

Registered number: 04797376
Charity number: 1098422

**Pestalozzi International Foundation (formerly Pestalozzi International
Village Trust)**

(A company limited by guarantee)

Trustees' Report and Financial Statements

For the year ended 31 August 2019

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Contents

	Page
Chairman's statement	1 - 2
Trustees' report	3 - 10
Independent auditors' report	11 - 13
Consolidated statement of financial activities	14
Consolidated balance sheet	15
Company balance sheet	16
Consolidated statement of cash flows	17
Notes to the financial statements	18 - 37

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Chairman's statement
For the year ended 31 August 2019

The chairman presents his statement for the period.

I would like to begin my report by acknowledging the hard work of Professor Stuart Laing who stood down as Chairman of the Board of Trustees in September 2019. Stuart oversaw a significant period of change for the charity including the sale of the estate in Sedlescombe, the relocation of a reduced staff team to an office in St Leonards-on-Sea and the beginnings of the new Pestalozzi International Foundation programme. We thank Stuart for what was a smooth transition and for his counsel during a time of considerable turbulence for the charity.

We also place on record our thanks to all those who ensured the last cohort of students to be resident in the Pestalozzi Village were given the best experience possible. This includes Susan Walton who retired as CEO at the end of August, and those staff who were inevitably made redundant. I know that the farewells said when the village closed were hard and heartfelt, but we can take pride in that we have a revised and refreshed outlook as an organisation, and that we continue to support and celebrate the successes of an incredibly motivated group of students. It is a testament to the passion of the Student Programme staff that we have been able to continue to support those recently departed alumni to apply to colleges and universities to pursue their higher education.

We also thank our donors and supporters who have stood by us during this period of transition. Particular thanks are due to the Grieg Foundation and our bankers Barclays who both acted with the utmost understanding, allowing us the time that we needed to sell the estate and develop the new scholarship programme with United World Colleges International (UWCI).

As with all new ventures, the Pestalozzi International Foundation, is starting to find its feet and it's a pleasure to report that we are supporting our first group of students through their studies with UWCI. Colleagues from PIF have made several visits to south Wales to see the students. They are settling in very well to the Atlantic College experience. Some really positive stories about their progression and development are already starting to emerge. UWCI are offering them a superb experience and have picked up the Pestalozzi head, heart and hands approach to learning and development. I am in no doubt that the Board's decision to follow this route was the right one.

We are also reconnecting with our alumni and several colleagues have been involved in some excellent initiatives to both strengthen our relationships with our ex-students, and to boost the profile of PIF. The P.A.U.S.E. tour of North America is a particular highlight and I am sure that friends and supporters have enjoyed hearing about our alumni, their further studies and career successes.

The Trustees have also agreed the first round of support for projects through the Pestalozzi Development Fund. This is an exciting new branch of activity that enables us to offer small amounts of grant funding to alumni to help them set up and develop their own charities and social enterprises. This is an exciting area for us and we hope that there will be many more projects to come.

Whilst we now have a solid financial cash base, we must remain mindful of the challenges facing the charity and non-profit sector and we will not become complacent. We have a duty to ensure that we have sufficient funds to allow each of our scholarship students to complete their two-year courses. Going forward this means retaining three years of college fees in reserve to cover the year of student selection and the two years of each scholarship. Our legacy income remains down as do donations from individuals and trusts. It is an incredibly competitive environment and in order for PIF to succeed and survive in the long term, the Board will be giving careful consideration to the investment that is needed in the organisation's operations to see the charity forward.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Chairman's statement
For the year ended 31 August 2019

We remain proud of PIF's work, and we are excited about the charity's future prospects. We have a very impressive alumni whose achievements would not have been possible without the support of a great many people – staff, volunteers, supporters and donors.

I would also like to thank my fellow Trustees for their help and support. We remain committed to securing the future of the Pestalozzi International Foundation and look forward to continuing to support our students (and entrepreneurs) over the coming year.

Name D Bennett
Chairman

Date 20/3/2020

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report
For the year ended 31 August 2019

Patron	HRH The Duke of Gloucester KG GCVO
Trustees	Mr Dan Bennett (Chair from October 2019) Ms Alexandra de Meyrick (From October 2019) Mr Aaron Eckhoff (From July 2019) Ms Sandra Elkins (From October 2019) Mr Alex Ffrench (To December 2019) Mr Martyn Forster Mr Richard Hodgson (To October 2019) Mrs Carol Hodgson (From October 2019) Prof. Stuart Laing (Chair to October 2019) Mr David Little (From October 2019) Mrs Susan Walton (From October 2019)
Council	Mr Graham Card (To June 2019) Mr Spencer Enderby (To June 2019) Dr Sally Henderson (To June 2019) Mrs Daxa Patel (To June 2019) Mrs Jane Pennock (To June 2019) Mr Alex Whittington (To June 2019)
Institutional Members	Mr Ranjan Mathai - <i>Indian High Commissioner</i> HE Ms Perla Maria Perdomo - <i>Belizean High Commissioner</i> Mr SonamTsering Frasi - <i>Representative of HH The Dalai Lama</i> HE Mr Paul William Lumbi - <i>Zambian High Commissioner</i> Mr Michael Rutland OBE - <i>Bhutanese Honorary Consul</i> HE Mr TM Hamzah Thayeb - <i>Indonesian Ambassador</i> HE Mrs Joyce Kakuramatsi Kikafunda - <i>Ugandan High Commissioner</i> HE Dr Durga Bahadur Subedi – <i>Nepalese Ambassador</i>
Chief Executive and Company Secretary	Mrs Susan Walton (Chief Executive to 31 st August 2019)
Senior Management	Ms Margaret Alexander - <i>Student Programme Manager</i> Ms Lesley Russell-Dean – <i>Chief Operating Officer</i>
Bankers	Barclays Bank plc 207-208 Queens Road, Hastings, East Sussex TN34 1QP
Auditors	Kreston Reeves LLP Chartered Accountants Statutory Auditors 37 St Margaret's Street, Canterbury, Kent CT1 2TU
Registered Office	First Floor, 10 Queen Street Place, London, EC4R 1BE
Charity Number	1098422
Company Number	04797376

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

The Trustees present their Annual Report, which incorporates the Strategic Report, together with the audited Financial Statements of Pestalozzi International Village Trust (the company and the group) for the year ended 31 August 2019. The Trustees confirm that the Annual Report and the Financial Statements of the company and the group comply with the current statutory requirements, the requirements of the company's and the group's governing documents and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Constitution

Pestalozzi International Village Trust (PIVT) was constituted and incorporated in England and Wales on 12 June 2003 and on 1 September 2003 took over the activities, assets and liabilities of the Pestalozzi Children's Village Trust (PCVT), which had been formed under a Trust Deed dated 30 November 1957. In April of 2019, following the sale of the Pestalozzi Village PIVT registered a change of name to Pestalozzi International Foundation (PIF) to more accurately reflect the nature of its operations. PIF is both a registered charity (1098422) and a limited company (04797376).

Since the company and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to the general guidance published by the Charity Commission relating to public benefit. PIF promotes the educational philosophy of Johann Heinrich Pestalozzi (1746 - 1827), of which the principle component is the concept of a balanced programme of education 'for the head, heart and hands'.

PIF awards scholarships to exceptional 16 -19 year olds who are academically gifted but have limited educational prospects in their home countries. All these young people have demonstrated their enthusiasm for helping to make a difference in their communities.

From 1997 until 2019 PIF students spent the two years of their scholarship residing in a multi-cultural, multi-faith community in East Sussex, UK. From the beginning of the 2019/2020 academic year Pestalozzi students have been studying the International Baccalaureate at Atlantic College, in south Wales. Atlantic College is part of the United World Colleges International network and embraces a very wide range of nationalities within its student body. Bringing students together in this way helps them to understand their differences and breaks down any cultural or religious prejudices they may hold.

PIF scholarships give these young people an opportunity they would not otherwise receive – the chance to develop their potential, pursue their dreams and go on to make a real and lasting difference in the world.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

Volunteers and Fundraising

The Trustees would like to record their thanks to the many volunteers who have supported PIF throughout the year. The volunteers undertook a variety of activities, including educational and extracurricular support for the students, acting as student host families, providing support with fundraising, marketing, administration and estate activities.

International volunteers have also been invaluable in assisting the student programme team during the last year of PIF's occupation of the Pestalozzi Village. The Trustees are grateful for the support of the British Council and Ecorys UK who work together to deliver the European Erasmus+ initiative in the UK.

Furthermore, the Trustees remain grateful for the ongoing support of all who provide PIF with much needed funding in what continues to be a difficult time for many voluntary organisations.

The Trustees were delighted to receive the generous support of the Rayne Foundation as well as the Potterspurty Lodge Trust and the Big Give. The Trustees are extremely grateful to other Trusts, Foundations, Friends of Pestalozzi groups, regular givers and alumni, along with Trustees, Council Members and staff for all their support during the year.

The Trustees seek to ensure that all fundraising activities by PIF are undertaken with integrity and in a highly professional manner. PIF does not engage external professional fund-raisers or commercial participators.

PIF's focus is on providing its supporters with information about the students via regular newsletters and by participating in events and undertaking speaking engagements to community groups UK-wide. The Fundraising team seek to develop new contacts as well as maintaining good relationships with our existing supporters.

Many individuals and organisations such as our Friends' Groups raise funds for PIF. PIF seeks to instil in these individuals and groups, standards of fundraising equivalent to those applied to its own campaigns. PIF strives to adhere to recognised fundraising standards as set by the government and related bodies, in particular The Charities (Protection and Social Investment) Act 2016.

PIF does not indulge in, nor tolerate, aggressive campaigning. Furthermore, to protect vulnerable people and other members of the public we do not share database information. We are pleased to report that no complaints about our fundraising have been notified to the Trustees during the year.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

Achievements and performance

Student numbers were 16 to the end of the academic year 2018/19 to reflect the Board's decision to sell the Pestalozzi estate and develop a new and more cost effective way of providing scholarships.

At the end of the academic year 2018/19, 16 students sat a total of 52 examinations. Of these, 87% of the grades achieved were in the range of A* to C, some 12% better than the national average. Just under one half of the results were graded A* to A, again 20% better than the national average. These excellent results reflect the hard work undertaken by staff, volunteers and students alike supported by Claremont Senior School.

As in previous years the majority of students graduating in June 2019 gained funded places at a variety of prestigious universities, mostly based in the USA but including, inter alia, India, Canada and the UK.

Not all students take up university placements as soon as they leave PIF and, as in previous years, a number of alumni have returned to their home countries to apply their academic achievements directly for the benefit of others through work and volunteering. Regular reports and updates are received from alumni, generally via social media, thus helping the Trustees measure and monitor the outcomes of the scholarship programme and its impact on society. Measuring this impact remained a key focus of 2018/19 and work continues to demonstrate how our alumni are making a difference in the world.

Financial review

Total income for the year amounted to £522,148 (2018: £702,958) and included £46,215 (2018: £69,412) received from legacies. Total outgoings of £829,955 (2018: £1,682,096 which included an impairment of £427,429 relating to the reduction in fair value of the land). A total of £698,378 (2018: £1,064,519) was expended on the student programme, representing 84% (2018: 85% excluding the impairment) of expenditure.

Net resources for the year showed a deficit of £307,807 (2018: deficit of £979,138, after an impairment £427,429 and redundancy costs £99,640). The detailed Financial Statements are set out on pages 13 to 36.

PIF's trading subsidiary Pestalozzi Enterprises Limited (PEL) is non-trading and provided no contribution to the charity during 2018/19. A prior period adjustment was required in respect of the donations of profits from PEL to Pestalozzi International Foundation (PIF). The adjustment was required due to the clarification released from the Institute of Chartered Accountants in England and Wales (ICAEW) which confirmed that donations of profits from a trading subsidiary to its parent charity should be accounted for as a distribution, unless a deed of covenant is in place.

Investment policy

The liquid assets of PIF comprise cash held in bank current and deposit accounts to meet the charity's short and medium term needs. Generally the Trustees adopt a low risk investment strategy.

Reserves policy

The charity's free reserves as at 31 August 2019 showed a surplus of £2,490,696 (2018: deficit of £131,617) following the liquidation of the designated fund relating to the fixed assets. The Trustees have long recognised the need to hold reserves sufficient to ensure that the costs of each two-year scholarship are fully covered. The fact that this could not be achieved through fund raising alone was a key consideration in the Trustees' decision to liquidate the fixed assets and instigate a change in the scholarship programme to ensure that student numbers could be flexed up or down to match resources.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

Structure, governance and management

As a company limited by guarantee, PIF's governing documents are its memorandum and articles of association. The Articles of Association were amended in July 2019 to reflect the fact that PIF no longer owns the Pestalozzi Village, to enable the distribution of monies under the Pestalozzi Development Fund programme and to adopt Charity Commission best practice. The charity is administered by a Board of Trustees, which consists of not less than three persons and currently stands at eight. All Trustees are also directors of the charitable company for the purposes of the Companies Act. Furthermore, all Trustees are members of the Council. Council Members are the members of the company under the company's articles of association.

The current Trustees are listed on page 1.

A minimum of four meetings of the Board of Trustees are held during the year. As full Board meetings have been scheduled monthly to address all the issues associated with the development of the new programme with UWCI the sub-committees that had been running in previous years have now been disbanded.

The skills, interests and expertise of the Trustees are reviewed regularly and any skills gaps are addressed through training and recruitment. The Board reviews applications for membership to the Board of Trustees. It considers the skill-sets required for the sound governance of the charity and succession planning within the Board of Trustees. One third of Trustees retire from office at each AGM but may stand for re-election. Trustees must step down from the Board when they have served for three consecutive terms.

There is a formal induction and training programme for Trustees, and a regular review of governance procedures. All Trustees are made aware of relevant governance documentation and are provided with training opportunities as required.

The Trustees, who have overall responsibility for the charity, currently delegate the day-to-day operational management of PIF to the Chief Operations Officer.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

Associated organisations

The Trustees are indebted to the many organisations and individuals who support PIVT with the delivery of its aims and objectives, including:

- Claremont Senior School for the provision of A level courses and for the dedication and support of their staff.
- The DEL Foundation, the Kidu Foundation, the Central Tibetan Administration, SOS Children's Villages, the Quicken Trust, the Higher Life Foundation, Bloom Nepal School, JETS, Budhanilkantha School and other international partnership organisations who provide support to PIF and student candidates throughout the selection process.
- Friends of Pestalozzi Groups in the Isle of Man and Lewes for their support with fundraising and for raising awareness of PIF's work.
- UWCI for facilitating the implementation of the new scholarship programme.

The Trustees are especially appreciative of the generous support of PIF's Patron HRH The Duke of Gloucester KG GCVO and for the active and informed interest that he and the Duchess continue to take in the life, work and development of PIF.

Pay policy for senior staff

PIF seeks to ensure that its remuneration policy and practices are compatible with effective risk management. This is done by embedding the following principles into its Pay Policy:

- remuneration is compatible with the risk management and risk tolerance of the charity;
- remuneration supports the charity's strategy, objectives, values and long-term interests; and
- employees in senior positions have appropriate authority and are remunerated adequately in accordance to their functions.

This policy aims to attract and retain people with the right mix of skills and experience who share the charity's values and are prepared to work together as a team.

To put this policy into practice, appropriate levels of remuneration must be taken into account. The Trustees benchmark the pay of senior staff by reference to Croner's Pay and Benefits taking account of the charity's location.

The Trustees maintain oversight and control over senior staff salaries to ensure pay levels remain. In addition to public holidays, full time staff receive 20 days annual leave per calendar year. This is adjusted pro-rata as required for part time personnel and joiners/leavers. Staff are invited to join the organisation's auto enrolment pension scheme when reaching the eligibility criteria.

The Trustees approve and review annually the general principles of the remuneration policy. Salaries are reviewed annually but must be affordable given the financial performance of the charity. Pestalozzi is proud to be a member of the Living Wage Foundation and the charity has budgeted for all personnel to receive the "living wage" as a minimum work reward.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

Risk

With the majority of income derived from voluntary contributions, funding remains the principal uncertainty facing PIVT. The Trustees have taken steps to mitigate that risk by agreeing to change the way in which PIVT's charitable objectives are delivered. The Trustees decided at the beginning of 2018 that the current cohort of students would be the last to be resident in the Village in Sedlescombe. Batcheller Monkhouse were appointed in June 2018 to arrange a sale of the estate.

The Board of Trustees are now directly responsible for all of the matters that had been delegated to sub-committees. A risk register notes potential areas of risk and their severity. A rolling programme of review is undertaken by the SMT and the Trustees and systems and procedures have been established to manage identified risks.

Plans for future periods

Batcheller Monkhouse secured a number of credible offers for the PIVT estate and a preferred bidder was approved by the Trustees in October 2018. The sale of the estate to PGL Limited completed in April 2019 and the loans from Barclays and the Grieg Foundation were repaid. PIF immediately entered into a leaseback of the estate with PGL for a period of 5 months to allow the final cohort of students to be resident in Sedlescombe to complete their A- Level examinations. The Trustees agreed in 2018 that net proceeds from the sale would be used to do two things. The first of these was to set up a scholarship programme with an organisation that shares PIF's ethos and values. Negotiations with UWC were concluded in April 2019 and the first 5 students to be selected under the new scholarship programme began their courses in September 2019. This joint venture enables PIF to continue to provide the final two years of high quality secondary education to academically gifted young people from some of the world's poorest communities. The scale of this programme will be dependent upon the success of the fundraising programme. The second was to set up a Development Fund to allow Pestalozzi alumni to access seed capital for their own charitable or social enterprises. This demonstrates very clearly the wider positive impacts of the Pestalozzi scholarship programme and how our alumni add value in both their work and their charitable endeavours. The details of this fund are available on PIF's website and the first awards have been made in 2020.

The nature and scale of the operation has changed with the new programme and redundancies were inevitable. The costs of those redundancies, £99,640, was provisioned for in the previous financial year.

The new scholarship programme requires a smaller team encompassing fundraising, marketing, alumni liaison and selection staff with some administration support. At present the staff complement has a headcount of 6 people delivering approximately 4.5 full time equivalent hours.

Trustees' responsibilities statement

The Trustees 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. 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 group for that period. In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2019

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees, on 20 March 2020 and signed on their behalf by:

Mrs Susan Walton, Trustee

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Independent auditors' report to the members of Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)

Opinion

We have audited the financial statements of Pestalozzi International Foundation (formerly Pestalozzi International Village Trust) (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2019 set out on pages 14 to 37. 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 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Independent auditors' report to the members of Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)

Other information

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

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.

Opinion 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the 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 our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Group strategic report.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Independent auditors' report to the members of Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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.

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

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

Use of our report

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, and to the charitable company's Trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 Auditors' 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.

Samantha Rouse FCCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditors

Canterbury
20 March 2020

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Consolidated statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income and endowments from:					
Donations and legacies	2	221,229	277,446	498,675	666,067
Fundraising and other trading activities	3,4	21,009	-	21,009	36,515
Investments	5	2,464	-	2,464	376
Total income and endowments		244,702	277,446	522,148	702,958
Expenditure on:					
Raising funds	6,4	90,462	-	90,462	149,952
Charitable activities	8,7	431,281	277,446	708,727	1,503,294
Other expenditure	9	30,766	-	30,766	28,850
Total expenditure	12	552,509	277,446	829,955	1,682,096
Net expenditure before other recognised gains and losses		(307,807)	-	(307,807)	(979,138)
Net movement in funds		(307,807)	-	(307,807)	(979,138)
Reconciliation of funds:					
Total funds brought forward		2,798,503	-	2,798,503	3,777,641
Total funds carried forward		2,490,696	-	2,490,696	2,798,503

The notes on pages 18 to 37 form part of these financial statements.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)
Registered number: 04797376

Consolidated balance sheet
As at 31 August 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	17	<u>5,027</u>		<u>3,930,663</u>	
Total tangible assets			5,027		3,930,663
Current assets					
Stocks		-		2,339	
Debtors	20	7,823		43,896	
Cash at bank and in hand		<u>2,536,775</u>		<u>243,448</u>	
		2,544,598		289,683	
Creditors: amounts falling due within one year	21	<u>(58,929)</u>		<u>(1,322,203)</u>	
Net current assets			2,485,669		(1,032,520)
Total assets less current liabilities			2,490,696		2,898,143
Provisions for liabilities	23		-		(99,640)
Net assets			2,490,696		2,798,503
Charity Funds					
Unrestricted funds:					
Revaluation reserve	25	-		1,213,410	
Other designated funds	25			<u>1,716,710</u>	
				2,930,120	
Unrestricted income funds	25	<u>2,490,696</u>		<u>(131,617)</u>	
Total unrestricted funds			2,490,696		2,798,503
Total funds			2,490,696		2,798,503

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the Trustees on 20 March 2020 and signed on their behalf, by:

Mrs Susan Walton, Trustee

The notes on pages 18 to 37 form part of these financial statements.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)
Registered number: 04797376

Company balance sheet
As at 31 August 2019

	Note	£	2019 £	£	Restated 2018 £
Fixed assets					
Tangible assets	17	<u>5,027</u>		3,930,663	
Total tangible assets			5,027		3,930,663
Investments	18		<u>2</u>		<u>2</u>
			5,029		3,930,665
Current assets					
Stocks		-		2,339	
Debtors	20	7,823		55,873	
Cash at bank and in hand		<u>2,536,775</u>		213,505	
		2,544,598		271,717	
Creditors: amounts falling due within one year	21	<u>(58,931)</u>		<u>(1,319,581)</u>	
Net current assets			2,485,667		(1,047,864)
Total assets less current liabilities			2,490,696		2,882,801
Provisions for liabilities	23		-		(99,640)
Net assets			2,490,696		2,783,161
Charity Funds					
Unrestricted funds:					
Revaluation reserve	25	-		1,213,410	
Other designated funds	25			1,716,710	
		-		2,930,120	
Unrestricted income funds	25	<u>2,490,696</u>		<u>(146,959)</u>	
Total unrestricted funds			2,490,696		2,783,161
Total funds			2,490,696		2,783,161

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the Trustees on 20 March 2020 and signed on their behalf, by:

Mrs Susan Walton, Trustee

The notes on pages 18 to 37 form part of these financial statements.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Consolidated statement of cash flows
For the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	27	<u>(742,564)</u>	<u>(218,309)</u>
Cash flows from investing activities:			
Interest from investments		2,464	376
Purchase of tangible fixed assets		(5,027)	-
Proceeds from sale of tangible fixed assets		4,026,660	155,660
Net cash provided by investing activities		<u>4,024,097</u>	<u>156,036</u>
Cash flows from financing activities:			
Repayments of borrowings		(1,000,413)	(25,528)
Net cash used in financing activities		<u>(1,000,413)</u>	<u>(25,528)</u>
Change in cash and cash equivalents in the year		2,281,120	(87,801)
Cash and cash equivalents brought forward		<u>240,786</u>	<u>328,587</u>
Cash and cash equivalents carried forward	28	<u><u>2,521,906</u></u>	<u><u>240,786</u></u>

The notes on pages 18 to 37 form part of these financial statements.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust) is a company, limited by guarantee, with a company registration number of 04797376, which is incorporated in England and Wales.

The charity's registered office is First Floor, 10 Queen Street Place, London, EC4R 1BE.

The charitable activities of the charity is to promote the educational philosophy of Johann Heinrich Pestalozzi, by awarding scholarships to exceptional 16-19 year olds who are academically gifted but have limited educational prospects in their home countries.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust) is a company limited by guarantee. The members of the company are the Trustees and Council Members named on page 3. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per Council Member.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 Basis of consolidation

The financial statements consolidate the accounts of Pestalozzi International Foundation (formerly Pestalozzi International Village Trust) and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Tangible fixed assets are carried at cost or deemed cost, net of depreciation and any provision for impairment. Deemed cost represents the fair value of certain freehold properties owned by the charity, at the charity's date of transition to FRS 102, 1 September 2014. Under the cost model, freehold property will not be subject to further revaluations.

Tangible fixed assets are carried at cost or deemed cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or deemed cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Not depreciated
Buildings	-	2% straight line
Plant and machinery	-	20% - 25% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	25% straight line

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Revaluation of tangible fixed assets

As permitted by Financial Reporting Standard 102, the charity has elected not to adopt a policy of revaluation of tangible fixed assets. The charity will retain the book value of land and buildings, previously revalued at 16 September 2014 as deemed cost. Under the cost model, land and buildings will not be subject to any further revaluations.

1.8 Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Deferred income

In accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period in which they relate. Such deferrals are included in creditors in the financial statements.

1.12 Interest receivable

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

1.13 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.14 Debtors

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

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.15 Cash at Bank and in hand

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

1.16 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.17 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.18 Pensions

The charitable company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charitable company to the fund in respect of the year.

1.19 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires key management to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates. In the opinion of the key management the charity does not have any material key sources of estimation uncertainty.

2. Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	168,015	277,446	445,461	584,605
Legacies	46,215	-	46,215	69,412
Deemed notional interest on beneficial loan	6,999	-	6,999	12,050
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	221,229	277,446	498,675	666,067
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	
Total 2018	339,212	326,855	666,067	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

3. Fundraising income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Events	994	-	994	-
Rental income	9,806	-	9,806	17,468
Estate grants	7,797	-	7,797	(200)
Miscellaneous income	2,226	-	2,226	1,986
Merchandise	186	-	186	-
	<u>21,009</u>	<u>-</u>	<u>21,009</u>	<u>19,254</u>
Total 2018	<u>19,254</u>	<u>-</u>	<u>19,254</u>	

4. Trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Charity trading income				
Trading subsidiary income	-	-	-	17,261
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,261</u>
Fundraising trading expenses				
Fundraising expenditure	13,294	-	13,294	14,357
Net (expenditure)/income from trading activities	<u>(13,294)</u>	<u>-</u>	<u>(13,294)</u>	<u>2,904</u>

In 2018, of net income from trading activities, £2,904 was in respect of unrestricted funds and £NIL was in respect of restricted funds.

5. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank deposit interest received	2,464	-	2,464	376
	<u>2,464</u>	<u>-</u>	<u>2,464</u>	<u>376</u>
Total 2018	<u>376</u>	<u>-</u>	<u>376</u>	

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

6. Analysis of expenditure on raising funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Fundraising publicity	11,880	-	11,880	9,438
Cost of fundraising activities	6,221	-	6,221	11,599
Support costs for generating voluntary income	59,067	-	59,067	114,558
	<u>77,168</u>	<u>-</u>	<u>77,168</u>	<u>135,595</u>
Total 2018	<u>105,151</u>	<u>30,444</u>	<u>135,595</u>	

7. Analysis of expenditure on charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Student programme	420,932	277,446	698,378	1,064,519
Total 2018	<u>737,665</u>	<u>326,854</u>	<u>1,064,519</u>	

8. Governance costs

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Auditors' remuneration	6,360	-	6,360	7,710
Auditors' non audit costs	3,989	-	3,989	3,636
Governance - Impairment	-	-	-	427,429
	<u>10,349</u>	<u>-</u>	<u>10,349</u>	<u>438,775</u>

In 2018, of total Governance costs, £438,775 was in respect of unrestricted funds and £NIL was in respect of restricted funds.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

9. Other expenditure

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest payable	23,767	23,767	16,800
Deemed notional interest on beneficial loan	6,999	6,999	12,050
	<u>30,766</u>	<u>30,766</u>	<u>28,850</u>
Total 2018	<u>28,850</u>	<u>28,850</u>	

10. Direct costs

	Student programme £	Total 2019 £	Total 2018 £
Profit on disposal of tangible fixed assets	(142,851)	(142,851)	(48,176)
Premises costs	127,950	127,950	167,020
Other direct costs	130,874	130,874	295,114
Wages and salaries	235,961	235,961	291,161
National insurance	16,502	16,502	16,718
Pension cost	5,092	5,092	2,988
	<u>373,528</u>	<u>373,528</u>	<u>724,825</u>
Total 2018	<u>724,825</u>	<u>724,825</u>	

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

11. Support costs

	Student programme £	Total 2019 £	Total 2018 £
Indirect employee costs	2,239	2,239	4,612
General administrative expenses	20,783	20,783	128,674
Professional fees	117,263	117,263	21,556
Rent	30,898	30,898	-
Wages and salaries	95,133	95,133	97,187
National insurance	10,360	10,360	8,563
Pension cost	1,320	1,320	577
Depreciation	46,854	46,854	78,525
	<u>324,850</u>	<u>324,850</u>	<u>339,694</u>
Total 2018	<u>339,694</u>	<u>339,694</u>	

12. Analysis of Expenditure by expenditure type

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income	59,067	-	18,101	77,168	135,595
Costs of trading activities	-	-	13,294	13,294	14,357
Costs of raising funds	<u>59,067</u>	<u>-</u>	<u>31,395</u>	<u>90,462</u>	<u>149,952</u>
Student programme	364,368	46,854	287,156	698,378	1,064,519
Expenditure on governance	-	-	10,349	10,349	438,775
Other expenditure	-	-	30,766	30,766	28,850
	<u>423,435</u>	<u>46,854</u>	<u>359,666</u>	<u>829,955</u>	<u>1,682,096</u>
Total 2018	<u>531,752</u>	<u>505,954</u>	<u>644,390</u>	<u>1,682,096</u>	

13. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Student programme	373,528	324,850	698,378	1,064,519
Total 2018	<u>724,825</u>	<u>339,694</u>	<u>1,064,519</u>	

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

14. Net income/(expenditure)

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	46,854	78,525
Impairment of fixed assets	-	427,429
Auditors' remuneration - audit	6,360	7,450
Auditors' remuneration - non audit	3,600	4,364
Operating lease rentals	30,898	-
	<u><u> </u></u>	<u><u> </u></u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no expenses (2018: £392) were claimed by the Trustees (2018: one). All expenses claimed in 2018 were in relation to travel.

15. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £6,360 (2018 - £7,450), and Accountancy services of £3,600 (2018 - £4,364).

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

16. Staff costs

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	386,067	494,687
Social security costs	30,956	33,228
Other pension costs	6,412	3,837
	423,435	531,752

The average number of persons employed by the company during the year was as follows:

2019	2018
No.	No.
22	33

Average headcount expressed as a full time equivalent:

2019	2018
No.	No.
13	25

No employee received remuneration amounting to more than £60,000 in either year.

The Trustees and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. As noted above no Trustees received any remuneration during the year (2018: £NIL) and total remuneration in respect of the Chief Executive and Senior Management Team is £143,282 (2018: £104,347).

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

17. Tangible fixed assets

Group and Company	Land and buildings £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 1 September 2018	4,620,990	503,947	-	5,124,937
Additions	-	-	5,027	5,027
Disposals	(4,620,990)	(503,947)	-	(5,124,937)
At 31 August 2019	-	-	5,027	5,027
Depreciation				
At 1 September 2018	692,990	501,284	-	1,194,274
Charge for the year	44,276	2,578	-	46,854
On disposals	(737,266)	(503,862)	-	(1,241,128)
At 31 August 2019	-	-	-	-
Net book value				
At 31 August 2019	-	-	5,027	5,027
At 31 August 2018	3,928,000	2,663	-	3,930,663

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

18. Fixed asset investments

Company	Shares in group undertakings
Market value	£
At 1 September 2018 and 31 August 2019	2

19. Principal subsidiary

Pestalozzi Enterprises Limited

Subsidiary name	Pestalozzi Enterprises Limited
Company registration number	00890936
Basis of control	Majority shareholder
Equity shareholding %	100%
Total assets as at 31 August 2019	£ -
Total liabilities as at 31 August 2019	£ -
Total equity as at 31 August 2019	£ 2
Turnover for the year ended 31 August 2019	£ -
Expenditure for the year ended 31 August 2019	£ (2)
Loss for the year ended 31 August 2019	£ (2)

20. Debtors

	Group		Company	
	2019	2018	2019	Restated 2018
	£	£	£	£
Trade debtors	2,525	2,640	2,525	2,641
Amounts owed by group undertakings	-	-	-	11,977
Other debtors	18	18	18	18
Prepayments and accrued income	5,280	41,238	5,280	41,237
	7,823	43,896	7,823	55,873

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

21. Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdraft	14,869	601,400	14,869	598,778
Other loans	-	401,675	-	401,675
Trade creditors	14,512	24,517	14,512	24,517
Amounts owed to group undertakings	-	-	2	-
Other taxation and social security	15,494	5,597	15,494	5,597
Other creditors	3,943	2,551	3,943	2,551
Accruals	10,111	286,463	10,111	286,463
	58,929	1,322,203	58,931	1,319,581

Deferred income

	Group	Company
	£	£
Deferred income at 1 September 2018	284,113	284,113
Resources deferred during the year	-	-
Amounts released from previous years	(284,113)	(284,113)
Total	-	-

22. Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial assets measured at amortised cost	2,525	13,417	2,525	40,736

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial liabilities measured at amortised cost	25,930	1,035,308	25,930	1,039,265

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, bank loans and other loans.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

23. Provisions

	Redundancy provision £
Group and Company	
At 1 September 2018	99,640
Amounts used	(99,640)
	<hr/>
At 31 August 2019	-
	<hr/> <hr/>
Redundancy provision	

At the year ended 31 August 2018, a decision was made to change the charity's operational model as explained in the Chairman's statement and Trustees report, this resulted in a redundancy provision being recognised. During the year, the redundancies were made and therefore the provision was released in full.

24. Prior year adjustment

A prior year adjustment has been recognised in relation to the distributions of the charity's trading subsidiary. It was identified that a distribution had not been correctly recognised in prior years due to the ICAEW's clarification of FRS 102. Due to the material nature of the error the financial statements have been adjusted accordingly. There is no impact on the results reported by the group however the opening reserves of the individual financial statements of the charity have been impacted.

In the prior year, the amounts owed by group undertakings has decreased by £15,342 and the deficit in funds has reduced by £15,342. The opening funds has decreased by £19,013 and incoming resources has increased by £19,013.

In the current year, the opening funds has decreased by £15,342, incoming resources has increased by £15,340 and the amounts due to group undertakings has increased by £2.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

25. Statement of funds

Statement of funds - current year

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2019 £
Designated funds					
Designated land and buildings fixed asset fund	2,930,120	-	-	(2,930,120)	-
General funds					
Income and expenditure reserves	(131,617)	244,702	(552,509)	2,930,120	2,490,696
Total Unrestricted funds	2,798,503	244,702	(552,509)	-	2,490,696
Restricted funds					
Restricted Funds - income funds	-	277,446	(277,446)	-	-
Total of funds	2,798,503	522,148	(829,955)	-	2,490,696

Transfers between funds

Income and expenditure reserves - the transfer of £2,930,120 is from the designated land and buildings fixed asset fund. This transfer represents the movement in land and buildings fixed assets during the year together with any repayments made to associated liabilities. The substantial transfer has arisen following the sale of the freehold land and buildings during the year. At the end of the financial year the balance on the fund is nil due to the net book value of the land and buildings being nil.

Prior year transfers between funds

Income and expenditure reserves - the transfer of £588,000 is from the designated fixed asset fund. This transfer represents the movement in fixed assets during the year together with any repayments made to associated liabilities.

Purposes of designated funds

Designated capital expenditure fund - This represents funds designated for future fixed asset purchases.

Designated fixed asset fund - This represents the book value of fixed assets less any associated liabilities and are deemed by the Trustees not to be freely available funds.

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

25. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2018 £
Designated funds					
Designated fixed asset fund	3,518,120	-	-	(588,000)	2,930,120
	<u>3,518,120</u>	<u>-</u>	<u>-</u>	<u>(588,000)</u>	<u>2,930,120</u>
General funds					
Income and expenditure reserves	229,078	376,103	(1,324,798)	588,000	(131,617)
Total Unrestricted funds	<u>3,747,198</u>	<u>376,103</u>	<u>(1,324,798)</u>	<u>-</u>	<u>2,798,503</u>
Restricted funds					
Restricted Funds - income funds	-	326,855	(326,855)	-	-
Sponsor work officer fund	30,443	-	(30,443)	-	-
	<u>30,443</u>	<u>326,855</u>	<u>(357,298)</u>	<u>-</u>	<u>-</u>
Total of funds	<u><u>3,777,641</u></u>	<u><u>702,958</u></u>	<u><u>(1,682,096)</u></u>	<u><u>-</u></u>	<u><u>2,798,503</u></u>

Summary of funds - current year

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2019 £
Designated funds	2,930,120	-	-	(2,930,120)	-
General funds	(131,617)	244,702	(552,509)	2,930,120	2,490,696
	<u>2,798,503</u>	<u>244,702</u>	<u>(552,509)</u>	<u>-</u>	<u>2,490,696</u>
Restricted funds	-	277,446	(277,446)	-	-
	<u>2,798,503</u>	<u>522,148</u>	<u>(829,955)</u>	<u>-</u>	<u>2,490,696</u>

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

25. Statement of funds (continued)

Summary of funds - prior year

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2018 £
Designated funds	3,518,120	-	-	(588,000)	2,930,120
General funds	229,078	376,103	(1,324,798)	588,000	(131,617)
	<u>3,747,198</u>	<u>376,103</u>	<u>(1,324,798)</u>	<u>-</u>	<u>2,798,503</u>
Restricted funds	30,443	326,855	(357,298)	-	-
	<u>3,777,641</u>	<u>702,958</u>	<u>(1,682,096)</u>	<u>-</u>	<u>2,798,503</u>

26. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	5,027	-	5,027
Current assets	2,544,598	-	2,544,598
Creditors due within one year	(58,929)	-	(58,929)
	<u>2,490,696</u>	<u>-</u>	<u>2,490,696</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	3,930,663	-	3,930,663
Current assets	289,683	-	289,682
Creditors due within one year	(1,322,203)	-	(1,322,202)
Provisions for liabilities and charges	(99,640)	-	(99,640)
	<u>2,798,503</u>	<u>-</u>	<u>2,798,503</u>

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

27. Reconciliation of net movement in funds to net cash flow from operating activities

	2019	Group
	£	2018
		£
Net expenditure for the year (as per Statement of Financial Activities)	(307,807)	(979,138)
Adjustment for:		
Depreciation charges	46,854	78,525
Impairment of Tangible fixed assets	-	427,429
Interest on investments	(2,464)	(376)
Profit/(loss) on the sale of investment property / property, plant and equipment	(142,851)	(47,812)
Decrease in stocks	2,339	-
Decrease in debtors	36,073	5,291
(Decrease)/increase in creditors	(275,068)	198,132
Increase in provisions	(99,640)	99,640
	<u>(742,564)</u>	<u>(218,309)</u>

28. Analysis of cash and cash equivalents

	2019	Group
	£	2018
		£
Cash in hand	2,536,775	243,448
Overdrawn bank account	(14,869)	(2,662)
	<u>2,521,906</u>	<u>240,786</u>

29. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £6,412 (2018 - £2,949). Contributions totalling £2,636 (2018 - £1,034) were payable to the fund at the balance sheet date and are included in creditors.

30. Operating lease commitments

At 31 August 2019 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Group and Company		
Amounts payable:		
Within 1 year	11,803	-
Between 1 and 5 years	21,639	-
	<u>33,442</u>	<u>-</u>

Pestalozzi International Foundation (formerly Pestalozzi International Village Trust)
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

31. Related party transactions

During the year ended 31 August 2019 donations totalling £26,419 (2018: £24,943) were received from the Trustees and other related parties.

32. Controlling party

In the opinion of the Trustees, there is no controlling party.