

Registered number: 04797376
Charity number: 1098422

Pestalozzi International Village Trust
(A company limited by guarantee)

Trustees' Report and Financial Statements

For the year ended 31 August 2017

CHARITY COMMISSION
FIRST CONTACT

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Pestalozzi International Village Trust
(A company limited by guarantee)

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Pestalozzi International Village Trust
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Chairman's statement
For the year ended 31 August 2017

The chairman presents his statement for the period.

As always, life within the multi-cultural, multi-faith environment that is the Pestalozzi Village reflects the "head, heart and hands" educational philosophy of Johann Pestalozzi. The Trustees' regular visits, the involvement of host families, together with cultural evenings and other events provides every opportunity for the students to integrate with the local community. In this way, experiences are shared, prejudices are dispelled and cultural differences are understood and embraced.

In 2016/17, at the Village, there were 22 Year One students and 21 Year Two's – a total of 43 students from nine countries: Belize (3), Bhutan (4), India (5), Indonesia (3), Nepal (7), Tibet (5), Uganda (3), Zambia (6) and Zimbabwe (7).

As a result of a great deal of hard work and perseverance on the part of the Student Programme team all our new students arrived within a week of the start of the academic year 2016/17. For the first time a small number of first year students took up places with Claremont Senior School. They were immediately made to feel very welcome and all of them took on roles within the Claremont student body alongside their studies.

I am delighted to report that both AS-Level and A-Level results at the end of 2016/17 showed a significant improvement over the previous academic year, which is a tribute to students and teaching staff alike.

Because exam results come in so late, many of our Year 2 students will be taking a gap year to work and/or volunteer in their home countries before applying for university scholarships.

However, we are grateful to the following universities for providing scholarship places to Pestalozzi students: Berea, Duke, Smith, Swarthmore in the USA, Utrecht in the Netherlands as well as Brighton and Lincoln here in the UK and Earth University in Costa Rica.

Impact reporting has been a key focus for us throughout the academic year. We have recruited a number of people to assist with this and we secured the services of a CASS Business School intern to help give the process direction and focus.

These volunteers have helped us to collate the data that we need to analyse the impact that Pestalozzi alumni from the current programme are having in the world. Our analysis to date shows that approximately 30% of our students have lost one or both parents by the time they join us, about 20% report their fathers worked on the land with a further 20% with no paid work at all.

In contrast 25% of those alumni who have entered the world of work are in commerce, accounting and finance with 15% teaching, 13% in engineering, 11% in healthcare and 7% employed by NGOs, with the remainder in a wide variety of occupations.

Furthermore, three relatively recent Pestalozzi alumni have been awarded Davis Peace Prizes for projects that are already contributing to the well-being of their communities.

Statistics derived from our data collection exercise show that 73% of Pestalozzi graduates from the current programme have gone on to achieve an Undergraduate Degree, 16% a Masters and 3% a PhD. This is a remarkable achievement.

We were very pleased that our Education Officer, Ed Tourle, received the Rising Star Award 2017 from the International Association for College Admission Counselling at their conference in Cleveland, Ohio.

On the financial side, 2016/17 turned out to be better than expected overall. However, the Trustees remain concerned about the Trust's long term financial position, as competition to attract charitable donations intensifies.

We remain indebted to the Grieg Foundation not only for their ongoing and increased financial support of our scholarship programme but also for their additional funding specifically for the recruitment of a new member of our fundraising team.

Pestalozzi International Village Trust
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Chairman's statement
For the year ended 31 August 2017

Indeed, I would like to thank all our donors for their support during the year, including the Jones Day Foundation and the Potterspurty Lodge Trust who provided grants towards scholarships. Our donors' continued generosity has helped Pestalozzi achieve its charitable objectives.

Despite the diligence of our Fundraising Team who liaised with supporters old and new in an informative and professional manner, 2016/17 continued to be a difficult year in terms of general donor confidence. The detail can be seen in the accompanying accounts. However, despite some income streams being under budget, we enjoyed an increase in support from grant making trusts and foundations as mentioned above. Also, we remain grateful to those donors who are kind enough to remember Pestalozzi in their wills, as legacies continued to provide a significant proportion of our funding.

The Trustees constantly seek to balance student numbers with available funding. The selection process is such, however, that we have to commit to taking on students nearly one year ahead of their planned arrival, which of course has an impact on our financial planning.

Our Senior Management team worked extremely hard to keep costs under control and actual expenditure overall came in under budget for the third year in a row.

The sale of West Lodge provided us with a much needed boost to our cash balances at the end of the financial year. However, our free reserves remain well short of the target set out in our strategic plan. Consequently, the Trustees are looking to make further disposals of the Trust's unproductive assets in the coming year.

Whilst Pestalozzi's financial security remains challenging, we look forward to 2017/18 with much excitement as November 2017 marks the 60th Anniversary of our foundation. Coincidentally, we also celebrate the 20th year of our current Student Programme based on two-year scholarship for 16 to 19 year olds.

In closing I would like to thank all our staff and volunteers for their contribution to Pestalozzi in 2016/17, under the supervision of our ever diligent Chief Executive, Susan Walton.

Finally, I would like to thank my co-Trustees, our Directors and all Council Members for their continued dedication, commitment and support. This is such a vital part of enabling Pestalozzi to fulfil its objectives and to help our students make a real and lasting difference in the world.

It is with great sadness that I will be stepping down as Chairman and Trustee when my term comes to a close, especially as I will not be seeking re-election at the Annual General Meeting. During my tenure it has been a privilege to have witnessed so many students benefit from their Pestalozzi scholarships and I wish everyone success for the future.

Name Prof. Derek Blackman
Chairman

Date 20 January 2018

Pestalozzi International Village Trust
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Trustees' report
For the year ended 31 August 2017

Patron	HRH The Duke of Gloucester KG GCVO
Trustees	Prof. D Blackman (Chair) (to 20 January 2018) Mrs B Bartter (to 26 January 2017) Ms K Beaudry (from 26 January 2017) Mr G Card Mr S Endersby (Vice Chair) Mr N Farraj Mr M Forster (to 26 January 2017) Dr S Henderson (to 26 January 2017) Prof. S Laing Mr R Meade (to 26 January 2017) Sir R Owen Ms Victoria Shin Mr C Uwakaneme (from 26 January 2017) Mr R Ward (Honorary Treasurer)
Council	Mrs B Bartter Mr D Bennett Mr M Forster Dr S Henderson Mr R Meade Mrs D Patel Mrs J Pennock Mr G Peters DL Mr S Singh Mr A Whittington
Institutional Members	Mr Ranjan Mathai - <i>Indian High Commissioner</i> HE Ms Perla Maria Perdomo - <i>Belizean High Commissioner</i> Mr Chonpel Tsering - <i>Representative of HH The Dalai Lama</i> HE Mr Paul William Lumbi - <i>Zambian High Commissioner</i> Mr Michael Rutland OBE - <i>Bhutanese Honorary Consul</i> HE Mr TM Hamzah Thayeb - <i>Indonesian Ambassador</i> HE Mrs Joyce Kakuramatsi Kikafunda - <i>Ugandan High Commission</i>
Chief Executive and Company Secretary	Mrs S Walton
Senior Management	Ms M Alexander - <i>Student Programme Manager</i> Ms L Russell-Dean – <i>Chief Operating Officer</i> Mr J Weber – <i>Fundraising and Marketing Manager</i>
Bankers	Barclays Bank plc 207-208 Queens Road, Hastings, East Sussex TN34 1QP
Auditors	Kreston Reeves LLP Chartered Accountants Statutory Auditors 37 St Margaret's Street, Canterbury, Kent CT1 2TU
Registered Office	Ladybird Lane, Sedlescombe, Battle, East Sussex TN33 0UF
Charity Number	1098422
Company Number	04797376

Pestalozzi International Village Trust
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Trustees' report (continued)
For the year ended 31 August 2017

The Trustees present their Annual Report, which incorporates the Strategic Report, together with the audited Financial Statements of Pestalozzi International Village Trust (the company and the group) for the year ended 31 August 2017. The Trustees confirm that the Annual Report and the Financial Statements of the company and the group comply with the current statutory requirements, the requirements of the company's and the group's governing documents and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Constitution

Pestalozzi International Village Trust (PIVT) was constituted and incorporated in England and Wales on 12 June 2003 and on 1 September 2003 took over the activities, assets and liabilities of the Pestalozzi Children's Village Trust (PCVT), which had been formed under a Trust Deed dated 30 November 1957. PIVT is both a registered charity (1098422) and a limited company (04797376).

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

Objectives and Activities

Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to the general guidance published by the Charity Commission relating to public benefit.

PIVT promotes the educational philosophy of Johann Heinrich Pestalozzi (1746 - 1827), of which the principle component is the concept of a balanced programme of education 'for the head, heart and hands'.

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

PIVT students spend two years residing in a multi-cultural, multi-faith community in East Sussex, UK. Bringing students together in this way helps them to understand their differences and breaks down any cultural or religious prejudices they may hold. PIVT supports and promotes international understanding through the interaction of these young people, not only with their fellow students but also with the local community. The students attend either a local college or a nearby private school. All students are encouraged to volunteer in local charities and most engage with a wide range of local youth and community groups.

The students study for enhanced A levels, and undertake a broad range of extra-curricular activities, gaining an holistic education focused on Johann Pestalozzi's principles. PIVT scholarships give these young people an opportunity they would not otherwise receive – the chance to develop their potential, pursue their dreams and go on to make a real and lasting difference in the world.

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Trustees' report (continued)
For the year ended 31 August 2017

Volunteers and Fundraising

The Trustees are extremely grateful and fortunate to have received the support of many local volunteers. The volunteers show outstanding commitment to PIVT through a variety of activities, including educational and extra-curricular support for the students, acting as student host families, providing support with fundraising, marketing, administration and estate activities.

International volunteers are invaluable in assisting the student programme team and the Trustees are grateful for the support of the British Council and Ecorys UK who work together to deliver the European Erasmus+ initiative in the UK.

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

PIVT has been fortunate to receive significant financial contributions from the Grieg Foundation in Norway not only to help bridge the funding gap arising on the completion of the Pestalozzi Centre, but also with enhanced support of student scholarships.

The amount attributable to the Peter Cundill Foundation for 2016/17 reflects their grant carried forward from last year. In addition the Trustees were delighted to receive the most generous support of the Jones Day Foundation as well as the Potterspurty Lodge Trust. The Trustees are extremely grateful to other Trusts, Foundations, Friends of Pestalozzi groups, regular givers and alumni, along with Trustees, Council Members and staff for all their generous support during the year.

The Trustees seek to ensure that all fundraising activities by PIVT are undertaken with integrity and in a highly professional manner. PIVT does not engage external professional fund-raisers nor commercial participators.

PIVT's focus is on providing its supporters with information about the students via regular newsletters and by the holding of events. The Fundraising team seek to develop new contacts as well as maintaining good relationships with our existing supporters. The success of the Fundraising team has received independent acknowledgment in the recent past.

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

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

The Trustees are aware of the forthcoming General Data Protection Regulations and are working with the Senior Management Team to ensure compliance.

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Trustees' report (continued)
For the year ended 31 August 2017

Achievements and performance

As anticipated, 2016/17 continued the trend of recent years with a modest increase in student numbers from 40 to 43. A programme of educational support is provided by PIVT staff and volunteers, in partnership with the teaching staff from Sussex Coast College, Hastings (SCCH) and Claremont Senior School (Claremont).

At the end of the academic year 2016/17, 80% of Year One students achieved A to C grades in their A/S levels, a significant uplift on the previous year. Similarly 82% of the Year Two students achieved A to C grades in their exams. These improved results reflect the hard work undertaken by staff and students alike, as well as the strategic support given by the Trustees as anticipated last year.

As in previous years the majority of students graduating in 2017 gained funded places at a variety of prestigious universities, mostly based in the USA but including the Netherlands and Costa Rica, as well as Brighton and Lincoln, in the UK.

Not all students take up university placements as soon as they leave PIVT and, as in previous years, a number of alumni have returned to their home countries to apply their academic achievements directly for the benefit of others through work and volunteering. Regular reports and updates are received from alumni, generally via social media, thus helping the Trustees measure and monitor the outcomes of the scholarship programme and its impact on society. Measuring this impact has been a key focus of 2016/17 and work continues to demonstrate how our alumni are making a difference in the world.

Financial review

Total income for the year amounted to £1,131,655 (2016: £906,294) and included £206,683 (2016: £304,115) received from legacies. Total outgoings of £1,301,302 (2016: £1,139,820) included £1,122,698 (2016: £992,709) expended on the student programme, representing 86% (2016: 87%) of total expenditure.

Net resources for the year showed a deficit of £169,647 (2016: deficit of £108,526). The detailed Financial Statements are set out on pages 14 to 41.

PIVT's trading subsidiary Pestalozzi Enterprises Limited (PEL) provided a useful contribution to the charity during 2016/17. The Directors of PEL remain committed to supporting PIVT with various activities scheduled to be carried out by the trading subsidiary during the coming year.

Despite the planned sale of West Lodge, the balance sheet continues to reflect a strong asset position with the added benefit of increased cash resources at the end of the financial year.

Investment policy

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

Reserves policy

The charity's free reserves as at 31 August 2017 were £229,078 (2016: £31,058). This represents approximately 2.1 months (2016: 0.5 months) of operational expenditure. The charity needs to hold reserves due to its commitment to the student programme, the employment of staff and the fluctuations in income from appeals, donations and legacies. The Trustees remain committed to build up reserves by continuing a programme of selling unproductive assets. The Trustees still aim to increase reserves to meet one year's running costs as well as to provide a hedge against future uncertainties. However, the Trustees recognise that it may take a number of years before reaching this target, due to the unpredictability of incoming resources.

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Trustees' report (continued)
For the year ended 31 August 2017

Structure, governance and management

As a company limited by guarantee, PIVT's governing documents are its memorandum and articles of association. The charity is administered by a Board of Trustees, which consists of not less than five persons and currently stands at ten. The Trustees and elected Office Holders are normally appointed by the Council at the Annual General Meeting. All Trustees are also directors of the charitable company for the purposes of the Companies Act. Furthermore, all Trustees are members of the Council. Council Members are the members of the company under the company's articles of association.

The current Trustees are listed on page 3. During the year, Mrs B Bartter, Mr M Forster, Dr S Henderson and Mr R Meade retired and Ms K Beaudry and Mr C Uwakaneme were appointed. Mrs B Bartter, Mr M Forster, Dr S Henderson, Mr R Meade and Mr A Whittington joined Council, with Mr P Evans and Mrs P Hamilton retiring.

The Trustees and elected Office Holders provide a wide range of expertise and contacts to PIVT. Trustees make monthly visits to PIVT to inspect and report to the Board on all aspects of the charity, including the students' experiences and well-being, as well as the operational practices within PIVT.

One formal Council meeting is held each year following the Annual General Meeting. A minimum of four meetings of the Board of Trustees are held during the year, to which all Council Members are invited as observers. In addition, a number of subcommittees (Audit, Estate Development, Fundraising, Health and Safety, Claremont Project and Nominations) monitor key areas of the charity's activities. The membership of these subcommittees comprises selected Trustees, Council Members and staff but any Trustee or Council Member is entitled to attend as an observer. The subcommittees meet regularly and report directly to the main Board.

The skills, interests and expertise of the Council Members are reviewed regularly and the Trustees are grateful for the many and varied contributions that they make to PIVT and PIVT's subsidiary company PEL.

The Nominations Committee reviews applications for membership to the Council and Board of Trustees. The committee considers the skill-sets required for the sound governance of the charity and succession planning within the Board of Trustees. One third of Trustees retire from office at each AGM but may stand for re-election. Trustees normally step down from the Board when they have served for two three-year terms, although PIVT's articles of association do not define a maximum term of office.

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

Although the Trustees already strive to follow best practice with regard to governance, in the light of the recently published Good Governance Code, during 2017/18, the Trustees intend to review existing protocols alongside the Code. The intention is to seek continuous improvement towards the highest standards by following the seven principles as set out in the Code.

The Trustees, who have overall responsibility for the charity, delegate the day to day operational management of PIVT to the Chief Executive Officer (CEO). The CEO is supported by the Senior Management Team (SMT). Meetings of the SMT are held regularly to ensure the smooth running of the charity and progress is reported at Board meetings.

PEL, PIVT's trading subsidiary, generates income from merchandising and the use of the Pestalozzi estate and facilities. All profits generated by PEL are gifted to PIVT via Corporate Gift Aid. To maintain a measure of independence, the directors of PEL include persons who are not also Trustees of the charity.

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Trustees' report (continued)
For the year ended 31 August 2017

Associated organisations

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

- Sussex Coast College Hastings and Claremont Senior School for the provision of A level courses and for the dedication and support of their staff.
- The DEL Foundation, the Kidu Foundation, the Central Tibetan Administration, SOS Children's Villages, the Quicken Trust and other international partnership organisations who provide support to PIVT and student candidates throughout the selection process.
- Friends of Pestalozzi Groups in the Isle of Man and Lewes for their support with fundraising and for raising awareness of PIVT's work.

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

Pay policy for senior staff

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

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

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

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

The Trustees maintain oversight and control over senior staff salaries to ensure pay levels remain appropriate. However, the CEO has authority to make decisions, following discussion with the Chairman, around salary adjustments necessary to meet operational need within the overall agreed budget. Different levels of increase may be awarded to different staff if felt appropriate by the CEO, and employees receive written notification of any salary awards made to them.

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

The Trustees approve and review annually the general principles of the remuneration policy. Salaries are reviewed annually but must be affordable given the financial performance of the charity. Pestalozzi is proud to be a member of the Living Wage Foundation and with effect from 1 November 2017 the charity has budgeted for all personnel to receive the "living wage" as a minimum work reward.

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Trustees' report (continued)
For the year ended 31 August 2017

Risk

With the majority of income derived from voluntary contributions, funding remains the principal uncertainty facing PIVT. The Trustees have taken steps to mitigate that risk by adopting a strategic plan that balances growth in student numbers with appropriate funding. Furthermore, the Trustees have authorised the sale of some of the Trust's non-productive assets, the proceeds from which will enhance the charity's reserves in the post balance sheet period.

The Audit Committee meets regularly to review systems, procedures and risks – which are then reported to the Board of Trustees. A risk register notes potential areas of risk and their severity. A rolling programme of review is undertaken by the SMT and the Trustees and systems and procedures have been established to manage identified risks.

Plans for future periods

The charity's strategy document which was updated during 2015/16 and 2016/17 provided for a modest increase in student numbers in line with the plan. It is hoped that, subject to having the necessary funding and support programme in place, student numbers will continue the steady upward trend seen in recent years. That having been said, due to circumstances beyond the control of PIVT, four students who were scheduled to join at the start of the 2017/18 academic year, were unable to take up their places. It is impossible to recruit replacement students at short notice but the Trustees are hopeful that this reduction in numbers proves temporary.

As mentioned above, the academic results in 2016/17 showed a marked improvement over 2015/16. However, the Trustees remain committed to enabling students to attain the highest academic standards. With this in mind, the Trustees have agreed to place the entire Year 1 cohort for 2017/18 with Claremont.

The Trustees are indebted to Claremont for the support they provide to Pestalozzi students as the charity's financial needs remain key to the Trustees' future plans.

Trustees' responsibilities statement

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

Company law requires the Trustees to prepare Financial Statements for each financial year. Under company law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these Financial Statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Trustees' report (continued)
For the year ended 31 August 2017

Disclosure of information to auditors

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

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

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

This report was approved by the Trustees, on 22 January 2018 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Rog Ward', with a horizontal line drawn underneath it.

Mr R Ward, Trustee

Pestalozzi International Village Trust
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Independent auditors' report to the members of Pestalozzi International Village Trust

Opinion

We have audited the financial statements of Pestalozzi International Village Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2017 set out on pages 14 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

Basis of 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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Independent auditors' report to the members of Pestalozzi International Village Trust

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group's or the parent charitable company's or to cease operations, or have no realistic alternative but to do so.

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Independent auditors' report to the members of Pestalozzi International Village Trust

Auditor's responsibilities for the audit of the financial statements

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

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

Kreston Reeves LLP

Samantha Rouse FCCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditors

Canterbury
22 January 2018

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Consolidated statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies	2	610,964	468,669	1,079,633	863,423
Fundraising and other trading activities	3,4	51,931	-	51,931	41,575
Investments	5	91	-	91	1,296
Total income		662,986	468,669	1,131,655	906,294
Expenditure on:					
Raising funds	4,6	118,755	17,484	136,239	108,455
Charitable activities	7,8	715,471	420,742	1,136,213	1,005,129
Other expenditure	9	28,850	-	28,850	26,236
Total expenditure	12	863,076	438,226	1,301,302	1,139,820
Net income / (expenditure) before investment gains		(200,090)	30,443	(169,647)	(233,526)
Net gains on investments		-	-	-	125,000
Net income / (expenditure) before other recognised gains and losses		(200,090)	30,443	(169,647)	(108,526)
Net movement in funds		(200,090)	30,443	(169,647)	(108,526)
Reconciliation of funds:					
Total funds brought forward		3,947,288	-	3,947,288	4,055,814
Total funds carried forward		3,747,198	30,443	3,777,641	3,947,288

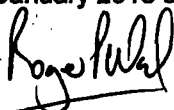
The notes on pages 18 to 41 form part of these financial statements.

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

Consolidated balance sheet
As at 31 August 2017

	Note	£	2017 £	2016 £
Fixed assets				
Tangible assets	16	4,544,101	4,589,611	
Investment property	17	-	275,000	
Total tangible assets			4,544,101	4,864,611
Current assets				
Stocks		2,339	2,339	
Debtors	20	49,185	223,636	
Cash at bank and in hand		350,598	20,091	
		402,122	246,066	
Creditors: amounts falling due within one year	21	(167,989)	(226,021)	
Net current assets			234,133	20,045
Total assets less current liabilities			4,778,234	4,884,656
Creditors: amounts falling due after more than one year	22	(1,000,593)	(937,368)	
Net assets			3,777,641	3,947,288
Charity Funds				
Restricted funds	24		30,443	-
Unrestricted funds:				
Revaluation reserve	24	1,736,667	1,736,667	
Other designated funds	24	1,781,453	2,179,563	
		3,518,120	3,916,230	
Unrestricted income funds	24	229,078	31,058	
Total unrestricted funds			3,747,198	3,947,288
Total funds			3,777,641	3,947,288

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the Trustees on 22 January 2018 and signed on their behalf, by:



Mr R Ward, Trustee

The notes on pages 18 to 41 form part of these financial statements.

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

Company balance sheet
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	16	4,544,101		4,589,611	
Investment property	17	-		275,000	
Total tangible assets			4,544,101		4,864,611
Investments	18		2		2
			4,544,103		4,864,613
Current assets					
Stocks		2,339		2,339	
Debtors	20	64,522		228,345	
Cash at bank and in hand		331,582		13,072	
		398,443		243,756	
Creditors: amounts falling due within one year	21	(164,310)		(223,711)	
Net current assets			234,133		20,045
Total assets less current liabilities			4,778,236		4,884,658
Creditors: amounts falling due after more than one year	22		(1,000,593)		(937,368)
Net assets			3,777,643		3,947,290
Charity Funds					
Restricted funds	24		30,443		-
Unrestricted funds:					
Revaluation reserve	24	1,736,667		1,736,667	
Other designated funds	24	1,781,453		2,179,563	
		3,518,120		3,916,230	
Unrestricted income funds	24	229,080		31,060	
Total unrestricted funds			3,747,200		3,947,290
Total funds			3,777,643		3,947,290

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the Trustees on 22 January 2018 and signed on their behalf, by:


Mr R Ward, Trustee

The notes on pages 18 to 41 form part of these financial statements.

Pestalozzi International Village Trust
(A company limited by guarantee)

Consolidated statement of cash flows
For the year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	26	<u>8,408</u>	<u>(361,762)</u>
Cash flows from investing activities:			
Interest from investments		91	1,296
Proceeds from the sale of investment property		274,305	-
Purchase of tangible fixed assets		<u>(41,908)</u>	<u>(826,904)</u>
Net cash provided by/(used in) investing activities		<u>232,488</u>	<u>(825,608)</u>
Cash flows from financing activities:			
Repayments of borrowings		(25,528)	(24,675)
Cash inflows from new borrowing		<u>93,128</u>	<u>192,233</u>
Net cash provided by financing activities		<u>67,600</u>	<u>167,558</u>
Change in cash and cash equivalents in the year		308,496	(1,019,812)
Cash and cash equivalents brought forward		<u>20,091</u>	<u>1,039,903</u>
Cash and cash equivalents carried forward	27	<u><u>328,587</u></u>	<u><u>20,091</u></u>

The notes on pages 18 to 41 form part of these financial statements.

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies

Pestalozzi International Village Trust is a company, limited by guarantee, which is incorporated in England and Wales.

The charity's registered office is Ladybird Lane, Sedlescombe, Battle, East Sussex, TN33 0UF.

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

1.1 Basis of preparation of financial statements

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

The 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 the Charities SORP (FRS 102) published 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.

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

The group's functional and presentational currency is Pound Sterling.

The group's financial statements are presented to the nearest pound.

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

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

The company has taken advantage of the following disclosure exemption in preparing its individual financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement to present a statement of cash flows for the company;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

1.2 Company status

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.3 Going concern

The charity's main source of income is from its charitable objectives being the receipt of donations and legacies to provide scholarships to exceptional 16-19 year olds who are academically gifted but have limited educational prospects in their home countries.

In order to meet its day to day working capital requirements, the charity is dependent upon these donations and legacies.

After making enquires, the Trustees have a reasonable expectation that the Charity will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

1.4 Fund accounting

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

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

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.5 Income

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

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

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

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

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

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.6 Expenditure

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

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.7 Basis of consolidation

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

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

1.8 Tangible fixed assets and depreciation

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

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

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

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

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

Revaluation of tangible fixed assets

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

1.9 Investments

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

1.10 Operating leases

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

1.11 Stocks

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

1.12 Deferred income

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

1.13 Interest receivable

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.14 Taxation

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

1.15 Debtors

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

1.16 Cash at Bank and in hand

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

1.17 Liabilities

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

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.18 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.19 Pensions

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

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

The preparation of the financial statements requires key management to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Going concern

In the judgement of the Trustees it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 1.3 for further details.

The following are the company's key sources of estimation uncertainty:

Tangible fixed assets

The charitable company has recognised tangible fixed assets with a carrying value of £4,544,101 at the reporting date (see note 16). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	392,231	468,669	860,900	548,672
Legacies	206,683	-	206,683	304,115
Deemed notional interest on beneficial loan	12,050	-	12,050	10,636
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	610,964	468,669	1,079,633	863,423
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	493,372	370,051	863,423	
	<hr/>	<hr/>	<hr/>	

3. Fundraising income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Events	11,849	-	11,849	23,603
Rental income	2,365	-	2,365	6,587
Estate grants	1,668	-	1,668	2,250
Miscellaneous income	12,249	-	12,249	1,374
	<hr/>	<hr/>	<hr/>	<hr/>
	28,131	-	28,131	33,814
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	33,814	-	33,814	
	<hr/>	<hr/>	<hr/>	

4. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Trading subsidiary income	23,800	-	23,800	7,761
	<hr/>	<hr/>	<hr/>	<hr/>
	23,800	-	23,800	7,761
	<hr/>	<hr/>	<hr/>	<hr/>
Fundraising trading expenses				
Trading subsidiary expenses	4,363	-	4,363	1,423
	<hr/>	<hr/>	<hr/>	<hr/>
Net income from trading activities	19,437	-	19,437	6,338
	<hr/>	<hr/>	<hr/>	<hr/>

In 2016, of net income from trading activities, £6,338 was in respect of unrestricted funds and £NIL was in respect of restricted funds.

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank deposit interest received	91	-	91	1,296
<i>Total 2016</i>	964	332	1,296	

6. Analysis of expenditure on raising funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising publicity	10,323	-	10,323	8,727
Cost of fundraising activities	9,046	-	9,046	7,420
Support costs for generating voluntary income	95,023	17,484	112,507	90,885
	114,392	17,484	131,876	107,032
<i>Total 2016</i>	107,032	-	107,032	

7. Analysis of expenditure on charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Student programme	701,956	420,742	1,122,698	992,709
<i>Total 2016</i>	641,381	351,328	992,709	

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

8. Governance costs

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditors' remuneration	7,450	-	7,450	7,450
Auditors' non audit costs	4,354	-	4,354	3,634
Governance - Trustees expenses reimbursed	1,711	-	1,711	1,336
	<u>13,515</u>	<u>-</u>	<u>13,515</u>	<u>12,420</u>

In 2016, of total Governance costs, £12,420 was in respect of unrestricted funds and £NIL was in respect of restricted funds.

9. Other expenditure

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest payable	16,800	16,800	15,600
Deemed notional interest on beneficial loan	12,050	12,050	10,636
	<u>28,850</u>	<u>28,850</u>	<u>26,236</u>
<i>Total 2016</i>	<u>26,236</u>	<u>26,236</u>	

10. Direct costs

	Student programme £	Total 2017 £	Total 2016 £
Loss on disposal of investment property	695	695	-
Premises costs	184,706	184,706	156,439
Other direct costs	374,956	374,956	294,790
Wages and salaries	279,578	279,578	301,009
National insurance	15,653	15,653	14,275
Pension cost	1,403	1,403	2,191
	<u>856,991</u>	<u>856,991</u>	<u>768,704</u>
<i>Total 2016</i>	<u>768,704</u>	<u>768,704</u>	

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

11. Support costs

	Student programme £	Total 2017 £	Total 2016 £
Indirect employee costs	16,355	16,355	3,391
General administrative expenses	34,048	34,048	31,726
Professional fees	9,712	9,712	4,262
Wages and salaries	108,378	108,378	102,755
National insurance	9,278	9,278	8,604
Pension cost	518	518	447
Depreciation	87,418	87,418	72,820
	265,707	265,707	224,005
<i>Total 2016</i>	224,005	224,005	

12. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	112,507	-	19,369	131,876	107,032
Costs of trading activities	-	-	4,363	4,363	1,423
Costs of generating funds	112,507	-	23,732	136,239	108,455
Student programme	414,808	87,418	620,472	1,122,698	992,709
Expenditure on governance	-	-	13,515	13,515	12,420
Other expenditure	-	-	28,850	28,850	26,236
	527,315	87,418	686,569	1,301,302	1,139,820
<i>Total 2016</i>	520,166	72,820	546,834	1,139,820	

13. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Student programme	856,991	265,707	1,122,698	992,709
<i>Total 2016</i>	768,704	224,005	992,709	

Pestalozzi International Village Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

14. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	87,418	72,820
Auditors' remuneration - audit	7,450	7,450
Auditors' remuneration - non audit	4,354	3,634
	<u>99,222</u>	<u>83,904</u>

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year expenses totalling £1,711 (2016: £1,336) were claimed by six (2016: seven) Trustees. All expenses claimed were in relation to travel.

15. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	490,801	487,628
Social security costs	33,803	29,900
Other pension costs	2,711	2,638
	<u>527,315</u>	<u>520,166</u>

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

2017	2016
No.	No.
31	32

Average headcount expressed as a full time equivalent:

2017	2016
No.	No.
28	24

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

The Trustees and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. As noted above no Trustees received any remuneration during the year (2016: £NIL) and total remuneration in respect of the Chief Executive and Senior Management Team is £152,227 (2016: £151,865).

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16. Tangible fixed assets

Group and Company	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 September 2016	4,695,524	507,780	5,203,304
Additions	32,950	8,958	41,908
Disposals	-	(12,791)	(12,791)
At 31 August 2017	4,728,474	503,947	5,232,421
Depreciation			
At 1 September 2016	113,330	500,363	613,693
Charge for the year	75,902	11,516	87,418
On disposals	-	(12,791)	(12,791)
At 31 August 2017	189,232	499,088	688,320
Net book value			
At 31 August 2017	4,539,242	4,859	4,544,101
At 31 August 2016	4,582,194	7,417	4,589,611

Included in land and buildings is freehold land at deemed cost of £912,000 (2016: £912,000), historic cost £109,967 (2016: £109,967) which is not depreciated.

The charity has revalued its freehold property in the past which now represents deemed cost as permitted by FRS 102.

The company's freehold property was independently revalued at 16 September 2014 to open market value of £3,663,300 by Martin Lacey Buckley, a Chartered Surveyor. Subsequent additions and depreciation charged on freehold land and buildings has resulted in a carrying value of £4,539,242 at 31 August 2017.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group and Company	2017 £	2016 £
Cost	4,249,111	4,216,161
Accumulated depreciation	(1,140,347)	(1,093,673)
Net book value	3,108,764	3,122,488

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17. Investment property

	Freehold investment property £
Group and Company	
Valuation	
At 1 September 2016	275,000
Disposals	(275,000)
	<hr/>
At 31 August 2017	-
	<hr/> <hr/>

The 2017 valuations were made by the Trustees, on an open market value for existing use basis.

The Trustees have used guidance provided by local Estate Agents when making their valuation.

18. Fixed asset investments

	Shares in group undertakings £
Company	
Market value	
At 1 September 2016 and 31 August 2017	2
	<hr/> <hr/>

19. Principal subsidiary

Pestalozzi Enterprises Limited

Subsidiary name	Pestalozzi Enterprises Limited
Company registration number	00890936
Basis of control	Majority shareholder
Equity shareholding %	100%
 Total assets as at 31 August 2017	 £ 22,459
Total liabilities as at 31 August 2017	£ 22,457
Total equity as at 31 August 2017	£ 2
 Turnover for the year ended 31 August 2017	 £ 23,800
Expenditure for the year ended 31 August 2017	£ 23,800
Result for the year ended 31 August 2017	£ -

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20. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	7,237	3,745	3,794	2,995
Amounts owed by group undertakings	-	-	18,778	5,580
Other debtors	2,628	2,754	2,630	2,631
Prepayments and accrued income	39,320	217,137	39,320	217,137
	<u>49,185</u>	<u>223,636</u>	<u>64,522</u>	<u>228,343</u>

21. Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdraft	47,399	21,013	47,399	21,013
Trade creditors	98,623	30,095	98,577	30,035
Deferred income	-	117,994	-	117,994
Other taxation and social security	8,348	7,417	7,775	7,417
Other creditors	494	27,063	494	27,063
Accruals	13,125	22,439	10,065	20,189
	<u>167,989</u>	<u>226,021</u>	<u>164,310</u>	<u>223,711</u>

Deferred income

	Group	Company
	£	£
Deferred income at 1 September 2016	117,994	117,994
Resources deferred during the year	-	-
Amounts released from previous years	(117,994)	(117,994)
Total	<u>-</u>	<u>-</u>

22. Creditors: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loan	598,918	535,693	598,918	535,693
Other loans	401,675	401,675	401,675	401,675
	<u>1,000,593</u>	<u>937,368</u>	<u>1,000,593</u>	<u>937,368</u>

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22. Creditors: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Repayable by instalments	490,066	433,028	490,066	433,028
Repayable other than by instalments	401,675	401,675	401,675	401,675
	891,741	834,703	891,741	834,703

The bank loan, which was amended on 22 August 2016, is secured by way of a 20 year mortgage over Oaklands Park Estate, Sedlescombe.

The amount in other loans is a loan from a non-financial institution and subject to the terms of the loan agreement is interest and repayment free. It is secured by way of a charge over The Pestalozzi Centre, Pestalozzi International Village, Sedlescombe.

Although the loan is repayment and interest free, in accordance with the SORP, deemed notional interest on the loan in the sum of £12,050 (2016: £10,636) has been recognised within income and expenditure and has been based on an equivalent market rate (see notes 2 and 9).

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Notes to the financial statements
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23. Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets measured at fair value through profit or loss	-	275,000	-	275,000
Financial assets measured at amortised cost	9,867	169,051	25,982	173,769
Total	9,867	444,051	25,982	448,769

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial liabilities measured at amortised cost	1,137,729	1,037,978	1,140,085	1,035,668

Financial assets measured at fair value through income and expenditure comprise of investment property.

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

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

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24. Statement of funds

Statement of funds - current year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers In/out £	Balance at 31 August 2017 £
Designated funds					
Designated capital expenditure funds	10,000	-	-	(10,000)	-
Designated fixed asset fund	3,906,230	-	-	(388,110)	3,518,120
	<u>3,916,230</u>	<u>-</u>	<u>-</u>	<u>(398,110)</u>	<u>3,518,120</u>
General funds					
Income and expenditure reserves	31,058	662,986	(863,076)	398,110	229,078
Total Unrestricted funds	<u>3,947,288</u>	<u>662,986</u>	<u>(863,076)</u>	<u>-</u>	<u>3,747,198</u>
Restricted funds					
Restricted Funds - income funds	-	420,742	(420,742)	-	-
Sponsor work officer fund	-	47,927	(17,484)	-	30,443
	<u>-</u>	<u>468,669</u>	<u>(438,226)</u>	<u>-</u>	<u>30,443</u>
Total of funds	<u>3,947,288</u>	<u>1,131,655</u>	<u>(1,301,302)</u>	<u>-</u>	<u>3,777,641</u>

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Notes to the financial statements
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24. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Designated funds						
Designated capital expenditure funds	60,000	-	-	(50,000)	-	10,000
Designated fixed asset fund	3,194,704	-	-	711,526	-	3,906,230
	<u>3,254,704</u>	<u>-</u>	<u>-</u>	<u>661,526</u>	<u>-</u>	<u>3,916,230</u>
General funds						
Income and expenditure reserves	423,479	535,911	(788,492)	(264,840)	125,000	31,058
	<u>423,479</u>	<u>535,911</u>	<u>(788,492)</u>	<u>(264,840)</u>	<u>125,000</u>	<u>31,058</u>
Total Unrestricted funds	<u>3,678,183</u>	<u>535,911</u>	<u>(788,492)</u>	<u>396,686</u>	<u>125,000</u>	<u>3,947,288</u>
Restricted funds						
Restricted Funds - income funds	-	351,145	(351,145)	-	-	-
Restricted capital expenditure fund	357,132	19,055	-	(376,187)	-	-
Marianne Loibl fund	20,499	183	(183)	(20,499)	-	-
	<u>377,631</u>	<u>370,383</u>	<u>(351,328)</u>	<u>(396,686)</u>	<u>-</u>	<u>-</u>
Total of funds	<u>4,055,814</u>	<u>906,294</u>	<u>(1,139,820)</u>	<u>-</u>	<u>125,000</u>	<u>3,947,288</u>

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24. Statement of funds (continued)

Transfers between funds

Income and expenditure reserves - the net transfer of £398,110 is represented by a transfer of £10,000 from the designated capital expenditure fund and a transfer of £388,110 from the designated fixed asset fund.

Designated capital expenditure fund - the transfer of £10,000 reflects the amount spent on capital expenditure during the year.

Prior year transfers between funds

Income and expenditure reserves - the net transfer of £264,840 is represented by the transfer of £335,339 to the restricted capital expenditure fund, which reflects the movement in fixed assets less associated liabilities in the year to the designated fixed asset fund, together with a transfer of £50,000 from the designated capital expenditure fund and a transfer of £20,499 from the Marianne Loibl fund, as described below.

Designated capital expenditure fund - the transfer of £50,000 reflects the amount spent on capital expenditure during the year.

Marianne Loibl Fund - As described below, the transfer of £20,499 reflects the release of capital to help support student activities.

Restricted capital expenditure fund - the transfer of £376,187 reflects funds which have been given to the charity towards the construction of the Pestalozzi Centre. As these funds have now been utilised on the Pestalozzi Centre, the restriction has been satisfied and therefore these amounts have been transferred to the designated fixed asset fund.

Purposes of designated funds

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

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

Purposes of restricted funds

Sponsor work officer fund - This represents funds which have been given to the charity to facilitate the recruitment and retention of individual donors. The sponsor work officer has been in the position since January 2017.

Restricted capital expenditure fund - This represented a fund which contains income which has been restricted as a condition of the Section 106 agreement to build the new Pestalozzi Centre, together with additional funds received in relation to the construction of the Pestalozzi Centre. The Pestalozzi Centre was completed in March 2016.

Marianne Loibl Fund - This represented a legacy given to PIVT, the income from which was used for student trips. As the annual income was minimal, the Trustees sought the advice of the Charity Commission and subsequently released the capital to be used to support student activities.

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Notes to the financial statements
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Summary of funds - current year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2017 £
Designated funds	3,916,230	-	-	(398,110)	3,518,120
General funds	31,058	662,986	(863,076)	398,110	229,078
	<u>3,947,288</u>	<u>662,986</u>	<u>(863,076)</u>	<u>-</u>	<u>3,747,198</u>
Restricted funds	-	468,669	(438,226)	-	30,443
	<u>3,947,288</u>	<u>1,131,655</u>	<u>(1,301,302)</u>	<u>-</u>	<u>3,777,641</u>

Summary of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2016 £
Designated funds	3,254,704	-	-	661,526	3,916,230
General funds	423,479	535,911	(788,492)	(264,840)	31,058
	<u>3,678,183</u>	<u>535,911</u>	<u>(788,492)</u>	<u>396,686</u>	<u>3,947,288</u>
Restricted funds	377,631	370,383	(351,328)	(396,686)	-
	<u>4,055,814</u>	<u>906,294</u>	<u>(1,139,820)</u>	<u>-</u>	<u>3,947,288</u>

25. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	4,544,101	-	4,544,101
Current assets	371,679	30,443	402,122
Creditors due within one year	(167,989)	-	(167,989)
Creditors due in more than one year	(1,000,593)	-	(1,000,593)
	<u>3,747,198</u>	<u>30,443</u>	<u>3,777,641</u>

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25. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	4,589,611	-	4,589,611
Investment property	275,000	-	275,000
Current assets	246,066	-	246,066
Creditors due within one year	(226,021)	-	(226,021)
Creditors due in more than one year	(937,368)	-	(937,368)
	<u>3,947,288</u>	<u>-</u>	<u>3,947,288</u>

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

	2017 £	Group 2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(169,647)	(108,526)
Adjustment for:		
Depreciation charges	87,418	72,820
Gain from investments	-	(125,000)
Interest on investments	(91)	(1,296)
Loss on the sale of investment property	695	-
Increase in stocks	-	(441)
Decrease/(increase) in debtors	174,451	(180,628)
Decrease in creditors	(84,418)	(18,691)
Net cash provided by/(used in) operating activities	<u>8,408</u>	<u>(361,762)</u>

27. Analysis of cash and cash equivalents

	2017 £	Group 2016 £
Cash in hand	350,598	20,091
Overdrawn bank account	(22,011)	-
Total	<u>328,587</u>	<u>20,091</u>

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28. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £2,711 (2016 - £2,638). Contributions totalling £494 (2016 - £618) were payable to the fund at the balance sheet date and are included in creditors.

29. Related party transactions

During the year ended 31 August 2017 donations totalling £4,250 (2016: £14,492) were received from the Trustees.

30. Controlling party

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