreed to offer themselves for re-appointment as auditors of the Trust. A resolution to reappoint the auditors will be proposed at the annual general meeting.

In approving the Trustees' Annual Report, the Trustees also approve the Strategic Report included therein, in their capacity as company directors.

Signed on behalf of the Board



J Marriage

13 January 2015

Cothill Educational Trust

Independent Auditor's Report to the members of Cothill Educational Trust Limited

We have audited the financial statements of Cothill Educational Trust Limited for the year ended 31st August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


Deborah Pluck BA FCA (Senior Statutory Auditor)

**For and on behalf of Wenn Townsend, Chartered Accountants, Statutory Auditor
Oxford**

13 January 2015

Cothill Educational Trust

**Statement of Financial Activities (including income and expenditure account)
for the year ended 31st August 2014**

		Unrestricted Funds	Restricted Fund	2014 Total	2013 Total (restated)
	Note				
Incoming resources					
Income from charitable activities					
Continuing operations:					
Fees	3	16,633,463	-	16,633,463	16,638,426
Other educational income	4	826,356	-	826,356	870,801
Ancillary income	5	87,739	-	87,739	92,283
Discontinued operations:					
Fees	3	-	-	-	1,291,272
Other educational income	4	-	-	-	128,035
Ancillary income	5	-	-	-	4,657
Incoming resources from generated funds					
Investment income	6	20	-	20	111
Donations		-	111,357	111,357	69,025
Total incoming resources		<u>17,547,578</u>	<u>111,357</u>	<u>17,658,935</u>	<u>19,094,610</u>
Resources expended					
Costs of generating funds					
Overdraft and loan interest		83,116	-	83,116	72,488
Fee composition discount		25,905	-	25,905	37,472
		<u>109,021</u>	<u>-</u>	<u>109,021</u>	<u>109,960</u>
Charitable activities	7				
- Continuing operations		17,694,447	18,107	17,712,554	17,269,708
- Discontinued operations		-	-	-	1,867,575
Governance costs	8	50,799	-	50,799	56,858
Total resources expended		<u>17,854,267</u>	<u>18,107</u>	<u>17,872,374</u>	<u>19,304,101</u>
Net (resources expended)/ incoming resources					
Transfer between funds	21	(306,689)	93,250	(213,439)	(209,491)
Gain on disposal of fixed assets		82,066	(82,066)	-	-
Unrealised impairment of fixed assets	21	-	-	-	387,139
		<u>(1,214,000)</u>	<u>-</u>	<u>(1,214,000)</u>	<u>-</u>
Net movement in funds		<u>(1,438,623)</u>	<u>11,184</u>	<u>(1,427,439)</u>	<u>177,648</u>
Reconciliation of funds					
Fund balances brought forward at 1st September 2013		11,671,891	11,052	11,682,943	11,505,295
Prior period adjustment	21/25	22,083,884	-	22,083,884	22,083,884
Fund balances brought forward at 1st September 2013 (as restated)		<u>33,755,775</u>	<u>11,052</u>	<u>33,766,827</u>	<u>33,589,179</u>
Fund balances carried forward at 31st August 2014		<u>£32,317,152</u>	<u>£ 22,236</u>	<u>£32,339,388</u>	<u>£33,766,827</u>

All of the above results are derived from continuing activities except for St Aubyn's School which was closed in July 2013. The discontinued operation comparisons for the prior year relate to St Aubyn's School.

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

Cothill Educational Trust

Balance Sheet
31st August 20142013
(restated)

	Note		
Fixed assets			
Tangible assets	13	42,588,371	41,739,810
Investments	15	-	-
		<u>42,588,371</u>	<u>41,739,810</u>
Current assets			
Stock	16	47,690	44,259
Debtors	17	806,043	1,022,859
Cash at bank and in hand		13,756	54,986
		<u>867,489</u>	<u>1,122,104</u>
Creditors: Amounts falling due within one year	18	(6,394,869)	(6,276,811)
Net current liabilities		<u>(5,527,380)</u>	<u>(5,154,707)</u>
Total assets less current liabilities		37,060,991	36,585,103
Creditors: Amounts falling due after one year	19	(4,721,603)	(2,818,276)
Net assets		<u>£32,339,388</u>	<u>£33,766,827</u>
Funds			
Unrestricted funds			
Revaluation reserve	21	22,138,016	22,138,016
Income and expenditure account	21	10,179,136	11,617,759
		<u>32,317,152</u>	<u>33,755,775</u>
Restricted funds			
Restricted donations	21	22,236	11,052
		<u>£32,339,388</u>	<u>£33,766,827</u>

On behalf of the Board

Sir Henry Aubrey-Fletcher

13 January 2015

Cothill Educational Trust

Cash Flow Statement for the year ended 31st August 2014

Reconciliation of operating deficit to net cash inflow from operating activities:

	2014	2013
Net (resources expended)/incoming resources	(213,439)	177,648
Interest charged	109,021	109,960
Interest receivable	(20)	(111)
Depreciation	866,021	945,590
Loss/(gain) on disposal of fixed assets	1,001	(387,139)
Increase in stocks	(3,431)	(3,203)
Decrease/(increase) in debtors	216,816	(277,059)
Increase in creditors	141,773	209,944
New fees in advance	395,213	675,084
Fees in advance applied in year	(714,713)	(906,825)
Cash flow statement		
Net cash inflow from operating activities	798,242	543,889

Returns on investments and servicing of finance:

Interest paid	(83,116)	(75,732)
Interest cashback	-	14,875
Interest received	20	111
	(83,096)	(60,746)

Capital expenditure:

Payments to acquire tangible fixed assets	(2,946,933)	(1,622,517)
Receipts from sale of tangible fixed assets	17,350	583,850
	(2,929,583)	(1,038,667)

Financing:

Loan	600,000	600,000
Repayment of loans	(125,517)	(104,371)
	474,483	495,629

Decrease in cash	£(1,739,954)	£ (59,895)
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Reconciliation of net cash flow to movement in net debt

Decrease in cash in the year	(1,739,954)	(59,895)
Net cash inflow from increase in debt financing	(474,483)	(495,629)
Change in net debt	(2,214,437)	(555,524)
Net debt at 1st September 2013	(3,516,242)	(2,960,718)
Net debt at 31st August 2014	£(5,730,679)	£(3,516,242)

Analysis of changes in net debt

	At 1st September 2013	Cash Flow	At 31st August 2014
Cash at bank and in hand	54,986	(41,230)	13,756
Overdrafts	(3,075,599)	(1,698,724)	(4,774,323)
Loans	(495,629)	(474,483)	(970,112)
	£(3,516,242)	£(2,214,437)	£(5,730,679)

Cothill Educational Trust
Notes to the Accounts
for the year ended 31st August 2014

1. Accounting policies

Basis of preparation

The accounts have been prepared on an accruals basis and under the historical cost accounting convention, with the exception of property fixed assets which are included at market value. They are also prepared under applicable accounting standards, with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2005, and in accordance with the Companies Act 2006.

Going concern

The accounts have been prepared on the going concern basis. The Trustees have carried out detailed cash flow forecasts for the forthcoming 2 years and are satisfied that this basis is appropriate.

Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Resources expended

All expenditure is accounted for on an accruals basis inclusive of irrecoverable VAT and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Governance costs are those incurred in connection with administration of the Charity as a legal entity and are not connected with generating income or charitable expenditure.

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to expenditure.

Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and included at cost.

Depreciation of fixed assets is provided, at the following rates, in order to write off the assets over their estimated useful lives:

Freehold land	Nil
Freehold buildings – residential property	Nil
Freehold buildings – school buildings/additions	4% Straight line
Assets under the course of construction	Nil
Computer equipment	20-33.33% Reducing balance
Other equipment, fixtures and fittings	15% Reducing balance
Vehicles	25% Reducing balance

Freehold land and buildings are included at valuation and depreciated as above. The basis of valuation for educational property is existing use calculated using a rental formula and residential property is based on an assessment of local market values.

Cothill Educational Trust
Notes to the Accounts (continued)
for the year ended 31st August 2014

1. Accounting policies (continued)

Investments

Investments are stated at cost less provision for any diminution value.

Stocks

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

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. Transactions during the year are translated at an average rate. Foreign exchange differences are taken to the profit and loss account.

Pension costs

The charity contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the charity. In accordance with FRS 17 (Retirement Benefits), the scheme is accounted for as if it were a defined contribution scheme. The charity also contributes to individual personal pension schemes for staff. Contributions to both schemes are charged to the Statement of Financial Activities as they fall due.

Finance leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Operating leases

Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged against surpluses as incurred.

Fund accounting

Unrestricted funds consist of a general fund which the trustees may use, for the furtherance of the objects of the Charity at their discretion.

Restricted funds are subject to specific conditions imposed by the donor or by the terms of an appeal, these conditions being legally binding upon the Trustees. Donations for capital items are transferred to unrestricted funds once expended.

Group accounts

The Charity does not prepare group accounts as its subsidiary company (Mowden Hall Estates Limited) has not traded during the year, and its results are immaterial to the group.

2. Turnover

In the opinion of the Trustees, none of the turnover of the Trust is attributable to geographical markets outside the EU (2013: £nil).

3. School fees

	2014	2013
Fees	17,728,648	19,143,295
Discounts and awards	(1,095,185)	(1,213,597)
	<u>£16,633,463</u>	<u>£17,929,698</u>

Cothill Educational Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2014**

4. Other educational income

	2014	2013
Music tuition and associated income	409,167	423,150
Extra tuition	183,553	199,450
Other extras income	92,227	158,368
Income from Sauveterre	11,476	16,800
Occasional boarding and summer lets	89,983	101,917
Registration fees	25,314	27,600
Fees in lieu of notice	14,636	71,551
	<u>£ 826,356</u>	<u>£ 998,836</u>

5. Ancillary income

	2014	2013
Rent	32,023	72,851
Other income	55,716	24,089
	<u>£ 87,739</u>	<u>£ 96,940</u>

6. Investment income

	2014	2013
Bank interest receivable	<u>£ 20</u>	<u>£ 111</u>

7. Charitable activities

	Staff costs	Other costs	2014 Total	2013 Total
Teaching	8,754,901	1,191,348	9,946,249	10,778,824
Welfare	1,918,860	1,203,901	3,122,761	3,255,733
Premises	355,978	2,182,379	2,538,357	2,936,059
Support costs of schooling	1,127,561	977,626	2,105,187	2,166,667
	<u>£12,157,300</u>	<u>£5,555,254</u>	<u>£17,712,554</u>	<u>£19,137,283</u>

The major components of support costs include:-

	2014	2013
Administrative staff costs	1,127,561	1,127,246
Postage, stationery, telephone and other administrative costs	561,390	519,014
Advertising for staff and promotion	103,136	66,126
Bad debts	11,476	157,824
Legal and professional fees	254,384	242,596
Bank charges	31,998	38,619
Office depreciation	15,242	15,242
	<u>£2,105,187</u>	<u>£2,166,667</u>

Cothill Educational Trust

Notes to the Accounts (continued) for the year ended 31st August 2014

8. Governance costs

	Staff costs	Other costs	2014 Total	2013 Total
Staff	25,646	-	25,646	25,654
Audit	-	24,171	24,171	23,020
Other	-	982	982	8,184
	<u>£ 25,646</u>	<u>£ 25,153</u>	<u>£ 50,799</u>	<u>£ 56,858</u>

9. Staff costs

	2014	2013
Staff costs		
Wages and salaries	10,554,496	10,985,055
Social security costs	750,439	1,143,089
Pensions	878,011	930,661
	<u>£12,182,946</u>	<u>£13,058,805</u>

Teachers' pension scheme

The Trust participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,325k (2013: £1,354k).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions regulations 2010 and, from 1st April 2014, the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31st March 2012 and was published in June 2014. This report confirmed that the employer contribution rate for the TPS will increase from 14.1% to 16.4% although recognising that teaching establishments work on the academic and not financial year, the Government has deferred the implementation of this increase to 1st September 2015.

The Department of Education is also proposing that scheme administration costs will be devolved to scheme employers in the form of an administration charge. The Department provisionally estimates that the administration charge will be 0.08% of the employers' salary costs which would increase the employer payment rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1st April 2019. This will follow on from the next actuarial valuation which is due at 31st March 2016. The valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

Cothill Educational Trust

Notes to the Accounts (continued) for the year ended 31st August 2014

9. Staff costs (continued)

	2014	2013
	Number	Number
Average number employed including Trustees:		
Trustees	13	13
Teachers	249	282
Household	112	130
Administration	28	27
	<u>402</u>	<u>452</u>
 Number of employees earning within the following bands:		
£ 60,001 - £ 70,000	3	3
£ 70,001 - £ 80,000	1	1
£ 80,001 - £ 90,000	2	2
£100,001 - £110,000	-	-
£120,001 - £130,000	<u>1</u>	<u>1</u>

Out of the above high earning employees 5 (2013: 5) are in the TPS pension scheme.

Trustees' remuneration

During the year, Trustees received reimbursement of expenses for their services as Trustees of £982 (2013: £1,511). The principal, who is a Trustee, is remunerated for the work he carries out as Principal of the Trust, as follows:

	2014	2013
Principal's emoluments including benefits in kind	<u>£120,854</u>	<u>£121,674</u>

10. Deferred income under the fees in advance scheme

During the year fees amounting to £395,213 (2013: £742,421) were received in advance for students for future years. Fees released to income amounted to £714,713 (2013: £906,825). A balance of £nil was returned during the year.

All amounts owing at 31st August 2014 are shown as liabilities in notes 18 and 19.

11. Net resources expended

		2014	2013
		£	£
Results for the year are stated after charging:			
Depreciation:	owned assets	865,387	944,745
	leased assets	634	634
Auditors fees:	audit work	24,171	23,020
	non-audit work	57,209	60,960
Operating leases:	equipment	24,017	21,251
	motor vehicles	112,782	94,928
Net loss on foreign currency translations		<u>1,270</u>	<u>2,626</u>

Cothill Educational Trust

Notes to the Accounts (continued) for the year ended 31st August 2014

12. Taxation

Cothill Educational Trust is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

13. Tangible fixed assets

	Vehicles	Computers	Fixtures, Fittings & Equipment	Freehold Land & Buildings	Assets under the course of construction	Total
1st September 2013 - original	406,851	223,470	1,905,045	26,967,121	795,080	30,297,567
Prior period adjustment	-	-	-	13,014,936	-	13,014,936
1st September 2013 – restated	406,851	223,470	1,905,045	39,982,057	795,080	43,312,503
Additions	75,947	-	171,312	2,699,674	-	2,946,933
Disposals	(25,990)	-	-	-	-	(25,990)
Transfer	-	-	-	511,334	(511,334)	-
31st August 2014	456,808	223,470	2,076,357	43,193,065	283,746	46,233,446
Depreciation						
1st September 2013 - original	261,919	193,162	1,117,612	9,068,948	-	10,641,641
Prior period adjustment	-	-	-	(9,068,948)	-	(9,068,948)
1st September 2013 – restated	261,919	193,162	1,117,612	-	-	1,572,693
Charge for year	42,431	6,365	155,875	661,350	-	866,021
Unrealised impairment	-	-	-	1,214,000	-	1,214,000
On disposals	(7,639)	-	-	-	-	(7,639)
31st August 2014	296,711	199,527	1,273,487	1,875,350	-	3,645,075
Net book value						
31st August 2014	£ 160,097	£ 23,943	£ 802,870	£41,317,715	£ 283,746	£42,588,371
1st September 2013 - original	£ 144,932	£ 30,308	£ 787,433	£17,898,173	£ 795,080	£19,655,926
1st September 2013 - restated	£ 144,932	£ 30,308	£ 787,433	£39,982,057	£ 795,080	£41,739,810

Freehold land and buildings were revalued during 2014 by Tim Verdon M.R.A.C., M.R.I.C.S., an officer of the Trust, on an existing use basis for educational assets using a rental formula and based on an assessment of local market values for residential properties.

Land and buildings includes freehold land of £4,081,110 that is not depreciated (2013: £3,098,602).

Cothill Educational Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2014**

14. Land and buildings

	2014	2013 (restated)
Freehold land and buildings (including assets under construction)		
Cost and valuation	43,476,811	40,777,137
Revalued amounts	<u>(22,138,016)</u>	<u>(22,138,016)</u>
Historical cost	21,338,795	18,639,121
Total depreciation	1,875,350	-
Depreciation on revalued amounts	-	-
Depreciation on historical cost	<u>(1,875,350)</u>	<u>-</u>
Historical cost net book value	<u><u>£19,463,445</u></u>	<u><u>£18,639,121</u></u>

Future capital commitments

	2014	2013
Expenditure contracted for	£ 153,333	£1,378,000
Expenditure authorised, but contracts not placed	<u><u>£ 105,000</u></u>	<u><u>£ 73,600</u></u>

Cothill Educational Trust
Notes to the Accounts (continued)
for the year ended 31st August 2014

15. Investments

Cost	Unlisted Investments
At 1st September 2013 and at 31st August 2014	£ 1
Provision against diminution of value	
At 1st September 2013 and at 31st August 2014	£ 1
Net book values	
At 31st August 2014	£ -
At 31st August 2013	£ -

As part of the merger with Mowden Hall (Newton) School Trust Limited, the company obtained 100% of the allotted share capital of the following undertaking:

	Country of registration	Class of share capital held	Nature of business	Capital and reserves at 31st August 2014	Loss for year ended 31st August 2014
CET Estates Limited (formerly known as Mowden Hall Estates Limited)	England and Wales	Ordinary	Dormant	£ (1,135)	£ (66)

16. Stocks

	2014	2013
Stock - consumables	£ 47,690	£ 44,259

Cothill Educational Trust

Notes to the Accounts (continued)
for the year ended 31st August 2014**17. Debtors:** amounts falling due within one year

Trade debtors	423,181	720,245
Other debtors	13,039	16,370
Prepayments and accrued income	368,382	284,803
Amounts owed by group companies	1,441	1,441
	<u>£ 806,043</u>	<u>£1,022,859</u>

18. Creditors: amounts falling due within one year

Bank loans	233,924	115,347
Bank overdraft and loan facility	1,774,323	1,715,599
Trade creditors	3,387,338	3,701,322
Other taxation and social security	421,086	250,981
Other creditors	189,367	230,052
Accruals and deferred income	388,831	263,510
	<u>£6,394,869</u>	<u>£6,276,811</u>

Trade creditors include £2,068,716 (2013: £2,410,111) in respect of fees received in advance for Autumn 2014 term, and £337,719 (2013: £508,851) for the rest of 2014/15. The bank loan facility and overdraft are secured - see note 20 for details.

19. Creditors: amounts falling due after one year

	2014	2013
Bank loans	736,188	380,282
Bank loan facility	3,000,000	1,360,000
Other creditors	985,415	1,077,994
	<u>£4,721,603</u>	<u>£2,818,276</u>

Other creditors include £542,111 (2013: £664,574) for fees received in advance for academic years 2015/16 onwards under the fees in advance scheme. The bank loan is secured – see note 20 for details.

20. Bank overdraft, loan facility and loans

The bank overdraft facility of £2m has an interest rate of 2.25% above base (increasing to 4.5% above base if exceeded).

The Trust has a revolving loan facility for £3m, which was renewed in July 2013 for a further three years on the existing basis. Interest is charged at a rate of Libor plus 2.05%.

The Trust has two bank loans repayable in monthly instalments of £10,737. Interest is charged at a rate of 2.25%. One loan is wholly repayable within 5 years, the other within 4 years.

The Trust's bank borrowings are secured by a debenture and fixed charge over some of its UK freehold property and land.

Cothill Educational Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2014**

21. Funds

	Restricted donations fund	Revaluation reserve	Income and expenditure	Total 2014
At 1st September 2013 - original	11,052	54,132	11,617,759	11,682,943
Prior period adjustment	-	22,083,884	-	22,083,884
1st September 2013 – restated	11,052	22,138,016	11,617,759	33,766,827
Surplus/(deficit) for the year	93,250	-	(306,689)	(213,439)
Transfers between funds	(82,066)	-	82,066	-
Unrealised impairment of fixed assets	-	-	(1,214,000)	(1,214,000)
At 31st August 2014	<u>£ 22,236</u>	<u>£22,138,016</u>	<u>£10,179,136</u>	<u>£32,339,388</u>

The restricted donations fund comprises monies raised for a new Astroturf at Mowden (£5,396), a sports hall and pavilion at Cothill (£13,155), iPads at Ashdown (£834), donated uniforms at Ashdown (£2,746), and repairs at Ashdown (£105).

22. Analysis of net assets between funds

	Restricted donations fund	Revaluation reserve	Income and expenditure	Total 2014
Fund balances at 31st August are represented by:				
Tangible fixed assets	-	22,138,016	20,450,355	42,588,371
Net current liabilities	22,236	-	(5,549,616)	(5,527,380)
Long term liabilities	-	-	(4,721,603)	(4,721,603)
	<u>£ 22,236</u>	<u>£ 22,138,016</u>	<u>£10,179,136</u>	<u>£32,339,388</u>

23. Related parties

During the year to 31st August 2014, Cothill Educational Trust engaged the services of Savills of which Mr J Marking, a Trustee, is a partner, for professional advice. Payments made to Savills amounted to £2,097 and a balance of £Nil was outstanding at the year end.

24. Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following annual payments falling due in the year to 31st August 2014:

Expiring:

	2014	2013
Within one year	18,629	18,629
Within two and five years	77,213	86,515
	<u>£ 95,842</u>	<u>£ 105,144</u>

Cothill Educational Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2014**

25. Prior period adjustment

The prior year adjustment relates to a change in accounting policy to include freehold land and building at valuation which the Trustees believe gives the reader of the accounts a more informed view of the balance sheet at 31st August 2014. The net effect of the change is to increase brought forward reserves by £22m but in the current year as a result of adopting the new policy an impairment loss of £1m is recognised.

26. Approval of accounts

These accounts were approved by the Trustees on 13 January 2015.