

Charity No. 307099 (England and Wales)

**THE SIR ANDREW JUDD FOUNDATION
TRUSTEE'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

THE SIR ANDREW JUDD FOUNDATION

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THE SIR ANDREW JUDD FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2020

History and introduction

Sir Andrew Judd, Skinner, a citizen of London and Lord Mayor, built and endowed "The Free Grammar School of Sir Andrew Judd", commonly known as Tonbridge School. In 1553, he obtained a grant by Letters Patent or Charter constituting himself sole Governor during his lifetime and directing that, after his death, the Master, Wardens and Commonalty of the Skinners' Company were to be the Governors. In 1558, by his will, he bequeathed to the Master and Wardens property in the City of London and at St Pancras for the maintenance of the School and for other purposes.

In 1888 the Foundation established a second school in Tonbridge known initially as "The Commercial School" but latterly as "The Judd School". Since the 1944 Education Act Judd School itself has been managed by a separate Board of Governors as a Voluntary Aided Grammar School under the auspices of the Kent Education Committee. The charity known as the Judd School, which no longer manages the School, continued to be registered as a subsidiary charity of the Foundation until 23 May 2005. It is now a completely separate entity, under the name of the Judd School Foundation.

In 2002 the decision was taken to transfer the business of Tonbridge School into a separate charitable company limited by guarantee, under the control of its own Governors. This Company, with the name 'Tonbridge School', was incorporated on 4 June 2003 and the transfer took place on 30 June 2003. Since that date the Foundation has had no responsibility for the operation and management of the School. It has retained ownership of its investment assets and virtually all the School buildings, and its charitable objects are now as set out below. The address of the Foundation and its subsidiary charity is Skinners' Hall, 8 Dowgate Hill, London, EC4R 2SP.

Subsidiary charity

At 30 June 2020 the Charity had one subsidiary charity, The Tonbridge School Appeal. This was the vehicle for an appeal launched in 1993 and is now dormant.

Constitution

The governing document is a Charity Commission Scheme dated 30 June 2003. The objects of the Charity are: -

- The provision of items, services and facilities for Tonbridge School;
- The advancement of education of the boys at Tonbridge School by the provision of scholarships and prizes and such other means as the trustee shall determine;
- The advancement of education by educational activities ancillary and incidental to the running of Tonbridge School and other associated activities for the benefit of the community.

Trustee

The Worshipful Company of Skinners.

Committee

The Trustee appoints a Committee, which meets at least twice a year, to oversee the management of the Charity and delegates to it the responsibility for awarding grants to beneficiaries, within guidelines laid down by the Trustee. The Trustee keeps the skills requirements of the Committee under review and aims to ensure that the Committee includes persons with the appropriate skills, experience and training (including in financial and investment areas). All members of the Committee are drawn from the Freedom, Livery or Court of the Company. This may include persons who are also governors or who have a close connection with Tonbridge School, but these will be in the minority. The Committee works closely with the Skinners' Investment Committee.

THE SIR ANDREW JUDD FOUNDATION

REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2020

The following served on the Committee during the year:

Mr P T Crosthwaite (Chairman)

Sir Jonathan Cohen

Mr M F Dobbs* (from 16 July 2020)

Mr R N Dobbs

Mr A G Boggis

Mr R Elliott*

Mr C H D Everett

Mr E D J Goodchild ex officio

Mr J C F Hitchins* (to 16 July 2020)

Major General John Moore-Bick (from 16 July 2020)

The Earl of Woolton

*These Committee members were also Governors of Tonbridge School.

Key management personnel and remuneration

The Trustee considers the Director of Finance to be the key management personnel of the Charity in charge of directing and controlling the Charity and operating it on a day to day basis. The Committee members give their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses are disclosed in note 3.

The Charity's operations

The aims of the Charity in the year to 30 June 2020 were:

- To improve the facilities at Tonbridge School (charity number 1097977) mainly by giving grants for building and refurbishment projects
- To assist the Governing Body of the School primarily by providing the services of the Clerk to the Governors and an education officer
- To help boys of sporting ability to attend the School through provision of Cowdrey Scholarships
- To support the Judd School, Tonbridge, to the modest extent permitted by the Charity's Constitution.

The Charity's main objectives for the year were:

- To make grants to Tonbridge School in respect of building and refurbishment works
- To contribute to the efficient governance of the School through providing the services of the Clerk to the Governors and an education officer

In order to achieve the stated objectives, the Trustee's strategy is to ensure that its endowment is managed with proper regard for the longer term. It therefore takes expert advice on its property investments and, through delegated authority to the Skinners' Company Investment Committee, entrusts the management of its securities portfolio to two separate fund managers. Regular discussions are held with the Investment Committee to ensure that the level of drawdown extracted from the portfolio is sustainable and does not conflict with the longer term growth of capital and income.

Significant activities which contribute to the objects include:

- Regular meetings with property managers, written reports and performance reviews against relevant benchmarks. The Chairman of the Investment Committee is ex officio a member of the Foundation's Committee.
- Regular dialogue with Tonbridge School which informs the Committee of significant building requirements.

Grants are made after close consultation with the Schools and with reference to the restrictions within the governing document.

THE SIR ANDREW JUDD FOUNDATION

REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2020

Financial review

The funds under the Trustee's control consist of:

Endowment funds

- The permanent endowment of the Charity
- The Capital Replacement Fund (explained in Note 1.15 to the accounts)

Unrestricted funds

- The funds available to the Trustee for the general purposes of the Charity.

The Statement of Financial Activities of the Charity demonstrates that the year's objectives have been met and is summarised below.

	2020 £	2019 £
Available income for the year		
Endowment investment income	2,104,311	2,107,525
Cost of raising funds	(286,680)	(273,659)
Charitable expenditure		
Grants to the School	(1,607,760)	(1,598,473)
Advice and technical support	(186,422)	(173,885)
School visit and hospitality	(6,052)	(11,357)
Scholarships	(34,758)	(37,920)
Depreciation of School buildings	(613,980)	(613,980)
Grant to the Judd School, Tonbridge	(31,375)	(31,299)
Governor Training Grant	(7,794)	(1,870)
Net outgoing resources for the year before transfers and gains	<u>(670,510)</u>	<u>(634,918)</u>

The Trustee confirms that the assets of the various funds are available and adequate to fulfil the relevant obligations.

As at the year end the Charity had issued bonds to the total value of £2m. These carry interest at 1.5% per annum, payable quarterly. The proceeds of these bonds have been lent to Tonbridge School and this loan is repayable simultaneously.

The Charity entered into a further loan to the School of £8m which has been drawn down. This loan carries variable interest at CPI and is repayable at a rate of £500k p.a. commencing 2023-24. Loan interest of £152,000 was receivable in the year and has been credited to endowment to maintain the value of the capital over the period of the loan.

Reserves policy

In view of the level each year of reliable and unrestricted income from the endowment, the Trustee does not currently believe it necessary or appropriate to hold separate and additional reserves on unrestricted funds.

Nevertheless, reserves may arise from time to time due to fluctuations in incoming and outgoing resources. Reserves held on unrestricted funds as at 30 June 2020 amounted to £1,181,420. It is the intention of the Trustee that these reserves will help smooth the payment of grants over the next few years. The Trustee keeps the policy and reserves under review annually.

THE SIR ANDREW JUDD FOUNDATION

REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2020

Investment policy and performance

The Trustee is governed by the Trustee Act 2000 in the management of the endowment. The Trustee, in deciding the investment policy, has due regard to the long term aims of the Foundation, its future funding requirements, its attitude to risk and the need to maintain a balanced portfolio.

On 14 January 2014 the Trustee passed a resolution under s104(B) of the Charities Act 2011 and resolved to adopt a total return policy for the managed portfolio, having calculated the unapplied total return on that portfolio at that date of £1,054,240. All returns (both capital and income) on these investments subsequent to the resolution are credited to the Endowment Fund. The Trustee, in consultation with the Skinners' Investment Committee, has decided to transfer 2.4% of the portfolio value to unrestricted funds for application, and this will be reviewed annually.

The Foundation's investment objective is to maintain the real value of the endowment and to achieve a total return of RPI + 3.5% p.a. over the medium to long term. Management of the Foundation's main investment portfolio was split between Cazenove Capital and Heartwood. The Heartwood funds are in the process of being transferred to Sarasin Investments and CCLA Investments. The second half of the year was a difficult one for financial markets due to the effects on values of Covid-19 and the performance of the portfolio fell below the benchmark. The portfolio however is invested for the long term and the Investment Committee does not place undue weight on a single year's performance but does make changes when a fund manager's results consistently underperform. The long term performance remains satisfactory with a small rebound in equity portfolio values since the year end. Additional funds are held in Property Unit Trusts as shown in note 8. These have shown a small drop in value but are well-diversified and are the subject of ongoing review as to their suitability as portfolio components. The Foundation also has a large holding of Investment Properties which are mainly let on long leases. The area of London in which the majority are located has shown strong recent growth which it is expected will drive value growth in the long term. Certain of the Foundation's properties that are let as public houses have been affected by the Covid-19 crisis and the Foundation is proactively working with its tenants.

Risk management

The Committee maintains a risk register and reviews risk areas annually. This ensures the Trustee is in the best position to identify the major risks to which the Charity is exposed and establish systems to ensure that these risks are reviewed and minimised as far as possible.

The principal risk faced by the charity is that investment returns may not be sufficient to meet its objectives. This is mitigated by retaining expert investment managers and having a diversified portfolio. The adoption of the total return approach helps stabilise the resources available each year. The Charity does not commit to future grants thereby controlling its outgoings according to its resources.

Fundraising

The Trustee takes its responsibility under the Charities (Protection and Social Investment) Act 2016 seriously and has considered the implications on the activities of the charity. The charity does not actively raise funds or solicit donations directly from the general public but does receive a small number of donations each year. The Charity does not work directly with commercial sponsors in relation to fundraising. The Trustees are not aware of any complaints made in respect of fundraising during the period.

Future plans

The Charity's main objectives for the coming year are as follows:

- To continue to make grants to Tonbridge School and where possible to the Judd School to the extent permitted by the Charity's constitution

THE SIR ANDREW JUDD FOUNDATION

REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2020

- To continue to contribute to the efficient governance of the School

Public benefit

The Trustee has complied with the duty in section 4 of the Charities Act 2011 to have due regard to all guidance published by the Charity Commission.

Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bankers and professional advisers

Bankers

Royal Bank of Scotland PLC
City Office
62/63 Threadneedle Street
London EC2R 8LA

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Investment managers

Cazenove Capital
1 London Wall Place
London EC2Y 5AU

Heartwood Group
12 Henrietta Street
London WC2E 8LH

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**REPORT OF THE TRUSTEE (continued)
FOR THE YEAR ENDED 30 JUNE 2020**

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London, EC4M 8BU
CCLA Fund Managers Ltd
Senator House
85 Queen Victoria Street,
London, EC4V 4ET

Independent Auditors

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE


Surveyors and property advisers

Gerald Eve LLP
46 Bow Lane
London
EC4M 9DL

Insurance advisers

Marsh Brokers Limited
1-5 Perrymount Road
Haywards Heath
West Sussex
RG16 3DY

Approved by the Trustee
and signed on behalf of the Trustee by


A C P Kennett
Clerk

15 December 2020

THE SIR ANDREW JUDD FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2020

Opinion

We have audited the financial statements of Sir Andrew Judd Foundation for the year ended 30 June 2020 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

THE SIR ANDREW JUDD FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2020

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Report of the Trustee is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 5, the trustee is 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 trustee determines 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 trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2020

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

Use of this report

This report is made solely to the charity's trustee, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustee 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 charity and the trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

For and on behalf of Saffery Champness LLP

Chartered Accountants

71 Queen Victoria Street, London, EC4V 4BE

Statutory Auditors

Date: *15 January 2021*

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE SIR ANDREW JUDD FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2020

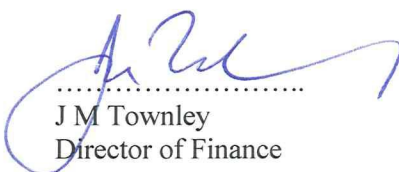
	Notes	Unrestricted Funds £	Endowment Funds Capital Replacement Fund £	Permanent Endowment £	Total 2020 £	Total 2019 £
Income from:						
Investments	2	1,194,370	-	904,739	2,099,109	2,104,338
Bank interest		2,617	2,585	-	5,202	3,187
Donations		-	-	-	-	-
Total income		<u>1,196,987</u>	<u>2,585</u>	<u>904,739</u>	<u>2,104,311</u>	<u>2,107,525</u>
Expenditure on:						
Raising funds - investment management costs		41,084	-	142,450	183,534	200,328
- investment property costs		73,146	-	-	73,146	47,831
- gross interest on bonds		30,000	-	-	30,000	25,500
Charitable Activities	3	1,874,161	-	613,980	2,488,141	2,468,784
Total expenditure		<u>2,018,391</u>	<u>-</u>	<u>756,430</u>	<u>2,774,821</u>	<u>2,742,443</u>
Realised gain/(loss) on investments	4	-	4,071	(722,439)	(718,368)	(221,238)
Unrealised (loss) on investments	5	-	-	(1,001,166)	(1,001,166)	(202,569)
Net (expenditure)/income		<u>(821,404)</u>	<u>6,656</u>	<u>(1,575,296)</u>	<u>(2,390,044)</u>	<u>(1,058,725)</u>
Transfers between funds						
Transfer from total return for application	6	806,800	-	(806,800)	-	-
Annual appropriation to the Capital Replacement Fund		(2,000)	2,000	-	-	-
Net movement in funds for the period		<u>(16,604)</u>	<u>8,656</u>	<u>(2,382,096)</u>	<u>(2,390,044)</u>	<u>(1,058,725)</u>
Balances brought forward 1 July 2019		<u>1,198,029</u>	<u>478,757</u>	<u>98,873,061</u>	<u>100,549,847</u>	<u>101,608,572</u>
Balances carried forward 30 June 2020		<u>1,181,425</u>	<u>487,413</u>	<u>96,490,965</u>	<u>98,159,803</u>	<u>100,549,847</u>

THE SIR ANDREW JUDD FOUNDATION

BALANCE SHEET AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
School buildings and equipment	7		17,460,352		18,074,332
Investments	8		49,241,871		53,816,095
Investment properties	9		20,939,144		20,939,144
Program related investment	10		10,000,000		9,700,000
Cash in transit for investment			2,259,530		-
			99,900,897		102,529,571
Current assets					
Debtors	11	413,269		216,409	
Cash		1,975,755		1,168,249	
		2,389,024		1,384,658	
Creditors: due within one year	12	(630,118)		(164,382)	
Net current assets			1,758,906		1,220,276
Creditors: due after more than one year	12		(3,500,000)		(3,200,000)
Net assets	15		98,159,803		100,549,847
Funds					
Endowment funds	15		96,978,378		99,351,818
Unrestricted funds			1,181,425		1,198,029
	15		98,159,803		100,549,847

Approved by the Trustee on 15 December 2020 and signed on behalf of the Trustee by



 J M Townley
 Director of Finance

THE SIR ANDREW JUDD FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	(2,607,748)	(2,122,754)
Cash flows from investing activities			
Dividends, interest and rents from investments		2,101,726	2,107,525
Proceeds from the sale of property		-	-
Purchase of property plant and equipment		-	-
Proceeds from sale of investments		28,072,514	11,106,690
Purchase of investments		(26,758,986)	(8,969,936)
Net cash provided by investing activities		3,415,254	4,244,279
Cash flows from financing activities			
Loan to Tonbridge School		(300,000)	(2,000,000)
Bonds issued		300,000	-
Change in cash and cash equivalents in the reporting period	18	807,506	121,525
Cash and cash equivalents at the beginning of the reporting period		1,168,249	1,046,724
Cash and cash equivalents at the end of the reporting period		<u>1,975,755</u>	<u>1,168,249</u>

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

1.1 Basis of accounting

The accounts are prepared under the historical cost convention as modified by the revaluation of investments (including property held for investment purposes), and in accordance with the second edition of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The accruals basis is followed throughout.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Charity constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

In March 2020 the World Health Organisation declared COVID-19 a pandemic. The main impact of the pandemic on the charity has been on the investment valuations and on expected future investment income. Investment values are recovering, but the impact on investment income into the future is more uncertain. After reviewing the Charity's forecasts and projections, the Trustee has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its accounts.

1.3 Investments

Securities held as investments are stated at market value at the year end. Investment properties, in all of which the Charity has a freehold interest, are stated in the accounts at market value. Each year some of the properties are selected for revaluation by the Charity's surveyor, Gerald Eve, Chartered Surveyors, in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The remaining properties are valued by the Trustee in the year (using reference to an appropriate index).

Profit and loss on disposals are calculated as the difference between the sales proceeds and the market value at the beginning of the year (purchase date if later).

1.4 Income

Donations and legacies are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the charity is considered probable.

Property rentals and interest on short term deposits are recognised when they arise. Dividends and interest on investments are recognised when they become due and payable.

1.5 Expenditure

Expenditure is accrued as soon as a liability is considered probable.

1.6 Grants

Grants payable are charged in the year when the offer is conveyed to the recipient, except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attached are fulfilled.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

1.7 Raising funds

The cost of raising funds consists of investment management fees.

1.8 Charitable activities

Costs of charitable activities comprises direct costs attributable to each activity which include grants made to third parties and directly attributable overhead and support costs, including governance costs, as shown in Note 3.

1.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows;

School buildings and equipment: Depreciation is provided on all functional and residential property on a straight line basis over 50 years. No value is given to the land on which the School is built which is owned by the Foundation.

1.10 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits at call with banks and bank overdrafts.

1.12 Financial instruments

The Charitable Fund 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. The charity has selected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

1.13 Unrestricted funds

This fund benefits from the total return transferred for application.

1.14 Endowment Fund - General

The fund is invested as shown in note 8. In January 2014 the Trustee resolved to adopt a total return policy for the managed portfolio, having calculated the unapplied total return on that portfolio at that date of £1,054,240. All returns (both capital and income) on these investments subsequent to the resolution are credited to the Endowment Fund. The Trustee, in consultation with the Investment Committee, has decided to transfer 2.4% of the asset value to unrestricted funds for application, and this will be reviewed annually.

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

1:15 Endowment Fund - Capital Replacement Fund

The Capital Replacement Fund relates to a Charity Commission Order following the sale of Bidborough House. £2,000 per annum has to be invested to accumulate to £550,000. Income from this investment is reinvested in a term deposit.

2	Investment income	2020 £	2019 £
	Unrestricted funds		
	Gross rental income on investment properties	407,270	378,158
	Income from other investments	1,694,456	1,721,300
	Total unrestricted fund investment income	2,101,726	2,099,458
	Capital replacement fund investment income	2,585	8,067
	Total investment income	2,104,311	2,107,525

3	Expenditure	2020 £	2019 £
	The charitable activities undertaken by the charity can be broken down as follows:		
	Advice and technical support to Tonbridge School (see below)	186,422	169,430
	Depreciation on School buildings (note 7)	613,980	613,980
	Grants Tonbridge School	1,607,760	1,598,473
	The Judd School, Tonbridge	31,375	31,299
	Tonbridge School visits and hospitality	6,052	11,357
	Scholarships at Tonbridge School	34,758	37,920
	Governor Training Grant	7,794	6,325
		2,488,141	2,468,784

	2020 £	2019 £
Advice and technical support to Tonbridge School		
Insurance	14,835	12,414
Bank charges	80	91
Office costs	1,144	1,103
Audit	9,240	9,084
Legal fees	7,029	1,815
Travel	419	499
Meeting costs	191	600
Staff costs	134,284	125,104
Accommodation costs	19,200	18,720
Total	186,422	169,430

The amounts stated under unrestricted funds for office costs include certain costs amounting to £807 (2019 £945) incurred by a wholly owned subsidiary of the Skinners' Company in administering the affairs of the Foundation. The office accommodation charge was also payable to this subsidiary. At the balance sheet date an amount of £265 (2019 £171) was owed by the charity in respect of these charges. The share of salary costs shown does not exceed £60,000 in respect of any individual. The average headcount of employees in the year under the Paymaster scheme was 8.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

4 Realised gains on investments

	2020 £	2019 £
Endowment funds		
Permanent endowment investments:		
Historic cost gain realised in year	1,323,318	1,176,596
(Gain) recognised in prior years	(2,045,758)	(1,397,834)
Gain/(loss) recognised in year	(722,439)	(221,238)
Capital replacement fund:		
Historic cost gain realised in year	8,111	-
Gain recognised in prior years	(4,040)	-
Gain recognised in year	4,071	-
Total	(718,368)	(221,238)

5 Unrealised gains on investments

	2020 £	2019 £
Endowment funds		
<u>Investment properties</u>		
Valuation, 1 July 2019	20,939,144	20,939,144
Disposals	-	-
Valuation, 30 June 2020	20,939,144	20,939,144
Unrealised gain in year	-	-
 Investments: Permanent Endowment:		
Cost, 30 June 2020	44,726,651	45,781,985
Market value, 30 June 2020	49,241,870	53,344,128
Unrealised gain in portfolio	4,515,219	7,562,143
Less recognised in prior years	(7,562,143)	(9,154,051)
Transferred to realised	2,045,758	1,397,834
Unrealised (loss) in year	(1,001,166)	(194,074)
 Capital Replacement Fund:		
Cost, 30 June 2020	-	467,927
Market value, 30 June 2020	-	471,967
Unrealised gain in portfolio	-	4,040
Less recognised in prior years	(4,040)	(21,030)
Transferred to realised	4,040	8,495
Unrealised (loss) in year	-	(8,495)
Total	(1,001,166)	(202,569)

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

6 Total Return

	Endowment	Unapplied Total Return	Total
	£	£	£
Permanent endowment as at 1 st July 2018	93,498,491	6,602,565	100,101,056
Movements in the reporting period			
Add: Investment returns dividends and interest	138,000	676,541	814,541
Investment returns realised gains and (losses)	23,527	(244,765)	(221,238)
Investment returns unrealised gains and (losses)	5,503	(199,577)	(194,074)
Investment management cost	-	(159,244)	(159,244)
Depreciation	(613,980)	-	(613,980)
Total	(446,950)	72,955	(373,995)
Less: Unapplied total return applied	-	(854,000)	(854,000)
Net movement in reporting period	(446,950)	(781,045)	(1,227,995)
Permanent endowment as at 1 st July 2019	93,051,541	5,821,520	98,873,061
Movements in the reporting period			
Add: Investment returns dividends and interest	152,000	752,739	904,739
Investment returns realised gains and (losses)	23,527	(745,966)	(722,439)
Investment returns unrealised gains and (losses)	(984,477)	(16,689)	(1,001,166)
Investment management cost	-	(142,450)	(142,450)
Depreciation	(613,980)	-	(613,980)
Total	(1,422,930)	(152,366)	(1,575,296)
Less: Unapplied total return applied	-	(806,800)	(806,800)
Net movement in reporting period	(1,422,930)	(959,166)	(2,382,096)
Permanent endowment as at 1 July 2020	<u>91,628,611</u>	<u>4,862,354</u>	<u>96,490,965</u>

7 School buildings and equipment

	2020 £	2019 £
Cost		
1 July 2019	30,698,977	30,698,977
Additions	-	-
30 June 2020	<u>30,698,977</u>	<u>30,698,977</u>
Depreciation		
1 July 2019	12,624,645	12,010,665
Charge for the period	613,980	613,980
30 June 2020	<u>13,238,625</u>	<u>12,624,645</u>
Net book value		
30 June 2020	<u>17,460,352</u>	<u>18,074,332</u>
1 July 2019	<u>18,074,332</u>	<u>18,688,312</u>

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

8	Investments	2020 £	2019 £
	At market value		
	30 June 2019	53,816,097	56,155,418
	Purchases and cash added	24,499,456	8,969,936
	Sales	(28,072,513)	(11,106,690)
	Unrealised gain	(1,001,166)	(202,569)
	30 June 2020	49,241,874	53,816,097
	Permanent Endowment	49,241,874	55,344,128
	Capital Replacement Fund	-	471,967
		49,241,874	53,816,095
	Invested in		
	UK listed investments	9,247,820	13,335,406
	Non UK listed investment	15,042,268	7,391,065
	Collective investment schemes - Investing in the UK	22,493,870	26,453,973
	Collective investment schemes - Investing overseas	1,415,781	5,290,225
	Cash	1,042,135	1,345,426
	Market value 30 June 2020	49,241,874	53,816,095

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

8 Investments (continued)

The Charity held six material investments as at 30 June 2020.

These were:

Investment	Market value £	% Permanent endowment
Schroder UK Property Fund	3,937,531	8.0
Rockspring Property Trust	4,749,030	9.64
Charities Property Fund	4,709,859	9.56
Property Income Trust for Charities	4,625,653	9.39
CCLA COIF Investment Fund	4,606,718	9.36
Sarasin Climate Active	4,597,989	9.34

9 Investment properties

	2020 £	2019 £
Held at 30 June 2018, at valuation	20,939,144	20,939,144
Disposals	-	-
Increase arising on revaluation	-	-
Held at 30 June 2020, at valuation	20,939,144	20,939,144

10 Program related investment

This comprises an interest free loan of £2m to Tonbridge School repayable in 2022, plus a further loan of £8m repayable in instalments commencing 2023-24 attracting interest at CPI.

11 Debtors

	2020 £	2019 £
Falling due within one year		
Prepayments	427	284
Accrued income	412,842	216,125
	413,269	216,409

12 Creditors

	2020 £	2019 £
Due within one year		
Trade creditors	64,932	50,552
Tonbridge School: other grants	418,073	12,640
Accruals	12,792	9,084
Deferred income	134,321	92,106
	630,118	164,382

Due after more than one year

The loan of £1,500,000 is from the H S Vere Hodge Charity, interest free and with no fixed date of repayment and was made for charitable purposes. This charity was established by the will of Mr H S Vere Hodge (for 44 years a master at Tonbridge School) who died in 1958, leaving property to the Skinners' Company for such charitable objects as the Company might from time to time select.

Bonds issued during the last two years to seven individuals amounting to £2m are for a term of 5 years, with interest of 1.5% p.a. payable quarterly, repayable in 2022.

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

13 Trustee's expenses

Expenses and other charges paid to the Skinners' Company or its subsidiaries are shown in Note 3. No remuneration was paid to the Trustee.

14 Taxation

The Sir Andrew Judd Foundation is a registered charity and its income is not liable to direct taxation as it is wholly applied to charitable purposes.

15 Analysis of net assets between funds

	Unrestricted Funds	Endowment funds		
		Capital Replacement fund	Permanent endowment	Total
2019				
School buildings and equipment	-	-	18,074,332	18,074,332
Investments		471,967	53,344,128	53,816,095
Investment properties	-	-	20,939,144	20,939,144
Program related investments	-	-	9,700,000	9,700,000
Total fixed assets	-	471,967	102,057,604	102,529,571
Net current assets	1,198,029	6,790	15,457	1,220,276
Creditors due after more than one year	-	-	(3,200,000)	(3,200,000)
Balances as at 30th June 2019	1,198,029	478,757	98,873,061	100,549,847
2020				
School buildings and equipment	-	-	17,460,352	17,460,352
Investments		-	49,241,871	49,241,871
Investment properties	-	-	20,939,144	20,939,144
Program related investments	-	-	10,000,000	10,000,000
Total fixed assets	-	-	97,641,367	97,641,367
Net current assets	1,181,425	487,413	2,349,598	4,018,436
Creditors due after more than one year	-	-	(3,500,000)	(3,500,000)
Balances as at 30th June 2020	1,181,425	487,413	96,490,965	98,159,803

Included within the funds above are revaluation reserves with the following values:

		Capital Replacement fund	Permanent endowment	Total
2019				
Quoted securities	-	4,040	7,562,143	7,566,183
Freehold land and buildings	-	-	8,907,289	8,907,289
As at 30th June 2019	-	4,040	16,469,432	16,473,472
2020				
Quoted securities	-	-	4,515,219	4,515,219
Freehold land and buildings	-	-	8,907,289	8,907,289
As at 30th June 2020	-	-	13,422,508	13,422,508

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

16 Related party transactions

Transactions in respect of staff costs recharged by a company wholly owned by the Trustee are detailed in note 3.

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

	2020	2019
	£	£
Net income for the reporting period (as per SOFA)	(2,390,044)	(1,058,725)
Adjustments for:		
Depreciation charges	613,980	613,980
Losses on investments	1,001,166	202,569
Dividends, interest and rents from investments	(2,101,726)	(2,107,525)
(Increase)/decrease in debtors	(196,860)	(149,193)
Increase in creditors	465,736	(77,754)
Net cash (used in) operating activities	<u>(2,607,748)</u>	<u>(2,122,754)</u>

18 Analysis of changes in net debt

	At 1.7.18	Cash flow	At 30.6.19	Cash flow	At 30.6.20
Cash	1,046,724	121,525	1,168,249	807,506	1,975,755
Loans falling due within 1 year	-	-	-	-	-
Loans falling due after more than 1 year	7,700,000	2,000,000	9,700,000	300,000	10,000,000
Bonds	(1,700,000)	-	(1,700,000)	(300,000)	(2,000,000)
Long term loan Vere Hodge Charity	(1,500,000)	-	(1,500,000)	-	(1,500,000)
Total	5,546,724	2,121,525	7,668,249	807,506	8,475,755

THE SIR ANDREW JUDD FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

19. Comparative information

	Notes	Unrestricted Funds £	Endowment Funds Capital Replacement Fund £	Permanent Endowment £	Total 2019 £	Total 2018 £
Income from:						
Investments	2	1,281,730	8,067	814,541	2,104,338	2,276,449
Bank interest		3,187	-	-	3,187	3,184
Donations		-	-	-	-	-
Total income		<u>1,284,917</u>	<u>8,067</u>	<u>814,541</u>	<u>2,107,525</u>	<u>2,279,633</u>
Expenditure on:						
Raising funds - investment management costs		41,084	-	159,244	200,328	176,522
- investment property costs		47,831	-	-	47,831	67,882
- gross interest on bonds		25,500	-	-	25,500	15,279
Charitable Activities	3	1,854,804	-	613,980	2,468,784	2,566,347
Total expenditure		<u>1,969,219</u>	<u>-</u>	<u>773,224</u>	<u>2,742,443</u>	<u>2,826,030</u>
Realised gain on investments	4	-	-	(221,238)	(221,238)	297,855
Unrealised gain/(loss) on investments	5	-	(8,065)	(194,074)	(202,569)	2,292,194
Net income/(expenditure)		<u>(684,302)</u>	<u>(428)</u>	<u>(373,995)</u>	<u>(1,058,725)</u>	<u>2,043,652</u>
Transfers between funds						
Transfer from total return for application	6	854,000	-	(854,000)	-	-
Annual appropriation to the Capital Replacement Fund		(2,000)	2,000	-	-	-
Net movement in funds for the period		<u>167,698</u>	<u>1,572</u>	<u>(1,227,995)</u>	<u>(1,058,725)</u>	<u>2,043,652</u>
Balances brought forward 1 July 2018		<u>1,030,331</u>	<u>477,185</u>	<u>100,101,056</u>	<u>101,608,572</u>	<u>99,564,923</u>
Balances carried forward 30 June 2019		<u>1,198,029</u>	<u>478,757</u>	<u>98,873,061</u>	<u>100,549,847</u>	<u>101,608,575</u>

