



*The Fellowship
of the
School of Economic Science*

*Report and Financial Statements
for the year ended
31 December 2021*

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

Executive Committee (Trustees):

Stephen Silver (Principal)
Chris Rees (Treasurer)
Anthea Douglas (General Secretary)
David Nock (from September 2021)
Edward Saunders
Elina Grigoriou

Elizabeth Mazzola (from October 2021)
Kumar Kumara (from September 2021)
Matt McNeill
Paul Moss (resigned February 2021)
Richard Ibbett
Sherry Moran

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
77 Mount Ephraim
Tunbridge Wells, TN4 8BS

Ruffer LLP
80 Victoria Street
London SW1E 5JL

CCLA Investment Management Ltd,
Senator House,
85, Queen Victoria Street,
London EC4V 4ET

P1 Investment Management Ltd,
Winslade Manor,
Clyst St Mary,
Exeter EX5 1FY

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.....	8
2.5.	Public Benefit	8
3.	Delivering the Objects	9
3.1.	Philosophy.....	9
3.2.	Meditation	10
3.3.	Economics and Law	10
3.4.	Promoting the Arts	11
3.5.	Language	12
3.6.	Publications	12
	Online activities	13
4.	Governance	13
4.1.	Structure	13
	Senior Tutor	13
	Trustees	13
	Membership Committee	15
	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	17
4.5.	Staff	18
	Remuneration Policy.....	18
4.6.	Committees & Sub-Committees.....	18
	Elderly and Vulnerable Students Committee	18
	Risk Management Sub-Committee.....	18
	Finance Sub-Committee	19
	Investment Sub-Committee	19
	Staff Sub-Committee	20
	Technology Sub-Committee	20
	Creative Projects Sub-Committee	20
	Estates Sub-Committee	20
4.7.	Properties.....	20
	Mandeville Place.....	21
	Nanpantan Hall.....	21
	Waterperry and Waterperry Gardens Limited	22
4.8.	Achievement and Performance	23
4.9.	Development Plan	24
5.	Financial Review & Results	25
5.1.	Net Unrealised Gain on Investments.....	25
5.2.	Investment Income from Property and Shares	26
5.3.	Reserves Policy	26
	Free Reserve – £2,644,000	26
5.4.	Designated Funds.....	27

Building and Capital Asset Reserve – £1,000,000	27
Opportunity Reserve – £1,000,000.....	27
5.5. Investment Policy	27
5.6. Reserves.....	28
5.7. Post-Audit Events.....	28
Student Enrolment	28
BBLS loan	28
Investment Review	28
Trading Subsidiary	28
Going Concern	28
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 adopted the new name, 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 the 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. Prior to the Covid-19 pandemic, the Fellowship offered its courses through the School in London

and its regional Branches, throughout England and Scotland. The School had also been offering 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. Course and related activities remained online for the remainder of 2020 and into 2021. In the summer of 2021 some limited events began to be offered in-person, including retreats at Waterperry House and Nanpantan Hall, following Covid guidelines. In September 2021, some in-person introductory courses were offered at a number of venues, while still maintaining a full online programme. Some existing groups also began to meet again in-person.

The Executive Committee is actively monitoring the situation and recognises that circumstances and the appetite to meet in-person are variable across the country. Online will continue to be a major part of the School's offering, as will in-person courses and events.

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. Since early 2020 there have been more international meetings online. These arrangements enable the work of the School to reach many thousands of students in the UK and other parts of the world.

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.

Once the decision was made only to offer national online courses in 2020, 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 offering of the courses could be extended through their existing channels.

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

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 24 July 2021.

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 are generally available, online courses will continue to be offered.

A new initiative for 2021 has been the introduction of an online "Philosophy Café" allowing for a less structured, drop-in environment for discussion, which regularly attracts over 100 attendees. It is open to anyone, whether or not existing students.

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 develop and deepen 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 retreats are 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.

Having locked down all in-person groups and residentials in 2020, there has been a gradual reopening during 2021. All the time we have followed government guidelines and have been mindful of good practice in terms of health and safety. Retreats resumed, with substantially reduced numbers. In some cases, these were run as hybrid events, with some students attending in-person and others on Zoom.

The UK branches have taken varying approaches to returning to regular in-person courses, reflecting the willingness of existing students to attend in-person groups. There are many students who are unwilling or unable to attend groups in-person and Zoom provides a necessary and valuable tool. Equally, there are many students who are very keen to attend in-person groups, at least in part because of the social advantages of being in the same room as other students again. New in-person courses have been offered in some locations since September 2021.

The national online courses have been supported by students from across the UK and have enabled many new students to join, who were never able to attend an in-person course. In addition, we continue to attract students from outside the UK.

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 and law within the School arises from a deep desire for justice and equity rather than the prevailing economic injustices in society. It seeks to discover and understand natural laws that govern human society. It aims to formulate principles upon which a more natural and just economic system and supporting man-made law (remove associated laws) can be established, thereby encouraging freedom, prosperity, and happiness for all. Public courses are made available to help those interested in freedom from economic injustice to gain understanding of such natural laws and how they can be applied in their lives.

As both the causes of and remedies for economic injustice reside within human beings, the study of Economics with Justice is necessarily human-centred and grounded in moral principle. Injustices are not new, and so guidance is sought from both modern and ancient wisdom; this is tested through observation in the world today, in human relationships and in our individual lives.

The online course offerings continue, with the advantage of access across the whole of the UK. Indeed, participation of students from overseas, especially from South Africa and Australia, has brought a broader perspective to all studies. A few in-person courses have started up again. Advanced Economics classes continue to expand, allowing students to pursue particular topics for as long as they wish. Understanding is also

deepening though regular study events, an annual Symposium and an annual week-long residential for more senior students.

Following the introduction of a Law Course in 2020, an expanded 10-week course was run in Spring 2021, entitled 'The Common Law – A Law for all Time'. This theme has continued since, with a growing contribution from various speakers on chosen topics, leading to a deepening and broadening of understanding of the many levels of law.

The School continues to foster 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.

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. In October 2021 Waterperry was named as one of the top 25 gardens in the country.

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 uncertainty some of the planned events for 2021 were cancelled but the Waterperry Opera Festival and Celebrating Ceramics went ahead, as well as many smaller shows. For 2022, a full programme at Waterperry is planned, including the return of the Oxford Storytelling Festival, Handmade Oxford, Celebrating Ceramics, and the Waterperry Opera Festival.

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

In spring 2021, we initiated the first Philosophy Poetry Prize. Open to all young poets up to the age of 25 and based on the theme of 'Freedom', the prize aimed to encourage and support young people in the arts through poetry. The winner of the inaugural poetry prize 2021 was Molly Evans with 'The Song' The contest will be repeated in 2022.

3.5. Language

The Sanskrit Faculty continues to make a substantial contribution to philosophical studies in the School through its established courses, ranging from introductory to advanced levels. The study of Panini grammar is proceeding, as is the study of classical philosophical works composed in Sanskrit. There has also been an increased interest in traditional chanting. Due to the pandemic the annual International Sanskrit Conference took place online in the summer of 2021. In 2022 there will be two such Conferences, one at Waterperry and one online, both in August. The number of international online groups, principally for Introductory Sanskrit, has grown. The School also supports academic research and is about to publish a further translation of a Sanskrit text attributed to Adi Shankara.

Work on Marsilio Ficino's Letters continued online during the pandemic. Translating groups have continued to meet. There were online discussion groups in addition to those on the Horizon programme, and meetings across regions and across continents were made possible by Zoom.

Academic conferences have mostly been online, and our participation in them has continued as before. As a result of earlier contacts, there will be an online lecture in 2022 in China and in-person presentations to the Philosophical Review Club at the University of Leuven in Belgium and the Renaissance Society of America's Annual Meeting, to be held in Dublin, amongst others. Links have also been established with the Cambridge Centre for the Study of Platonism, where there is keen interest in Ficino.

3.6. Publications

During the year a record of the conversations and correspondence between Maharaja Shri Vasudevananda Saraswati and the Senior Tutor, Donald Lambie, was published.

The twelfth and final volume of the Ficino Letters is in preparation, eagerly awaited by a wide audience within the School and beyond. The Letters continue to be valued for their spiritual and philosophical content as well as for their cultural and historical significance.

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

The School also gave financial support to Dr David Horan for a new translation into English of the complete works of Plato. This work has been completed and has been published online in 2021 and is freely available.

Online activities

Students in the School have conducted short Facebook Live broadcasts several times a week, in term time, covering philosophy, economics and Sanskrit and a live guided practice in simple awareness. As well as being watched live, the recordings available through the School's Facebook page are watched by hundreds of people every week. The School's YouTube channel has been refreshed with an aim of posting a new video every two weeks in term time.

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, 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 2021 the outgoing elected trustees were Sue Young, after many years of devoted service, Nigel Pate and Jeff Sapiro. Co-opted members who had served throughout the year were William Brook, Kumar Kumara and Ben Andrews.

A new Executive Committee was elected. Stephen Silver was re-elected as Principal and Chris Rees was re-elected as Treasurer. Anthea Douglas was appointed as General Secretary at the first meeting following the AGM. Co-options were decided at two subsequent Executive Committee meetings. Assignment of specific responsibilities and subcommittee memberships were then decided at those same meetings.

The trustees and their responsibilities are shown here:

Stephen Silver (Principal) (3) (4) (5) (7) (23)	Chris Rees (Treasurer) (1) (2) (4) (9)
Anthea Douglas (General Secretary) (10) (17) (18)	Edward Saunders (12)
Elina Grigoriou (13) (15) (16)	Matthew McNeill (9) (13)
Paul Moss (6) (20)	Richard Ibbett
Sherry Moran (13) (14) (21)	David Nock (co-optee) (19)
Elizabeth Mazzola (co-optee) (8) (16) (22)	Kumar Kumara (co-optee) (11)

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 UK Marketing Working Group
- (8) Member of the Membership Committee
- (9) Member of the Technology Sub-Committee
- (10) Member of the Economics Grants Committee
- (11) Chair of the Estates Sub-Committee
- (12) Legal matters
- (13) Member of the Strategy Working Group
- (14) Executive member on WGL Board (Waterperry Gardens Ltd)
- (15) Sustainability Policy development
- (16) Mental Health Policy development
- (17) Equality, Diversity & Inclusion Policy development
- (18) Nanpantan Liaison
- (19) Liaison - Branches
- (20) Trustee Training
- (21) Member of the Waterperry Working Group
- (22) Safeguarding
- (23) Liaison - Senior Tutor & Stream Heads

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.

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: Elizabeth Mazzola

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 six people ceased being members and another two died. 20 students accepted the invitation to join the Fellowship from across all UK Branches.

The membership of the Fellowship on 31 December 2021 consisted of 241 Ordinary Members and 58 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 as members.

On appointment, new Trustees meet with the Chair who briefs them on current issues and activities and answers any questions they may have. At the first meeting of the Executive Committee all the roles and responsibilities of the individual members are reviewed, including membership of sub-committees and working groups. At that first meeting any current actions carried over from before the AGM are reviewed.

The Fellowship Secretary ensures that new members are given access to the Governance folder on the School's internal website, which holds the policies and the risk register and past minutes.

During the year, all trustees are kept informed of training courses provided by a number of providers, including NCVO and the School's auditors. Everyone is encouraged to attend those particularly relevant to their role and interest. The School subscribes to iHASCO, which provides over 140 eLearning courses covering many relevant topics. Courses are free to attend by 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 2022.

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. Since the onset of the pandemic the Executive Committee has met online, initially weekly and now every other week during term time.

The Executive Committee has also met online several times at weekends for some hours, 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 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 David Nock, 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, or proposed actions outside the scope of established policy).

There was no Extraordinary General Meeting in 2021.

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 2021.

4.6. Committees & Sub-Committees

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

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 meets around five times during the year. Each UK Branch has an appointee with particular responsibility for risk management.

In 2021, the major risk mitigation activities related to the use of the School properties. Many of the non-residential properties outside of London had periods with no group meetings. Sufficient visits were made to ensure that buildings were cared for and that our buildings insurance conditions were met.

As buildings began to be used either for day use or for retreats, risk assessments were carried out and procedures put in place to ensure that government and NHS guidelines were followed in terms of social distancing and hygiene.

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 online to all those with significant responsibilities such as Branch Leaders, Bursars and Trustees. These are reviewed at least every 3 years.

The Executive Committee recognises that the Risk Management Committee is dependent on, and is grateful for, the voluntary support given students in the School with relevant experience. It is now the case that the Risk Management Handbook, and a number of risk related policies, need additional professional support to ensure that they continue to be fit for purpose. This will be addressed in 2022.

Finance Sub-Committee

The Executive Committee has appointed a Finance Sub-Committee chaired by 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

The Investment Sub-Committee advises the Executive Committee on the management of the School's investment funds. Since 2010, acting upon the advice and recommendations of the Investment Sub-Committee, the Executive Committee has placed funds with two investment fund managers, Handelsbanken Wealth & Asset Management and Ruffer LLP. The investment strategy is reviewed every year. In 2021, the Investment

Subcommittee recommended moving to funds which are more aligned with Environment, Sustainability and Governance (ESG) principles. The recommendation was accepted by the Executive Committee and the funds were transferred to CCLA Investment Management Ltd and P1 Investment Management Ltd, during summer 2021.

Staff Sub-Committee

The Staff Sub-Committee, chaired by the Principal and including the Treasurer and attended by 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 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 Committee and may provide technical guidance or assurance to the General Manager as required.

Creative Projects Sub-Committee

The Executive Committee 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 Committee as to whether or not the project should be supported.

Estates Sub-Committee

The Estates sub-committee has 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 Committee 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.

Mandeville Place

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. As lockdown restrictions eased one tenant resumed use of the building in April 2021 and the second main tenant returned 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. The group provided an initial report in July 2021, which concluded that in view of the uncertainties inherent in how society in general, the business community and the School's student body will respond to the emergence from the initial impact of the pandemic, it was recommended not to make any significant changes to Mandeville Place that would involve material expenditures.

This needs to be kept under review. There were a number of other recommendations that might be attractive for potential hirers, including investigating improving the Wifi capability in the building. This would also potentially support hybrid group meetings should this be required.

Nanpantan Hall

Following the upgrading of Nanpantan Hall in early 2019, we continue to enhance the internal ambience, making the Hall an attractive venue for the School's activities, like-minded organisations, weddings and other events.

The coach house is rented out to the Nanpantan Hall Nurture Centre, a school for autistic children. The Nurture Centre continues to grow and flourish. We have strong personal relationships with the Centre, which benefits both parties.

Activities at Nanpantan in 2021 included:

- Internal decorations carried out, using a local decorator, keeping the decorations to a good standard throughout the building. The first stage of repairs to the conservatory were completed, so that it is now a usable space.
- Continuing work on the woodland area; clearing bramble, self-sown trees and scrub to reveal the existing ornamental tree planting. The work was carried out by subcontracted gardeners and local homeless charity volunteers. We are developing plans to redesign and enhance our border planting to provide interest and colour all year round. The 7-acre paddock area is now a wildflower meadow

during the Spring and Summer months and houses Aberdeen Angus cows during Autumn and Winter.

As Government restrictions were lifted from June 2021, Nanpantan Hall welcomed:

- 12 School retreats
- two student and family holidays,
- eight weddings
- three third party events, all in the spiritual/mindfulness area.

As part of our remit to enhance our relationship with the local community and support the Arts, we worked with local artist Jacqui Gallon to stage an event entitled Time, Space, Memory. This was a limited ticketed event due to Covid restrictions and funded by the National Lottery and Arts Council England. We welcomed 550 members of the public to the house and grounds. It was supported by Home Farm, St Mary's Church and the local community. A similar event is planned for May 2022.

We have a good relationship with St. Mary's Church and neighbouring farms and work together to support projects. St. Mary's Church changed the parish boundary in 2021 to include Nanpantan Hall.

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, museum 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 retreat and teaching purposes. Work is already underway to develop third party rental for day use and retreats, which requires additional investment in the House.

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.

Parts of WGL were again forced to close in January 2021 because of the Covid-19 pandemic. The garden shop continued to trade during the initial lockdown period offering pre-booked on-line garden entries and socially distanced retail, 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 gardens and retail areas however did very well, showing the strengths of having a diverse business. Thanks to the hard work and support of the staff and the continued high profile of the gardens, WGL made a profit of £246,000 before tax.

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 courses at Waterperry enjoy the benefit of the beautiful gardens and setting. Although WGL makes a significant positive contribution, the Waterperry estate still makes an operating loss. A number of measures are in hand to reduce this loss by increasing the revenue streams at Waterperry.

4.8. Achievement and Performance

During 2021 we continued to follow Government guidance in relation to the pandemic and lockdowns. As in-person activities increased during the summer of 2021 some staff were taken off furlough. Some residentials and in-person group sessions resumed in the summer term. For the autumn term 2021 some in-person introductory courses were offered in addition to the continuing online courses.

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 on investments. Steps continue to be taken to find supplementary sources of income, primarily through rental of our buildings when not in use by the School.

During 2021, 1383 new students enrolled for the national online philosophy course. In the autumn term, the only term when we ran in-person courses, a further 291 students enrolled across the country.

The drop off rate in the first term remains a challenge. Excluding the first term, in the Autumn term 2021, there were 357 students enrolled in national online philosophy courses, an increase of 197 over the previous year.

For the in-person philosophy courses, excluding the first term, in the Autumn term 2021, there were 1,496 students enrolled in London and the Branches. This was a decrease of 257, compared with 2020.

For the Economics course offered online and in-person in London, 681 new students enrolled. Excluding Part 1, there were 165 students enrolled in the Autumn 2020 term, an increase of 92.

During the year over 100 students registered each term for the Horizons courses.

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 accentuated by the impact of the Covid-19 pandemic and the lockdown restrictions imposed by the government.

The Strategy Working Group (SWG), set up in 2020, continued its work. An open meeting with all students in the Senior School was held, on Zoom, in May 2021, a key element of the SWG's communication activities. The core SWG team consists of representatives from the Executive Committee, the tutorial teams and Branch Leaders. Following further work to review and articulate the core foundations of the teachings offered by the School, the group members have focused on how the School meets the needs and aspirations of existing and potential students. This work continues and is expected to publish findings and an implementation plan in the first half of 2022.

A significant strand of SWG work has looked at the culture of the School and has drafted a code of conduct, which will be published in 2022. This code of conduct will also underpin revised policies that we intend to develop on Equality, Diversity and Inclusion, on Sustainability, and on Care for Vulnerable Students.

The new budget control process implemented for 2021 has proved useful and has been repeated for 2022. A new capital expenditure process is being introduced during 2022 for the 2023 budget. This will give the Executive Committee more visibility of potential future expenditure together with a process whereby competing demands on financial resources can be assessed against published criteria.

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 2021 of £2,191,000 (2020: £355,000). The principal reasons for this were:

- unrealised gains of £1,956,000 (2020: £725,000).
- Increase in WGL's profit to £246,000 (2020: £26,000)

The Charity's income from courses and retreats was higher than in 2020, primarily because of increased student numbers, for the first-year philosophy, economics and Horizons courses and increased fee levels, at £968,000 (2020: £803,000). Total voluntary income for the year was higher than in the previous year at £425,000 (2020: £269,000), of which donations and gift aid were slightly down at £208,000 (2020: £235,000), but legacy income increased substantially to £217,000 (2020: £34,000), principally thanks to two substantial legacies. The Trustees are grateful for students' generous donations, as well as legacy income.

This time last year, we predicted that WGL would make a small profit for 2021, given the uncertainties around further lockdowns. While there were many challenges throughout the year including continued restrictions affecting the teasshop and a poor apple crop, the weather remained generally kind and publicity for the gardens on social media and in the press was exceptional. The staycation phenomenon meant that sales of furniture, gifts and plants were strong and visitor numbers to the gardens were high in spite of the absence of coach parties. The outdoor events that did go ahead were well attended. All this led to a record profit of £246,000 for the year before tax. The Trustees regard this as an outstanding result.

As a result, WGL has been able to repay £100,000 of its emergency CBILS loan ahead of time, in addition to the agreed monthly repayments.

The WGL Board has decided to donate all its profit for 2021 to the charity with Gift Aid. As a result WGL will not pay Corporation Tax. The Trustees are very grateful for the gift.

5.1. Net Unrealised Gain on Investments

The total unrealised gains for the year included:

- Reclassification of 27 Bartlett Cottage as an investment property (£291,000)
- an increase in the valuation of investment properties reflecting the general increase in residential property values of £1,305,000
- a net gain of £359,000 on listed investments (2020: £337,000)

The value of listed investments was stable at £3,306,000, despite drawing down £350,000.

5.2. Investment Income from Property and Shares

Gross investment income for the year was again higher at £266,000 (2020: £224,000), principally rent from investment properties of £247,000 (2020: £199,000). There was an increase in property receipts in the year from 87 Brook Green and the Nanpantan Coach House as tenants of both properties paid rent for the full year, in addition to increases in rental amounts.

Our previous investment managers, Handelsbanken and Ruffer, disclosed dividend and interest income. Our new managers, CCLA and P1 automatically reinvest such income in the portfolios. They do not disclose the amounts involved.

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 2021 of £15,497,000 (2020: £15,586,000), 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 – £2,644,000

The free reserve is the balance of total funds (£28,759,000) less the value of those funds already identified as:

- Restricted funds; £406,000
- Designated Funds; £2,000,000
- Tangible Fixed Assets; £15,497,000
- Investment properties; £8,212,000

Total free reserve: £2,644,000.

The Trustees consider that an adequate target level of Operating Reserve is approximately £1,800,000. 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 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. While government regulations prevented meetings in person, there was no such need, but as life returns to normal and classes start to resume in School buildings, the possibility of further acquisitions returns.
- 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

As reported last year, the Executive Committee accepted the recommendation of the Investment Sub-Committee to switch the School's investment portfolios from Handelsbanken and Ruffer to CCLA Investment Management and P1 Investment Management. The switches took place at the end of July and August. At the end of the year the portfolios stood at £2,444,000, a gain of 6%, and £779,000, a gain of 1% respectively, compared to the initial amounts invested.

5.6. 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

With the relaxation of Covid relation restrictions more in-person activities have resumed. Retreats at Waterperry House and Nanpantan Hall have taken place, with reduced numbers, following social distancing guidelines. Some students prefer to attend the retreats online and various arrangements are made to make use of the available technology. Similarly, as well as offering in-person introductory groups, some existing groups are returning to meet in-person on a regular basis. Online will continue to be an important part of the School's offering.

BBLS loan

In February 2022, we repaid the full amount of the BBLS loan of £50,000. No interest was paid on the loan.

Investment Review

The Executive Committee has changed the terms of reference of the Investment Sub-committee to include its investment property portfolio as well as its financial investment funds. The Sub-committee considered that the School is overweight in property and recommended selling 96 Sedlescombe Road, as it yielded the lowest return of the School's properties. The Executive Committee accepted the recommendation, and it is now on the market. If the plan to invest in the top floor of Waterperry House comes to fruition, the proceeds of the sale will be invested in that.

Trading Subsidiary

2022 promises to be another challenging year. Prices are rising fast and the minimum wage increase has its knock-on effect. Last year, UK visitor attractions benefited from the staycation trend. This year, while holidays abroad may be popular, incoming tourism may be weak. However, we have a full line up of events and festivals which should boost the bottom line without incurring additional direct costs for WGL, in line with the strategy to invite other organisations to use Waterperry when the School is not using it.

Going Concern

Given the strength of the charity's cash balances and financial investments, and the budgets and cash flow forecasts that we have prepared, the Trustees are confident that the Charity remains a going concern.

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.

One of the aims of establishing the Strategy Working Group was to consider whether a different approach might make the School better known to those who are seeking what we have to offer. Plans are underway to change the way the early parts are marketed.

Work has started on seeking planning permission for renovation of the top floor of Waterperry House, that would provide more ensuite accommodation, which will be useful both for the School students and to make the house more attractive for third party hires.

It is considered vital that the network of branches across the UK are maintained and strengthened. 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 remain active members of 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 to and can take part.

Much is still uncertain as to students' preferences for in-person, online or hybrid activities and the Executive Committee will continue to respond as best it can to the challenges that brings.

Approved by the Trustees on 12 August 2022 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 2021 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 2021 and of the group's income and expenditure, for the 31 December 2021 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

19 August 2022

*The Fellowship
of the
School of Economic Science*

*Financial Statements
for the year ended
31 December 2021*

Consolidated statement of financial activities**For the year ended 31st December 2021**

	Note	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
Income from:							
Donations and legacies	2	425	–	425	267	2	269
Charitable activities							
Courses & Residential	3	955	–	955	801	–	801
Other activities	3	13	–	13	3	–	3
Other trading activities	4	2,223	–	2,223	1,954	–	1,954
Investments	5	266	–	266	224	–	224
Total income		3,882	–	3,882	3,250	2	3,252
Expenditure on:							
Raising funds:	6						
Costs of trading activity		1,848	–	1,848	1,744	–	1,744
Other costs of raising funds		421	–	421	395	1	396
Investments		123	–	123	90	–	90
Charitable activities							
Courses & Residential	6	1,246	2	1,248	1,351	25	1,376
Other activities	6	7	–	7	17	–	17
Total expenditure		3,645	2	3,647	3,597	26	3,622
Net income/(expenditure) before net gains/(losses) on investments		237	(2)	235	(347)	(24)	(371)
Net gains on investments		1,956	–	1,956	725	–	725
Net Income/ (expenditure)		2,192	(2)	2,191	379	(24)	355
Transfers between funds		–	–	–	7	(7)	–
Net movement in funds		2,192	(2)	2,191	386	(31)	355
Reconciliation of funds:							
Total funds brought forward		26,162	408	26,568	25,776	441	26,215
Total funds carried forward		28,353	406	28,759	26,162	408	26,568

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 37 to 52 form part of these financial statements.

Balance sheets

As at 31st December 2021

	Note	The group 2021 £'000	2020 £'000	The charity 2021 £'000	2020 £'000
Fixed assets:					
Tangible assets	13	15,497	15,587	15,377	15,472
Investment properties	14	8,212	6,528	8,212	6,528
Investments	15	3,306	3,305	3,663	3,662
		27,015	25,419	27,252	25,663
Current assets:					
Stock	17	370	326	83	87
Debtors	18	357	346	323	324
Cash at bank and in hand		1,730	1,203	1,173	725
		2,457	1,875	1,579	1,137
Liabilities:					
Creditors: amounts falling due within one year	19	609	470	344	255
Net current assets		1,848	1,405	1,235	882
Total assets less current liabilities		28,863	26,824	28,487	26,545
Creditors: amounts falling due after one year	20	104	257	29	32
Total net assets		28,759	26,568	28,458	26,513
Funds:	23				
Restricted income funds		406	408	406	408
Unrestricted income funds:					
Designated funds		2,000	2,000	2,000	2,000
Fair value reserve		6,900	4,944	6,900	4,944
General funds		19,152	19,160	19,152	19,160
Non-charitable trading funds		301	56	–	–
Total unrestricted funds		28,353	26,160	28,052	26,104
Total charity funds		28,759	26,568	28,458	26,513

The notes on pages 37 to 52 form part of these financial statements.

Approved by the Trustees on 12th August 2022

S. Silver
Chairman

C. Rees
Treasurer

Consolidated statement of cash flows

For the year ended 31st December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities	24		
Net cash provided by operating activities		253	105
Cash flows from investing activities:			
Dividends, interest and rents from investments		247	199
Proceeds from the sale of assets		–	–
Purchase of fixed assets		(323)	(150)
Proceeds from sale of investments		350	300
Purchase of investments		–	–
Net cash provided by / (used in) investing activities		274	349
Change in cash and cash equivalents in the year		527	454
Cash and cash equivalents at the beginning of the year		1,203	749
Cash and cash equivalents at the end of the year		1,730	1,203

The notes on pages 37 to 52 form part of these financial statements.

Notes to the financial statements

For the year ended 31st December 2021

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 3A.

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 2021

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	62.2%
▪ Investments	3.4%
▪ Courses & Residential	34.2%
▪ Other activities	0.2%

Notes to the financial statements

For the year ended 31st December 2021

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	1% on cost
▪ Improvements in building	1%–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 2021

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 2021

2 Income from donations and legacies

	Unrestricted £'000	Restricted £'000	2021 Total £'000	2020 Total £'000
Legacies	217	–	217	34
Donations and gift aid	208	–	208	235
	<u>425</u>	<u>–</u>	<u>425</u>	<u>269</u>

3 Income from charitable activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	2020 Total £'000
Courses & residential	955	–	955	801
Other activities	13	–	13	3
Total income from charitable activities	<u>968</u>	<u>–</u>	<u>968</u>	<u>803</u>

4 Income from other trading activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	2020 Total £'000
Waterperry Gardens income	2,089	–	2,089	1,753
Sales of:				
Books, Tapes and CDs	27	–	27	35
Refreshments	3	–	3	17
Income from room hire	89	–	89	67
Various other sources of income	15	–	15	82
	<u>2,223</u>	<u>–</u>	<u>2,223</u>	<u>1,954</u>

5 Income from investments

	Unrestricted £'000	Restricted £'000	2021 Total £'000	2020 Total £'000
Rent – investment properties	247	–	247	199
Dividends	19	–	19	26
Bank deposit and short term interest	–	–	–	–
	<u>266</u>	<u>–</u>	<u>266</u>	<u>224</u>

Notes to the financial statements

For the year ended 31st December 2021

6 Analysis of expenditure

	Cost or raising funds £'000	Investments £'000	Charitable activities		Governance costs £'000	Support costs £'000	2021 £'000	2020 £'000
			Courses and residential £'000	Other Activities £'000				
Staff costs (Note 9)	749	-	-	-	-	554	1,303	1,258
Direct supply costs	141	-	184	-	-	-	325	365
Cost of sales	707	-	-	-	-	-	707	611
Welfare	-	-	-	-	-	-	-	-
Publicity	31	-	101	-	-	-	132	155
Premises – running costs	88	-	161	-	-	-	249	306
Premises – major repairs	-	-	113	-	-	-	113	81
Legal & professional	-	100	23	-	-	-	123	130
Audit and other fees	9	-	-	-	28	-	37	38
Administration	85	-	143	3	-	95	326	326
Depreciation	38	-	289	3	-	-	330	337
Charitable donations (note 8)	-	-	2	-	-	-	2	15
	1,848	100	1,016	6	28	649	3,647	3,622
Support costs	404	22	222	1	-	(649)	-	-
Governance costs	17	1	10	-	(28)	-	-	-
Total expenditure 2021	2,269	123	1,248	7	-	-	3,647	3,622
Total expenditure 2020	2,140	90	1,376	17	-	-	3,622	

Notes to the financial statements

For the year ended 31st December 2021

7 Net income for the year

This is stated after charging:

	2021 £'000	2020 £'000
Depreciation	330	337
Auditor's remuneration:		
Audit	37	38
Other services	–	–
	<u>367</u>	<u>375</u>

8 Grant making

	Grants to institutions £'000	Grants to individuals £'000	2021 £'000	2020 £'000
Jyotirnidhi Nyasa Trust	–	–	–	10
A Purves – Economics Research	–	2	2	5
At the end of the year	<u>–</u>	<u>2</u>	<u>2</u>	<u>15</u>

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:

	2021 £'000	2020 £'000
Salaries and wages	1,131	1,082
Redundancy and termination costs	–	–
Social security costs	83	82
Employer's contribution to defined contribution pension schemes	89	94
	<u>1,303</u>	<u>1,258</u>

1 employee earned between £60,000–£69,999 not including employer's National Insurance contributions during the year (2020: 1).

The total employee benefits including pension contributions and employer's National Insurance contributions of the key management personnel were £192,118 (2020: £186,221).

The Trustees were not paid and did not receive any other benefits from employment with the Charity in the year (2020: £nil). No Trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs totalling £0 (2020: £0) incurred by 0 (2020: 0) Trustees relating to attendance at meetings of the Trustees.

Notes to the financial statements

For the year ended 31st December 2021

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:

	2021 No.	2020 No.
Raising funds (trading activity)	61	60
Courses and residentials	20	18
	<u>81</u>	<u>78</u>

61 (2020: 60) employees above were employed by WGL and the remaining 20 (2020: 18) 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 Garden Limited is liable to pay corporation tax at 19% on any profits not gift aided to the parent charity. WGL has gift aided all its taxable profits to the charity after the year end and therefore it had no tax liability in 2021 (2020: a tax liability of £7,719)

Notes to the financial statements

For the year ended 31st December 2021**13 Tangible fixed assets****The group**

	Freehold property £'000	Leasehold property £'000	Equipment/ improvements £'000	Total £'000
Cost				
At the start of the year	13,017	496	5,619	19,132
Additions in year	–	–	323	323
Reclassification	(41)	(174)	215	–
Transfer to investments	–	–	(83)	(83)
Disposals	–	–	(12)	(12)
At the end of the year	12,976	322	6,062	19,360
Depreciation				
At the start of the year	249	320	2,976	3,545
Charge for the year	84	8	238	330
Reclassification	–	(44)	44	–
Disposals	–	–	(12)	(12)
At the end of the year	333	284	3,246	3,863
Net book value				
At the end of the year	12,643	38	2,816	15,497
At the start of the year	12,767	176	2,643	15,587

The charity

	Freehold property £'000	Leasehold property £'000	Equipment/imp rovements £'000	Total £'000
Cost				
At the start of the year	13,017	185	4,629	17,832
Additions in year	–	–	279	279
Reclassification	(41)	(174)	215	–
Transfer to investments	–	–	(83)	(83)
At the end of the year	12,976	11	5,040	18,027
Depreciation				
At the start of the year	249	46	2,064	2,359
Charge for the year	84	–	208	292
Reclassification	–	(44)	44	–
At the end of the year	333	2	2,316	2,651
Net book value				
At the end of the year	12,643	9	2,724	15,377
At the start of the year	12,768	138	2,566	15,472

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31st December 2021

14 Investment properties

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fair value at the start of the year	6,528	5,892	6,528	5,892
Purchase /Transfer from fixed assets	88	247	88	247
Property sold during year	-	-	-	-
Revaluation during the year	1,596	390	1,596	390
Fair value at the end of the year	8,212	6,528	8,212	6,528
Historic cost at the end of the year	4,363	4,275	4,363	4,275

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 2021.

15 Listed investments

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Investments at the start of the year	3,305	3,278	3,662	3,635
Deposits	-	-	-	-
Withdrawals	(350)	(300)	(350)	(300)
Dividends and Interest Income	19	26	19	26
Fees	(27)	(36)	(27)	(36)
Net gains on value of shares	359	337	359	337
Investments at the end of the year	3,306	3,305	3,663	3,662
Investments consist of				
Listed investments	3,306	3,201	3,306	3,201
Investment in Subsidiary	-	-	357	357
Cash held by broker	-	104	-	104
Market value at the end of the year	3,306	3,305	3,663	3,662

Notes to the financial statements

For the year ended 31st December 2021

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. One trustee, Nigel Pate (who resigned from the Executive in July 2021), was also a director of the subsidiary, and one, Sherry Moran, was appointed a director in July 2021. Available profits are gift aided to the parent charity. A summary of the results of the subsidiary is shown below:

	2021 £'000	2020 £'000
Turnover	2,089	1,753
Turnover from sales to parent undertaking	21	18
Cost of sales	(1,522)	(1,422)
Gross profit	588	349
Administrative expenses	(280)	(276)
Management charge payable to parent undertaking	(61)	(39)
Operating profit / (loss)	247	34
Interest payable to parent undertaking	(1)	(2)
Profit / (loss) on ordinary activities	246	34
Tax/Donation to parent under gift aid	–	(8)
Profit / (loss) for the financial year	246	26
The aggregate of the assets, liabilities and funds was:		
Assets	1,094	941
Liabilities	(435)	(528)
Funds	659	413

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

17 Stock

	The group		The charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Books	83	87	83	87
Garden centre stock	287	238	–	–
	370	326	83	87

Notes to the financial statements

For the year ended 31st December 2021

18 Debtors

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts due from subsidiary	–	–	56	66
Trade debtors	122	69	111	66
H M Revenue & Customs	31	34	31	34
Prepayments	106	122	41	38
Other debtors	98	121	84	121
	357	346	323	324

Amounts due after more than one year included above within group Other Debtors total £56,208 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.

Amount 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	133	135	103	69
Accruals	35	42	35	42
External loans	159	42	59	9
Taxes and social security costs	66	50	14	12
Retirement benefits payable within one year	–	–	–	–
Deferred income	72	65	72	65
Other creditors	144	136	61	59
	609	470	344	255

Notes to the financial statements

For the year ended 31st December 2021**20 Creditors: amounts falling due after one year**

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Retirement benefits payable in more than one year	29	32	29	32
External loans payable in more than one year	74	224	-	-
	104	257	29	32

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 2021 was £29,200. 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 £72,431 (2020: £74,216).

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

	Restricted	Designated	General funds	Total funds
	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	15,497	15,497
Fixed asset investments	-	2,000	9,518	11,518
Net current assets	406	-	1,442	1,848
Creditors: amount falling due in over one year	-	-	(104)	(104)
Net assets at the end of the year	406	2,000	26,353	28,759

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

	Restricted	Designated	General funds	Total funds
	£'000	£'000	£'000	£'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

Notes to the financial statements

For the year ended 31st December 2021**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	281	–	(2)	–	279
Future branches properties	127	–	–	–	127
Total restricted funds	408	–	(2)	–	406
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	4,944	1,956	–	–	6,900
General funds	19,160	1,773	(1,781)	–	19,152
Non-charitable trading funds	56	2,109	(1,864)	–	301
Total unrestricted funds	26,160	5,838	(3,645)	–	28,353
Total funds	26,568	5,838	(3,647)	–	28,759

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 local buildings 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 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. While government regulations prevented meetings in person, there was no such need, but as life returns to normal and classes start to resume in School buildings, the possibility of further acquisitions returns.

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.

Notes to the financial statements

For the year ended 31st December 2021**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 is determined by the Executive Committee.

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	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

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

	2021 £'000	2020 £'000
Net income for the reporting period (as per the statement of financial activities)	2,191	355
(Gains) on investments	(1,956)	(725)
Investment manager fees	27	36
Gain on sale of fixed assets/property	-	(3)
Depreciation	330	341
(Increase)/decrease in stocks	(45)	20
(Increase)/decrease in debtors	(12)	34
(Decrease)/increase in creditors	(15)	272
Investment income	(266)	(224)
Legacy income in the form of property	-	-
Net cash provided by / (used in) operating activities	253	105

Notes to the financial statements

For the year ended 31st December 2021

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:

	Equipment 2021 £'000	2020 £'000
Less than 1 year	-	-
1 – 5 Years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

26 Results of the parent charity

	2021 £'000	2020 £'000
Turnover	1,854	1,538
Net result of the charity	1,946	328
	<hr/>	<hr/>