



*The Fellowship
of the
School of Economic Science*

*Report and Financial Statements
for the year ended
31 December 2020*

The Fellowship of the School of Economic Science
11 Mandeville Place
London
W1U 3AJ

Executive Committee (Trustees):

Stephen Silver (Principal)	Susan Young
Andrew Purves (Treasurer to 18 July 2020)	Jeffrey Sapiro
Chris Rees (Treasurer from 18 July 2020)	Edward Saunders
Richard Glover (Gen. Secretary to 18 July 2020)	Matt McNeill
Anthea Douglas (Gen. Secretary from 24 July 2020)	Nigel Pate
Sherry Moran (from 18 July 2020)	
Ben Andrews (from 28 Aug 2020)	
William Brook (from 21 Aug 2020)	
Kumar Kumara (from 21 Aug 2020)	

Communications should be sent to:

Stephen Silver
Principal
School of Philosophy and Economic Science
11 Mandeville Place
W1U 3AJ

Statutory Auditor

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

Insurance Broker

Access Insurance
Selsdon House
212-230 Addington Road
South Croydon CR2 8LD

Bankers

National Westminster Bank plc
2a Charing Cross Road
London WC2H 0NN

Solicitors

Fieldfisher
Riverbank House
2 Swan Lane
London EC34R 3TT

Investment Managers

Handelsbanken Wealth & Asset Management	Ruffer LLP
77 Mount Ephraim	80 Victoria Street
Tunbridge Wells	London SW1E 5JL
Kent TN4 8BS	

Contents

1.	Foundation and Vision.....	5
1.1.	A Search for Truth.....	5
1.2.	Aim of the School of Philosophy and Economic Science.....	5
2.	Objects of the Charity.....	6
2.1.	The Rules set out the Objects of the Charity.....	6
2.2.	Carrying out the Objects of the Charity.....	6
2.3.	Guiding principles – service without reward.....	7
2.4.	Charity.....	7
2.5.	Public Benefit.....	8
3.	Delivering the Objects.....	8
3.1.	Philosophy.....	8
3.2.	Meditation.....	9
3.3.	Economics and Law.....	10
3.4.	Promoting the Arts.....	11
3.5.	Language.....	11
3.6.	Publications.....	12
3.7.	Education.....	12
4.	Governance.....	13
4.1.	Structure.....	13
	Senior Tutor.....	13
	Trustees.....	13
	Membership Committee.....	14
	Property Trustees.....	15
	Endowment Fund Treasurer.....	15
4.2.	Trustee Election, Induction and Training.....	15
4.3.	Statement of Trustees’ responsibilities.....	16
4.4.	Management arrangements.....	16
4.5.	Staff.....	17
	Remuneration Policy.....	17
4.6.	Committees & Sub-Committees.....	18
	Advertising and Communications Committee.....	18
	Elderly and Vulnerable Students Committee.....	19
	Risk Management Sub-Committee.....	19
	Finance Sub-Committee.....	20
	Investment Sub-Committee.....	20
	Staff Sub-Committee.....	20
	Technology Sub-Committee.....	20
	Creative Projects Sub-Committee.....	20
	Estates Sub-Committee.....	20
4.7.	Properties.....	21
	Nanpantan Hall.....	21
	Waterperry and Waterperry Gardens Limited.....	22
4.8.	Achievement and Performance.....	23
4.9.	Development Plan.....	23
5.	Financial Review & Results.....	24
5.1.	Net Gain on Investments.....	25
5.2.	Investment Income from Property and Shares.....	25
5.3.	Reserves Policy.....	25
	Free Reserve – £2.04m.....	25
5.4.	Designated Funds.....	26

Building and Capital Asset Reserve – £1,000,000	26
Opportunity Reserve – £1,000,000.....	26
5.5. Investment Policy	26
5.6. Impact of the Pandemic	27
Response.....	27
Operations	27
Reserves.....	27
5.7. Post-Audit Events.....	28
Student Enrolment	28
BBLs loan	28
Investment Funds Review.....	28
Trading Subsidiary	29
Going Concern	29
Fundraising	29
6. Plan for the Future	29

1. Foundation and Vision

1.1. A Search for Truth

The Fellowship of the School of Economic Science (“the Charity”) was founded in 1937 to establish and maintain the School of Economic Science (“the School”) to teach ideas of economic justice derived and developed from the insights of the American economist Henry George. It soon became apparent that the answer to economic problems lay not just with economic systems but also with human understanding and in the early 1950’s philosophy courses were added to the economics programme. In 2019 the Fellowship changed the name of the School to the School of Philosophy and Economic Science. Economics and philosophy courses were directed by the founder and Senior Tutor, Leon MacLaren from 1937 until his death in 1994. Since then, they have been led and directed by the present Senior Tutor, Donald Lambie.

“It became very clear to me that there was such a thing as Truth and there was such a thing as Justice; and that they could be found and being found could be taught.”

Leon MacLaren

Philosophy in the School quickly took a practical bent, focusing on the need to awaken human consciousness through coming to rest in stillness. This in turn led to a meeting in 1961 with the Maharishi Mahesh Yogi and the adoption of mantra meditation as a key feature of the School’s approach to understanding and practice of philosophic principles.

Leon MacLaren later met with Shri Shantananda Saraswati, a teacher of the philosophy called Advaita or non-duality, which has since become central to the School’s work in both economics and philosophy. Parallels were found among many philosophers and writers from the world’s philosophical, theological and literary traditions which, through practical application in daily life, led to deepening understanding of human nature and the application of philosophic principles in personal and social life.

Courses in economics and philosophy continue to develop from a growing understanding of the philosophy of non-duality. They work by encouraging personal practice and observation and enquiry shared in groups of like-minded people, whose collective experience facilitates the development of individual understanding.

1.2. Aim of the School of Philosophy and Economic Science

The School aims to be a centre of spiritual and practical knowledge and enquiry for people leading everyday working and family lives. The intention is to help individuals lead full, rich and useful lives, to be of service in society and to evolve the spiritual aspect of their being in accordance with natural laws.

“The Aim is Truth; and Truth as we now know is beyond creation. It is the Self of every living creature. That is the aim. That is what it is all about.”

Leon MacLaren

The School is committed to an ethic of lifelong learning and development. Many students continue to attend classes throughout their adult life, also providing the voluntary service upon which the School depends, and contributing to the wider community in whatever ways they can. The School's educational aims and the study opportunities are all based on the philosophical view that humanity is united in a common conscious essence and that natural laws offer the possibility that human beings can live in freedom and prosperity without exploitation or misuse of nature. From those foundations, studies extend into many other fields including Language (particularly Sanskrit and Latin), Renaissance Studies, Plato, Art, Music, Law, Government and Education.

2. *Objects of the Charity*

2.1. The Rules set out the Objects of the Charity

The Objects are:

- 1) To promote understanding of the natural laws governing humanity through the study and practice of philosophy and economics and any other relevant subject, including the laws, customs and practices by which communities are governed.
- 2) To disseminate by all lawful means knowledge of the matters referred to in (1) hereof.
- 3) To promote any art or science, to produce, print, publish and circulate any periodicals, books and works of art.
- 4) To organise a School for the furtherance of these objects, such School to be known as the School of Philosophy and Economic Science.
- 5) To advance for the public benefit education in the United Kingdom and in particular by establishing or maintaining or assisting one or more schools for children.

Object 6 contains various provisions to assist the furtherance of the above objects, including the acquisition and holding of land and chattels, funding, the provision of library facilities, etcetera.

2.2. Carrying out the Objects of the Charity

The Objects of the Charity are carried out through the School of Philosophy and Economic Science, established and maintained in accordance with Object 4. Through the School in London and its 17 regional Branches, the Fellowship offers courses to the public at some 40 locations throughout England and Scotland. The School also offers courses online, available to students wherever they are. The courses themselves are directed by the Senior Tutor.

In March 2020, when the serious nature of the Covid-19 pandemic became apparent, all in-person courses were transferred online. This was just prior to the first government mandated lockdown. Course and related activities remained online for the remainder of 2020 and into 2021. The Executive Committee is actively monitoring the situation and assessing when in-person courses might safely be offered again.

The School also provides study materials and other support to many associated schools offering the same or similar courses in 14 overseas countries. Close contact is maintained with these Schools through regular visits by the Senior Tutor and others and through the provision of study materials. The leaders of associated Schools attend meetings in the UK from time to time and students from associated Schools often attend residential events in the UK. These arrangements enable the work of the School to reach many thousands of students in the UK and other parts of the world.

2.3. Guiding principles – service without reward

The Charity and the School are guided by three core values or principles. They are:

- love of truth and justice;
- learning and teaching;
- voluntary service.

Service without seeking individual benefit or reward is central to the ethos of the Charity. The School's courses, based on the principle of learning and teaching and guided by a love of truth and justice, are provided voluntarily by students whose own studies have progressed sufficiently to enable them to pass on what they have learned to others. Much of the administration as well as renewal and maintenance of premises is also provided on the voluntary principle as part of the practical application of philosophy. Only the weekday office staff at Mandeville Place and a few other persons are full or part-time paid employees. No-one is paid or allowed to derive financial benefit from providing teaching services in the School.

The day-to-day management of the Charity is undertaken voluntarily by members of the Executive Committee, Branch Leaders and advisers and assistants appointed from within the Fellowship and student body. Student volunteers also staff the refreshment and bookshop facilities that support classes and other events.

2.4. Charity

The Charity is registered in England and Wales as Educational Charity No. 313115. It is also registered with the Office of the Scottish Charity Regulator under registration number SC039950. The governing instrument of the Charity is the Rules of the Fellowship of the School of Economic Science as amended at the Annual General Meeting of 20 July 2019.

2.5. Public Benefit

Practical Philosophy and Economics with Justice courses are open to everyone and are widely advertised. Course fees are kept to a practical minimum. There are concessions for those on low incomes or experiencing financial hardship. Capital expenditure is largely met out of accrued financial resources together with bequests and from voluntary donations from students who can afford to contribute more than the regular fees.

Historically, courses have been offered throughout the UK. One of the benefits of moving all courses online is that people have been able to attend a course even when they are not able to attend one of the physical centres. Even when in-person courses will be able to be offered again, online courses will continue to be offered.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning activities and setting policies for the year ahead.

3. *Delivering the Objects*

In accordance with the Objects and in response to observed needs, additional studies founded on the philosophy of non-duality have developed.

3.1. Philosophy

The practical philosophy courses take inspiration from the principle of non-duality. They draw on the wisdom and practical experience of thinkers, writers and philosophers from many traditions and ages with particular reference to the philosophy of Advaita as expounded by His Holiness Shri Shantananda Saraswati and His Holiness Shri Vasudevananda Saraswati.

The courses treat philosophy as a personal and practical attitude to life and its opportunities, enabling people to deepen and develop an understanding of life and of themselves. They are not academic courses such as would be followed in a university but develop as far as possible based on practice and experience. They are intended for people with everyday working and family lives.

For this reason, the School's courses are based on weekly evening and daytime classes. These are supported by weekend activities. Weekend and week-long residential seminars have been available to students who have studied in the School for some time. Residential centres in the UK are located at Waterperry House in Oxfordshire, Nanpantan Hall in Leicestershire and Brinscall Hall in Lancashire.

Since the lockdown, these weekend and week-long activities have been held online using Zoom. The intention is to resume residential activities when circumstances permit,

as well as ensuring that online support is maintained for those unable to attend one of the centres.

A series six of short residentials is planned for Waterperry in the summer term following the planned lifting of legal restrictions in June.

At the beginning of 2020, introductory philosophy courses were offered at every location other than the residential centres. From April 2020, all location courses were suspended and a national, online course has been offered instead. Over 20 sessions have been offered each week at a variety of times during the day and evening.

These national online courses have been supported by students from across the UK. The national programme is continuing in 2021. The intention is to offer in-person courses at our UK locations, when regulations allow and circumstances permit, while maintaining an online course offering.

Because of the geographical freedom of the online courses, students have enrolled from several continents (North America, Africa, Asia, Australia and Europe) and many time-zones.

Zoom has also enabled the School to offer a number of worldwide festivals, open to the public and with contributors from the schools around the world, notably:

- Wise Things Festival: an online festival over one weekend, promoting the sharing of ideas and experiences that can help all of us be happier, healthier and more successful.
- Women of Wisdom: a series of four one-day seminars allowing presenters, musicians and performers from around the world to promote inspiring and insightful wisdom, and to explore practical philosophy by women who have been underrepresented over the centuries.

At many of our locations across the country the regular philosophy courses are supplemented by talks and presentations offered by students in various aspects of philosophy and related studies, based on their personal interests and experience. Many of these talks are open to friends, family and the wider public. A number are on the School's website. Following lockdown many of these continued online.

3.2. Meditation

The School has found that exploring natural laws governing the inner life requires a method of cultivating inner stillness and for this purpose students are offered an introduction to the practice of mantra meditation after a few terms' study of philosophy. Thereafter, regular practice of meditation is central to the study and practice of philosophy. The value of meditation has become very widely accepted in recent years and the Fellowship is pleased to support and participate in that development with the benefit of over 50 years' experience of continuous practice. There were regular sessions of lunchtime meditation practice at Mandeville Place that were open to the public until

we had to close the building due to Covid-19. Tutorials are always available for seasoned meditators, and these have continued online using Zoom.

3.3. Economics and Law

The study of economics arose from a deep desire for justice and equity rather than the prevailing economic injustices in society. The direction is towards helping anyone interested to discover and understand the natural laws that govern human society. It aims to formulate and propose principles upon which a more natural and just economic system and associated laws can be established, encouraging freedom, prosperity and happiness for all.

Economics with Justice is presented as a human and social subject, with principles derived from modern and ancient wisdom and observable today in the universe, in human relationships and in our individual lives. The School offers the view that economics needs to be founded on principles of justice and equity, and that economic injustices indicate failures to understand or observe these principles in economic policy. Major problems of contemporary economic life are examined from this perspective, and practical principles and policies offered.

Before Covid-19 an introductory ten-week course was offered in London several times a week with two further courses each offered once a week. Courses were also offered at some branches, as well as through a growing presence online. Since the imposition of the lockdown restrictions, all the courses have moved online. As with the philosophy courses, this has enabled a larger number of students to attend the courses, many from around the UK and from overseas who would not otherwise be able to attend.

In 2021, we are introducing Economics with Justice courses specifically targeted at South Africa and Australia, supported by students from the local schools.

The School provides for students to continue their studies for as long as they wish, deepening their understanding of economic principles and broadening their application to contemporary issues. There are Further and Advanced economics groups that meet on a weekly basis, and an economics study group which meets three times a term and for a residential week once a year. All of these activities moved online for 2020 and are continuing in 2021. Guest speakers are invited either for occasional Saturday afternoons, or for a full day's annual Colloquium.

The School is a corporate member of the Coalition for Economic Justice, a loose association of charitable and other groups with a common interest in the establishment of economic justice on similar principles to those taught in the economics course. Some meetings of the Coalition, and also meetings and courses held by another coalition member, the Henry George Foundation, have been hosted at the School's premises at Mandeville Place in London, and will be again when circumstances permit. The School has also hosted meetings and events for Promoting Economic Pluralism, an organisation campaigning for wider economics syllabuses in universities. The School's policy is to be

open to informal links with like-minded people and organisations whose objectives are compatible with the Fellowship's Objects.

3.4. Promoting the Arts

To meet Object 3 (the promotion of the arts) supplementary studies undertaken by groups of students within the School including art, music, translation, dance and others. Calligraphy is practised both as a fine art and as a reflective practice in fine attention. The School's choir Discantus gave a number of public concerts at the School's main building in Mandeville Place, London and elsewhere.

Waterperry has been a centre of excellence in horticultural arts and science since before the Fellowship acquired it and has been maintained and developed as such. Through Waterperry Gardens Limited ("WGL") the School provides training, recreational and horticultural facilities for public use and enjoyment. Due to the impact of Covid-19 government restrictions in 2020/21 WGL has currently suspended its programme of horticultural courses to the public. Waterperry is a Royal Horticultural Society Partner Garden. The ornamental gardens are recognised nationally. It is a well-known centre of expertise in herbaceous gardening, apple and pear cultivation and also houses two national collections of alpine plants, one of which, in a joint exhibit at the 2017 RHS Hampton Court Palace Flower Show, was awarded a Silver Gilt Medal.

The fresco paintings created by the Art Group of the School at Waterperry House are open to the public each week. The guided tours are particularly popular, although these had to be suspended during the lockdown.

In addition, the Charity encourages and supports the arts through various activities at Waterperry Estate and elsewhere, including dramatic and operatic performances in the theatre. WGL also offers public courses in various arts and crafts and steps are being taken to develop the estate as a host venue for festivals and exhibitions. Due to the lockdown many of the planned events for 2020 had to be curtailed or, like Celebrating Ceramics, moved online. For 2021, a full programme at Waterperry is planned, always working within government guidelines, including the return of the Oxford Storytelling Festival, Handmade Oxford, Celebrating Ceramics, with over 130 artists, and an expanded 10-day Waterperry Opera Festival.

In collaboration with the former owner, Johanna Herbert Stepney, and a local artist, Nanpantan Hall is hosting a public event entitled 'Time, Place, Memory' in May 2021.

3.5. Language

The Sanskrit Faculty continues to make a substantial contribution to the study of the Sanskrit language in the UK and elsewhere through its established courses, ranging from introductory to advanced levels. The study of Panini grammar is proceeding, as is the study of Sanskrit literature and traditional chanting. The annual International Sanskrit Conference took place at Waterperry House and the number of international online groups, principally for Introductory Sanskrit, has grown significantly. The School

also supports academic research and a translation of a further Sanskrit text attributed to Adi Shankara is under way.

Work continues on the translation of *The Letters of Marsilio Ficino* which over the years have made a major contribution to the revival of studies of this previously little known but extremely influential Renaissance philosopher. The latest volume of *The Letters*, Volume 11 was published in February 2021, and launched worldwide to an audience of nearly 200 people. Work continues on the final volume in the series. These works have been welcomed around the world, by academics and lay people alike, for their spiritual and philosophical content as well as for their cultural and historical significance. Elizabeth Medler commented in *New Vision*, "These letters are not only a joy to read, they are deeply nourishing." Numerous presentations and courses on Ficino have taken place online, reaching various branches and overseas schools.

3.6. Publications

During the year work has proceeded on publication of the conversations between Maharaja Sri Shantananda Saraswati and Leon MacLaren. The third and fourth volumes were published in 2018 and a detailed Index was published in 2019. A sixth volume published in early 2021 completes the record of conversations and correspondence.

The School publishes books and audio recordings of lectures and presentations given in the Philosophy, Sanskrit, and Economics and Law faculties.

The School also gives financial support to Dr David Horan for a new translation into English of the complete works of Plato. This work has been completed and is being prepared for publication online in 2021.

3.7. Education

In response to a need identified by parents of young children for a more philosophically principled and holistic education than was then available, students in the School were instrumental in establishing The Independent Educational Association Limited (IEAL) in 1975. The IEAL is a separate and independent charity that operates the St James Independent Schools for children.

Some years ago, students in the School established another separate charity, the Education Renaissance Trust, which aims to support and encourage similar initiatives in the field of education. There continue to be close links with this organisation and the School supports its work by providing accommodation and other facilities from time to time.

The School has also provided financial support to the St. James School in Durban, South Africa, helping to bring much needed educational opportunities to primary school children for a more principled and holistic education.

The purpose of these educational ventures is to advance for the public benefit a holistic education for children which takes full account of their spiritual, mental, emotional and

physical needs. The children's schools are highly respected and recognised as leaders in exploring and using such added dimensions to children's education. Although they are independent charities, their aims and methods are entirely consistent with those of the Fellowship.

The School also supports the Jyotirnidhi Nyasa Trust, whose principal object is to advance education in Vedic philosophy and the Sanskrit language in India and elsewhere. It is agreed that, subject to available finances, the Fellowship will make annual donations of about £10,000 to support the work of this sister charity.

4. Governance

4.1. Structure

Senior Tutor

The Senior Tutor, Donald Lambie, is responsible for the general philosophic and educational direction of the School's work and for the scope and content of study material. The Senior Tutor is also responsible for the appointment of tutors and Branch Leaders, all of whom are volunteers.

There is close communication with the Trustees in relation to these matters through regular meetings between the Senior Tutor and the Principal, bi-annual meetings with the Executive Committee and through the Trustees' active participation in the work of the School. The Senior Tutor does not receive any salary from the Charity, although expenses are paid and accommodation and paid assistance are provided to enable him to fulfil his role. The Senior Tutor has no control over the finances of the Charity.

Trustees

The Trustees of the Charity are defined by the Fellowship Rules (12).

At the AGM 2020 the outgoing trustees were Richard Glover and Andrew Purves. Richard Glover stepped down after many years of service on the Executive, for the majority of which he acted as General Secretary. Andrew Purves also stepped down after many years of devoted service as Treasurer.

A new Executive Committee was elected. Stephen Silver was re-elected as Principal and Chris Rees was elected as Treasurer. Co-options were decided at two Executive meetings immediately following the AGM. Assignment of specific responsibilities and sub-committee memberships were decided at those same meetings.

The trustees and their responsibilities are shown here:

Stephen Silver (Principal) (4) (7)	Chris Rees (Treasurer) (1) (2) (4) (9)
Anthea Douglas (General Secretary) (10)	Susan Young (5)
Sherry Moran (11)	Edward Saunders (12)
Matthew McNeill (9)	Jeffrey Sapiro (5) (6) (8)
Nigel Pate (7)	Kumar Kumara (co-opted) (11)
Ben Andrews (co-opted)	William Brook (co-opted) (3)

Notes:

- (1) Chair of the Finance Sub-Committee
- (2) Attends the Investment Sub-Committee
- (3) Member of the Risk Management Sub-Committee
- (4) Member of the Staff Sub-Committee
- (5) Member of the Creative Projects Sub-Committee
- (6) Member of the Elderly and Vulnerable Students Committee
- (7) Member of the Advertising and Communications Committee
- (8) Member of the Membership Committee
- (9) Member of the Technology Sub-Committee
- (10) Member of the Economics Grants Committee
- (11) Member of the Estates Sub-Committee
- (12) Legal matters

The Fellowship meets in an Annual General Meeting to receive the Report of the Trustees and the Financial Statements, and to elect the Officers and other members of the Executive Committee and the Membership Committee for the following year. A quorum of two-thirds of Ordinary Members is required. Associate Members may attend General Meetings but may not vote.

Due to the Covid-19 pandemic, in 2020 a decision was made to hold the AGM on Zoom using a voting system provided by BigPulse. In consequence almost all Fellowship members were able to attend online. Changes were made to Rules 18, 20 and 26 to allow for this arrangement to be possible in future years, should it be more advantageous for Fellowship business.

The Principal and the Treasurer are elected annually under Rules 8 and 9 respectively. The Principal is also the Chair of the Executive Committee and of the Fellowship. Each of the Trustees can be contacted via the School's head office at 11 Mandeville Place, London W1U 3AJ.

Membership Committee

Four members of the Membership Committee are elected annually at the AGM and a Trustee is appointed by the Executive Committee to serve with them. The members of the Membership Committee are:

Sally Ostrowska (Chair)
Bartholomew O'Toole (Secretary)
Sine Pickles
Barry Scott
Executive representative: Jeffrey Sapiro

Any person currently enrolled on a Philosophy or Economics course in the School of Philosophy and Economic Science (Rule 3) is eligible for membership of the Fellowship.

The Membership Committee continues to monitor the breadth and strength of the membership of the Fellowship. During the year four persons ceased being a member, and another three died. 11 students accepted the invitation to join the Fellowship from across all UK Branches.

The membership of the Fellowship on 31 December 2020 consisted of 228 Ordinary Members and 66 Associate Members. Fellowship members are appointed by the Executive Committee on the recommendation of the Membership Committee in accordance with Rule 3 and Rule 12 (9).

Property Trustees

Because the Fellowship is an unincorporated association, Rule 15 provides for the appointment by the Trustees of not more than five nor less than three Property Trustees for the purpose of holding and dealing with "any freehold or leasehold properties from time to time acquired by the Fellowship and the proceeds of sale thereof and all monies or other property of the Fellowship in their hands upon the terms of a Trust Deed....".

The current Property Trustees appointed by the Executive Committee are:

Ian Mason
John Meltzer
Hugh Venables

Endowment Fund Treasurer

Bart Dunlea was re-appointed to the role of Endowment Treasurer following the AGM.

4.2. Trustee Election, Induction and Training

Under the Rules of the Fellowship, the Trustees are elected by and from the Ordinary Members of the Fellowship who have invariably obtained considerable knowledge and experience of the work of the Charity, both before becoming members of the Fellowship and then through receiving annual reports and financial statements. On appointment Trustees may see past minutes and agendas of the Executive Committee and are encouraged to question any member of the Committee, and the Internal Auditor, about any aspects of the Committee's business or the general administration of the School.

New trustees are also encouraged to read the Charity Commission guidance on the role and responsibilities of trustees.

From time-to-time external advice is sought as to the appropriateness and efficiency of the Charity's governance.

4.3. Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Report of the Trustees and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England, Wales and Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any 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 Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity, and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees and staff, through the Finance sub-committee meetings, continue to improve the financial accounting practices in recognition of their obligations and in response to the advice from the Charity's auditors. In particular, the property maintenance budget is renewed annually. A Finance Manual was adopted in 2017. It will be reviewed in 2021.

4.4. Management arrangements

The day-to-day management of the Charity is undertaken on a voluntary basis by the members of the Executive Committee, supported by the Branch Leaders, together with

advisers and assistants appointed from within the Fellowship and the student body. The volunteers are supported by a small and dedicated team of full- and part-time paid staff.

The School year is divided into three terms. The Executive Committee used to meet three times each term, with additional meetings arranged as necessary to deal with any matters requiring urgent consideration. Since the onset of the pandemic it has met online nearly every week, on Friday mornings.

The Executive Committee has also met online several times at weekends for some hours each time to consider matters of a more strategic nature outside the normal run of business.

The Branch Leaders, as local representatives of the Executive Committee, are provided with clear Terms of Reference. Branch Leaders typically meet around the end of January with the Senior Tutor and the Principal for a three-day residential period during which Trustees attend to speak about and discuss current issues and matters relating to the management and organisation of the School and Branch Leaders' roles as Trustees' representatives. The aim is to allow the Branches as much autonomy as possible while maintaining the unity of the School as a whole. The current Executive member with particular responsibility for liaison with the Branches is Nigel Pate, who is himself a Branch Leader.

Decisions on matters of policy and strategy are made by the Executive Committee on behalf of the Fellowship in consultation, where appropriate, with the Senior Tutor. Decisions relating to the day-to-day operations of the School are implemented by the relevant person within the management structure, and within the policy and strategy framework as set out by the Executive Committee.

There is provision in Rule 19 for an officer, or two or more members of the Executive Committee, or at least ten Ordinary Members to call an Extraordinary General Meeting of the Fellowship at any time to discuss and vote upon matters of major significance (e.g. major changes in policy or strategy, proposed actions outside the scope of established policy etc.).

There was no Extraordinary General Meeting in 2020.

4.5. Staff

The management support team continued to work well, led by the General Manager, Laura Counsell, under the direction of the Principal.

The Trustees extend their grateful thanks to Laura Counsell and her team for approaching their task with energy and efficiency while engaging fully with the ethos of the School.

Remuneration Policy

The Fellowship aims to pay its employees a fair salary commensurate with their skills and level of responsibility, comparable to the private sector. The School contributes 7%

of gross salary to the pension fund of each employee and has offered all employees pension advice. One employee earned more than £60,000 during the year ending December 2020.

4.6. Committees & Sub-Committees

There are seven sub-committees appointed by the Executive under Rule 12 (7): Finance; Investment; Risk Management; Staff; Technology; Creative Projects and Estates. The Trustees are also represented on the Advertising and Communications Committee and the Elderly and Vulnerable Students Committee, which are otherwise appointed from among the student body.

Advertising and Communications Committee

Attracting new students to the School remains a high priority as offering courses to the public is the main means of fulfilling the Charity's Objects and the most visible public benefit provided by the School. Advertising and its effectiveness are kept under constant review by the Advertising and Communications Committee. Advertising for Branches within the UK is administered locally under the direction of each Branch Leader who is responsible for advertising the Branch and for its budget.

Towards the end of 2019, the Executive had seen the need to make more use of social media and had appointed a specialist consultant to provide guidance and support to the office staff.

Once the decision was made only to offer national online courses for the summer term, all of the advertising effort was focused on social media. The Executive Committee established a UK Marketing Working Group (UKMWG), consisting of students from around the country with experience and expertise based on their professional work and their involvement in marketing for the School. The UKMWG produced campaign material that was used in the national social media campaign and was made available to the Branches, so that the marketing could be extended through their existing channels.

Notwithstanding the reach of social media advertising, all students in the School are encouraged to utilise personal referrals and generally to promote the School's reputation.

With the sudden move to online, the decision was taken to offer the summer term introductory courses for free. At the time, so many other activities – courses, concerts, museums, etc. - were being offered free, and the impact of lockdown, furlough, school closures was so uncertain, it was felt necessary to make the course free to attract students. The introductory courses were kept free for the September course.

Enrolments were 1700-1800 students for each term. However, attendance was under 50%, which was put down to the fact that people may sign up to a free course without necessarily any commitment actually to attend. For January 2021, a £10 fee was

introduced. As expected, the number enrolling fell, to just over 1100, but attendance was over 80%.

Early in 2021, the decision was made to disband the Advertising and Communications Committee as a formal committee, as much of the work is now carried out by the UKMWG.

Elderly and Vulnerable Students Committee

This committee meets every 4 – 6 weeks to implement the School's Policy for the Protection for Elderly, Disabled or Vulnerable Students; it reviews the current list of those students no longer able to attend courses due to age, disability or other vulnerability; it aims to ensure that they receive adequate care, support and protection to enable them to participate as fully as possible in courses and activities of the School. The committee provides advice and resources to vulnerable students and their carers on spiritual and practical matters as well as visiting those who are house-bound or living in residential care.

Risk Management Sub-Committee

The Trustees are required to certify each year that the major risks to which the Charity is exposed have been assessed and that appropriate steps are being taken to minimise those risks. A comprehensive risk management structure is in place and is kept under regular review. The trustees have overall responsibility for risk within the Charity. Each Executive Committee meeting has Risk as an agenda item during which each member is given the opportunity to report on risks drawn to their attention.

Management of risk is co-ordinated and given general attention through the Risk Management Committee which is chaired by a trustee and meets around five times during the year. Each UK Branch has an appointee with particular responsibility for risk management.

The Risk Management Handbook documents and explains how risk assessment and its mitigation are to be conducted. This is one of the Charity's policy documents. The Risk Management Committee introduced a Charity Risk Register along the lines recommended by Charity Commission guideline CC26. It covers the areas of

- Governance
- Operational Risk
- Financial Risk
- External Risk
- Compliance Risk

Policies of the Charity are kept under review by the trustees. They are made available on-line to all those with significant responsibilities such as Branch Leaders, Bursars and Trustees. These are reviewed at least every 3 years.

Specific risks addressed during the year included:

- Minor theft at a residential property resulting in increased security measures.

- Inadequate rigour during emergency evacuation drills, resulting in a review of practice and procedure.
- Minor accident during Charity activity outside of Charity property, resulting in guidance being issued to persons with relevant responsibility.

Finance Sub-Committee

The Executive Committee has appointed a Finance Sub-Committee chaired the Treasurer. The Finance Sub-Committee supports the Treasurer in providing the Executive Committee with regular reports on the financial position of the Fellowship and forecasts of income and expenditure. The sub-committee reviews the annual budget in advance of the Executive Committee's review and adoption of the budget.

Investment Sub-Committee

In December 2010, acting upon the advice and recommendations of the Investment Sub-Committee, the Executive Committee placed funds to the value of £4,000,000 with two investment fund managers, listed on page 2. In the period since then the market value of these investments has fluctuated within the expected range. The investment strategy is reviewed every year, including in 2020, and the Executive Committee decided to continue with the same investment managers.

Staff Sub-Committee

The Staff Sub-Committee, chaired by the Principal and including the Treasurer and the General Manager, is responsible for staff policy, recruitment, disciplinary matters and other HR related matters. It meets at least once a term and in addition the Principal and General Manager will consider any staffing issues at their regular weekly meetings.

Technology Sub-Committee

The Technology Sub-Committee investigates technical matters of any sort when asked to do so by the Executive and may provide technical guidance or assurance to the General Manager as required.

Creative Projects Sub-Committee

The Executive occasionally gets requests for support to students in the School who wish to carry out particular projects. The sub-committee evaluates the requests and provides recommendations to the Executive for whether or not the project should be supported.

Estates Sub-Committee

The Estates sub-committee was reformed, with representatives from many of the branches around the UK. The sub-committee's role is to provide support to the property stewards for their plans for property maintenance and improvement and to advise the Executive on proposals for major budget requests.

4.7. Properties

The Fellowship owns a number of properties in the UK, which are mainly used for delivering the School's courses in furtherance of the Objects. Five cottages at Waterperry, the Lodge and the Coach House at Nanpantan, and other properties are used either to accommodate essential staff or to provide income to the Fellowship.

In addition to its residential premises, the Fellowship owns nine other freehold properties and one long-leasehold, used for the purpose of delivering its courses. Otherwise, many Branches take premises on short leases or occupy premises under licence to deliver courses.

The Trustees consider that it is essential to find ways to create more income from spare capacity at all properties to help balance income and expenditure as soon as possible.

Mandeville Place is in a prime central London location. Prior to the Covid-19 pandemic, meeting rooms could be hired out during the day on a commercial basis. The office staff have been successful in finding primarily educational and charitable organisations that can hire rooms on a regular basis, which provides a reasonable income without being too demanding on the building's facilities and staff. Some tenants continued to meet when regulations allowed. Following the second lockdown, one tenant resumed use of the building from 12th April 2021 and the second main tenant has indicated that they intend to return to Mandeville Place in September.

Given the uncertainties around future usage, a small working group was established to consider feasible options for the future use of the building, which might enable it to continue to support our own group meetings while, at the same time, generate additional funds. We expect this group to report during 2021.

Nanpantan Hall

The upgrading of Nanpantan Hall was completed in early 2019 and provides an improved residential experience for the School's own activities, and enhanced possibilities for letting to like-minded organisations as well as weddings and other events. After protracted negotiations, the coach house was rented out to the Nurture at Nanpantan School, a school for autistic children, commencing in September 2020.

Activities at Nanpantan in 2020 included:

- Continuing work on the woodland area; clearing bramble, self-sown trees and scrub to reveal the existing ornamental tree planting.
- Actively supporting a local homeless charity with work carried out by our contract gardeners.
- From July to October, the Hall opened its doors to SPES students for their summer holidays. 11 families took up the offer.

- In between lockdowns, it was still possible to host a socially distanced Hindu wedding and a small retreat for the Self Realisation Organisation.

Waterperry and Waterperry Gardens Limited

When the Waterperry Estate was acquired in the 1970s there was an established horticultural centre, which the School maintained and expanded consistently with Object Three (promote any arts or sciences). The horticultural centre is now run as a separate trading entity known as Waterperry Gardens Limited (WGL). WGL is wholly owned by the Fellowship. Waterperry continues to command international renown for the formal gardens, which are supported by a garden shop, tea shop, gift shop and arts and crafts gallery.

Investment in infrastructure at the Waterperry Estate is making it a much better visitor attraction, which in turn enables WGL to contribute more to the Fellowship's income, while also enhancing the Estate for the Fellowship's own residential and teaching purposes.

WGL has developed strongly. There have been numerous enhancements that have contributed to significant increases in visitor numbers and more consistent profitability, notwithstanding meteorological challenges.

WGL was forced to close in March 2020 because of the Covid-19 pandemic. The garden shop continued to trade during the initial lockdown period doing mail order, internet orders and local deliveries. As restrictions lifted, WGL reopened department by department as allowed by government guidelines. The income from the teashop was significantly affected by social distancing restrictions; the normal level of trading was never able to resume despite great innovation, including relocating to the ground floor of Waterperry House. The retail areas however did very well, showing the strengths of having a diverse business. Thanks to the government furlough scheme, the hard work and support of the staff and the continued high profile of the gardens, WGL managed to make a profit of £26,000 despite the adverse conditions.

2021 promises to be another challenging year. In line with the government timetable for relaxing restrictions, the business started to re-open from 8th March. Depending on government restrictions and support we expect the financial position for the year to be similar to that of 2020.

Apart from serving the public, WGL also maintains the Waterperry estate and makes an important contribution to the local economy and employment. Students on the School's residential courses at Waterperry enjoy the benefit of the beautiful gardens and setting.

Despite the positive contribution that WGL has made in recent years, the Waterperry estate as a whole is a net drain on the School's resources. A working group was established in 2020 to consider whether costs can be reduced and/or income increased for the Estate. That work is ongoing.

4.8. Achievement and Performance

The School is not a public fund-raising charity and does not set fund-raising targets or specific aims for expansion. The main sources of funding are fees from courses, gifts, legacies, and returns from investments. Steps continue to be taken to find supplementary sources of income and to safeguard the value of the Charity's assets.

At the close of 2020 there were more than

1750 students enrolled in Philosophy in London and the Branches. During the year 1038 students enrolled for Philosophy Online and Economics students numbered more than 400. Over 100 students registered each term for extension courses known as Horizons.

Since its foundation in 1937 the School has provided courses to tens of thousands of people in the UK. While the Executive Committee would always like to see larger numbers of enrolled students, the priority of the School is always to meet the needs of students attending courses.

The following activities have been undertaken:

- The School continues to organise courses, seminars and events to enable students to present the findings of their studies to a wider public.
- Contact continues to be made and maintained with like-minded organisations in order to collaborate with them in the development of common fields of study.
- Budgets continue to be carefully reviewed to enable the Charity to function within its means.
- The use of the School's residential properties has also been reviewed to identify means of making better use of the facilities.

4.9. Development Plan

Work had started late in 2019 to review and renew the strategic vision for the charity. There are three interrelated factors: the lower than hoped enrolment numbers, a continuing drain on the financial reserves and the cost of some of the properties.

The need for this review was exacerbated by the impact of the Covid-19 pandemic and the lockdown restrictions imposed by the government.

Following the election of a new Treasurer and Executive a number of new initiatives were started:

- A more rigorous budget control process has been implemented, starting with the budget forecasts for 2021. Leaders of the larger branches with their own properties and the bursars of Mandeville Place, Waterperry and Nanpantan were invited to present their budgets to the Executive Committee for approval.

- The Waterperry Working Group produced an initial report making a number of recommendations for how to improve revenue, at least in part through third party hire of the house, when circumstances permit.
- Working with the Senior Tutor and a number of other tutors, a strategy working group (SWG) was established. The initial focus was to review and articulate the core foundations of the teachings offered by the School. The aim is to identify areas where additional or different courses could be offered and to look at how different students may wish to engage with the. Additionally, the SWG is looking at how the School can best deliver its offering.

This work will continue in 2021.

5. *Financial Review & Results*

The consolidated Statement of Financial Activities which accompanies this report shows that the Group made a surplus in the 12 months to end December 2020 of £355,000 (2019: deficit of £172,000). The principal reasons for this were:

- the letting of the Coach House at Nanpantan Hall and one of the St Oswalds studios and their revaluation and reclassification as investment properties;
- unrealised gains in our investment funds.

The Charity's income from courses and residentials was lower than in 2019 due to Covid-19 restrictions at £803,000 (2019: £1,119,000). Total voluntary income for the year was slightly lower than in the previous year at £269,000 (2019: £279,000), consisting of donations and gift aid which increased to £235,000 (2019: £171,000), while legacy income decreased to £34,000 (2019: £108,000). The Trustees are grateful for students' generous donations, as well as legacy income.

In last year's annual report, we predicted that WGL would incur a loss of £250-£300,000 for 2020, given the forced closure of the operation due to Covid-19. At the time, there were many uncertainties about whether and when we would be able to re-open the garden centre. WGL arranged a CBILS loan, which ensured sufficient cash to keep the business going, and furloughed as many staff as possible in order to keep the team together.

In late April, the online sales operation was enhanced to include local deliveries of plants and compost, etc. and some level of sales was restored. The garden shop re-opened on 13th May. Thankfully, the gardens were able to re-open on June 5th and the Tea Shop began a take-away service a week later. Towards the end of 2020 the Tea Shop relocated to the ground floor of Waterperry House, which enabled them to provide a service during the winter months.

As a result of these measures, and with the assistance of government support, the predicted loss turned into a profit of £26,000. The trustees regard this as an outstanding result.

5.1. Net Gain on Investments

The total unrealised gains for the year were £725,000 (2019: £264,000). These gains included net gains of £337,000 on listed investments (2019: £260,000). The value of listed investments increased from £3,278,000 to £3,305,000, despite drawing down £300,000.

5.2. Investment Income from Property and Shares

Gross investment income for the year was again higher at £224,000 (2019: £185,000), reflecting a reduction in interest and dividend income from our share portfolios of £19,000 but an increase in income of £59,000 from the commercial lease of another Studio at St Oswald's and the Coach House at Nanpantan.

5.3. Reserves Policy

The Charity requires financial reserves to maintain and advance its activities for the following reasons:

- to minimise the charity's requirement for debt;
- for operational purposes, to maintain properties, (with a net book value at 31 December 2020 of £15,586,000 (2019: £16,025,000)), equipment, etc, which are used extensively for educational and residential purposes in accordance with the Charity's objects.

Property ownership provides long term security of tenure, a measure of financial resilience, the opportunity for higher standards of maintenance, facilities adapted to the Charity's specific requirements, and for lower running costs in the long term than occurs with a dependency upon rented accommodation.

Free Reserve – £2,046,000

The free reserve is the balance of total funds (£26,568,000) less the value of those funds already identified as:

- Restricted funds; £408,000
- Designated Funds; £2,000,000
- Tangible Fixed Assets; £15,586,000
- Investment properties; £6,528,000

Total free reserve: £2,046,000

The Trustees consider that an adequate target level of Operating Reserve is approximately £1.7m. This would provide sufficient reserves to meet the charity's

running costs for a period of six months in the event of major disruption to our activities.

This reserve would also be used to provide financial support from the Charity fund to the Benevolent Fund. The balance is held to cover operating deficits, until such time as these can be eliminated.

The Trustees invest the surplus funds in line with our investment policy.

5.4. Designated Funds

Building and Capital Asset Reserve – £1,000,000

This fund is used for the following purposes:

- To hold building acquisition funds for purchasing additional accommodation, particularly in the larger branches (currently without property), where many students attend classes held in rented accommodation. Finding suitable premises with consent for educational use in the right location is difficult, so there are only limited opportunities for the Charity to make such investments.
- This Fund can be used for buildings improvement and refurbishment either from the interest earned thereon or from the capital itself. In recent years fees and other sources of income have been insufficient to cover such expenses, and this situation is expected to continue.

Opportunity Reserve – £1,000,000

The Opportunity Reserve is intended to provide funds to meet special targets of opportunity or need that further the mission of the organisation, which may or may not have specific expectation of incremental or long-term increased income. The Opportunity Reserve is also intended as a source of internal funds for organisational capacity building, such as staff development, research and development, or investment in infrastructure that will build long-term capacity. The target amount of the Opportunity Reserve is determined by the Executive Committee.

The Trustees review the designated funds of the charity on a regular basis.

5.5. Investment Policy

During the year the Trustees continued to hold investments with Handelsbanken Wealth & Asset Management (formerly Heartwood) and Ruffer, referred to on page 2 above. Other funds were also placed in deposits with major UK banks. When the investments were placed with Heartwood and Ruffer, it was anticipated that the funds would generate net gains of 3% per annum. Although this has not been consistent, the performance has been in line with general market outcomes. The Trustees reviewed the investment policy early in 2020 and were happy with the advice of the Investment Sub-Committee, to keep the level of risk in line with reward.

5.6. Impact of the Pandemic

During the year, the Covid-19 pandemic has necessarily had an impact on our operations, and we set out below this impact under various headings:

Response

As the extent of the pandemic spread, a decision was taken on March 16th 2020 to suspend all physical group meetings and events in School buildings and move online using the Zoom platform. We had been running online courses on Zoom for almost 13 Years, and the transition was as smooth as could be expected. At the same time, a decision was made to offer all new Part One courses online for the summer term, free of charge. Fees for Part Two, up to the New Level were adjusted to take account of this. Non-residential Senior School and M Stream fees were not changed, but in May a letter was sent to all senior students offering a 10% discount, with additional remission of fees on request for those financially affected by the pandemic. A small number took up this offer, and the Trustees are grateful to all students for their continued support for the work of the Charity. We are also grateful for the generous donations made over and above the normal fees, reflected in the increase of donations and gift aid to £235,000 from £171,000 in 2019.

Planning had already started to change our advertising strategy from print to online social media, supported by the engagement of a social media consultant, and active participation by many members of the School around the country to generate the content. As a result, the cost of publicity was reduced to £155,000 (2019: £286,000).

The decision to offer the new courses nationwide resulted in over 1700 students enrolling for Part One, between Philosophy and Economics in the Autumn term.

There was a high 'no show' and drop-out rate in the summer term, as expected with a free course, at a time when so much else was being offered online. Our introductory courses remained free for the autumn term 2020, again resulting in high enrolments and high no-shows and drop-outs.

Operations

Four members of staff were furloughed in March, and one further member in May; but to deliver the national online offering meant retaining the full complement of managerial and administrative staff. In addition, although variable costs have reduced, including expenditure on energy and provisions for residential courses, fixed costs remain. This has resulted in an operational deficit for 2020 of £783,000 (2019: £895,000).

Reserves

We believe the Charity has adequate reserves for the next twelve months, and we have made no changes to our reserves policy.

5.7. Post-Audit Events

Student Enrolment

The decision was taken to introduce a discounted £10 fee for the introductory courses in the spring term 2021. This resulted in a drop in enrolments but a higher percentage attending. Over 950 attended philosophy or economics in January 2021. We are optimistic that these higher enrolments in the introductory courses will result in more students attending in further terms, which will help restore the lost income from the free and discounted courses.

As the pandemic persisted, together with the government restrictions, online remained the only offering for our introductory courses. This remains the case up to and including the summer term 2021. As restrictions ease in the summer of 2021, we expect to be able to have some in-person meetings again and limited residentials. Our plan is to open for in-person or hybrid meetings for the September 2021 term, subject to government guidelines. Online will continue to be a key part of our offering.

BBLS loan

In January 2021, in the light of the uncertainty occasioned by the second wave of Coronavirus, we secured a government-backed BBLS loan of £50,000 from NatWest Bank, interest-free in the first year, to ensure that the Charity had adequate cash in hand.

Investment Funds Review

The Investment Sub-Committee has undertaken a detailed review of our financial investments with a view to ensuring that they are aligned with Environment, Social and Governance (ESG) criteria¹ as well as delivering good performance and competitive fee levels. The Sub-Committee considered that these criteria are very much in accord with the School's principles. After interviewing and evaluating a number of investment management firms, the Sub-Committee recommended that the funds be switched to two new fund managers, CCLA Investment Management and P1 Investment Management. Both are regulated by the Financial Services Authority. Founded in 1958, CCLA is the leading investment management company serving charities, churches and local authorities. In the charity sector they have c. £1.35 B under management in their ethical fund. Founded in 2014, P1 is smaller; it has £250 M under management of which £26 M is in their sustainable funds. They are an influential thought leader in ESG investing, and are highly focused on funds and companies that espouse ESG principles. Both firms have good performance records and charge relatively low fees. The Sub-committee

¹ Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights. (Source: *Investopedia*).

recommended that c. 75% of the funds be invested with CCLA and c. 25% with P1. The Executive Committee accepted the recommendations.

Trading Subsidiary

In 2021 while garden centres were allowed to stay open during the New Year lockdown in contrast to 2020, WGL management decided to close during this quiet trading period, while they continued to deliver online orders, and plan for the re-opening of the ornamental gardens and catering facilities when permitted. They also planned for the hosting of Celebrating Ceramics, the Opera Festival and Handmade at a later date than usual. Since re-opening, early trading is positive, and WGL is forecasting a small profit for 2021. It will retain part of the CBILS loan as a protection for cash-flow during what is still an uncertain period, but the WGL Board remains confident that the business is a going concern.

Going Concern

We are confident that the Charity remains a going concern, and has sufficient reserves to survive the pandemic, although much will depend on the willingness of senior students to maintain their payment of fees at the full level, despite the reduction in services provided (mainly the residential courses, which are charged via a composite fee).

Fundraising

The School does not carry out external fundraising activities or raise funds from the general public, with donations being received from students or others familiar with the school. Accordingly, it is not registered with the Fundraising Regulator.

6. *Plan for the Future*

The School's main aims are set out in Section 1. Historically, the Charity has aimed to respond to needs and demands on its services as they arise rather than seeking to generate new activities, beyond making those services known to as wide a community as possible. The aim was to allow for organic growth and development without the constraints of a structured long-term plan.

The Executive Committee considered that the general decline in student numbers, with a continuing operational deficit, required a strategic review of the School's offering and organisation. The Covid-19 pandemic has exacerbated this need.

The strategic review, started in 2020, will continue into 2021 and beyond.

An innovation for 2021 was a Zoom meeting for all Senior School students across the UK. Over 600 students attended and contributed through responding to surveys and submitting questions for the meeting itself. These have provided a wealth of ideas and suggestions to be considered by the strategy working group and the Executive.

The meeting was generally well received and the expectation is that further meetings will be held in due course.

Work has already started on a number of new initiatives, including:

- a new course focused on service for those working, or wishing to work, in the charity and social care sectors;
- a philosophy café allowing for a less structured, drop-in environment for discussion;
- provision of technical solutions for having hybrid groups, with some people in a room and some online.

Work will also continue on enhancing the use of the Waterperry estate and reviewing the use of the school's property portfolio.

It is considered vital that the network of branches across the UK are maintained and strengthened. During 2020, technology has enabled online groups to offer courses to new students and maintain contact with existing students. It has also enabled those who could not attend physically to join in the school community. However, there is a richness in personal contact and wherever possible, the aim is to provide in-person groups and meetings, for those who wish and are able to.

Approved by the Trustees on 11th June 2021 and signed on their behalf by:

S. Silver

Chair

C. Rees

Treasurer

Independent Auditor's Report to the Trustees of Fellowship of the School of Economic Science

Opinion

We have audited the financial statements of Fellowship of the School of Economic Science for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, consolidated and charity balance sheet, consolidated statement of cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of the group's income and expenditure, for the 31 December 2020 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 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, 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 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were:

- General Data Protection Regulation (GDPR)

- Health and safety legislation
- Taxation legislation
- Employment legislation

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within valuation of Investment Properties and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Executive Committee about their own identification and assessment of the risks of irregularities, reviewed valuations by a trustee who is an expert in the investment market and compared to available market data for investment properties, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

23 June 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

*The Fellowship
of the
School of Economic Science*

*Financial Statements
for the year ended
31 December 2020*

Consolidated statement of financial activities**For the year ended 31st December 2020**

	Note	Unrestricted £'000	Restricted £'000	2020 Total £'000	Unrestricted £'000	Restricted £'000	2019 Total £'000
Income from:							
Donations and legacies	2	267	2	269	216	63	279
Charitable activities							
Courses & Residential	3	801	-	801	1,110	-	1,110
Other activities	3	3	-	3	9	-	9
Other trading activities	4	1,954	-	1,954	2,377	-	2,377
Investments	5	224	-	224	185	-	185
Total income		3,250	2	3,252	3,898	63	3,961
Expenditure on:							
Raising funds:	6						
Costs of trading activity		1,744	-	1,744	1,860	-	1,860
Other costs of raising funds		395	1	396	722	-	722
Investments		90	-	90	44	-	44
Charitable activities							
Courses & Residential	6	1,351	25	1,376	1,754	-	1,754
Other activities	6	17	-	17	17	-	17
Total expenditure		3,597	26	3,622	4,396	-	4,396
Net income/(expenditure) before net gains/(losses) on investments		(347)	(24)	(371)	(498)	63	(436)
Net gains on investments		725	-	725	264	-	264
Net Income/ (expenditure)		379	(24)	355	(234)	63	(172)
Transfers between funds		7	(7)	-	115	(115)	-
Net income / (expenditure)		379	(24)	355	(234)	63	(172)
Net movement in funds		386	(31)	355	(120)	(52)	(172)
Reconciliation of funds:							
Total funds brought forward		25,776	441	26,215	25,895	494	26,389
Total funds carried forward		26,162	408	26,568	25,776	441	26,215

Please note: The data for the Financial Statements is derived from the School accounts system which produces actual numbers down to pounds and pence. The Financial Statements are shown as whole numbers rounded up or down to the nearest thousand. Therefore there may be small variances in addition in some rows or columns.

The notes on pages 38 to 53 form part of these financial statements.

Balance sheet

As at 31st December 2020

	Note	The group 2020 £'000	2019 £'000	The charity 2020 £'000	2019 £'000
Fixed assets:					
Tangible assets	13	15,587	16,025	15,472	15,886
Investment properties	14	6,528	5,892	6,528	5,892
Investments	15	3,305	3,278	3,662	3,635
		25,419	25,195	25,663	25,413
Current assets:					
Stock	17	326	346	87	87
Debtors	18	346	380	324	348
Cash at bank and in hand		1,203	749	725	593
		1,875	1,475	1,137	1,027
Liabilities:					
Creditors: amounts falling due within one year	19	470	420	255	220
Net current assets		1,405	1,055	882	807
Total assets less current liabilities		26,824	26,250	26,545	26,220
Creditors: amounts falling due after one year	20	257	35	32	35
Total net assets		26,568	26,215	26,513	26,185
Funds:	23				
Restricted income funds		408	440	408	440
Unrestricted income funds:					
Designated funds		2,000	2,000	2,000	2,000
Fair value reserve		4,944	4,219	4,944	4,219
General funds		19,160	19,526	19,160	19,526
Non-charitable trading funds		56	31	-	-
Total unrestricted funds		26,160	25,775	26,104	25,745
Total charity funds		26,568	26,215	26,512	26,185

The notes on pages 38 to 53 form part of these financial statements.

Approved by the Trustees on 11th June 2021

S. Silver
Chair

C. Rees
Treasurer

Consolidated statement of cash flows

For the year ended 31st December 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities	24		
Net cash provided by operating activities		105	(413)
Cash flows from investing activities:			
Dividends, interest and rents from investments		199	140
Proceeds from the sale of assets		–	13
Purchase of fixed assets		(150)	(446)
Proceeds from sale of investments		300	701
Purchase of investments			(75)
Net cash provided by / (used in) investing activities		349	333
Change in cash and cash equivalents in the year		454	(80)
Cash and cash equivalents at the beginning of the year		749	829
Cash and cash equivalents at the end of the year		1,203	749

The notes on pages 38 to 53 form part of these financial statements.

Notes to the financial statements

For the year ended 31st December 2020

1 Accounting policies

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) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Charities Act 2011.

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Waterperry Gardens Limited (company number 02233285) on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two organisations are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as the summary of the result for the year is disclosed in the notes to the financial statements.

b) Statutory information

The Fellowship of the School of Economic Science is an unincorporated charity (charity number 313115, OSCR number SC039950) and registered in England and Wales, and Scotland. The registered office and main place of business is 11 Mandeville Place, London, W1U 3AJ.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees are confident that the Charity remains a going concern and, combined with the mitigating actions described in the Trustees' report, has sufficient cash, investment and property reserves to cope with the financial issues caused by Covid 19 for the foreseeable future. To protect the longer term interests of the charity, there is currently a review of the estate and operations ongoing, and the Trustees intend to make the necessary decisions in order to ensure the financial stability of the Charity for the longer term.

e) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

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

Notes to the financial statements

For the year ended 31st December 2020

1 Accounting policies (continued)

Courses and residential fees are included in the statement of financial activities during the year as earned.

Students attending the early parts of the philosophy course, which make up a majority of this income, pay a fee covering their attendance at these classes each term. However, students in the senior parts of the School pay an annual composite fee that also includes the costs of their residential accommodation and study days attendance. Any income received in advance is deferred.

Investment income is recognised as income during the year to which it relates.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Turnover from trading activities is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover represents revenue earned from the sale of goods and is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

f) Interest receivable

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

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other income received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose and costs of trading activities.
- Expenditure on investments relates to investment management fees incurred by the School
- Expenditure on charitable activities includes the costs of courses, residentials and other activities undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs and governance costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned directly to the appropriate activity except for some expense items that have been apportioned according to the space occupied.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Support and governance costs are apportioned as follows:

▪ Cost of raising funds	59%
▪ Investments	2.5%
▪ Courses & Residential	38%
▪ Other activities	0.5%

Notes to the financial statements

For the year ended 31st December 2020

1 Accounting policies (continued)

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Taxation

The Fellowship is a registered charity and therefore is not liable to income or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. The subsidiary company is subject to corporation tax but any profits arising will normally be Gift Aided to the parent charity, so generally no tax charge will arise.

l) Tangible fixed assets

Previously it has been the view of the Trustees that the useful life of properties was so long that depreciation was effectively nil. However, following a review we have adjusted this estimate and are now depreciating the building element of school properties over 100 years. An annual impairment review is also undertaken in accordance with Financial Reporting Standard 102.

For other tangible fixed assets depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

▪ Long leasehold property	2% on cost
▪ Improvements in building	4%–33.3% on cost
▪ Motor vehicles	25% on cost
▪ Equipment	10%–33.3% on cost

Items of equipment are capitalised where the purchase price exceeds £1,000, but there is some leeway for branches. Certain temporary items of equipment have been written off at the rate of 50% on cost.

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. The valuation method used to determine fair value will be stated in the notes to the accounts.

Investments

Investments are valued in the balance sheet at their mid-market or bid price at the balance sheet date. Investment management costs are accounted for as incidental costs of the acquisition or disposal where transaction based, while investment income management costs are charged as expenditure out of the relevant income funds. Investment gains and losses are shown in the statement of the financial activities. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the statement of financial activities.

Investments in subsidiaries

Investments in subsidiaries are at cost.

Notes to the financial statements

For the year ended 31st December 2020

1 Accounting policies (continued)

n) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

o) 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.

p) 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.

q) Creditors and provisions and financial instruments

Creditors and provisions are recognised where the charity 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.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

r) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

s) Pensions

The charity operates a defined contribution scheme for the benefit of employees. Contributions payable are charged to the statement of financial activities in the year they are due. For one member of staff, retirement benefits have been agreed and the full amount payable recognised as a long term liability. This is recognised at the new present value, discounted at an appropriate rate as explained in note 20 to the accounts.

t) Volunteers

In line with SORP 2015, the contribution of general volunteers is not be included as income in the accounts due to the absence of a reliable measurement basis. However the role of volunteers within the charity is disclosed in the report of the Trustees.

u) Charitable donations

From time to time the school makes donations to other charities and individuals whose activities are in line with its own charitable objectives. These donations are made at the discretion of the Trustees.

Notes to the financial statements

For the year ended 31st December 2020

2 Income from donations and legacies

	Unrestricted £'000	Restricted £'000	2020 Total £'000	2019 Total £'000
Legacies	34	–	34	108
Donations and gift aid	234	2	235	171
	<u>267</u>	<u>2</u>	<u>269</u>	<u>279</u>

3 Income from charitable activities

	Unrestricted £'000	Restricted £'000	2020 Total £'000	2019 Total £'000
Courses & residential	801	–	801	1,110
Other activities	3	–	3	9
	<u>803</u>	<u>–</u>	<u>803</u>	<u>1,119</u>

4 Income from other trading activities

	Unrestricted £'000	Restricted £'000	2020 Total £'000	2019 Total £'000
Waterperry Gardens income	1,753	–	1,753	1,989
Sales of:				
Books, Tapes and CDs	35	–	35	56
Refreshments	17	–	17	38
Income from room hire	67	–	67	259
Various other sources of income	82	–	82	35
	<u>1,954</u>	<u>–</u>	<u>1,954</u>	<u>2,377</u>

5 Income from investments

	Unrestricted £'000	Restricted £'000	2020 Total £'000	2019 Total £'000
Rent – investment properties	199	–	199	140
Dividends	26	–	26	45
Bank deposit and short term interest	–	–	–	–
	<u>224</u>	<u>–</u>	<u>224</u>	<u>185</u>

Notes to the financial statements

For the year ended 31st December 2020

6 Analysis of expenditure

	Cost of raising funds £'000	Investments £'000	Charitable activities Courses and residential £'000	Other Activities £'000	Governance costs £'000	Support costs £'000	2020 £'000	2019 £'000
Staff costs (Note 9)	754	–	–	–	–	504	1,258	1,335
Direct supply costs	119	–	246	–	–	–	365	413
Cost of sales	611	–	–	–	–	–	611	788
Welfare	–	–	–	–	–	–	–	–
Publicity	25	–	125	5	–	–	155	286
Premises – running costs	95	–	212	–	–	–	306	338
Premises – major repairs	–	–	81	–	–	–	81	200
Legal & professional	8	73	–	–	–	50	130	94
Audit and other fees	9	–	–	–	29	–	38	39
Administration	83	–	150	4	–	89	326	586
Depreciation	41	–	291	5	–	–	337	273
Charitable donations (note 8)	–	–	15	–	–	–	15	44
	1,744	73	1,121	14	29	642	3,622	4,396
Support costs	379	16	244	3	–	(642)	–	–
Governance costs	17	1	11	–	(29)	–	–	–
Total expenditure 2020	2,140	90	1,376	17	–	–	3,622	4,396
Total expenditure 2019	2,582	44	1,754	17	–	–	4,396	

Notes to the financial statements

For the year ended 31st December 2020

7 Net income for the year

This is stated after charging:

	2020 £'000	2019 £'000
Depreciation	337	273
Operating lease rentals:		
Other	-	-
Auditor's remuneration:		
Audit	38	31
Other services	-	-

8 Grant making

	Grants to institutions £'000	Grants to individuals £'000	2020 £'000	2019 £'000
Cost				
Waterperry Opera Festival	-	-	-	15
Jyotirnidhi Nyasa Trust	10	10	20	10
A Purves – Economics Research	-	5	5	-
Dr Horan	-	-	-	14
Other	-	-	-	5
At the end of the year	10	15	25	44

Grants are given for education and research purposes.

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £'000	2019 £'000
Salaries and wages	1,082	1,185
Redundancy and termination costs	-	-
Social security costs	82	75
Employer's contribution to defined contribution pension schemes	94	76
	1,258	1,335

One employee earned between £60,000–£69,999 not including employer's National Insurance contributions during the year (2019: 1).

The total employee benefits including pension contributions and employer's National Insurance contributions of the key management personnel were £186,221.51 (2019: £180,397).

The Trustees were not paid and did not receive any other benefits from employment with the Charity in the year (2019: £nil). No Trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs totalling £0 (2019: £136) incurred by 0 (2019: 2) Trustees relating to attendance at meetings of the Trustees.

Notes to the financial statements

For the year ended 31st December 2020

10 Staff numbers

The average number of employees (head count based on number of staff employed including full time and part time staff) during the year was as follows:

	2020 No.	2019 No.
Raising funds (trading activity)	60	71
Courses and residentials	18	22
Arts festivals		
	<hr/>	<hr/>
	78	93
	<hr/>	<hr/>

60 (2019: 71) employees above were employed by WGL and the remaining 18 (2019: 22) were employed by the parent charity.

11 Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Waterperry Gardens Limited is liable to pay corporation tax at 19% on any profits not gift aided to the parent charity. In 2020 it had a tax liability of £7,719 (2019: a tax liability of £83).

Notes to the financial statements

For the year ended 31st December 2020

13 Tangible fixed assets

The group

	Freehold property £'000	Leasehold property £'000	Equipment/ improvements £'000	Total £'000
Cost				
At the start of the year	13,115	496	5,655	19,266
Additions in year	–	–	150	150
Transfer to investments / Disposals	(98)	–	(186)	(284)
At the end of the year	13,017	496	5,619	19,131
Depreciation				
At the start of the year	168	307	2,766	3,240
Charge for the year	84	13	244	341
Transfer to investments / Disposals	(3)	–	(34)	(37)
At the end of the year	249	320	2,976	3,545
Net book value				
At the end of the year	12,767	176	2,643	15,587
At the start of the year	12,947	189	2,889	16,025

The charity

	Freehold property £'000	Leasehold property £'000	Equipment/ improvements £'000	Total £'000
Cost				
At the start of the year	13,115	185	4,678	17,978
Additions in year	–	–	133	133
Transfer to investments / Disposals	(98)	–	(182)	(280)
At the end of the year	13,017	185	4,629	17,832
Depreciation				
At the start of the year	168	43	1,882	2,093
Charge for the year	84	4	212	300
Transfer to investments / Disposals	(3)	–	(31)	(33)
At the end of the year	249	46	2,064	2,359
Net book value				
At the end of the year	12,768	138	2,566	15,472
At the start of the year	12,947	142	2,796	15,886

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31st December 2020

14 Investment properties

	The group		The charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Fair value at the start of the year	5,892	5,895	5,892	5,895
Purchase /Transfer from fixed assets	247	8	247	8
Property sold during year	–	–	–	–
Revaluation during the year	390	(10)	390	(10)
Fair value at the end of the year	6,528	5,892	6,528	5,892
Historic cost at the end of the year	4,275	4,028	4,275	4,028

The investment properties have been valued by a qualified surveyor as part of a professional appraisal of all school properties for the year end 31 December 2020

15 Listed investments

	The group		The charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Investments at the start of the year	3,278	3,634	3,635	3,991
Deposits	–	75	–	75
Withdrawals	(300)	(700)	(300)	(700)
Dividends and Interest Income	26	44	26	44
Fees	(36)	(35)	(36)	(35)
Net gains on value of shares	337	260	337	260
Investments at the end of the year	3,305	3,278	3,662	3,635
Investments consist of				
Listed investments	3,201	3,206	3,201	3,206
Investment in Subsidiary	–	–	357	357
Cash held by broker	104	72	104	72
Market value at the end of the year	3,305	3,278	3,662	3,635

Notes to the financial statements

For the year ended 31st December 2020

16 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of Waterperry Gardens Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Two trustees, Andrew Purves (who resigned from the executive in July 2020) and Nigel Pate, were also directors of the subsidiary. Available profits are gift aided to the parent charity. A summary of the results of the subsidiary is shown below:

	2020 £'000	2019 £'000
Turnover	1,753	1,988
Turnover from sales to parent undertaking	18	20
Cost of sales	(1,422)	(1,582)
Gross profit	349	426
Administrative expenses	(276)	(274)
Management charge payable to parent undertaking	(39)	(44)
Operating profit / (loss)	34	108
Interest payable to parent undertaking	(2)	(3)
Profit / (loss) on ordinary activities	34	108
Tax/Donation to parent under gift aid	(8)	–
Profit / (loss) for the financial year	26	105
The aggregate of the assets, liabilities and funds was:		
Assets	941	703
Liabilities	(528)	(317)
Funds	413	387

Amounts owed to/from the parent undertaking are shown in note 18.

17 Stock

	The group		The charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Books	87	87	87	87
Garden centre stock	238	259	–	–
	326	346	87	87

Notes to the financial statements

For the year ended 31st December 2020

18 Debtors

	The group		The charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts due from subsidiary	–	–	66	75
Trade debtors	69	52	66	51
H M Revenue & Customs	34	26	34	26
Prepayments	122	130	38	32
Other debtors	121	172	121	163
	346	380	324	348

Amounts due after more than one year included above within group Other Debtors total £65576 and comprise a loan from the parent charity to the subsidiary to pay for expenditure on brown motorway tourist signs. The loan is being repaid over a ten year period.

Amounts due from subsidiary is payable within 5–7 years at an interest rate of 2.25%. The loan is included at cost, as the impact of discounting would be immaterial to the financial statements.

19 Creditors: amounts falling due within one year

	The group		The charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	135	102	69	97
Accruals	42	45	42	45
External loans	42	9	9	9
Taxes and social security costs	50	68	12	11
Retirement benefits payable within one year	–	–	–	–
Deferred income	65	23	65	23
Other creditors	136	173	59	36
	470	420	255	220

Notes to the financial statements**For the year ended 31st December 2020****20 Creditors: amounts falling due after one year**

	The group 2020 £'000	2019 £'000	The charity 2020 £'000	2019 £'000
Retirement benefits payable in more than one year	32	35	32	35
External loans payable in more than one year	224	–	–	–
	257	35	32	35

One ex-employee of the School is in a receipt of a pension paid directly by the School. The Trustees continue to consider it appropriate to adopt a policy of maintaining a reserve equal to the pension multiplied by a number of years determined by the Trustees having regard to the individual's age and health, with no allowance for either discounting or future inflation. On this basis the reserve for the pension in payment at the end of 2020 was £32,400. The external loan is a CBILS loan taken out by WGL.

21 Pension scheme

The Fellowship operates a defined contribution scheme and contributes 7% of the salary of those staff who have decided to enter into a personal pension arrangement, direct to the insurer. The charge for the period was £74,216 (2019 – £66,177).

22a Analysis of group net assets between funds (current year)

	Restricted £'000	Designated £'000	General funds £'000	Total funds £'000
Tangible fixed assets	–	–	15,587	15,587
Fixed asset investments	–	2,000	7,833	9,833
Net current assets	408	–	997	1,405
Creditors: amount falling due in over one year	–	–	(257)	(257)
Net assets at the end of the year	408	2,000	24,160	26,568

22b Analysis of group net assets between funds (prior year)

	Restricted £'000	Designated £'000	General funds £'000	Total funds £'000
Tangible fixed assets	–	–	16,025	16,025
Fixed asset investments	–	2,000	7,170	9,170
Net current assets	440	–	615	1,055
Creditors: amount falling due in over one year	–	–	(35)	(35)
Net assets at the end of the year	440	2,000	23,775	26,215

Notes to the financial statements**For the year ended 31st December 2020****23a Movements in funds (current year)**

	At the start of the year £'000	Income and gains £'000	Expenditure and losses £'000	Transfers £'000	At the end of the year £'000
Restricted funds:					
Specific charitable activities	303	2	(16)	(7)	281
Future branches properties	137	–	(10)	–	127
Total restricted funds	440	2	(26)	(7)	408
Unrestricted funds:					
Designated funds:					
Building and capital asset reserve	1,000	–	–	–	1,000
Opportunity reserve	1,000	–	–	–	1,000
Total designated funds	2,000	–	–	–	2,000
Fair value reserve	4,219	725		–	4,944
General funds	19,526	1,479	(1,850)	7	19,160
Non-charitable trading funds	31	1,771	(1,746)	–	56
Total unrestricted funds	25,775	3,975	(3,597)	7	26,160
Total funds	26,215	3,977	(3,623)	–	26,568

Purposes of restricted funds

Specific charitable activities relate to specific activities of the various faculties and branches in the School. The Future branches properties fund comprises monies raised in prior years for the specific purpose of purchasing a local building for two branches based in Berkshire and the Midlands.

Purposes of designated funds**Building and Capital Asset reserve**

The purpose of this fund is to hold building acquisition funds for purchasing additional accommodation, particularly in the larger branches where many students currently attend classes held in rented accommodation. Finding suitable premises with consent for educational use in the right location is difficult, so there are only limited opportunities for the Charity to make such investments.

This Fund can be used too for buildings improvement and refurbishment either from the interest earned thereon or from the capital itself. In recent years fees and other sources of income have been insufficient to cover such expenses, and this situation is expected to continue.

Opportunity Reserve

The Opportunity Reserve is intended to provide funds to meet special targets of opportunity or need that further the mission of the organisation which may or may not have specific expectation of incremental or long-term increased income. The Opportunity Reserve is also intended as a source of internal funds for organisational capacity building, such as staff development, research and development, or investment in infrastructure that will build long-term capacity. The target amount of the Opportunity Reserve will be determined by the Principal and Treasurer, in consultation with the Executive Committee.

Notes to the financial statements**For the year ended 31st December 2020****23b Movements in funds (prior year)**

	At the start of the year £'000	Income and gains £'000	Expenditure and losses £'000	Transfers £'000	At the end of the year £'000
Restricted funds:					
Specific charitable activities	357	61	–	(115)	303
Future branches properties	137	–	–	–	137
Total restricted funds	494	61	–	(115)	440
Unrestricted funds:					
Designated funds:					
Building and capital asset reserve	1,000	–	–	–	1,000
Opportunity reserve	1,000	–	–	–	1,000
Total designated funds	2,000	–	–	–	2,000
Fair value reserve	3,955	264	–	–	4,219
General funds	20,014	1,890	(2,493)	115	19,526
Non-charitable trading funds	(74)	2,008	(1,904)	–	31
Total unrestricted funds	25,895	4,162	(4,396)	115	25,775
Total funds	26,389	4,223	(4,396)	–	26,215

24 Reconciliation of net income to net cash flow from operating activities

	2020 £'000	2019 £'000
Net income for the reporting period (as per the statement of financial activities)	355	(172)
(Gains) on investments	(725)	(250)
Investment manager fees	36	35
Gain on sale of fixed assets/property	(3)	(13)
Depreciation	341	267
(Increase)/decrease in stocks	20	5
(Increase)/decrease in debtors	34	(73)
Decrease/(increase) in creditors	272	(27)
Investment income	(224)	(185)
Legacy income in the form of property	–	–
Net cash provided by / (used in) operating activities	105	(413)

Notes to the financial statements

For the year ended 31st December 2020

25 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	2020 £'000	2019 £'000
Less than 1 year	-	1
1 – 5 Years	-	-
	<u>-</u>	<u>1</u>

26 Results of the parent charity

	2020 £'000	2019 £'000
Turnover	1,538	2,017
Net result of the charity	<u>328</u>	<u>(276)</u>