



MARLBOROUGH COLLEGE

(Incorporated by Royal Charter and
registered as an Educational Charity No: 309486)

REPORT OF COUNCIL

AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020

MARLBOROUGH COLLEGE
(Incorporated by Royal Charter and
registered as an Educational Charity No: 309486)

FOR THE YEAR ENDED 31 AUGUST 2020

INDEX	Page
Trustees, Officers and Advisers	2 - 4
Council's Report	5 – 18
Independent Auditor's Report	19 – 20
Statements of Financial Activities	21
Balance sheets	22
Cash Flow Statement	23
Statement of Accounting Policies	24 – 27
Notes to the Financial Statements	28 - 45

MARLBOROUGH COLLEGE

MARLBOROUGH COLLEGE TRUSTEES, OFFICERS AND ADVISERS

TRUSTEES

The Trustees of the College constitute the Council.

The Council members during the year and up to the date the financial statements were signed were:

The Rt. Revd. N Holtam The Lord Bishop of Salisbury (President)
Giles I Henderson CBE ^{2 4 6 7 8} (Chairman of Council, Chairman of Development and Nominations Committees)
J K Baker ^{1 5 7 8} (Chairman of Finance and Remuneration Committees)
The Revd. Charlotte Bannister-Parker ⁴
Prof Sir John Bell ^{4 6} (Chairman of Academic Committee)
S M W Bishop ^{2 6 7} (retired 13 June 2020)
P A Cameron Watt ^{1 4 8}
P Coleman ^{2 3 8}
A J Cooke ^{2 5}
E Elliott ^{4 6}
P Freeman ^{1 3 5} (Chairman of Buildings Committee)
Dr T E Long CBE ² (retired 13 June 2020)
T Martin-Jenkins ⁶ (appointed 18 April 2020)
W Mills ^{1 5 8} (Chairman of International Committee – retired 31 October 2020)
C H Pymont ¹ (retired 13 June 2020)
The Revd. Lindsay Yates

International Members of Council:

YAM Tunku Ali Redhaudin ibni Tuanku Muhriz
T D P Kirkwood ^{1 5} (retired 13 June 2020)

1. Members of the Finance Committee
2. Members of the Nominations Committee
3. Members of the Buildings Committee
4. Members of the Academic Committee
5. Members of the International Committee
6. Members of the Development Committee
7. Members of the Investment Committee
8. Members of the Remuneration Committee

MARLBOROUGH COLLEGE

MARLBOROUGH COLLEGE TRUSTEES, OFFICERS AND ADVISERS (Continued)

OFFICERS

KEY MANAGEMENT PERSONNEL

The Master	L J Moelwyn-Hughes
Bursar	L J Moelwyn-Hughes (acting from 1 September 2019 to 4 August 2020) S Wilson (interim from 5 August 2020)

Senior Management Team

Second Master	W D L Nicholas
Deputy Head (Academic)	E J Tolputt (to 31 August 2020); D T Clark (from 1 September 2020)
Deputy Head (Boarding)	Lady Cayley (to 13 November 2020); J A Hodgson (acting Deputy Head from 14 November 2020)
Deputy Head (Co-Curricular)	D J Harris (to 31 August 2020) W D L Nicholas (acting Deputy Head from 1 September 2020)
Director of Admissions	J A Hodgson

Bursarial Team

Director of Capital Projects	W Roe
Director of Development	J Perrins (to 31 December 2019); S Lerwill (from 1 January 2020)
Director of Enterprises	J Blake
Director of Finance	H Mack
Director of Human Resources	J Barclay
Director of Marketing	J Jordan (from 1 November 2019)
Director of Operations	A Barnes
Head of ICT	M Armitage

Principal Address:	Marlborough College Wiltshire SN8 1PA
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Marlborough College Malaysia

The Master	A Stevens
Bursar	J Stronach
Address:	Marlborough College Malaysia Jalan Marlborough 79200 Iskandar Puteri Johor Malaysia

MARLBOROUGH COLLEGE

MARLBOROUGH COLLEGE TRUSTEES, OFFICERS AND ADVISERS (Continued)

ADVISERS

Bankers:	Lloyds Bank Crest Way Barnwood Gloucester Gloucestershire GL4 3RL
Solicitors:	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH
Auditors:	Haysmacintyre LLP Statutory Auditors 10 Queen Street Place London EC4R 1AG
Investment Advisers:	Rathbones 8 Finsbury Circus London EC2M 7AZ
Insurance Brokers:	DE Ford Poppleton Lane Low Poppleton Lane York North Yorkshire YO26 6GZ

The Council presents its report for the year ended 31 August 2020 under the Charities Act 2011, together with the audited financial statements for the year, and confirms that the latter comply with the requirements of the Act, the Charter and Bye-Laws and the Charities SORP (FRS 102 – second edition).

STRUCTURE GOVERNANCE AND MANAGEMENT

Status and Administration

The College is an Educational Charity (no. 309486) incorporated by Royal Charter. Its constitution is contained in its Charter and Bye-laws.

The Governing Body

The College's elected members of Council are appointed at the Annual General Meeting of the Council on the recommendation of the Nominations Committee. Members of Council are appointed for three years and are eligible for re-appointment but may not serve for more than nine years in total.

The Chairman is exempt from the above and is appointed for three years. After the initial term the Chairman is eligible for re-appointment for a further term of three years.

Recruitment, Induction and Training of Members of Council

The Nominations Committee, in making recommendations for the appointment of new members of Council, has particular regard to the personal competence, experience and specialist skills of potential candidates. In filling vacancies on the Council, consideration is also given to the skills required to complement those of existing members.

New members of Council are inducted into the workings of the College and there is a comprehensive programme of induction and ongoing training. This includes a day at the College, the purpose of which is to meet the Master and members of staff. The visit also includes a tour of the College and the opportunity to meet some of the pupils. New members of Council receive a pack of documents and information, including the AGBIS Guidelines for Governors.

Members of Council are offered regular organised training briefings from professional bodies, as well as invitations to attend seminars and presentations.

Organisation

The Charter and Bye-Laws require that the rights, powers, duties and functions vested in the Council are to be exercised by the Council Members on its behalf. Accordingly, the Council has the power to decide matters of College policy and to make major decisions affecting the affairs of the College. It is specifically required to determine the tuition fees and to take responsibility for the College's assets.

To enable matters to be considered in detail prior to meetings of the full Council, a Finance Committee, a Nominations Committee, a Buildings Committee, an Academic Committee, an International Committee, a Development Committee, an Investment Committee, and a Remuneration Committee have been established and they each meet at least three times a year.

Implementation of the Council's decisions is the responsibility of the Master.

Mindful of the Charity Governance Code, the College continues to review its processes and procedures to ensure the best possible governance. Following an initial review of governance last year there have been various new initiatives and this will be developed further in the future.

Key Management Personnel

The key management personnel are considered to be the Council, the Master, the Senior Management Team and the Bursarial Team from the College along with the Chairman of Council, the Master and the Bursar from Marlborough College Malaysia (MCM).

Council members give of their time freely and no Council member received remuneration in the year. Details of Council members' expenses and related party transactions are disclosed in note 4 and note 20 respectively to the accounts.

The pay of the key management personnel and all staff is reviewed annually and normally increased in accordance with average earnings to reflect a cost of living adjustment. In view of the nature of the charity, the Council benchmarks against pay levels in other comparable independent schools to ensure that the College remains sensitive to the broader issues of pay and employment conditions elsewhere.

Related Entities

Details of connected charities and subsidiary companies are disclosed in Note 19 of the financial statements.

Connected Charity

The Marlborough College Foundation

The objects of the Marlborough College Foundation ("the Foundation") (registered as an Educational Charity No: 1061798), are set out in a Trust deed dated 4 June 1956. Marlborough College does not control the Foundation, and its accounts are therefore not consolidated into the group accounts of the College.

The main objectives of the Foundation are to provide long-term support to the College by accumulating an endowment fund for bursaries and to act as custodians for money raised to assist with individual capital projects and annual bursary awards. The Foundation does not fundraise directly as this is undertaken by the College's Development department.

Subsidiary Companies

Marlborough College Overseas Limited

Marlborough College Overseas Limited is a subsidiary of Marlborough College. It has one subsidiary, M East Sdn Bhd, a company registered in Malaysia. M East operates Marlborough College Malaysia (MCM), a school based in the Iskandar region of Malaysia.

Marlborough College Enterprises Limited

Marlborough College Enterprises Limited (MCEL) provides a vehicle for the College's non-educational trading and for additional revenue-generating activities.

The Company makes a gift aid donation of its profits to the College under deed of covenant. In 2020 the donation was £0 due to the impact of COVID substantially limiting the trading opportunities for the latter half of the year (2019: £210,000).

Risk Management

The major risks to which the Schools are exposed, as identified by the Councils, have been reviewed and systems have been established to mitigate those risks. This is an on-going process and the Councils review and update the risk management process at least annually.

The principal risks and uncertainties identified by the Schools include the following:-

- the financial and social impacts of a (global) pandemic;
- affordability of fees by parents across the independent school sector;
- future demand for independent education and particularly boarding education;
- future governments change the law to remove (charitable) tax breaks (in the UK);
- failure to safeguard the wellbeing and security of pupils and staff;
- the ability to quickly implement any strategic change and the costs involved in implementation, particularly where the change is outside the Schools' control, such as changes in legislation and pension contributions.

Risk assessments were put in place at all levels in the Schools as a result of the pandemic and mitigating actions include daily health questionnaires of all pupils and staff, immediate testing (and results) of anyone displaying symptoms with appropriate isolation measures and PPE across the whole campus with one-way systems being the main changes. The IT infrastructure ensured it was possible to switch to remote learning when the decision was taken by both Schools to do so. The health of all the pupils and staff is the Schools' and Councils' main priority as part of the day to day running of the Schools.

Although the College is still very near capacity, the pandemic has impacted MCM's pupil numbers considerably, largely due to travel restrictions across the country and school closure orders. Even before the pandemic the Councils for both Schools feel that it was important to contain fee increases in the future to improve affordability and accessibility.

In the UK there is an ongoing risk to changes to independent schools' charitable status, amongst other risks, and hence it is important that the College continues to show its commitment to improving support to other schools and improving accessibility to the education provided at the College, particularly in the number of transformational bursaries being made available. The College is looking at contingency planning should tax changes be introduced.

The safeguarding of children is an extremely important area for risk management. Organisations which work with children have a critical role to play in preventing, identifying and reporting cases of safeguarding concern. Both Schools aim to mitigate these risks by paying particular attention to the training of staff and other individuals associated with the organisation about how to identify signs of safeguarding concern, educating the pupils appropriately, implementing robust safer recruitment policies, adopting clear procedures for reporting and recording concerns, and implementing a strong culture of pastoral care within the Schools. Health and Safety is a significant area for risk management. The risks range from fire and infrastructure to personal risks. The level and breadth of activity at the Schools is notable and the risks associated with all activities are managed by thorough planning and risk assessment.

The risk management process identifies risks, assesses their impact and likelihood and, where necessary, recommends controls to mitigate and monitor those risks that are assessed as high. The key controls used by the Schools to minimise risk include:-

- policies and vetting procedures as required by law for the protection of children;
- formal agendas for the Councils and all Committee meetings, including an annual review of risk management;
- detailed terms of reference for all Committees;
- strategic development planning reviewed annually by the Councils;
- comprehensive budgeting and management accounting;
- external auditors' review including of controls, policies and procedures;
- established organisational structures and lines of reporting;
- formal written policies including clear authorisation and approval levels; and
- expert advice and support from the various professional support teams including Finance, HR, Operations, Health and Safety, and Admissions as well as from qualified and experienced academic staff with dedicated responsibility for safeguarding and pastoral care.

The Councils regularly reviews the effectiveness of current plans and strategies for managing all identified major risks for both the College and its subsidiaries.

Through their risk management processes, the Councils are satisfied that the major risks identified have been adequately mitigated where necessary.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Objects

The objects for which the College shall continue to be incorporated are to provide education for students in the United Kingdom or elsewhere, irrespective of faith, that develops independence of mind, individual spirituality based on an understanding of Anglican teaching and respect for other faiths, and an appreciation of the importance of service to the community. The Council members ensure that the charitable purpose of the College is carried out for the public benefit by making education available to students who are sufficiently talented and, where possible, irrespective of financial circumstances.

In pursuing these objectives, the College shall have regard to the social, religious and educational environment pertaining from time to time.

Aims and Objectives

It is the primary aim of the Schools to be the first choice of parents and children who seek an excellent modern education, boarding or day, in a co-educational environment, based on breadth in curriculum, sound discipline, independence of mind, first class facilities and service to the community.

To support this aim the Schools seek to:

- sustain and develop an academic curriculum that challenges pupils;
- sustain, develop and promote the unique value of a co-educational full boarding experience;
- promote and extend co-curricular opportunity;
- promote a sense of belonging to a legacy for life;
- to enable the Schools' pupils to gain admittance to the best universities and courses they can; and
- foster an appreciation of and a sense of stewardship for the Schools' campuses.

Strategies to achieve the Year's Objectives

The Schools' strategies for achieving their objectives during the year were to:

- continue to review the academic curriculum to ensure that it is both broad and challenging;
- continue to benchmark their academic performance in external public examinations and through the use of independent value-added criteria
- achieve targets for pupil numbers and various financial targets including operating surpluses and cash generation;
- encourage the students' spiritual and moral growth, their cultural awareness and physical development by promoting participation in a wide range of activities and through the curriculum;
- continue to improve the Schools' facilities and to protect the (historic) environment through capital projects to improve and enhance the teaching, co-curricular and pastoral facilities throughout the Schools;
- continue to improve the sustainability of the Schools' estate through an ongoing programme of capital investment, particularly at the College where the campus is much older; and
- continue to explore and develop partnerships with maintained schools and academies as well as with the local community.

Grant Making Policy

The College offers academic, art, music, sports and all-rounder means-tested bursary awards and scholarships at 13+ and at 16+. All award holders are eligible to apply for means tested bursary assistance to enable those who, without such assistance, would be unable to take up their awards. These bursaries are re-assessed annually and may change during a pupil's time at the College depending on changes to their financial situation and are awarded up to 110% of the fees. Scholarships and awards are based on educational ability. Scholarships may be supplemented by bursary support up to the full value of fees in cases of proven financial need. The maximum scholarship value is up to 20% of the fees; these are offered in very limited numbers.

The Scholarship Prospectus and Bursary Policy can be viewed on the College's website. They are also available from the Admissions office and are extensively advertised in appropriate national and specialist directories.

The Children of Clergy Fund, supplemented by the College, enables substantial support to be given to the sons or daughters of Clergy. Applications for entry under the Children of Clergy scheme are means tested.

This year the value of bursaries and other awards made to College pupils amounted to £2,886,000 (2019: £2,765,000), or 8.48% (2019: 7.7%) of gross fee income.

MCM offers small bursaries to existing parents who have financial difficulties. During the year MCM awarded £14,000 to nine families.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**Operational Performance*****Pupils***

The College provides education for boys and girls from the ages of 13 to 18, while MCM provides education from the ages of 3 to 18. This year saw record pupil numbers in both schools, which averaged as follows:-

School	Year	Girls	Boys	Boarders	Day	Av Total
MCUK	2019/20	434	559	957	36	993
	2018/19	408	557	926	34	960
MCM	2019/20	485	488	210	763	973
	2018/19	455	502	240	717	957

However, both schools were impacted by the pandemic, which resulted in a smooth transition to remote learning from 18th March for the last few days of the Lent Term as well as the whole of the Summer Term. The pandemic's ongoing impact on both schools has differed, largely due to the respective UK national and Malaysian national state Government's approach to schools during this time.

The overall capacity of the College is 1,010 pupils spread across 16 boarding houses with the gender balance to a ratio of 55% boys and 45% girls. The College's waiting lists remain strong which gives confidence that the College can operate at (near) capacity for the foreseeable future. However, the Council is mindful that there is still the potential for the pandemic to affect pupil numbers in the years to come as private education generally sees a delayed impact following economic downturns.

Following the second phase of the campus development in MCM there has been a substantial increase in the level of prep school provision with the capacity of the whole school nearing 1000 pupils as well. However, due to the pandemic and the bridge to Singapore being closed ever since, the pupil numbers have decreased by over 100 with a further 100 pupils learning online as they are unable to return from overseas. This is hoped to be a relatively short-term issue and projections show numbers reaching the future capacity of 1,200 within ten years, a couple of years behind the initial pre-COVID projections.

Facilities and Infrastructure Development

There were several major capital projects planned by both Schools during 2019/20, most due to take place during the summer months, but due to the pandemic and the need for an increased level of caution in relation to large financial commitments at this time the majority of these projects have been postponed or scaled back.

The College is in the early stages of an ambitious four-year Innovation and Science project, which is being funded through generous fundraising and partly through use of the private placement money. As a result, this project continued, albeit with some delays due to the construction industry needing to follow social distancing guidelines, and is now due to be finished at Easter 2021. The next phases of two boarding house refurbishments were postponed until next summer and other smaller capital projects and equipment were either scaled back or postponed. This resulted in capital spending being reduced by £8.9 million compared to that originally budgeted for during the year.

Similarly, in MCM, a relatively new campus with the emphasis on development with little need for large refurbishments at this stage, postponed their new Sixth Form Centre project that was due to cost roughly £1.4 million. Other smaller capital expenditure plans that were budgeted to cost more than £100,000 were also postponed/cancelled.

In total, capital expenditure during the year to 31 August 2020 was £4.2 million by the College and £0.78 million by MCM. All of the UK works formed part of the Master Development Plan that was established in 2011 and is currently being updated. It represents a total expenditure to date in excess of £64 million for the College and £5.5m for MCM since its inception in September 2012.

Educational Performance

The College continues to offer an extensive Sixth Form curriculum with students able to participate in A Level, Extended Project Qualification (EPQ) and Cambridge Pre-U.

A Level	MCUK		Pre-U	MCUK		(i)GCSE	MCUK	
	2019/20	2018/19		2019/20	2018/19		2019/20	2018/19
A* grade	25%	20%	D1/above A*	9%	4%	9-8/A* grade	50	42%
A*-B grades	84%	78%	D2/A*	32%	23%	9-5/A*-B grades	98	95%
A*-C grades	97%	92%	D3/A	66%	52%	9-4/A*-C grades	100	99%

The results from external examinations received in August were once again most encouraging in spite of the challenges presented by COVID and the Government's move to awarding Centre Assessment Grades. At A level 25% of entries were graded at A* and 84% were graded at A* to B, meaning that 45% of pupils scored nothing lower than an A grade in their results. The (I)GCSE results were a similarly outstanding reward for the efforts of pupils and beaks alike. 50% of grades awarded at 9 and 8 standard (A* equivalent) and 98% of all grades at 9 - 5 standard (A*-B). 57% of pupils scored 9 grades at grade 7 or above – an outstanding performance.

MCM's results from the external examinations this year were the best ever, with an average IB points score of 36 points compared to the world average of 29 and the Asia average of 34 points. Entries to universities were again strong, including the first time two places were awarded at Ivy League schools, an important measure for the Malaysian community. The IGCSE results were also excellent with 40% of grades being awarded at A* or equivalent and 66% at A* or A.

Co-curricular

The co-curricular lives of the Schools have continued to be rich, if somewhat curtailed by the lockdown, from the end of the Lent Term. The sporting programmes had been comprehensive and high success was achieved both by teams and individuals. The number of teams fielded in various sports has borne witness to the strength of the community and the willingness of the staff to work hard on pupils' behalf. There has been real excitement about the musical, dramatic and artistic life of the College: a sequence of innovative initiatives has raised the profile and ambitions of the arts at Marlborough.

Public Benefit

The Council was advised of the Charity Commission's general and supplementary guidance on public benefit and fee charging and on public benefit and the advancement of education. The Council has recognised its responsibilities under the Charities Act 2011 and has regard to the guidance issued by the Charity Commission. The Council has taken steps to satisfy the requirements set out therein.

Bursaries

The Council is committed to providing fee assistance for children unable to afford full fees and encourages a culture from those who have received a Marlborough education to do everything possible, within their means, to enable others from all backgrounds to enjoy the same educational opportunity.

A separate Bursary and Scholarship Fund generates income to augment the awards made out of fee income. Council's policy is to continue to increase the value of that fund whenever possible. The Council is examining ways to increase substantially the amount provided for means tested bursaries via non-fee income streams, such as through more endowed funds, fundraising (largely through Marlborough College Foundation), and trading both at home and abroad.

Within the funding available, bursaries of up to 110% of fees are available for those who cannot afford the fees, subject to the candidate meeting the College's entrance requirements. The majority of bursaries are made available on entry to the College, either at 13 or 16, although some funding is available for those with in-year financial hardship. The College is a member of the Springboard Partnership in support of transformational bursaries.

Under its grant making policy (see above) the total number of pupils receiving means tested fee assistance in the academic year, 2019/20 was 82 (2018/19: 80).

Working with Educational Providers & Community Access

Since its foundation in 1843 the College has been committed to playing a full part in the life of the local community and it will continue to do so. The College continues to provide indirect public benefit through its engagement with the local community and working with other educational providers, of which the following are examples:

Swindon Academy

- (i) The College has an agreement with the Swindon Academy to provide opportunities for the staff and pupils of the Academy and the College, including the sharing of experience, expertise and, where appropriate, facilities and resources. The Academy is part of the United Learning Trust (ULT). The current link has been in existence for the last 12 years and this continues to grow, particularly with the launch of the Swindon Academy Grammar Stream in September 2016. In a typical academic year, more than 5,000 hours of Swindon Academy (SA) pupil time is spent on site at Marlborough College. A major component of our partnership includes working with SA's Grammar Stream pupils (now Y7 to Y11, extended from Y8 in 2019). However, unfortunately most partnership activities were suspended in March 2020 due to the lockdown but where possible moved to online otherwise will be reinstated at the earliest opportunity.
- (ii) Y7 and Y8 SA Grammar Stream continued to visit, weekly, to be taught Latin/Classical Civilisation (Sept 2019 to March 2020). This is the fifth year of this programme involving 120 pupil each week. Some remote lesson continued throughout lockdown.
- (iii) A taster day for the above lessons was held for 40 families in September 2019 for those considering applying for the SA Grammar Stream.
- (iv) SA pupils attended six residential weekends at Marlborough College, staying overnight on Friday evenings and using the College facilities with emphasis on a particular curriculum area each time. There are usually 12 pupils and two SA teachers attending on each occasion. Due to the refurbishment of a boarding house, this programme was reduced from the usual 12 residentials.
- (v) Since the start of the SA Grammar Stream, the College hosted a free week-long academic Year 7 summer school, in conjunction with Imperial College London, for SA Grammar Stream pupils. This challenging boarding experience offers new and demanding academic activities for 60 SA pupils. Feedback confirms that this 'beyond-the-syllabus' summer school helped pupils to develop a number of skills, critical-thinking in particular. The lockdown prevented this from happening in June 2020, but it is hoped that it will be reinstated in June 2021.
- (vi) A semi-retired Physics teacher (Partnership Manager) from the College continues to liaise between Marlborough College and Swindon Academy, teaching part-time at the Academy as well as being a Governor there. Marlborough College paid for him to work for 1 day each week at SA (he was furloughed in March 2020). A Maths teacher at the College, who has been greatly involved with the links with partner schools, took up an enhanced role as Director of Partnerships in September 2016 and is continuing to enrich the programme.
- (vii) The Director of Partnerships is involved in the Fitzwilliam Project; a project organised by Fitzwilliam College Cambridge to enable SA pupils from disadvantaged backgrounds to go to The University of Cambridge. The highlight of this programme is a one-week course at Fitz with selected Swindon Academy Grammar Stream pupils. Unfortunately, this programme was suspended in March 2020 due to the pandemic but remote activities are planned for 2020/21.
- (viii) The College supplies two teacher Governors at Swindon Academy. Each of these Governors spends approximately 200 hours per year on Swindon Academy work. They also provide support with pupil disciplinary hearings, staff complaints and prize giving's. One of these Governors has continued their work throughout lockdown.
- (ix) During the winter months 75 Swindon Academy Primary School pupils visited the College's Blackett telescope for a two-hour astronomy activity on four different occasions, and were assisted by two College staff on each occasion.
- (x) The SA Biology fieldwork trip to the College has become an annual visit and is assisted by a full-time member of staff at the College as well as a technician. However, the June 2020 fieldwork at the College was cancelled due to the lockdown but it is hoped that it will be reinstated next year.
- (xi) The College delivered investigative Science sessions (8 hours in total for 30 Y9 Grammar Stream pupils). One teacher, plus one technician was employed, and the costs were met by the College. Residential visits were included in these visits, so that all pupils experienced one overnight boarding experience. Plans are being made to conduct them at SA until on-site visits at MC are permitted.
- (xii) The College hosted ten Swindon Academy trainee teachers for day-long lesson-observation visits between September and March 2020. The College also provided on-going specialist help for one Computer Science teacher.
- (xiii) The Wednesday Afternoon Swindon Academy Primary School reading programme continues to be very well supported by Marlborough College pupils, although this had to stop in March 2020 and will resume once site visits to the College are permitted again.

COUNCIL'S REPORT (continued)

- (xiv) The College continued to work with charities and former pupils (for example, Stuart Horne Charity, Momentum Charity) to give SA pupils access to work experience via our former pupils' network. Two pupils were selected and prepared to participate in Outward Bound courses in Canada in the Summer of 2019 (three in 2018). These courses, worth \$8000 CAD are paid for by the Stuart Horne Charity. One College teacher works with these pupils from February to July to prepare them for these life-changing expeditions. The 2020 summer programme was suspended due to the lockdown but is hoped to be back in place for the summer programme in 2021.
- (xv) One member of the Guidance staff visits Swindon Academy for two hours every Wednesday to help Sixth Formers apply to Higher Education and other courses (switched March 2020 to online help).
- (xvi) The annual SA Carol Service took place in the College's chapel in December 2019 but unfortunately due to the pandemic will not be able to happen in 2020.
- (xvii) A number of management planning meetings took place via Zoom to plan for the year 2020/2021. The Outreach Team were regularly in touch with the SA Management Team.
- (xviii) Zoom Talks – SA pupils were invited to all relevant Zoom talks. A number of pupils did attend some talks, and feedback was favourable.
- (xix) Some Latin/Class Civilisation lessons for Y7 and Y8 pupils continued with MC teachers sending work electronically.
- (xx) Governing body meetings took place with College representation on the governing body.
- (xxi) Year 11 SA pupils entered a research project competition at the College. The final judgement will be in November 2020 with the College providing the prizes.

Swindon Academy (cancelled events due to COVID-19 restrictions)

Summer 2019 term:

- The annual Year 7 Residential Summer School (June 10-12)
- Two Year 9 Residentials (Spanish Department)
- Latin/Classical Civilisation lessons each Monday and Wednesday for 120 Year 7 and 8 Grammar Stream pupils
- Two Year 9 science afternoons (Biology experiments) followed by over-night stays at the College.
- Visit of the College's teachers to Swindon Academy as part of the annual teacher exchange programme
- A day of art, pond-dipping and the Nature Trail for four classes from one of SA's primary schools (120 pupils)
- Weekly guidance help
- Visit of 120 primary pupils for inflatable fun, 'It's a Knockout', to celebrate the end of SATs.
- The Partnership Manager was furloughed and not able to continue his various essential roles based at SA: Governance, teaching (A Level Physics) and mentoring, planning and advising
- Y12 STEM Masterclass
- Two Y11 Humanities revision days
- Year 7 extended visit - Music and Drama
- Y8 residential visit
- Joint Y12 Biology and Geography fieldtrips
- No SA pupils were able to participate in the annual 3-week summer expeditions to Canada with Outward Bound Canada - paid for by the Stuart Horne charity.
- Meet-up day with the Y10 pupils enrolled on the Fitzwilliam College mentoring scheme
- Selection for the next cohort (Y9) of Fitzwilliam Scholars + the Y9 and Y10 Summer School (22nd – 26th June at Fitzwilliam College)

Swindon Academy (Michaelmas Term plans: Sept – Nov 2020)

- The Latin and Class Civilisation lessons have been restarted. These are being delivered by four teachers via Microsoft Teams, to 30 Year 7 pupils, and 60 Year 8 pupils each week
- Guidance assistance will resume to Academy pupils (online)
- Bespoke mentoring/work experience is currently being offered by our OM Club, to SA pupils who request it
- Oxbridge preparation help has been offered to 3 SA candidates
- A Y11 catch-up mentoring programme is being planned in Maths and the three sciences, for Grammar Stream pupils in need of some catch-up work. This will be delivered by senior MC pupils, and one MC teacher
- Specialist support to be offered to five Year 13 pupils (Physics and Chemistry)
- Year 9 Science extension visits were planned to restart in November, with the Partnership Manager delivering them at SA but this has had to be put on hold due to the latest lockdown restrictions

- Three SA pupils have applied for bursaries, and the selection process will be completed in November 2020
- The Y10 Exchange has been postponed until next year, along with many routine partnership events

Links to Pewsey Vale School

The College has maintained strong links with Pewsey Vale School (PVS). A number of Marlborough's Sixth Form Mathematicians have visited the school each Wednesday to teach A level extension material to Pewsey Vale's most able Year 10 mathematicians. Links continue to be forged with PVS's Art Dept and their pupils have visited Marlborough's Art department. Pewsey Vale's Head of English brought a number of pupils to watch Marlborough's performance of 'Othello'. One of Marlborough's decommissioned 17 seat minibuses has been donated to PVS this term. PVS staff have also been invited to attend any of the College's PHSE training sessions this year. One PV pupil has joined the Sixth Form on a bursary scholarship following in his brother's (also from PV) footsteps.

Pewsey Vale is supported in the above by an allocated teacher (Former Housemaster) and the Director of HR who is a Governor.

Links to St Mary's Primary School (Project)

Prior to the lockdown, Marlborough College initiated an innovative science and robotics project with St Mary's PS, Marlborough, using the award-winning Twin Science kits. The ultimate aim of this initiative was to encourage primary school pupils to design unique projects to find solutions to society's problems. The project emerged from our partnership with the Young Guru Academy (YGA), a Turkish based organization; Marlborough College is the first school in the UK to work with YGA in a long-term partnership. YGA cultivates Future leaders who are aware of the world's problems and who are interested in finding innovative technological solutions. Given current restrictions, the project has had to be redesigned, with the science projects being completed using Zoom and a phone app called Twing. One MC teacher and 12 Y12 pupils will devise the programme of events.

Outreach (Community Service)

Every Wednesday afternoon during the Michaelmas and Lent terms approximately 200 pupils take part in a range of Outreach activities which provide a direct service to many aspects of the local community. These include:

- (i) Working in Primary Schools (local schools: Preshute Primary, All Cannings Primary School, Kennet Valley Primary School, St Mary's Marlborough)
- (ii) Art in the Community – restoration of a wall mural by Art students over a two-term period
- (iii) Working in several local charity shops including Cancer Research and Prospect House
- (iv) Visiting the elderly and residential homes, including Coombe End, Jane Weston and Merlin Court
- (v) Helping with gardening and one-off jobs at St Marys Marlborough
- (vi) Riding for the Disabled
- (vii) River conservation – working with a local group ARK (River Kennet)
- (viii) Brimble Hill - Caring for children with severe learning difficulties
- (ix) Charity Think Tank (selecting, promoting and making donations to charities)
- (x) Collecting for Christmas hampers (for charities)
- (xi) Collections for Swindon Food Bank each Christmas
- (xii) Prefects running a stall at St Mary's Primary School Christmas Fair
- (xiii) Making and selling ceramics (for charities)
- (xiv) Community Clean Up (supporting the town council in their litter picking campaign)

In the Summer Term many of these activities cannot take place and this enables the College to run an after-school club for four Wednesday afternoons catering for approximately 100 local children aged four to seven years old. Unfortunately, although planned and budgeted it was not able to take place this year due to COVID restrictions.

EdClub

The EDCLUB Movement is a pupil-driven programme that seeks to educate children in the Huruma slum in Nairobi, Kenya, through the use of the Internet and Skype, using a computer hub built by an initial fundraising effort by Marlborough pupils. There are now 18 schools involved internationally and numbers continue to grow. In 2019-2020 43 Marlburians were mentoring a group of around 100 Kenyan children on a weekly basis, teaching English, Maths and Science and generating positive and fruitful relationships on either side. As of Michaelmas 2020, 41 Marlburians are signed up to the programme.

In October 2019, The OSCAR Foundation brought a football team of Indian street children to experience a programme of activities at Marlborough College and play football against the College's 1st XI. There have been several large-scale charity events at the College to raise the £10,000 needed to allow this to happen.

Panathlon links

Since 2011, Marlborough College has hosted an annual regional Panathlon event. Panathlon is a national charity that provides sporting opportunities to over 17,000 young disabled people every year. It promotes inclusion in sport. Working in collaboration with both Panathlon and Wiltshire and Swindon Sport (WASP), the College has hosted over 300 young physically and mentally disabled children and trained over 50 of the College's pupils as Panathlon leaders. The College provides 12-14 volunteers to help run each individual sport. The new floor in the Marlborough College Sports Hall is wheelchair friendly which ensures the event will continue in the future. The recent event took place in October 2019. Unfortunately, due to COVID restrictions the event will not happen in autumn 2020 but the College will continue to support in future years.

Observatory

Since 2003, the Head of Astronomy at Marlborough College has run the outreach group 'Friends of the Marlborough Telescope' via the dedicated Observatory website which includes events, lectures and monthly Q&A sessions as well as an annual social event. An annual trip is arranged to a significant establishment in the UK or overseas. Swindon Academy Year 5 students all have the opportunity to visit the observatory for interactive events, spread over a number of evenings. The observatory hosts the UK Astronomy Olympiad Team for Observational training each August and the Observatory is open each week of Summer School for guest visits. Due to the pandemic, there are currently no face to face events at the dome. However, live streaming is taking place instead from the observatory, so events will largely continue to run as advertised.

The Observatory also hosts local Primary Schools, teachers and pupils. There are evenings arranged with various other schools and clubs including Prep Schools, Secondary Schools, Scouts, Guides, U3A and the W.I. Oxford University graduates also help with major public open evenings. Visits will be unavailable until Social Distancing rules lift, however, access to observing evenings and lectures is available via Zoom.

Careers Department

The Careers Department continues to send their weekly Bulletins to Swindon Academy and assist with their pupils' university applications personal statements. In 2019/20 at least one College teacher visited Swindon Academy every week to offer careers advice and to help Sixth Formers apply to Higher Education and other courses.

Music Department

The Music Department continues to offer pupils from St John's Marlborough access to Chamber Orchestra, Music Technology, A level music, Symphony Orchestra and Chamber music subject to COVID-19 restrictions.

Music Scholars gave a recital as part of the Calne festival on Tuesday, 8 October 2019, whilst the Chamber Choir sang at The Arnhem Service, (remembering all those who served at RAF Down Ampney and commemorating the 75th anniversary of Operation Market Garden in September 1944). This was held at All Saints' Church Down Ampney on Sunday 8th September 2019 but unfortunately could not be repeated in 2020.

The Marlborough College Concert Series continues to give a number of free tickets to local residents for each of the concerts. In 2019/20 there were five concerts and a similar number is expected for 2021/22 (the series has been cancelled in 2020/21 due to COVID-19 restrictions). In addition, major orchestral and ensemble performances are free to members of the local community which proves a popular and much appreciated initiative.

Sporting Facilities

- (i) The College has entered into a formal agreement with St John's Marlborough enabling the school to use the College's pitches and other sports facilities, for example the AstroTurf pitches, squash courts, netball courts and athletics track, at mutually convenient times.
- (ii) The College also hosts a number of Wiltshire Primary Schools' sports festivals at various times of the year and a number of local Primary Schools use the athletics track for their sports days.
- (iii) The College's sports and other facilities are extensively used by local sports clubs and regularly by other organisations. Some of the sports include: hockey, rugby, football, squash, tennis, fives and athletics clubs, and organisations such as Wiltshire Hockey, Wiltshire and Dorset Rugby, Wiltshire Cricket, South West Lacrosse, WASP (Wiltshire and Swindon sport) and Southampton Football, Swindon Town Football, Bath Rugby Academies and GoCrea8 Hockey for their holiday coaching camps and in many cases are offered free of charge.
- (iv) All charities, educational establishments and Club Junior sections pay a discounted rate for the use of College facilities and in some cases are offered free of charge.
- (v) One member of the College staff regularly coaches a junior team at Marlborough Hockey Club and another member helps the St John's squash club when available.

Fundraising

- (i) The College raised more than £21,000 during 2019/20 (2018/19: £39,000) for chosen charities through various whole school events and numerous boarding house and pupil initiatives, although due to the pandemic there was very little fundraising opportunities post March. A clear successful fund raiser was the House Carol Services (2019) which raised £8,420 through retiring collections: Thriving Through Venture, CLIC Sargent and Friends of Earlstoke Prison benefited.
- (ii) Further money raising events took part at the start of the year (2019) by Lower Sixth students through their £10 challenge with the whole school community event (Ludi Marlboroughienses) during a weekend in September 2019. In excess of £10,000 was raised for the OSCAR Foundation (Mumbai, India) in support of their U17 tour UK September/October 2019 and COVID-19 relief. A successful target achieved prior to their visit. Free accommodation and feeding were provided during their stay.
- (iii) The Prefect team raised £200 for Project Aware (to help support a clean and healthy ocean) by organising a social event for the lower school.
- (iv) The Charity Think Tank is going on a Memory Walk on 14 October (2020) to raise money for the Alzheimer's Society. As of 30th September a total of £150 has been raised towards a target of £300. A Just Giving page has been set up. (Marlborough College Charity Think Tank).
- (v) The Charity Think Tank are also planning to support the charity, Well Boring, over the year with the plan/target to raise £4,000. This money will go towards the creation of a new well at a school in Kenya which will have the College name on it.

Community Support during COVID-19

Where possible all community support has continued despite the pandemic as outlined above although in some instances, due to COVID restrictions, this may have taken a different guise. Any activities that could not take place as a result of the pandemic are being planned to be reinstated as soon as the pandemic restrictions allow. In the meantime, the College is offering its support in many other ways and this has included:-

- (i) The College had offered support to local Primary Schools at the start of the COVID-19 restrictions through the use of outside sporting areas or helping with after school clubs. Due to uncertainty on both sides, this was not taken up.
- (ii) The College distributed all perishable food to the local community when the school moved to remote learning on 18th March.
- (iii) The Assistant Chaplain organised a group of teachers and their families to offer Primary School families a meal delivery once a day. This was successful and continued until their school returned.
- (iv) Led by General Services the College distributed 4,000 PPE gloves to the local medical practise and 2,000 PPE gloves to the local police station.
- (v) A parent donation of 4,000 face masks was given to the local GP Practice.
- (vi) The College's DT department made 150 PPE face coverings/visors for the local medical practice.
- (vii) The College, via its website, offered regular wellbeing tips advice throughout lockdown including fitness exercises that were accessible by anyone visiting the site.
- (viii) The College will be supporting two 'Flu Clinics' in conjunction with the local surgery.
 - o The facilities for the drive through and walk-in clinics will be set up in the Parade Ground and Water Meadows car park.
 - o The provision of such a large clinic for the local community is invaluable and appreciated by the town.

In Malaysia, the community's needs are different to those in the UK. This year the focus continued to be primarily on carrying out more service opportunities with organisations with whom the school can have an ongoing relationship, but it is recognised that raising funds to support them was equally important. Pupils across all three areas of Creativity, Activity and Service (CAS), Senior School Outreach and Prep Outreach took part in fundraising, primarily through sales of drinks and bake sales. Other sources of income during the year have come from events like a Year 7 & 8 disco and a Prep 'Upside Down Day'. There were no 'big ticket' fundraising events scheduled for this year, such as the biennial art auction, and the Covid-19 lockdown had a major impact on the opportunities for events/sales, as sporting and other events, such as the Marlborough Miles were cancelled from 18 March until the end of the academic year. However, despite this setback, a number of 'virtual' fundraisers were carried out very successfully. The annual Frugal Lunch held just before lockdown was the single biggest fundraising initiative during the year and such is its success that the Committee is planning to hold it twice a year going forward. The total balance raised during the year was almost £7,000.

Investment Performance and Policy

The College's investments are managed by Rathbones Investment Management Ltd. The investment managers have discretion in the management of the portfolio. The policy is to maintain the capital value of the fund in real terms while generating an income in the region of 3.0% per annum. Under the terms of the investment mandate the capital value of the fund, after the annual withdrawal, should grow in line with the change in the College's fees.

The investments consistently either meet or exceed the benchmark set, up until the pandemic when the financial markets were indirectly impacted. However, the investments have now regained most of their pre-pandemic value and are expected to exceed the benchmark once again.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The results for the year ended 31 August 2020 include those of Marlborough College and Marlborough College Malaysia (MCM). Both Schools had record pupil numbers during the year. However, the results for the year were significantly impacted by the pandemic, which resulted in nation-wide lockdowns, including schools, in both the UK and Malaysia for the whole of the Summer Term. Whilst both Schools switched seamlessly to remote learning the decision was taken that the Schools would not charge full fees for the Summer Term with the campuses closed and all the pupils remote learning for the first time. The Schools were also acutely aware that a number of parents would also themselves be facing financial uncertainty as a result of the pandemic. The College reduced fees for all pupils to two thirds of the boarding fee, while MCM offered a 20% day fee rebate for Nursery to Year 2 and 10% to Year 3 onwards, with all boarding fees waived.

The College also set up a Hardship Fund with the help of some generous parents, and with the College's matched funding raised £286,156. All applicants were means tested as per the normal bursary process and by the year end there had been 23 successful parents receiving varying awards that totalled £161,282.

Through the Coronavirus Job Retention Scheme the College received grants of just over £1.4 million following the furlough of the majority of the support staff from April until the end of August. However, with the desire to look after and support all the staff for as long as possible the decision was taken to furlough the staff on 100% of their salary for as long as was financially possible. Unfortunately, MCM was not eligible for any grant from the Malaysian Government.

Consolidated net fee income dropped by £3.4 million to £49.8 million primarily as a result of the Summer Term fee reductions. The College lost £5 million of income as a result of the lockdown: £4 million due to the fee reduction and £1 million due to the reduction in commercial activities: namely the cancellation of the 2020 Summer School as well as not receiving any gift aid from MCEL as they were loss making due to all their activities being cancelled from 23 March (national lockdown) for the remainder of the year. MCM's fee rebates and the lack of boarding income during the Summer Term reduced their income by just over £1.5 million. Consequently, the bursaries were also pro-rated by the same reduction applied to the fees.

Both Schools undertook a number of measures to try to mitigate where possible the cash flow impacts whilst the campuses were effectively closed.

The other considerable financial impact as a result of the pandemic was the impairment of MCM's assets of £2.8 million (discussed in more detail on page 25 under section c of the Accounting Policies). This more than offset the prior year's adjustment of the capitalised £2 million levy which was added to the value of the leased property.

Overall the College recorded an operating surplus of £2.2 million compared with £4.4 million in the prior year. However, without the Government grant and the donations totalling £1.4 million, there would have been a £0.8 million deficit. MCM was not fortunate enough to receive any substantial donations or Government grants during the year resulting in them having an operating deficit of £4.2 million compared to an operating surplus of £1.0 million in the prior year.

A total of £5.0 million was committed to capital expenditure during the year most of which, £4.1 million, took place in the UK. This was considerably less than was budgeted for as the emerging pandemic resulted in the immediate cessation of all capital projects and most expenditure other than the Innovation Centre building in the UK in order to protect available cash resources, particularly given the future financial uncertainty surrounding the pandemic.

The £25 million loan note issue has funded £15.5 million worth of capital projects. The remaining £9.5 million is earmarked for the £16.5 million Science and Innovation Centre project with the remaining costs being met through fundraising.

RESERVES POLICY

At 31 August 2020, the Group held total funds of £101.8 million (2019: £103.9 million). Of the total funds, £11.3 million (2019: £11.5 million) related to restricted and endowed funds and the purpose of these funds is explained in notes 16 and 17 to the accounts.

The Group also holds designated funds of £1.5 million (2019: £1.6 million), which were originally set up to allocate donations of a general purpose towards designated purposes as approved by the Council. The purpose of each fund is described in note 15. In addition to this, activities in relation to Malaysia are shown separately as a fund within the accounts. At 31 August 2020, there was a surplus on these funds of £2.0 million (2019: £6.2 million). The College holds unrestricted reserves of £86.9 million (2019: £84.6 million). The value of these reserves is more than exceeded by the value of tangible fixed assets at £104.7 million. The Council has approved the College's development plan which envisages significant further capital expenditure, although this has been curtailed/postponed as a result of the financial impact of the pandemic. As have MCM's current development plans, whose £2.0 million of reserves are all unrestricted.

The management of funding and working capital is monitored by the Schools' Finance Committees on a regular basis and a number of funding streams are being identified to support the capital requirements for the short and medium term.

The College's Council is satisfied that the Schools have sufficient working capital, although the impacts of the pandemic has resulted in both the Schools' Councils reviewing the long-term plans for working capital to ensure there will be sufficient funds should they be required in the future for unforeseen situations such as the current pandemic. This policy is monitored by the Schools' Finance Committees and reviewed at least termly.

The College's Council considers that the going concern basis remains appropriate for the preparation of the College's accounts even in light of the impact of the pandemic. MCM's Council have reviewed the school's operating and financial position and following a restructure to their Initial Lease Term with the Lessors consider that the going concern basis remains appropriate.

FUTURE PLANS

The specific objectives for the coming year are as follows and incorporate projects delayed in 2019/20 due to the pandemic:

The College

- To build on the College's continuing academic success of the past three years, 2020 being the most successful yet.
- To continue with the implementation of the College's new Strategic Plan and to finalise the revised Master Development Plan.
- To complete the first stage of the College's £16.5 million refurbishment of the Science and Innovation project with the opening of the new Innovation Centre.
- To continue with the College's boarding house refurbishment plan of completing a phase of two boarding house refurbishments annually.
- To continue to support the widening of access to the College through increased provision of bursaries including building upon the increase in contribution levels. Total remissions during 2019/20 were £2.89 million and budgeted remissions for 2019/20 are £3.4 million representing an increase of nearly 18%, and an increase of almost 25% in just two years.

MCM

- Similarly to the College, MCM had its most successful academic results in 2020, and looks to continue to build on this.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Council is responsible for preparing the Council's Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Practice). The law applicable to charities in England and Wales requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the Group and of the net movement in funds, including the income and expenditure, of the College for that year. In preparing these financial statements, the Council are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College and enable the Council to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and other applicable laws. The Council is responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to reappoint the auditors, Haysmacintyre LLP, will be submitted to the Annual General Meeting.



By order of the Council

05 December 2020

Marlborough College
Wiltshire
SN8 1PA

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF MARLBOROUGH COLLEGE

Opinion

We have audited the financial statements of Marlborough College for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheets, the Cash Flow Statement and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2020 and of the charity's net movement in funds 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 have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the statement of trustees' responsibilities set out on page 18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity 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 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.

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.

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 charity's ability to continue to adopt the going concern basis of accounting for a year of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF MARLBOROUGH COLLEGE

Other information

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

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

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:

- adequate accounting records have not been kept by the parent charity; or returns adequate to our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept; or
- the parent charity 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.

Use of our report

The report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
Statutory Auditors

18 February 2021

10 Queen Street Place
London
EC4R 1AG

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

MARLBOROUGH COLLEGE
STATEMENT OF FINANCIAL ACTIVITIES (Group)
FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted Funds £'000	Designated Funds Malaysia £'000	College Funds £'000	Restricted & Endowed Funds £'000	Total 2020 £'000	Total 2019 £'000
	Notes						
Income and endowments from:							
<u>Charitable activities</u>							
School fees	1	32,364	18,377	(480)	(434)	49,827	53,185
Summer School		-	-	-	-	-	1,957
<u>Other trading activities</u>							
Trading Income		799	146	-	-	945	1,433
Other	2a	599	629	50	-	1,278	1,058
<u>Donations, grants and legacies</u>	2b	1,409	-	464	1,619	3,492	1,127
<u>Investments</u>		329	223	64	259	875	1,215
Total income		35,500	19,375	98	1,444	56,417	59,975
Expenditure on:							
<u>Raising funds</u>							
Trading costs		642	130	-	-	772	1,105
Financing costs		903	2,190	18	-	3,111	2,877
Marketing and fund raising		925	106	-	-	1,031	984
Investment management		-	-	6	52	58	58
		2,470	2,426	24	52	4,972	5,024
<u>Charitable activities</u>							
College operating costs:							
Teaching costs		13,891	7,754	34	14	21,693	20,330
Summer School expenses		545	-	-	-	545	1,621
Welfare		4,632	1,460	-	-	6,092	6,467
Premises		7,709	4,784	-	23	12,516	12,080
Support costs		2,004	1,935	-	-	3,939	4,056
Grants, awards and prizes		-	-	-	16	16	38
Depreciation and impairment		3,327	4,831	-	-	8,158	5,175
		32,108	20,764	34	53	52,959	49,767
Total expenditure	3	34,578	23,190	58	105	57,931	54,791
Net income/(expenditure) before investment gains		922	(3,815)	40	1,339	(1,514)	5,184
Net gains on investments		(167)	-	(43)	(148)	(358)	144
Net income/(expenditure)		755	(3,815)	(3)	1,191	(1,872)	5,328
Transfers between funds	14	1,422	-	(31)	(1,391)	-	-
Revaluation of Investment Properties		(59)	-	-	-	(59)	126
Exchange (losses)/gains		(126)	(342)	-	-	(468)	321
Re-measurement of Pension Deficit		252	-	-	-	252	226
NET MOVEMENT IN FUNDS		2,244	(4,157)	(34)	(200)	(2,147)	6,001
Fund balances at 31 August 2019		84,666	6,165	1,579	11,485	103,895	97,894
Fund balances at 31 August 2020		£86,910	£2,008	£1,545	£11,285	£101,748	£103,895

Full comparatives for the Statement of Financial Activities are shown in Note 23 on page 45.

MARLBOROUGH COLLEGE

BALANCE SHEET

AS AT 31 AUGUST 2020

		Group		College	
	Notes	2020 £'000	2019 £'000	2020 £'000	2019 £'000
FIXED ASSETS					
Tangible	6	135,369	141,277	104,746	103,871
Investments	8	15,763	15,756	15,763	15,756
		<u>151,132</u>	<u>157,033</u>	<u>120,509</u>	<u>119,627</u>
CURRENT ASSETS					
Listed investments	8	10,751	13,456	10,751	13,456
Stock		653	752	42	37
Debtors	9	5,178	4,758	3,900	3,375
Cash at bank and in hand		14,648	14,132	5,091	4,120
		<u>31,230</u>	<u>33,098</u>	<u>19,784</u>	<u>20,988</u>
Less: Creditors - Amounts falling due within one year	10	(21,954)	(23,906)	(8,545)	(10,857)
Net current assets		<u>9,276</u>	<u>9,192</u>	<u>11,239</u>	<u>10,131</u>
		<u>160,408</u>	<u>166,225</u>	<u>131,748</u>	<u>129,758</u>
Creditors - Amounts falling due after one year	11	(58,660)	(62,330)	(32,052)	(32,102)
NET ASSETS		<u>£101,748</u>	<u>£103,895</u>	<u>£99,696</u>	<u>£97,656</u>
REPRESENTED BY:					
Unrestricted Funds	13	90,463	92,410	88,411	86,171
Restricted Funds	16	1,128	1,128	1,128	1,128
Endowed Funds	17	10,157	10,357	10,157	10,357
	12	<u>£101,748</u>	<u>£103,895</u>	<u>£99,696</u>	<u>£97,656</u>

These financial statements were approved by the Council on 5 December 2020



..... - Chairman of Council



..... - Chairman of Finance Committee

The accompanying notes are an integral part of these financial statements.

MARLBOROUGH COLLEGE
CASH FLOW STATEMENT (Group)

	2020	2019
	£'000	£'000
Reconciliation of net income to net cash flow from operating activities		
Net income per statement of financial Activities	(1,872)	5,329
Depreciation charges & Impairment	8,158	5,174
Amortisation cost for refundable deposits	227	(29)
Gain on sale of tangible fixed assets	(27)	(17)
Bank interest and investment income	(875)	(1,215)
Net gain on investments	357	(144)
Interest payable	3,111	2,877
(Increase)/Decrease in stock	123	(193)
(Increase)/Decrease in debtors	(725)	(135)
Increase/(Decrease) in creditors	(1,334)	2,898
Increase/(Decrease) in lease creditors	(758)	527
Net cash provided by operating activities	6,385	15,072
<u>Statement of cash flows</u>		
Cash flows from investing activities		
Bank interest and investment income	875	1,215
Purchase of tangible fixed assets	(4,980)	(11,109)
Proceeds from sale of tangible fixed assets	57	23
Purchase of investments	(2,068)	(1,749)
Proceeds from sale of investments	2,043	1,527
Purchase of government securities and corporate bonds	(440)	(196)
Proceeds from sale of government securities and corporate bonds	3,119	4,150
Net cash used in investing activities	(1,394)	(9,016)
Cash flows from financing activities		
Interest payable	(3,111)	(2,877)
New entrance deposits received	3,309	1,798
New fees in advance received	384	317
Release of fees in advance	(777)	(780)
Entrance deposits repaid	(3,848)	(978)
Net cash used in financing activities	(4,043)	(357)
Change in cash and cash equivalents in the reporting period	£948	£6,413
Cash and cash equivalents at the beginning of the reporting period	18,664	12,251
Cash and cash equivalents at the end of the reporting period	19,612	18,664
<u>Analysis of cash and cash equivalents</u>		
Cash at bank and in hand	14,648	14,132
Uninvested cash included in investments	4,964	4,532
Total cash and cash equivalents:	19,612	18,664

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

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) – Second Edition, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and The Charities (Accounts and Reports) Regulations 2008.

Marlborough College meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain assets. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The functional currency is pounds sterling and the accounts are rounded to the nearest thousand.

b) Going concern

The Council considers there are no material uncertainties about the Group's financial viability and hence its ability to continue as a going concern, despite the ongoing pandemic.

The impact of the pandemic continues to be felt in the UK and around the world but to differing extents and with governments taking different directions to manage its effect. However, the review of the financial position, reserves levels and expected future cash flows and plans gives Trustees confidence the College remains a going concern for the foreseeable future.

MCM's Council performed an assessment of the overall impact of the situation on the School's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities as well as implications to the operating lease and loan from its holding corporation. At this juncture, MCM have estimated the financial impact on the school results for the next financial year in their impairment estimate. Following this adjustment, the Council continue to adopt the going concern basis as they have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the School's financial viability.

c) Critical accounting judgements and estimates

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the College's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain long term liabilities, including overseas deposits and entrance deposits, have not been discounted on the grounds that the impact of discounting is considered to be immaterial to the financial statements. Where the impact is material, specifically in relation to MCM entrance deposits, the liabilities have been discounted.

Deferred tax assets

Deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Malaysian Levy and Stamp Duty

A past event that leads to a present obligation is called an obligating event, where the settlement of the obligation can be enforced by law. For an event to be an obligating event, it is necessary that the entity has no realistic alternative to settling the obligation created by the event. In the previous financial year, MCM accrued for a levy and stamp duty payable on the lease for land and buildings amounting to £2,109,219 and £70,300 respectively and remain unpaid. Any rebate as a result of the appeal by MCM will be adjusted in the appropriate year.

Impairment of Property, Plant and Equipment

The Schools assess whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. The losses incurred in MCM during the year together with the expected difficult operating environment going forward was identified as an impairment indicator.

The recoverable amount is measured at the higher of the fair values less cost to sell or value-in-use ("VIU") calculations. The fair value less cost to sell or VIU is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the School's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

STATEMENT OF ACCOUNTING POLICIES (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

The pre-tax discount rate applied to the cash flow projections of 8% per annum is derived from the cash-generating unit's post-tax weighted average cost of capital plus a reasonable risk premium at the statement of financial position date of the cash-generating unit.

The following assumptions have been applied in the VIU calculations covering an 8-year to 12-year forecast period:

- Pre-tax discount rate applied to the cash flow projections of 8% per annum is derived from the cost of debt financing of 6% with an equity premium of 2%.
- Revenue growth rate increases proportionately to number of pupils' growth at 3% per annum of increase in fee rates.
- Maximum capacity for MCM of 1,200 pupils achieved in FY2027/28 and FY2031/32 respectively under the Covid-19 scenarios.
- Growth in direct and indirect costs at 2% to 5% per annum.
- Terminal value growth rate is estimated at 3% per annum based on country and industry long-term outlook

As a result of the impairment assessment, the recoverable amount of these assets is lower than the carrying amount and an impairment loss of £2,801,000 has been recorded in the financial statements.

d) Fees and similar income

Fees receivable and charges for services are accounted for in the year in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the College, and include contributions received from Associated Funds for Scholarships, Bursaries and other grants.

e) Donations, gifts and legacies

Donations received for the general purposes of the College are credited to College funds. Where the Council designates donations for specific purposes they are credited to designated funds, to distinguish them from direct school income. Donations subject to specific wishes of the donors are credited to relevant restricted funds, or to endowed funds, where the capital is permanent.

Government grant income represents the total amount claimed from HMRC under the CJRS. The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

f) Expenditure

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to time spent. The irrecoverable element of value added tax is included with the item of expense to which it relates.

g) Leases

The Schools' rentals paid under operating leases, in which substantially all the risks and rewards of ownership are retained by the lessor, are charged to income on a straight line basis over the lease term.

MCM's leases of assets where they assume substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

h) Financial instruments

Only the College has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

i) Tangible fixed assets

The College land and buildings in existence at 1 July 1999 were valued by the Council on the following basis:

- Specialised buildings were valued using depreciated replacement cost. Specialised buildings are buildings such as schools, "where there is no competing market demand from other organisations using these types of property in the locality" and are therefore rarely sold on the open market for single occupation for a continuation of their existing use, except as part of a sale of the business in occupation. Acquisitions of specialised buildings subsequent to 1 July 1999 are depreciated in accordance with the College's normal accounting policies.

MARLBOROUGH COLLEGE

STATEMENT OF ACCOUNTING POLICIES (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

- Non-specialised buildings were valued at existing use value. Non-specialised buildings include residential buildings outside the College campus and shops.
- Land related to specialised buildings were valued on an agricultural value basis.
- Land relating to non-specialised buildings were valued at open market value.

The College does not intend to adopt a policy of revaluation. Thus the buildings valuations at 1 July 1999 are frozen subject to any adjustments necessary resulting from an impairment review.

Depreciation is provided to write off the cost or valuation, less estimated residual value, of all fixed assets, except freehold land, over their expected useful lives.

The rates of depreciation are as follows:

Buildings:	
Buildings	10 to 50 years
Building services and fixtures	10 years
Building renovations	15 to 25 years
Computers	4 years
Equipment	5 years
Fixtures and Furniture	5 to 10 years
Motor Vehicles	4 years

j) **Fixed asset and current asset investments**

Listed investments held as fixed or current assets are included in the financial statements at market value.

The fixed asset listed investments are known as “The Consolidated Investment Pool” and include monies invested by Designated, Restricted and Endowed funds. These funds are allocated with units which establish their proportion of the overall investment pool. The transactions relating to the consolidated investment pool are then shared out between the funds on a unit basis.

Realised gains are the difference between sales proceeds and opening market value where the investment was held at the beginning of the year, or sales proceeds less cost of purchase where the investment was acquired in the year.

Unrealised gains are the change in value of investments after taking into account any movements in investment holdings such as purchases and disposals of investments.

Realised and unrealised gains are accounted for within the Statement of Financial Activities.

Fees in advance investments are defined as liquid resources for the purposes of cash flow reporting.

Investment properties consist of agricultural land and commercial and retail properties. They are included in the financial statements at their open market value as estimated by professional valuers annually.

k) **Stock**

Stock is valued at the lower of cost and net realisable value.

l) **Debtors**

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

m) **Cash at bank and in hand**

Cash at bank and cash 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.

n) **Creditors and provisions**

Creditors and provisions are recognised where the College has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Long term liabilities are discounted where the impact is material.

o) Funds

The Statement of Financial Activities is analysed between Unrestricted College Funds, Unrestricted Designated Funds, and Restricted Funds and Endowed Funds. The purpose and accounting treatment of these funds are explained in notes 13 to 17.

p) Consolidation

The Group financial statements represent the activities of the College consolidated with Marlborough College Enterprises Ltd (MCEL) and Marlborough College Overseas Limited (which incorporates its subsidiary M East Sdn Bhd).

Consolidated financial statements have been prepared for the College and its wholly owned subsidiaries. The turnover and expenditure of the subsidiaries are included within the consolidated statement of financial activities. The assets and liabilities of the subsidiaries are included on a line-by-line basis in the consolidated balance sheet in accordance with FRS102 section 9 – consolidated and separate financial statements. Uniform accounting policies are adopted throughout the group and any profits or losses arising from intra-group transactions are eliminated in the consolidated statement of financial activities.

q) Summer School and the School of English and Culture

The course take place in the months of July and August each year. Income and expenditure relating to the Summer School and the School of English and Culture is reflected in the year the courses take place and is referred to as “Summer School”. Due to COVID, these events were cancelled in 2020 and any income received from course fees that was not refunded has been carried over to 2021 in conjunction with next year’s planned courses.

r) Employee benefits

Pension costs

The College contributes to the Teachers’ Pension Scheme at rates set by the Scheme actuary and advised to the Board by the Scheme Administrator. For the purposes of complying with relevant accounting standards, the Teachers’ Pension Scheme is accounted for as a defined contribution scheme as the charity is not responsible for, or entitled to receive benefit for, any surplus or deficit of the scheme. The amounts included within the Statement of Financial Activities, Balance Sheet and Cash Flow Statement are in accordance with FRS 102 section 28.

The College participates in two Pensions Trust schemes that are multi-employer defined benefit schemes: the Independent Schools’ Pension Scheme and the Growth Plan. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Schemes are multi-employer schemes where the scheme assets are co-mingled for investment purposes and benefits are paid from the total scheme assets. However, the College has been advised by the Pensions Trust as to the deficit repayments due in relation to the schemes. Therefore, in line with the requirements of FRS 102, the College recognises a creditor for the discounted present value of the deficit contributions due to the scheme.

The College also contributes to the Independent Schools’ Pension Scheme – Defined Contribution Scheme at rates set by the College. The amounts included within the Statement of Financial Activities, Balance Sheet and Cash Flow Statement are in accordance with FRS 102 section 28.

MCM’s pension benefit schemes comprise two defined contribution plans.

Other employee benefits

Short term benefits including holiday pay are recognised as an expense in the year in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

s) Foreign currency translation

The College’s functional and presentation currency is pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the SOFA.

t) Legal status

The College is incorporated by Royal Charter and registered as an Educational Charity (No. 309486). Its constitution is contained in its Charter and Bye-laws. Its principal address is shown on Page 3.

MARLBOROUGH COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

1. FEES RECEIVABLE	2020	2019
	£'000	£'000
Full fees for pupils at the Schools	54,040	57,033
Less: Fees paid by associated funds	(333)	(304)
	53,707	56,729
Less: Deductions		
Scholarships	149	164
Bursaries and other deductions	4,064	3,684
	(4,213)	(3,848)
	49,494	52,881
Grants from Associated Funds	333	304
Receivable by the Schools	£49,827	£53,185

As part of the above the Marlburian Club Charitable Fund contributed £62,978 (2019 £76,260) to bursaries.

2a. OTHER TRADING ACTIVITIES	£'000	£'000
Registration and acceptance fees	535	502
Commission received	34	50
Rental income	128	128
Miscellaneous	554	361
Gain on disposal of tangible fixed assets	27	17
	£1,278	£1,058

2b. DONATIONS, GRANTS AND LEGACIES

Donations include £1,409,000 received in relation to the Coronavirus Job Retention Scheme implemented by the UK Government from March 2020 as a result of the countrywide lockdown in relation to the global pandemic.

3. ANALYSIS OF TOTAL EXPENDITURE 2020	Staff Costs	Other direct Costs	2020 Total
2020	£'000	£'000	£'000
<u>Costs of raising funds</u>			
Trading costs	305	467	772
Finance costs	-	3,111	3,111
Marketing and fundraising	632	399	1,031
Investment management	-	58	58
<u>Charitable activities</u>			
College operating costs:			
Teaching costs	19,399	2,294	21,693
Summer School expenses	245	300	545
Welfare	3,912	2,180	6,092
Premises	2,739	9,777	12,516
Support costs	1,745	2,194	3,939
Grants, awards and prizes	-	16	16
Depreciation and impairment	-	8,158	8,158
	£28,977	£28,954	£57,931

3. ANALYSIS OF TOTAL EXPENDITURE (continued)

2019	Staff Costs £'000	Other direct Costs £'000	2019 Total £'000
<u>Costs of raising funds</u>			
Trading costs	355	750	1,105
Finance costs	-	2,877	2,877
Marketing and fundraising	523	461	984
Investment management	-	58	58
<u>Charitable activities</u>			
College operating costs:			
Teaching costs	17,634	2,696	20,330
Summer School expenses	714	907	1,621
Welfare	3,762	2,705	6,467
Premises	2,537	9,543	12,080
Support costs	1,904	2,152	4,056
Grants, awards and prizes	-	38	38
Depreciation	-	5,175	5,175
	<u>£27,429</u>	<u>£27,362</u>	<u>£54,791</u>

3. ANALYSIS OF TOTAL EXPENDITURE (continued)

	2020	2019
	£'000	£'000
<u>Support Costs</u>		
Administrative salaries	1,745	1,904
Office costs	822	902
Professional fees	291	230
Other administrative costs	957	853
Governance costs	124	167
	<u>£3,939</u>	<u>£4,056</u>

4. EXPENDITURE

	2020	2019
	£'000	£'000
Expenditure includes:		
Equipment rental	4	4
Depreciation	8,158	4,951
Auditors' remuneration	47	71
Fees paid to subsidiary auditors	13	15
Council members' expenses reimbursed	17	34
Council members' liability insurance	14	16
Staff Costs		
Wages and salaries	24,584	23,149
Social security costs	1,749	1,701
Other pension costs	2,599	2,536
Redundancy costs	45	43
	<u>£28,977</u>	<u>£27,429</u>

The average number of employees of the during the year were:

	Nos	Nos
Teaching staff	308	308
Teaching Support staff	73	70
Non-teaching staff	366	362
Trading activities	10	11
	<u>757</u>	<u>751</u>

The number of higher paid employees was:

	Nos	Nos
Taxable emoluments band:		
£60,000 - £70,000	37	45
£70,000 - £80,000	28	27
£80,000 - £90,000	12	10
£90,000 - £100,000	4	3
£100,000 - £110,000	1	-
£110,000 - £120,000	-	1
£120,000 - £130,000	1	2
£140,000 - £150,000	1	-
£180,000 - £190,000	1	1
£190,000 - £200,000	1	-
£200,000 - £210,000	-	1
	<u>-</u>	<u>1</u>

The total employee benefits received by key management personnel in the year ended 31 August 2020 were £2,445,635 (2019: £2,682,000).

4. EXPENDITURE (continued)**Pension Schemes****Teachers' Pension Scheme**

The College participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,899,217 (2019: £1,293,889) and at the year-end £225,110 (2019 - £172,871) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

The Pensions Trust – Defined Benefit Schemes

There are 54 active non-teaching staff who are members of the Independent Schools' Pension Scheme (ISPS), a defined benefit occupational pension scheme operated by The Pensions Trust. The employee's contribution is 6.3% and the employer's contribution increased to 16.8% from September 2019. This scheme is now closed to new employees.

There is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. Marlborough College has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Independent Schools' Pension Scheme based on the financial position of the Scheme as at 30 September 2019. As of this date the estimated employer debt was £16.2m. This amount is not provided for in the accounts.

There are also three active and three non-active non-teaching staff who are members of the Growth Plan, a defined benefit contribution pension scheme also operated by The Pensions Trust, which also allowed AVC payments, as was the purpose for the current members. This scheme is now closed to new employees. As with the ISPS, there is a potential debt on the employer that could be levied by the Trustee of the Scheme. As at 30 September 2019, the estimated employer debt was £257,000. This amount is not provided for in the accounts.

The three pension schemes are collective defined benefit schemes under section 28 of FRS 102 and accordingly contributions have been accounted for as they fall due as if they were defined contribution schemes, except for the recognition of a creditor for deficit contributions which have been notified to the College. As required by FRS 102, the discounted present value of deficit contributions notified to the College has been included in creditors. As shown in notes 10 and 11, a total of £3,373,000 was included in creditors at 31 August 2020 (2019: £3,617,000).

The annual commitment to make contributions to the three schemes above is £2,956,236 (2019: £2,253,950).

Contributions totalling £341,277 (2019: £279,461) were payable to pension schemes at the year end.

Independent Schools' Pension Scheme – Defined Contribution Scheme

A defined contribution scheme operated by the Pensions Trust is open for members of the non-teaching staff who are not currently in the defined benefit scheme. The contribution rates are 3%, 4% and 6% for employees and 6%, 8% and 12% for the employer.

MCM – Defined Contribution Scheme

Defined contribution schemes operated by Employee' Pension Fund (EPF) and SOCSO (Social Security Organisation) are statutory boards for employees' retirement schemes. The employee contributes are 11% and 0.5% for EPF and SOCSO respectively and the employer contributes 12% for EPF and 1.75% for SOCSO.

5. TAXATION

As a Charity the College is exempt from United Kingdom income tax and corporation tax.

MCM is normally subject to tax but has been granted a tax exemption on 100% of statutory income for a period of 10 years under Section 127(3A) of the Income Tax Act, 1967 commencing year of assessment 2011 which will expire in December 2021.

The amount of deductible temporary differences (which have no expiry date) for which no deferred tax assets are recognised in the balance sheet.

6. TANGIBLE FIXED ASSETS

2020	COLLEGE			SUBSIDIARY COMPANIES			GROUP
	Land & Buildings £'000	Equipment £'000	Total £'000	Land & Buildings £'000	Equipment £'000	Total £'000	Total £'000
COST							
1 September 2019	121,659	10,736	132,395	39,429	4,582	44,011	176,406
Additions	3,479	705	4,184	262	534	796	4,980
Disposals	-	(472)	(472)	-	(223)	(223)	(695)
Exchange effects	-	-	-	(3,055)	(315)	(3,370)	(3,370)
31 August 2020	125,138	10,969	136,107	36,636	4,578	41,214	177,321
DEPRECIATION							
1 September 2019	20,126	8,398	28,524	4,748	1,857	6,605	35,129
Charge for the year	2,551	737	3,288	1,550	519	2,069	5,357
Disposals	-	(451)	(451)	-	(214)	(214)	(665)
Impairment Loss	-	-	-	2,801	-	2,801	2,801
Exchange effects	-	-	-	(550)	(120)	(670)	(670)
31 August 2020	22,677	8,684	31,361	8,549	2,042	10,591	41,952
NET BOOK VALUES							
31 August 2020	£102,461	£2,285	£104,746	£28,087	£2,536	£30,623	£135,369
31 August 2019	£101,533	£2,338	£103,871	£34,681	£2,725	£37,406	£141,277

No depreciation was charged on freehold property additions of the Group amounting to £5,600,162 (2019: £5,259,949) as the projects were incomplete at 31 August 2020.

The tangible fixed assets are wholly used for the Group activities.

Capital commitments:	2020 £'000	2019 £'000
Contracted for but not provided in these accounts	£2,795,792	£746,516
Authorised but not contracted for	£4,394,758	£8,349,775

MARLBOROUGH COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENT IN SUBSIDIARIES

2020
£

2019
£

Interest in subsidiary undertakings	256	256
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The College owns 100% of the following companies' share capital both of which are registered in England and Wales.

Marlborough College (Enterprises) Limited - 02967713

The issued share capital of the company is £150.

Marlborough College (Overseas) Limited - 6407923

The issued share capital of the company is £100 (2019: £100). The company did not trade in the year.

The College via Marlborough College Overseas Limited owns 100% of the share capital of M East Sdn Bhd, which is registered in Malaysia.

The results of the College's subsidiary companies are summarised below:

	Enterprises		M East		Overseas	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Turnover	922	1,405	19,375	20,740	-	-
Cost of sales	(714)	(1,012)	-	-	-	-
Gross profit	208	393	19,375	20,740	-	-
Teaching	-	-	(7,754)	(7,340)	-	-
Welfare	-	-	(1,460)	(1,603)	-	-
Facilities	-	-	(2,593)	(2,659)	-	-
Administration	(245)	(221)	(7,002)	(4,029)	-	-
Operating profit	(37)	172	566	5,109	-	-
Gift Aid donation to the College	-	(210)	-	-	-	-
Actuarial Movement	6	38	-	-	-	-
Interest payable	-	-	(4,709)	(4,070)	(14)	(6)
	(31)	-	(4,143)	1,039	(14)	(6)

Transactions between the College and its subsidiary undertakings were as follows:

MCEL	£'000	M East	£'000
Payment from the College to MCEL	(121)	Payments from M East to the College:	363
Payment from MCEL to the College	17		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. FIXED AND CURRENT ASSET INVESTMENTS

	Fixed Asset Investments £'000	Current Asset Investments £'000
2020		
Listed securities:		
Market value at 31 August 2019	12,405	9,617
Additions	2,068	440
Disposal at opening market value	(2,399)	(3,204)
Revaluation	191	(166)
	<u>12,265</u>	<u>6,687</u>
Endowment property	7	-
Cash at bank for re-investment	900	4,064
Rare books	757	-
Investment properties (revalued 31 August 2020)	1,834	-
Investments in subsidiaries	-	-
	<u>£15,763</u>	<u>£10,751</u>
Historical costs of listed securities	<u>£9,165</u>	<u>£6,883</u>
Listed securities are represented by:		
UK Government fixed interest	118	917
UK fixed interest and index linked	1,154	5,770
Foreign Fixed Interest	-	-
UK equities	5,087	-
Foreign Equities	5,192	-
Property	714	-
	<u>£12,265</u>	<u>£6,687</u>

The revaluation of the listed securities stated above is in relation to unrealised gains and losses. In addition to the unrealised gains and losses there were £367,318 of realised losses which are included in the Statement of Financial Activities.

The College's investment properties are valued annually at the end of August by Woolley & Wallis. There was a £46,017 decrease in the valuation compared with the valuation at 31 August 2019.

The College's Rare Books are valued annually at the end of August by Dominic Winter Auctioneers. There was a £13,335 decrease in the valuation compared with the valuation at 31 August 2019.

The College has a beneficial interest in the Trevalga estate which is administered by independent trustees, whereby the College receives income but has no entitlement to the capital.

8. FIXED AND CURRENT ASSET INVESTMENTS (continued)

2019	Fixed Asset Investments £'000	Current Asset Investments £'000
Listed securities:		
Market value at 31 August 2018	11,801	13,695
Additions	1,749	196
Disposal at opening market value	(1,527)	(4,150)
Revaluation	383	(124)
	<u>12,406</u>	<u>9,617</u>
Endowment property	7	-
Cash at bank for re-investment	693	3,839
Rare books	770	-
Investment properties (valued 31 August 2019)	1,880	-
	<u>£15,756</u>	<u>£13,456</u>
Historical costs of listed securities	<u>£15,425</u>	<u>£14,988</u>
Listed securities are represented by:		
UK Government fixed interest	230	1,139
UK fixed interest and index linked	579	8,478
Foreign Fixed Interest	61	-
UK equities	5,458	-
Foreign Equities	5,268	-
Property	810	-
	<u>£12,406</u>	<u>£9,617</u>

9. DEBTORS – Amounts falling due within one year

	Group		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fees in arrears and extras	465	298	465	299
Sundry debtors	559	20	547	15
Prepayments	2,880	4,243	346	408
Trade debtors	1,274	197	-	-
Amount due from related companies	-	-	2,542	2,653
	<u>£5,178</u>	<u>£4,758</u>	<u>£3,900</u>	<u>£3,375</u>

10. CREDITORS – Amounts falling due within one year	Group		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fees in advance scheme	740	723	740	723
Entrance and overseas deposits	1,005	1,086	394	625
Trade creditors and accruals	17,607	19,745	5,681	7,700
Lease creditors	823	482	-	-
Other taxation and social security	432	514	401	453
Sundry creditors	1,015	1,042	1,005	1,042
Pension deficit payments	332	314	324	314
	<u>£21,954</u>	<u>£23,906</u>	<u>£8,545</u>	<u>£10,857</u>

11. CREDITORS – Amounts falling due after one year	Group		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Lease creditors	23,801	26,548	-	-
Fees in advance scheme				
- Amounts due within two to five years	468	871	468	871
- Amounts due after five years	-	-	-	-
Entrance and overseas deposits				
- Amounts due within two to five years	4,054	5,059	2,465	3,013
- Amounts due after five years	2,296	1,549	1,157	-
Loan Note	25,000	25,000	25,000	25,000
Pension deficit payments	3,041	3,303	2,962	3,218
	<u>£58,660</u>	<u>£62,330</u>	<u>£32,052</u>	<u>£32,102</u>

The loan note of £25 million is repayable in stages: £10 million in 2037, £5 million in 2042 and the remaining £10 million in 2047. The loan is unsecured and incurs interest of 3.24% pa which is payable every six months.

12. ALLOCATION OF NET ASSETS BETWEEN FUNDS

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

2020	Fixed assets tangible £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term Liabilities £'000	Total £'000
Unrestricted & Designated	135,369	3,902	9,852	(58,660)	90,463
Restricted Funds	-	1,108	20	-	1,128
Endowed Funds	-	10,753	(596)	-	10,157
	<u>£135,369</u>	<u>£15,763</u>	<u>£9,276</u>	<u>£(58,660)</u>	<u>£101,748</u>

2019	Fixed assets tangible £'000	Investments £'000	Net current assets £'000	Long term Liabilities £'000	Total £'000
Unrestricted & Designated	141,277	3,935	9,528	(62,330)	92,410
Restricted Funds	-	1,107	21	-	1,128
Endowed Funds	-	10,714	(357)	-	10,357
	<u>£141,277</u>	<u>£15,756</u>	<u>£9,192</u>	<u>£(62,330)</u>	<u>£103,895</u>

13. UNRESTRICTED FUNDS

2020	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Transfers & Other gains/(losses) £'000	Balance 31 August 2020 £'000
College general funds	84,666	35,500	(34,578)	1,322	86,910
Malaysia general fund	6,165	19,375	(20,389)	(3,143)	2,008
College designated funds (note 15)	1,579	98	(58)	(74)	1,545
	<u>£92,410</u>	<u>£54,973</u>	<u>£(55,025)</u>	<u>£(1,895)</u>	<u>£90,463</u>
2019	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers & Other gains/(losses) £'000	Balance 31 August 2019 £'000
College general funds	80,224	38,756	(34,746)	432	84,666
Malaysia general fund	5,127	20,740	(19,939)	237	6,165
College designated funds (note 15)	1,448	90	(19)	60	1,579
	<u>£86,799</u>	<u>£59,586</u>	<u>£(54,704)</u>	<u>£729</u>	<u>£92,410</u>

14. TRANSFER OF FUNDS	2020 £'000	2019 £'000
The transfers between funds are listed below.		
Unrestricted College		
Revenue Fund	1,422	208
Designated College		
Master's Fund Revenue	-	-
Master's Fund Capital	-	-
Consolidated Trust Funds	-	-
Children of Clergy Fund	(31)	(46)
	<u>£(31)</u>	<u>£(46)</u>
Restricted College		
Master's Fund Revenue	(127)	(89)
Capital Projects & Bursaries	(1,149)	-
	<u>£(1,276)</u>	<u>£(89)</u>
Endowed Funds		
Master's Fund capital	(115)	(73)
Other Consolidated Capital Funds	-	-
Cannon Diggle Scholarship Fund	-	-
Elstob Scholarship Fund	-	-
Gabriel Scholarship Fund	-	-
Sir George Abell	-	-
Consolidated Trust Funds Capital	-	-
	<u>£(115)</u>	<u>£(73)</u>

Transfers between Designated and Endowed funds and the Revenue fund represent contributions to Scholarships and Bursaries.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. DESIGNATED FUNDS	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Transfers & other gains/(losses) £'000	Balance 31 August 2020 £'000
2020					
Children of Clergy Fund capital	1,373	-	(6)	(18)	1,349
Children of Clergy Fund revenue	23	31	-	(31)	23
Fees in Advance Lump Sum Fund	183	32	(17)	(25)	173
Designated Bursaries & Projects	-	514	(514)	-	-
	<u>£1,579</u>	<u>£577</u>	<u>£(537)</u>	<u>£(74)</u>	<u>£1,545</u>
2019	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers & other gains/(losses) £'000	Balance 31 August 2019 £'000
Children of Clergy Fund capital	1,349	-	(6)	30	1,373
Children of Clergy Fund revenue	23	46	-	(46)	23
Fees in Advance Lump Sum Fund	76	44	(13)	76	183
	<u>£1,448</u>	<u>£90</u>	<u>£(19)</u>	<u>£60</u>	<u>£1,579</u>

Designated Funds

These consist of funds, as described below, which were originally set up to allocate donations of a general purpose towards designated purposes as approved by the Council. At the discretion of the Council, the funds can be applied towards other objectives, as has been the case with the designated bursaries and projects during the year.

Children of Clergy Fund

The Fund is used to assist the children of clergy to attend the College. The fund receives investment income from its share of listed investments in the Consolidated Fund Investment Pool. Surplus income is transferred to the College in order to assist the College in its obligations towards Children of Clergy bursaries.

Fees in Advance Lump Sum Fund

This is a scheme whereby parents and others make advance payments, which together with the interest accruing thereon, provides fees for pupils. The advance payments received under the scheme are separately invested by the College. The scheme provides for a set contribution each term towards the pupil's fees, comprising a capital portion and an interest portion.

The amount due to parents, included in creditors, represents the unutilised balance of lump sum advances. Excess funds are transferred to the College, with the Council's approval, for specific projects.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RESTRICTED FUNDS	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Transfers & other gains/(losses) £'000	Balance 31 August 2020 £'000
2020					
The Master's Fund revenue	418	115	-	(115)	418
Other trust funds	710	144	(17)	(127)	710
Capital Projects & Bursaries	-	1,619	(470)	(1,149)	-
	<u>£1,128</u>	<u>£1,878</u>	<u>£(487)</u>	<u>£(1,391)</u>	<u>£1,128</u>
2019	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers & other gains/(losses) £'000	Balance 31 August 2019 £'000
The Master's Fund revenue	318	173	-	(73)	418
Other trust funds	618	216	(35)	(89)	710
	<u>£936</u>	<u>£389</u>	<u>£(35)</u>	<u>£(162)</u>	<u>£1,128</u>

Restricted Funds

These trust funds are subject to specific trusts declared by the donors or with their authority. These include donations towards specific capital projects (the Innovation and Science project plus the Memorial Hall) as well as bursary awards. The depreciation related to these projects, when completed, will be expended through the unrestricted funds as part of the running costs of the College.

The Master's Fund

It is represented by capital and accumulated income funds, which are expendable in accordance with the conditions imposed by the donors.

Other Trust Funds

These comprise trust funds whose assets are applied in accordance with conditions imposed by the donors. They differ from Consolidated Trust Funds as they do not own specified numbers of units in the Consolidated Fund Investment Pool. They instead own specific listed investments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. ENDOWED FUNDS	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Transfers & investments gains/(losses) £'000	Balance 31 August 2020 £'000
2020					
The Master's Fund capital	4,893	-	(23)	(66)	4,804
Other Consolidated funds	1,947	-	(12)	(34)	1,901
Canon Diggle Scholarship fund	518	-	(2)	(7)	509
Elstob Scholarship fund	1,983	-	(9)	(26)	1,948
Gabriel Scholarship fund	248	-	(1)	(3)	244
Sir George Abell Scholarship fund	279	-	(1)	(4)	274
Other Capital funds	489	-	(4)	(8)	477
	<u>£10,357</u>	<u>-</u>	<u>£(52)</u>	<u>£(148)</u>	<u>£10,157</u>
2019	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers & investments gains/(losses) £'000	Balance 31 August 2019 £'000
The Master's Fund capital	4,804	-	(23)	112	4,893
Other Consolidated funds	1,902	-	(12)	57	1,947
Canon Diggle Scholarship fund	509	-	(2)	11	518
Elstob Scholarship fund	1,948	-	(9)	44	1,983
Gabriel Scholarship fund	244	-	(1)	5	248
Sir George Abell Scholarship fund	274	-	(1)	6	279
Other Capital funds	478	-	(3)	14	489
	<u>£10,159</u>	<u>-</u>	<u>£(51)</u>	<u>£249</u>	<u>£10,357</u>

Endowed Funds

These trust funds are subject to specific trusts declared by the donors or with their authority. They are represented by permanent capital funds. Income arising from the investments is applied in accordance with the conditions imposed by the donors.

The Master's Fund

Individual Consolidated Trust Funds set up before 12 March 1969 whose original capital is expendable in accordance with the conditions imposed by the donor.

Other Consolidated Funds

Individual Consolidated Trust Funds set up after 12 March 1969, which have been reclassified following confirmation from the Charity Commission, are now deemed to be represented by permanent capital funds. Income arising from the investments is to be applied to bursary support.

Scholarship funds

The Canon Diggle, Elstob, Gabriel and Sir George Abell Scholarships funds were all established by specific gifts which were to be invested to generate income to provide scholarships to pupils at the College.

Other capital funds

More recent Individual Consolidated Trust Funds set up after the Other Consolidated Funds above, the capital of which cannot be expended.

18. FINANCE LEASE COMMITMENTS

	Property and Equipment	
	2020	2019
	£'000	£'000
At 31 August 2020 the Group had the following total commitments under non-cancellable finance leases:		
Within one year	2,774	2,376
Two to five years	12,801	13,181
More than five years	27,781	33,670
	<u>43,356</u>	<u>49,227</u>
Less: future finance charges	(19,535)	(23,070)
Present value of finance lease liabilities	<u>23,821</u>	<u>26,157</u>
Representing:		
Within one year	823	482
Two to five years	4,950	5,435
More than five years	18,048	20,240
	<u>23,821</u>	<u>26,157</u>

19. OPERATING LEASE COMMITMENTS

	Property and Equipment	
	2020	2019
	£'000	£'000
At 31 August 2020 the Group had the following total commitments under non-cancellable operating leases:		
Within one year	2,139	2,315
Two to five years	8,556	9,281
More than five years	35,090	40,280
	<u></u>	<u></u>

20. CONNECTED CHARITIES**The Marlburian Club Charitable Fund**

SMW Bishop was a Trustee of the Fund

Transactions with the Marlburian Club include:

	2020	2019
	£'000	£'000
Donations to the College	<u>63</u>	<u>76</u>

Marlborough College Foundation

The Master, Prof Sir John Bell, SMW Bishop, E Elliott, G I Henderson and T Martin-Jenkins were Trustees.

Transactions with the Marlborough College Foundation included:

	2020	2019
	£'000	£'000
Donations to the College	<u>1,474</u>	<u>635</u>

21. RELATED PARTY TRANSACTIONS

Transactions between the College and its subsidiary undertakings are set out in note 7.

As shown within note 4, the College reimbursed travel and other expenses of £16,818 to twelve Council Members (2019: £34,765 to eleven Council members). No Council members received remuneration in the current or prior year.

22. ANALYSIS OF NET DEBT

	At 1 Sep 2019 £'000	Movements in Cash Flow £'000	At 31 Aug 2020 £'000
Cash at bank and in hand	14,132	516	14,648
Uninvested cash included in investment	4,532	432	4,964
	<u>18,664</u>	<u>948</u>	<u>19,612</u>
Loan Note – amount due after 1 year	(25,000)	-	(25,000)
	<u>£(6,336)</u>	<u>£948</u>	<u>£(5,388)</u>

23. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £'000	Designated Funds Malaysia £'000	College £'000	Endowed Funds £'000	Total 2019 £'000
Income and endowments from:					
<u>Donations and legacies</u>	1,127	-	-	-	1,127
<u>Charitable activities</u>					
School fees	33,450	19,735	-	-	53,185
Summer School	1,957	-	-	-	1,957
<u>Other trading activities</u>					
Trading Income	1,217	216	-	-	1,433
Other	488	570	-	-	1,058
<u>Investments</u>	517	219	90	389	1,215
Total income	38,756	20,740	90	389	59,975
Expenditure on:					
<u>Raising funds</u>					
Trading costs	886	219	-	-	1,105
Financing costs	770	2,094	13	-	2,877
Marketing and fund raising	897	87	-	-	984
Investment management	-	-	6	52	58
	2,553	2,400	19	52	5,024
<u>Charitable activities</u>					
College operating costs:					
Teaching costs	12,990	7,340	-	-	20,330
Summer School expenses	1,621	-	-	-	1,621
Welfare	4,864	1,603	-	-	6,467
Premises	7,209	4,871	-	-	12,080
Support costs	2,301	1,755	-	-	4,056
Grants, awards and prizes	-	3	-	35	38
Depreciation	3,208	1,967	-	-	5,175
	32,193	17,539	-	35	49,767
Total expenditure	34,746	19,939	19	87	54,791
Net income before investment gains	4,010	801	71	302	5,184
Net gains on investments	(212)	-	106	250	144
Net income	3,798	801	177	552	5,328
Transfers between funds	208	-	(46)	(162)	-
Revaluation of Investment Properties	126	-	-	-	126
Exchange gains/(losses)	84	237	-	-	321
Re-measurement of Pension Deficit	226	-	-	-	226
NET MOVEMENT IN FUNDS	4,442	1,038	131	390	6,001