



**MARLBOROUGH COLLEGE
FOUNDATION**

ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2018

haysmacintyre
Chartered Accountants
Registered Auditors

Charity Number: 1061798

REPORT OF THE TRUSTEES

The Foundation is registered with the Charity Commission number 1061798.

TRUSTEES

The Trustees who served during the year were:

S M W Bishop (Chairman)
C B Dowling
R J H Fleck
J Leigh
Dr T E Long (resigned 2 November 2017)
P J Manser
T Martin-Jenkins
R Pembroke
W Wyldbore-Smith

PROFESSIONAL ADVISERS

Address:	Marlborough College Foundation Marlborough College Wiltshire SN8 1PA
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Bankers:	Lloyds Bank Barnwood 1 Barnett Way Gloucester GL4 3RL
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Solicitors:	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH
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Auditors:	haysmacintyre 10 Queen Street Place London EC4R 1AG
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Investment Advisers:	Rathbones 1 Curzon Street London W1J 5FB
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REPORT OF THE TRUSTEES (Continued)

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)), applicable law and the charity's governing document.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Organisation**

The Trustees determine the general policy of the Foundation.

Trustee Recruitment, Induction and Training

Existing Trustees have the power to appoint new Trustees. Trustees are regularly updated on charity sector issues through selective reading material provided by professional advisers. In addition they monitor the Charity Commission website and are aware of issues regarding the independent schools sector. The Trustees are considered to be the key management personnel of the Foundation and the Foundation does not employ any staff. No Trustee received remuneration in the current or prior year.

Risk Review

Other risks to which the Foundation is exposed, as identified by the Trustees, have been reviewed. This is an ongoing process and the Trustees will review and update the risk management process at least annually. Through their risk management process the Trustees have established controls to manage the risks that they have identified.

There is a risk that the value of the investments may decrease and this is mitigated as much as possible through active management by the investment managers and spreading the risk by investing through a low to medium risk portfolio. The investment managers, Rathbones, send regular investment status reports and report annually on the portfolio's performance.

The principal risks identified by the Foundation include the ability to be able to continue to raise funds to support Marlborough College's undertakings to provide increasing numbers of bursaries and to assist with the costs of an extensive capital development plan. These are mitigated through active fundraising campaigns that are managed by a dedicated department, the Development Office, within the College.

Policy

The Foundation's policy is to apply the funds raised for the welfare, benefit or advancement of the College in such manner as the Trustees, after consultation with the Council of Marlborough College, shall decide is appropriate.

Investment Powers

The investment powers are governed by the Foundation deed, which permits the funds to be invested in any security listed on the London Stock Exchange. The decision was taken to invest the bursarial restricted funds in December 2014.

Public Benefit

The Trustees confirm that they have given due regard to the Public Benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. A number of awards have been made by the Trustees to support children on bursaries through their lifetime at the College.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**Objects**

The objects of the Foundation are set out in a Foundation deed dated 4 June 1956. The main objective of the Foundation is to manage funds to be applied for the benefit of Marlborough College ("the College"), a connected charity registered with the Charity Commission number 309486.

Objectives

The primary objective of the Foundation is to provide long-term support for the College by managing an endowment fund for bursaries and scholarships and by allocating capital to assist with individual projects.

Fundraising is carried out by members of Marlborough College staff, and no external fundraisers are used. Fundraising is aimed at alumni and other interested parties, and not the general public. No third party fundraisers were used during the year. There were no complaints received in respect of any fundraising undertaken.

REPORT OF THE TRUSTEES (Continued)

Investment Performance and Policy

The Foundation's investments are managed by Rathbones Investment Management Ltd. The investment managers have discretion in the management of the portfolio. The Foundation investment policy is to manage the investments on a total return basis with the overall objective to increase the funds value in line with fee inflation and provide up to 3% in support of bursaries. The performance over the year saw income of £94,608 (2017: £71,984) and investment gains (realised and unrealised) of £150,694 (2017: £373,921).

FINANCIAL REVIEW

During the year donations and gift income was £470,333 (2017: £2,750,116) and total income was £641,458 (2017: £3,029,931). Income from investments and bank interest totalled £94,608 (2017 - £71,984) and investment gains totalled £150,694 (2017 - £373,921).

During the year the Foundation made grants amounting to £3,100,446 (2017: £96,013) to Marlborough College, of which £100,000 was owing to Marlborough College at year in relation to the Memorial Hall refurbishment project, and a further £40,179 was owing in relation to bursaries. The remainder of creditor balance at year end was due to the timing of share purchases.

The expenses of the Foundation are met by the College.

Reserves Policy

Total reserves held at 30 June 2018 were £5,268,501 (2017: £7,594,372) of which £4,436,430 is restricted (2017: £6,310,187) and £622,021 is designated (2017: £1,132,285). The free reserves have increased during the year from £151,900 to £210,050.

The Trustees' policy is to continue to build reserves up to a level which will enable the Foundation to support major initiatives within Marlborough College, with the majority of the reserves being held as restricted and designated funds for bursaries and specific capital projects as they arise.

Resources

The Council of the College has agreed that the costs of the Foundation should be borne by the College and from the start of the last financial year; the Foundation is no longer obligated to pass funds to the College to meet such costs.

CONNECTED CHARITY

Administration services are provided to the Foundation by the College. Two members of the College Council are also a trustee of Marlborough College Foundation.

FUTURE PLANS

The College has a ten year development plan that requires significant investment. The Foundation plans to raise funds to support the development plan and to provide bursaries to children at the College.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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).

The law applicable to charities in England & Wales requires the trustees 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 trustees are 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.

REPORT OF THE TRUSTEES (Continued)

The Trustees are 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 Foundation deed. They are 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.

AUDITORS

A resolution to re-appoint Messrs haysmacintyre will be submitted to the Annual General Meeting.

Marlborough College
Marlborough
Wiltshire
SN8 1PA

8 November 2018

On behalf of the Board



S M W Bishop
Trustee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF MARLBOROUGH COLLEGE FOUNDATION

Opinion

We have audited the financial statements of Marlborough College Foundation for the year ended 30th June 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the statement of Cash Flows and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 3 & 4 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF MARLBOROUGH COLLEGE FOUNDATION

Other information

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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



haysmacintyre
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

8 November 2018

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

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2018

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
INCOME FROM				
Investments	20,789	73,819	94,608	71,984
Donations and legacies	56,856	413,177	470,033	2,750,116
Other income: tax recoverable	1,046	75,771	76,817	207,831
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Total income	78,691	562,767	641,458	3,029,931
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURE ON				
Managing funds:				
Investment manager fees and bank charges	(3,878)	(13,699)	(17,577)	(22,080)
Charitable activities:				
Grants for the benefit of Marlborough College	(560,942)	(2,539,504)	(3,100,446)	(96,013)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure (Note 1)	(564,820)	(2,553,203)	(3,118,023)	(118,093)
	<hr/>	<hr/>	<hr/>	<hr/>
Net income before investment gains and (losses)	(486,129)	(1,990,436)	(2,476,565)	2,911,838
Net gains / (losses) on investments	34,015	116,679	150,694	373,921
	<hr/>	<hr/>	<hr/>	<hr/>
Net income	(452,114)	(1,873,757)	(2,325,871)	3,285,759
Fund balances brought forward at 1 July 2017	1,284,185	6,310,187	7,594,372	4,308,613
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward at 30 June 2018 (Note 5)	832,071	4,436,430	5,268,501	7,594,372
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All the Charity's activities are continuing.

The accompanying notes form part of these financial statements.

Full comparatives for the Statement of Financial Activities are shown on page 8.

PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2018

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total 2017 £
INCOME FROM			
Investments	22,267	49,717	71,984
Donations and legacies	63,576	2,686,540	2,750,116
Other income: tax recoverable	1,244	206,587	207,831
	<hr/>	<hr/>	<hr/>
Total income	87,087	2,942,844	3,029,931
	<hr/>	<hr/>	<hr/>
EXPENDITURE ON			
Managing funds:			
Investment manager fees and bank charges	(8,550)	(13,530)	(22,080)
Charitable activities:			
Grants for the benefit of Marlborough College	(16,160)	(79,853)	(96,013)
	<hr/>	<hr/>	<hr/>
Total expenditure (Note 1)	(24,710)	(93,383)	(118,093)
	<hr/>	<hr/>	<hr/>
Net income before investment gains and (losses)	62,377	2,849,461	2,911,838
Net gains / (losses) on investments	89,815	284,106	373,921
	<hr/>	<hr/>	<hr/>
Net income	152,192	3,133,567	3,285,759
Fund balances brought forward at 1 July 2016	1,131,993	3,176,620	4,308,613
	<hr/>	<hr/>	<hr/>
Fund balances carried forward at 30 June 2017	1,284,185	6,310,187	7,594,372
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BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	£	2018 £	£	2017 £
FIXED ASSETS					
Investments	3		2,788,901		2,662,888
			2,788,901		2,662,888
CURRENT ASSETS					
Debtors including Gift Aid Recoverable		16,137		899,871	
Cash at bank and in hand		2,627,750		4,031,613	
		2,643,887		4,931,484	
CURRENT LIABILITIES					
Other Creditors		(164,287)		-	
Net Current Assets			2,479,600		4,931,484
Net Assets			5,268,501		7,594,372
CAPITAL AND RESERVES					
Unrestricted Funds	5	832,071		1,284,185	
Restricted Funds	5	4,436,430		6,310,187	
			5,268,501		7,594,372

Approved and authorised for issue by the Trustees on 8 November 2018 and signed on their behalf by:



S M W Bishop (Chairman)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	2018		2017	
	£	£	£	£
Reconciliation of net income/(expenditure) to net cash flow from operating activities				
Net income per statement of financial activities	(2,325,871)		3,285,759	
Investment income	(94,608)		(71,984)	
Net gain on investments	(150,694)		(373,921)	
(Decrease)/increase in debtors	883,734		(844,289)	
Increase in creditors	164,287		-	
Net cash provided by operating activities		(1,523,152)		1,995,565
<u>Statement of cash flows</u>				
Cash flows from investing activities				
Investment income	94,608		71,984	
Purchase of investments	(296,826)		(633,504)	
Proceeds from sale of investments	321,507		105,312	
Net cash used in investing activities		119,289		(456,208)
Change in cash and cash equivalents in the reporting period		(1,403,863)		1,539,357
		=====		=====
Cash and cash equivalents at the beginning of the reporting period		4,031,613		2,492,256
Cash and cash equivalents at the end of the reporting period		2,627,750		4,031,613

ACCOUNTING POLICIES**FOR THE YEAR ENDED 30 JUNE 2018**

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), (as amended by Update Bulletin 2) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Foundation 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 note(s).

- a) The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.
- b) In preparing these financial statements, the Trustees have made judgements, estimates and assumptions that affect the application of the charities accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are deemed not to be any significant judgements or areas of estimated uncertainty in the preparation of these financial statements.
- c) The Trust's accounts have been prepared under the historical cost convention except for investments, which are carried at market value rather than historic cost.
- d) Income represents covenants, donations and investment income generated by the trusts continuing activities and is accounted for on a receivable basis.
- e) Charitable Activities represent grants awarded and is accounted for when irrevocably committed.
- f) Restricted funds relate to donations received from individuals who have requested that the money is used for a specific purpose, whether that be towards a bursary or a capital project. They are represented by capital and income funds, which are expendable in accordance with the conditions imposed by the donors.

In the event of there being insufficient funds to carry out the projects or in the event of a surplus arising on the appeal, any unspent funds will be used for the general purposes of the Foundation and hence funds transferred to the unrestricted fund.

- g) The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.
- h) Investments consist of quoted investments, which are valued at market value on the balance sheet date. Increases and decreases in market value are reflected in the Statement of Financial Activities.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2018

1. TOTAL EXPENDITURE

The administration and governance costs associated with the running of the charity are paid by Marlborough College.

The Trustees' liability insurance is paid by Marlborough College.

Neither the Trustees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Foundation or any connected organisation. The Foundation does not employ any staff. The Trustees comprise the key management of the Foundation and they are not remunerated.

2. TAXATION

As a charity the Foundation is exempt from United Kingdom income tax.

3. INVESTMENTS**Total
£****Listed investments**

Market value at 1 July 2017	2,662,888
Add: acquisitions	296,826
Less: disposals	(321,507)
Net gains on revaluation	150,694
Value at 30 June 2018	2,788,901
Cost of investments	
At 30 June 2018	2,314,319
At 1 July 2017	2,292,070

All investments are quoted on a recognised UK Stock Exchange and or valued by reference to investments listed on a recognised Stock Exchange.

4. ALLOCATION OF THE CHARITY NET ASSETS

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

Current year	Investments £	Current Assets £	Total £
Unrestricted & Designated funds	629,514	202,557	832,071
Restricted funds	2,159,387	2,277,043	4,436,430
	2,788,901	2,479,600	5,268,501
Prior year	Investments £	Current Assets £	Total £
Unrestricted & Designated funds	639,620	644,565	1,284,185
Restricted funds	2,023,268	4,286,919	6,310,187
	2,662,888	4,931,484	7,594,372

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 30 JUNE 2018

5. FUNDS	Balance as At 1 July 2017 £	Income £	Expenditure £	Investment Gains/(Losses) & Transfers £	Balance as At 30 June 2018 £
Unrestricted Funds					
- General Funds	151,900	58,197	(47)	-	210,050
- Designated Bursaries	632,285	19,695	(63,974)	34,015	622,021
- Designated Memorial Hall	500,000	799	(500,799)	-	-
Total funds	<u>1,284,185</u>	<u>78,691</u>	<u>(564,820)</u>	<u>34,015</u>	<u>832,071</u>
Restricted Funds					
- Memorial Hall	2,254,291	370,931	(2,499,886)	-	125,336
- Bursaries	2,168,894	189,176	(52,894)	116,679	2,421,855
- Science Building	1,887,002	2,660	(423)	-	1,889,239
Total funds	<u>6,310,187</u>	<u>562,767</u>	<u>(2,553,203)</u>	<u>116,679</u>	<u>4,436,430</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2018

5. FUNDS cont.	Balance as At 1 July 2016 £	Income £	Expenditure £	Investment Gains/(Losses) & Transfers £	Balance as At 30 June 2017 £
Unrestricted Funds					
- General Funds	602,834	69,797	(20,731)	(500,000)	151,900
- Designated Bursaries	529,159	17,290	(3,979)	89,815	632,285
- Designated Memorial Hall	-	-	-	500,000	500,000
Total funds	<u>1,131,993</u>	<u>87,087</u>	<u>(24,710)</u>	<u>89,815</u>	<u>1,284,185</u>
Restricted Funds					
- Memorial Hall	629,835	1,626,984	(2,528)	-	2,254,291
- Bursaries	1,673,852	299,584	(88,649)	284,106	2,168,893
- Science Building	872,933	1,016,276	(2,206)	-	1,887,003
Total funds	<u>3,176,620</u>	<u>2,942,844</u>	<u>(93,383)</u>	<u>284,106</u>	<u>6,310,187</u>

6. RELATED PARTY TRANSACTIONS

Dr T Long and Mr S M W Bishop are members of the Council of Marlborough College.

Mr R J H Fleck is a trustee of Marlborough College Malaysia Foundation.

Mr T Martin-Jenkins is a director of the company of Marlborough College (Hong Kong) Foundation Ltd.

During the year donations totalled:

- £3,100,446 (2017: £96,013) to Marlborough College
- £nil (2017: £nil) to Marlborough College Malaysia Foundation
- £nil (2017: £nil) to Marlborough College (Hong Kong) Foundation Ltd

