

**Charity No. 307099 (England and Wales)**

**THE SIR ANDREW JUDD FOUNDATION  
TRUSTEE'S REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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# THE SIR ANDREW JUDD FOUNDATION

## REPORT OF THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2018

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### History and introduction

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

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

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

### Subsidiary charity

At 30 June 2018 the Charity had one subsidiary charity, The Tonbridge School Appeal. This was the vehicle for an appeal launched in 1993 and is now dormant.

### Constitution

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

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

### Trustee

The Worshipful Company of Skinners.

### Committee

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

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# THE SIR ANDREW JUDD FOUNDATION

## REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2018

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### Committee (continued)

The following served on the Committee during the year:

Mr R N Dobbs (Chairman to 13 July 2017)

Mr P T Crosthwaite (Chairman from 13 July 2017)

Mr A G Boggis

The Hon Mr Justice Cohen\*

Mr R J Elliott\* (from 13 July 2017)

Mr C H D Everett

Mr E D J Goodchild ex officio

Mr J C F Hitchins

The Earl of Woolton\*

\*These Committee members were also Governors of Tonbridge School.

### Key management personnel and remuneration

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

### The Charity's operations

The aims of the Charity in the year to 30 June 2018 were:

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

The Charity's main objectives for the year were:

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

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

Significant activities which contribute to the objects include:

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

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



# THE SIR ANDREW JUDD FOUNDATION

## REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2018

### Financial review

The funds under the Trustee's control consist of:

#### Endowment funds

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

#### Unrestricted funds

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

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

	2018	2017
	£	£
<b>Available income for the year</b>		
Endowment investment income	2,279,633	2,128,044
Donations	-	40
	<u>2,279,633</u>	<u>2,128,084</u>
Cost of generating funds	(259,683)	(193,853)
<b>Charitable expenditure</b>		
Grants to the School	(1,713,006)	(1,705,100)
Advice and technical support	(159,828)	(156,537)
School visit and hospitality	(9,285)	(12,645)
Scholarships	(36,020)	(33,901)
Depreciation of School buildings	(613,979)	(613,980)
Grant to the Judd School, Tonbridge	(31,813)	(32,948)
Governor Training Grant	(2,416)	-
	<u>(546,397)</u>	<u>(620,880)</u>
<b>Net outgoing resources for the year before transfers and gains</b>	<u>(546,397)</u>	<u>(620,880)</u>

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

During the year the Charity issued bonds to 3 individuals to the value of £600k. This brings the total value of bonds issued to £1.7m. These carry interest at 1.5% per annum, payable quarterly, and are repayable in five years. The proceeds of these bonds have been lent to Tonbridge School and this loan is repayable simultaneously.

The Charity entered into a further loan to the School of £8m and as at the date of signing £6m of this loan had been drawn down. This loan carries variable interest at CPI and is repayable at a rate of £500k p.a. commencing 2023-24. Loan interest of £69,000 was receivable in the year and has been credited to endowment to maintain the value of the capital over the period of the loan.

### Reserves policy

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

Nevertheless, reserves may arise from time to time due to fluctuations in incoming and outgoing resources. Reserves held on unrestricted funds as at 30 June 2018 amounted to £1,030,331. It is the intention of the Trustee that these reserves will help smooth the payment of grants over the next few years. The Trustee keeps the policy and reserves under review annually.

# **THE SIR ANDREW JUDD FOUNDATION**

## **REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2018**

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### **Investment policy and performance**

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

On 14 January 2014 the Trustee passed a resolution under s104(B) of the Charities Act 2011 and resolved to adopt a total return policy for the managed portfolio, having calculated the unapplied total return on that portfolio at that date of £1,054,240. All returns (both capital and income) on these investments subsequent to the resolution are credited to the Endowment Fund. The Trustee, in consultation with the Skinners' Investment Committee, has decided to transfer 2.5% of the portfolio value to unrestricted funds for application, and this will be reviewed annually.

The Foundation's investment objective is to maintain the real value of the endowment and to achieve a total return of RPI + 3.5% p.a. over the medium to long term. The performance in the year was considered satisfactory by the Investment Committee measured against this RPI benchmark.

### **Risk management**

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

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

### **Fundraising**

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

### **Future plans**

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

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

### **Public benefit**

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



# THE SIR ANDREW JUDD FOUNDATION

## REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2018

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### Trustee's responsibilities

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

The law applicable to charities in England & Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

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

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

### Bankers and professional advisers

#### Bankers

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

#### Solicitors

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

#### Investment managers

Cazenove Capital  
1 London Wall Place  
London  
EC2Y 5AU

Heartwood Group  
12 Henrietta Street  
Covent Garden  
London  
WC2E 8LH

#### Independent Auditors

Saffery Champness LLP  
71 Queen Victoria Street  
London  
EC4V 4BE

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# THE SIR ANDREW JUDD FOUNDATION

## REPORT OF THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2018

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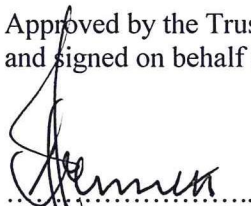
### Surveyors and property advisers

Gerald Eve LLP  
46 Bow Lane  
London  
EC4M 9DL

### Insurance advisers

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

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



A C P Kennett  
Clerk

6 December 2018

# THE SIR ANDREW JUDD FOUNDATION

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2018

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### Opinion

We have audited the financial statements of Sir Andrew Judd Foundation for the year ended 30 June 2018 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

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## **THE SIR ANDREW JUDD FOUNDATION**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2018**

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

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of trustee**

As explained more fully in the Trustee's Responsibilities Statement set out on page 5, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



## THE SIR ANDREW JUDD FOUNDATION

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE (continued) FOR THE YEAR ENDED 30 JUNE 2018

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of this report

This report is made solely to the charity's trustee, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustee those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustee as a body, for our audit work, for this report, or for the opinions we have formed.

*Saffery Champness LLP*

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For and on behalf of  
Saffery Champness  
LLP

Chartered Accountants      71 Queen Victoria Street, London,  
EC4V 4BE

Statutory Auditors

Date: *13 December 2018*

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

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THE SIR ANDREW JUDD FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 30 JUNE 2018

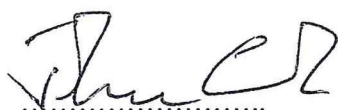
	Notes	Unrestricted Funds	Endowment Funds	Permanent Endowment	Total 2018	Total 2017
		£	Capital Replacement Fund	£	£	£
Income from:						
Investments	2	1,568,491	8,008	699,950	2,276,449	2,120,617
Bank interest		3,184	-	-	3,184	7,427
Donations		-	-	-	-	40
Total income		1,571,675	8,008	699,950	2,279,633	2,128,084
Expenditure on:						
Raising funds - investment management costs		47,519	-	129,003	176,522	141,953
- investment property costs		67,882	-	-	67,882	51,900
- gross interest on bonds		15,279	-	-	15,279	-
Charitable Activities	3	1,952,368	-	613,979	2,566,347	2,555,110
Total expenditure		2,083,048	-	742,982	2,826,030	2,748,963
Realised gain on investments	4	3,450	-	294,405	297,855	544,127
Unrealised gain/(loss) on investments	5	-	(8,065)	2,300,259	2,292,194	6,670,006
Net income/(expenditure)		(507,923)	(57)	2,551,632	2,043,652	6,593,254
Transfers between funds						
Transfer from total return for application	6	854,000	-	(854,000)	-	-
Annual appropriation to the Capital Replacement Fund		(2,000)	2,000	-	-	-
Net movement in funds for the period		344,077	1,943	1,697,632	2,043,652	6,593,254
Balances brought forward 1 July 2017		686,254	475,242	98,403,424	99,564,920	92,971,666
Balances carried forward 30 June 2018		1,030,331	477,185	100,101,056	101,608,572	99,564,920

# THE SIR ANDREW JUDD FOUNDATION

## BALANCE SHEET AS AT 30 JUNE 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
School buildings and equipment	7		18,688,312		19,302,291
Investments	8		56,155,418		59,467,691
Investment properties	9		20,939,144		20,939,144
Program related investment	10		7,700,000		1,100,000
			103,482,874		100,809,126
<b>Current assets</b>					
Debtors	11	365,602		231,404	
Cash		1,046,724		1,280,415	
		1,412,326		1,511,819	
<b>Creditors: due within one year</b>	12	(86,628)		(156,025)	
<b>Net current assets</b>			1,325,698		1,355,794
<b>Creditors: due after more than one year</b>	12		(3,200,000)		(2,600,000)
<b>Net assets</b>	15		101,608,572		99,564,920
<b>Funds</b>					
Endowment funds (inc. revaluation reserve £11,363,272)	15		100,578,241		98,878,666
Unrestricted funds			1,030,331		686,254
	15		101,608,572		99,564,920

Approved by the Trustee on 6 December 2018 and signed on behalf of the Trustee by



J R L Cook  
Director of Finance



# THE SIR ANDREW JUDD FOUNDATION

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	17	(2,117,791)	(2,665,477)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		2,279,633	2,076,144
Proceeds from the sale of property		-	-
Purchase of property plant and equipment		-	-
Proceeds from sale of investments		12,157,502	4,450,028
Purchase of investments		(6,553,035)	(4,582,897)
Net cash provided by investing activities		7,884,100	1,943,275
<b>Cash flows from financing activities</b>			
Loan to Tonbridge School		(6,600,000)	(1,100,000)
Bonds issued		600,000	1,100,000
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(233,691)</b>	<b>(722,202)</b>
Cash and cash equivalents at the beginning of the reporting period		1,280,415	2,002,617
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>1,046,724</b>	<b>1,280,415</b>

# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### 1 Accounting policies

#### 1.1 Basis of accounting

The accounts are prepared under the historical cost convention as modified by the revaluation of investments (including property held for investment purposes), and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The accruals basis is followed throughout.

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

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

#### 1.2 Going concern

After reviewing the Charity's forecasts and projections, the Trustee has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its accounts.

#### 1.3 Investments

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

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

#### 1.4 Income

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

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

#### 1.5 Expenditure

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

#### 1.6 Grants

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

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## THE SIR ANDREW JUDD FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

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#### 1.7 **Raising funds**

The cost of raising funds consists of investment management fees.

#### 1.8 **Charitable activities**

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

#### 1.9 **Tangible fixed assets and depreciation**

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

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

#### 1.10 **Impairment of fixed assets**

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

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

#### 1.11 **Cash and cash equivalents**

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

#### 1.12 **Financial instruments**

The Charitable Fund only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method. The charity has selected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

#### 1.13 **Unrestricted funds**

This fund benefits from the total return transferred for application.

#### 1.14 **Endowment Fund - General**

The fund is invested as shown in note 8. In January 2014 the Trustee resolved to adopt a total return policy for the managed portfolio, having calculated the unapplied total return on that portfolio at that date of £1,054,240. All returns (both capital and income) on these investments subsequent to the resolution are credited to the Endowment Fund. The Trustee, in consultation with the Investment Committee, has decided to transfer 2.5% of the asset value to unrestricted funds for application, and this will be reviewed annually.



# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

### 1.15 Endowment Fund - Capital Replacement Fund

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

2	Investment income	2018 £	2017 £
	<b>Unrestricted funds</b>		
	Gross rental income on investment properties	592,909	407,869
	Income from other investments	1,675,532	1,704,872
	<b>Total unrestricted fund investment income</b>	2,268,441	2,112,741
	<b>Capital replacement fund investment income</b>	8,008	7,876
	<b>Total investment income</b>	2,276,449	2,120,617

3	Expenditure	2018 £	2017 £
	The charitable activities undertaken by the charity can be broken down as follows:		
	Advice and technical support to Tonbridge School (see below)	159,828	156,537
	Depreciation on School buildings (note 7)	613,979	613,980
	Grants Tonbridge School Building Works	1,713,006	1,705,100
	The Judd School, Tonbridge	31,813	32,948
	Tonbridge School visits and hospitality	9,285	12,644
	Scholarships at Tonbridge School	36,020	33,901
	Governor Training Grant	2,416	-
		2,566,347	2,555,110

	2018 £	2017 £
<b>Advice and technical support to Tonbridge School</b>		
Insurance	13,867	9,290
Bank charges	162	140
Office costs	1,240	1,342
Audit	8,904	10,117
Legal fees	-	2,464
Travel	580	410
Meeting costs	707	1,234
Staff costs	115,888	113,060
Accommodation costs	18,480	18,480
<b>Total</b>	159,828	156,537

The amounts stated under unrestricted funds for office costs include certain costs amounting to £936 (2017:£920) incurred by a wholly owned subsidiary of the Skinners' Company in administering the affairs of the Foundation. The office accommodation charge of was also payable to this subsidiary. At the balance sheet date an amount of £244 (2017:£222) was owed by the charity in respect of these charges. The share of salary costs shown does not exceed £60,000 in respect of any individual. The average headcount of employees in the year under the Paymaster scheme was 8.

# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

### 4 Realised gains on investments

	2018 £	2017 £
<b>Endowment funds</b>		
Permanent endowment investments:		
Historic cost gain realised in year	2,014,812	756,699
(Gain) recognised in prior years	(1,720,407)	(212,572)
Gain recognised in year	294,405	544,127
Permanent endowment property:		
Historic cost gain realised in year	3,450	-
Gain recognised in prior years	-	-
Gain recognised in year	3,450	-
<b>Total</b>	<b>297,855</b>	<b>544,127</b>

### 5 Unrealised gains on investments

	2018 £	2017 £
<b>Endowment funds</b>		
<u>Investment properties</u>		
Valuation, 1 July 2017	20,939,144	18,383,244
Disposals	-	-
Valuation, 30 June 2018	20,939,144	20,939,144
<b>Unrealised gain in year</b>	<b>-</b>	<b>2,555,900</b>
 Investments: Permanent Endowment:		
Cost, 30 June 2018	46,550,677	50,421,040
Market value, 30 June 2018	55,683,023	58,995,239
Unrealised gain in portfolio	9,132,346	8,574,199
Less recognised in prior years	(8,552,494)	(4,664,490)
Transferred to realised	1,720,407	212,572
<b>Unrealised gain in year</b>	<b>2,300,259</b>	<b>4,122,281</b>
 Investments: Capital Replacement Fund:		
Cost, 30 June 2018	459,860	451,851
Market value, 30 June 2018	472,395	472,451
Unrealised gain in portfolio	12,535	20,600
Less recognised in prior years	(20,600)	28,775
Unrealised (loss) in year	(8,065)	(8,175)
<b>Total</b>	<b>2,292,194</b>	<b>6,670,006</b>

# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

### 6 Total Return

	Endowment	Unapplied Total Return	Total
	£	£	£
Permanent endowment as at 1 <sup>st</sup> July 2017	92,544,977	5,858,447	98,403,424
<b>Movements in the reporting period</b>			
Add: Investment returns dividends and interest	69,000	630,949	699,949
Investment returns gains	273,403	21,002	294,405
Investment returns unrealised gains and (losses)	1,225,090	1,075,169	2,300,259
Investment management cost		(129,002)	(129,002)
Depreciation	(613,979)	-	(613,979)
<b>Total</b>	953,514	1,598,118	2,551,632
Less: Unapplied total return applied		(854,000)	(854,000)
<b>Net movement in reporting period</b>	953,514	744,118	1,697,632
<b>At end of reporting period</b>	93,498,491	6,602,565	100,101,056

### 7 School buildings and equipment

	2018 £	2017 £
<b>Cost</b>		
1 July 2017	30,698,977	30,698,977
Additions	-	-
<b>30 June 2018</b>	30,698,977	30,698,977
<b>Depreciation</b>		
1 July 2017	11,396,686	10,782,706
Charge for the period	613,979	613,980
<b>30 June 2018</b>	12,010,665	11,396,686
<b>Net book value</b>		
<b>30 June 2018</b>	18,688,312	19,302,291
<b>1 July 2017</b>	19,302,291	19,916,271



# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

8	Investments	2018 £	2017 £
	<b>At market value</b>		
	30 June 2017	59,467,692	55,220,716
	Purchases and cash added	6,553,034	4,582,897
	Sales	(12,157,502)	(4,450,028)
	Unrealised gain	2,292,194	4,114,106
	<b>30 June 2018</b>	<b>56,155,418</b>	<b>59,467,691</b>
	Permanent Endowment	55,683,023	58,995,240
	Capital Replacement Fund	472,395	472,451
		<b>56,155,418</b>	<b>59,467,691</b>
	Invested in		
	UK listed investments	17,088,191	12,206,909
	Non UK listed investment	12,737,931	10,050,131
	Collective investment schemes - Investing in the UK	24,653,334	31,225,707
	- Investing overseas	609,984	5,180,052
	Cash	1,065,978	804,892
	<b>Market value 30 June 2018</b>	<b>56,155,418</b>	<b>59,467,691</b>

# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

### 8 Investments (continued)

The Charity held four material investments as at 30 June 2018.  
These were:

	Market value £	% Permanent endowment
<b>Investment</b>		
Schroder UK Property Fund	4,497,543	7.56
Rockspring Property Trust	5,103,540	8.58
Charities Property Fund	4,667,452	7.85
Property Income Trust for Charities	4,648,981	7.82

### 9 Investment properties

	2018 £	2017 £
Held at 30 June 2017, at valuation	20,939,144	18,383,244
Disposals	-	-
Increase arising on revaluation	-	2,555,900
<b>Held at 30 June 2018, at valuation</b>	<b>20,939,144</b>	<b>20,939,144</b>

### 10 Program related investment

This comprises an interest free loan of £1.7m to Tonbridge School repayable in 2022, plus a further loan of £6m repayable in instalments commencing 2023-24 attracting interest at CPI.

### 11 Debtors

	2018 £	2017 £
<b>Falling due within one year</b>		
Trade debtors	-	2,167
Prepayments	285	264
Accrued income	365,317	228,973
	<b>365,602</b>	<b>231,404</b>

### 12 Creditors

	2018 £	2017 £
<b>Due within one year</b>		
Trade creditors	40,232	47,735
Tonbridge School: other grants	35,826	16,690
Accruals	8,904	8,736
Deferred income	1,666	82,864
	<b>86,628</b>	<b>156,025</b>

#### Due after more than one year

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

Bonds issued during the last year to three individuals amounting to £600k and £1.1m to four in the previous year, are for a term of 5 years, with interest of 1.5% p.a. payable quarterly, repayable in 2022.

# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2018

### 13 Trustee's expenses

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

### 14 Taxation

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

### 15 Analysis of net assets between funds

	Unrestricted Funds	Endowment funds		
		Capital Replacement fund	Permanent endowment	Total
	£	£	£	£
School buildings and equipment	-	-	18,688,312	18,688,312
Investments	-	472,394	55,683,024	56,155,418
Investment properties	-	-	20,939,144	20,939,144
Total fixed assets	-	472,394	95,310,480	95,782,874
Net current assets	1,030,331	4,791	290,576	1,325,698
Debtors due after more than one year	-	-	7,700,000	7,700,000
Creditors due after more than one year	-	-	(3,200,000)	(3,200,000)
	1,030,331	477,185	100,101,056	101,608,572

### 16 Related party transactions

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

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

	2018 £	2017 £
Net income for the reporting period (as per SOFA)	2,043,652	4,037,354
Adjustments for:		
Depreciation charges	613,979	613,980
(Gains) on investments	(2,292,194)	(4,114,106)
Dividends, interest and rents from investments	(2,279,633)	(2,076,144)
Increase / (Decrease) in debtors	(134,198)	39,555
(Decrease) in creditors	(69,397)	(1,166,116)
Net cash (used in) operating activities	<u>(2,117,791)</u>	<u>(2,665,477)</u>



# THE SIR ANDREW JUDD FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2017

### 8. Comparative information

	Unrestricted Funds £	Endowment Funds		Total 2017 £
		Capital Replacement Fund £	Permanent Endowment £	
Income from:				
Investments	1,519,075	7,876	593,666	2,120,617
Bank interest	7,427	-	-	7,427
Donations	40	-	-	40
<b>Total income</b>	<b>1,526,542</b>	<b>7,876</b>	<b>593,666</b>	<b>2,128,084</b>
<b>Expenditure on:</b>				
Raising Funds - investment management costs	53,167	-	88,786	141,953
- investment property costs	51,900			51,900
Charitable Activities	1,941,130	-	613,980	2,555,110
<b>Total expenditure</b>	<b>2,046,197</b>	<b>-</b>	<b>702,766</b>	<b>2,748,963</b>
Realised (loss)/gain on investments	-	-	544,127	544,127
Unrealised gains on investments	-	(8,175)	6,678,181	6,670,006
<b>Net income/(expenditure)</b>	<b>(519,655)</b>	<b>(299)</b>	<b>7,113,208</b>	<b>6,593,254</b>
<b>Transfers between funds</b>				
Transfer from total return for application	927,534	-	(927,534)	-
Annual appropriation to the Capital Replacement Fund	(2,000)	2,000	-	-
<b>Net movement in funds for the period</b>	<b>405,879</b>	<b>1,701</b>	<b>6,185,674</b>	<b>6,593,254</b>
<b>Balances brought forward 1 July 2016</b>	<b>280,375</b>	<b>473,541</b>	<b>92,217,750</b>	<b>92,971,666</b>
<b>Balances carried forward 30 June 2017</b>	<b>686,254</b>	<b>475,242</b>	<b>98,403,424</b>	<b>99,564,920</b>