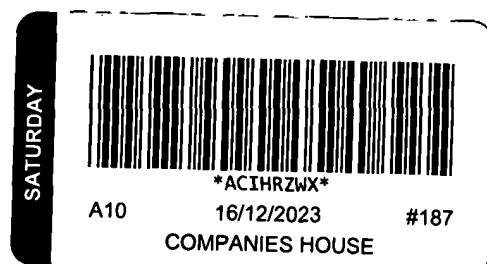




SHERBORNE SCHOOL ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 2023



SHERBORNE



Registered Company Number: 4002575
Registered Charity Number: 1081228

Sherborne School

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for the year ended 30 June 2023

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Sherborne School

ANNUAL REPORT OF THE GOVERNORS – REVIEW OF THE YEAR for the year ended 30 June 2023

The Governors of Sherborne School (“the Sherborne Group”) present their annual report and audited accounts for the year ended 30 June 2023 and confirm that they comply with the requirements of the Charities Act 2011, Sherborne’s constitution, the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), and the Companies Act 2006.

REVIEW OF THE YEAR

Principal Achievements and Performance

Educational Performance

Ofqual announced earlier this year that grading for the 2023 GCSE, AS and A levels would return in England to pre-pandemic standards (although, extraordinarily, this will not happen in Wales and Northern Ireland until 2024). Ofqual had been saying for some time that schools and colleges in England should expect headline results to be lower than in 2022. The headlines for our boys are that the grades are down on recent years but that university outcomes are nonetheless positive.

Nationally, the return to pre-pandemic grading standards resulted in significant grade deflation. Despite this, our boys achieved over 40% A* to A grades at A level with more than three quarters of papers graded A* to B. The BTEC results were exceptional with 93% graded Distinction* or Distinction.

88% of Shirburnians applied to University (with those not opting to do so looking instead to apprenticeships, gap years or direct entry to careers, particularly in the Army/Navy). In 2023 boys attained places at highly regarded institutions including Oxford, UCL, Bristol, Bath, Newcastle, Durham, Edinburgh, Nottingham and Leeds. Reflecting a growing trend, several boys had confirmed places at prestigious European, US and Canadian universities including Berlin, Stanford, Boston, Berklee, McGill and Toronto. The courses they are following range from Astrophysics and Anthropology to Computer Science, Film Production, History, Mathematics, Music, Neuroscience, Sustainability and Environmental Management, Motorsport Engineering, Psychology and Physics.

Additionally, the School had excellent EPQ results, all 28 entrants achieving A*-B and 46% receiving A*/A.

Despite a sharp fall in top grades across the country, the School’s GCSE results remain strong, with over 14% graded at 9 and a third of grades 9 and 8. Eighteen boys achieved an average grade of 8 or above and 1 in 7 were awarded ten or more grades 9 – 7. Among them was one boy, being one of only 150 people in the country (out of over 640,000 candidates) who secured grade 9s in at least eleven GCSE subjects.

Of the departing Year Eight from Sherborne Preparatory School (n=38), eight received academic scholarships at both Sherborne School and Sherborne Girls, as well as Sevenoaks, Hampton, King’s Bruton and King’s Taunton. Additionally, a further ten children achieved scholarships and awards elsewhere in Drama, Music and Sport.

Sporting Achievements

On the sporting front, the Schools continued to excel. The U14 rugby squad qualified for the fourth round of the National Cup. Many boys, including colts and senior squad players, are also involved in the Bath Academy pathway.

The Mini Colts reached the final of the Sherborne Sevens tournament, won the Vase at Dean Close and were Shield winners at the South West regional tournament.

Our golfers were undefeated in the Western Schools’ Golf League and also reached the regional final of the ISGA Singles competition. Our senior team qualified for the final of the ISGA National Finals. One departing U6 won the U18 singles plate at the South West’s Charlie Colquhoun tournament.

Cross country continues to flourish with our senior boys winning the Sherborne Trophy alongside many other team and individual victories. One departing U6 and a current Fourth Former qualified for the English Schools Cross Country Championships in Nottingham.

The athletics team achieved the School’s best result for nearly a decade in the Lutra Shield and sixteen boys qualified for the Dorset Championships, four going on to represent the county at the South West Championships. Finally, our senior Polo squad won their division at the Schools and Universities Polo Association Championships.

The Arts

Likewise, the Arts have also grown from strength to strength. Our Music scholars, spanning 3rd form to Upper Sixth achieved four ATCL Diplomas (two with Distinction), 5 Grade 8 Distinctions and 6 Grade 8 Merits between them. Our musicians staged an outstanding concert *Separate Yet Together – A Musical Showcase* at Sherborne Girls and individuals performed throughout the year in public recitals and concerts as well as the Halliday Cup and the Patrick Shelley Music Competition for Advanced Instrumentalists, this year adjudicated by the Head of Opera Studies at the Guildhall School of Music, Dominic Wheeler.

The Chamber Choir performed routinely at Sherborne Abbey as well as taking part in the Choral Evensong at Bath Abbey and Winchester Cathedral. The Sherborne Schools Choral Society gave its annual concert in Sherborne Abbey and the Swing Band, Beethoven and Poulenc Piano Trios participated in the Mid Somerset Festival, with the Swing Band and Poulenc Trio taking first prize in their classes (followed very closely by the Beethoven Trio).

The joint schools' production was a magnificently mature and engaging staging of *Animal Farm*. Closely followed by an outstanding junior production of *Treasure Island*. Abbey House put on *One Flew over the Cuckoo's Nest*, School House put on *Accidental Death of an Anarchist* and Harper House staged *Our Man*. The Paper Bird Theatre Company came to the School to do some excellent workshops and provide support to boys from the Third Form through to the Fifth Form. They also worked with our Drama Scholars on devising a new performance. The Paper Bird Theatre Company work closely with the Youth Creative Council and we are one of six groups in the world to have been selected to take part in the creation of a new show called 'Feel Me,' which explores themes of empathy and the displacement of people.

Our GCSE candidates were able to perform their meticulously rehearsed pieces from plays such as *Buckets*, *Around the World in Eighty Days*, and *Adult Child Dead Child* for an external examiner for the first time since the pandemic.

Our LAMDA pupils secured 42 Distinctions and 19 Merit for the year in all levels up to and including Grade 8.

Co-curricular

Through participation in over 50 clubs and various other activities, our pupils hone their abilities to plan, think, lead, critique sources and news, analyse situations and behaviour and debate. Examples include the Model United Nations, Amnesty, Debating, Community Service, CCF, Environmental Action, Chess, Coding and various Pupil Voice Committees. The Robotics Club won the Rookie Award in the National Student Robotics Competition.

The Duke of Edinburgh's Award continues to go from strength to strength with 170 new participants across the three award levels.

One departing U6 claimed the Guinness World Records for both the youngest person to fly solo around the world and the youngest to do so in a microlight aircraft following a 30,000-mile, five-month odyssey around the globe. He has also been awarded the 2023 Segrave Trophy.

The CCF had cadets going on visits/field trips to the Tower of London, Scraesdon Fort and HMS Raleigh. The Army and Royal Marine cadets were hosted by the Rifles in Chepstow and the Royal Navy section were flown over Sherborne and Glastonbury Tor in a Merlin helicopter by 845 Naval Air Squadron. In addition to cadets from Sherborne Girls, five Army cadets competed in the Rifles Cadet Cup and eight cadets entered the National Royal Marine Pringle Trophy, each taking third place and coming first among the mixed male and female teams.

Our Sixth Form cadets instigated a parade to mark the Coronation of King Charles III and created a time capsule to be buried as part of our commemorations of His Majesty's coronation.

Development of Facilities and Resources

Despite the challenging economic circumstances, the Group has continued to invest heavily in its staff and facilities. Phases 1&2 (that included the new Sports Hall and Indoor Climbing facility) of the Sports Centre extension and redevelopment were completed to time, scope and cost in the Summer of 2022 with the overall project due to complete in October 2023. When completed the project will represent £13.1MM of investment into the facilities that will benefit both schools and public for years to come.

Other major projects included the redevelopment of the Harper Boarding House at a cost of £1.2MM and the roll out of the digital strategy at Sherborne Preparatory School, providing personal digital devices for all Year 7 and 8 pupils as well as banks of loan devices for further down the school.

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Following the outsourcing of catering provision in 2021, the School utilised the capital rebate negotiated within the tender process, to undertake the complete refurbishment of its Dining Hall during the Summer of 2022. These works created a lighter, fresher ambience with additional servery space including pasta and salad bars to encourage healthy eating, all of which has been well received by the boys (and noted by Inspectors).

Compliance

Sherborne School's Independent Schools Inspectorate combined compliance and Educational Quality Inspection took place in March 2023. In addition to achieving full regulatory compliance, both areas subject to qualitative judgements (*The quality of pupils' academic and other achievements* and *The quality of pupils' personal development*) received the highest possible grade of **Excellent**.

Sherborne Preparatory School was inspected by the Independent Schools Inspectorate in January 2023 as part of their regular cycle of inspections. In addition to achieving full regulatory compliance, both areas subject to qualitative judgements (*The quality of pupils' academic and other achievements* and *The quality of pupils' pastoral and other achievement*) received the highest possible grade of **Excellent**.

Overseas Activities

Sherborne Schools Worldwide Limited (SSW), the company owned jointly with Sherborne Girls through which all new overseas operations are pursued, completed its fifth year of trading. Whilst in Qatar in November 2022, a signing ceremony was held at which SSW and Sharaka expressed their commitment to open schools under the Sherborne brand across the Middle East and North Africa (MENA). The full form contract between the two parties was agreed and entered into in December 2022. Subsequently, two projects in Saudi Arabia are under development with the potential for Sherborne-branded schools to open in 2025.

Marketing and Recruitment

The key to stability and security is sustaining pupil numbers in both Sherborne School and Sherborne Preparatory School. The Third Form entry to Sherborne School was 98 and numbers on roll reduced to 588 (551 Boarders: 37 Day) at the start of the year compared to 598 the previous year.

The School expanded its programme of overseas visits with the aim of attracting more overseas pupils from a wider range of countries. Overseas travel (in support of recruitment) included attendance at recruitment fairs in Cayman (September 2022), Riyadh and Dubai (November 2022), Bermuda (December 2022) and Kenya (February 2023), Barbados (March 2023) and Korea (March 2023).

The School continued to reach target markets with workshops, sports tournaments, Prep School Fairs, open days as well as continuing with the well-established newsletter and the Shirburnian.

Carbon Energy Report

The Charity is reporting under the requirements of the Companies (Directors' Report) and Limited Liability partnerships (Energy and Carbon Reporting) Regulations 2018. The Charity has followed the Environmental Reporting guidelines: including streamlined energy and carbon reporting guidance March 2019 and used the GHG Reporting Protocol – Corporate Standard for quantifying and reporting energy use. The UK Government Conversion Factors for Company Reporting have been used in the calculation.

UK GREENHOUSE GAS EMISSIONS AND ENERGY USE DATA	2022/23	2021/22
Energy consumption (kWh) used to calculate emissions (kWh)		
• Gas	6,988,123	7,328,307
• Electricity	4,161,865	2,315,220
• Transport fuel	108,920	76,170
Total energy consumption (kWh)	11,258,908	9,719,697
Emissions in metric tonnes CO₂e		
• Gas consumption	1,397.62	1,327.71
• Owned transport – minibuses, car and vans	27.23	19.024

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Emissions in metric tonnes CO2e <ul style="list-style-type: none">Purchased electricity	861.81	447.71
Emissions in metric tonnes CO2e <ul style="list-style-type: none">Business travel in employee owned vehicles	19.84	1.29
Total gross emissions in metric tonnes CO2e	2,306.50	1,795.73
Intensity ratio Tonnes CO2e per pupil – total number of pupils 818 (2022: 775)	2.82	2.32

Overall energy usage for 2022-23 is **up** significantly from the previous year (2022: Intensity ratio = 2.32). Accurate comparison is hindered by certain aspects of school operations e.g. Sherborne International Short Courses only operating for the first time in three years due to the implications of COVID-19 and the operating environment of the Schools for much of that time. In addition, the School has undertaken two very large capital projects in year which have been highly energy intensive (Sports Centre redevelopment and Harper House refurbishment).

Sustainability has been identified as one of the pillars of the 2023-28 Development Plan. We aim to embed sustainability in every facet of School life, cross referencing our curriculum and co-curriculum with the United Nations Sustainable Development Goals to ensure all are addressed. That way, we will deepen our boys' understanding of sustainability and inspire them to positive action in the world. By the end of 2023, we will establish a realistic, but ambitious carbon reduction target for 2028. Sherborne School has a well-established Environmental Action Group (EAG) who meet with the Senior Deputy Head and Bursar regularly to discuss potential energy saving initiatives.

In addition, the School owns two principal equity holdings, managed by Cazenove Capital. By far the largest of these relates to Scholarships and Prizes. As at 30 June 2023, Cazenove provided an overall assessment as to the carbon impact of the School's holdings of 353 tonnes CO2 (relative to a benchmark of 512 tonnes/CO2) **down** from 453 tonnes CO2 in 2022. *n.b.* the figures representing an aggregate of the annual scope 1 and 2 carbon emissions (in tonnes) that can be attributed to the School's holdings of the companies in which we are invested (Source: Schroders SustainEx).

PUBLIC BENEFIT

Bursaries and Scholarships

This year Sherborne School provided assistance with fees to 279 pupils (2022: 252) to the value of £3,892k (2022: £3,502k) which represented 15.9% of the School's gross fee income, which is 1.2% more than the previous year. 126 pupils (2022: 101) received means treated bursaries to the value of £2,668k representing an increase of 21% (£463k) on 2022. 15 pupils (2022:10) received means tested assistance (including scholarships as appropriate) of 100%, of these four are members of the HMC Scholarship scheme. A further ten pupils (2022: seven) received remissions of between 90% to 99% of termly fees. Four pupils received bursaries funded by the Old Shirburnian Society.

131 pupils (2022: 132) received remitted scholarships based on their merit, with a total value of £585k (down from £627k). Scholarships represented 2.4% of the gross fees (2022: 2.6%). Of this number, 36 (up from 24 last year) also qualified for means-tested bursary support and are included in the figures relating to bursary awards.

In addition, the Sherborne Preparatory School provided fee assistance to 111 pupils (47 of whose parents work at either Sherborne School, Sherborne Girls School or Sherborne Preparatory School). Remittances totalled £687k for the year (21.5% of Gross Fee income) up from £604k (20.7%) in 2022. 27 pupils received means-tested bursaries (2021: 28), eight of whom were also in receipt of a scholarship. The total value of means-tested bursaries for the year was £225k (2022: £153k). A further 21 children were in receipt of scholarships. The School also supported four displaced Ukrainian children on 100% bursaries for the year.

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Links with Local Schools and the Community

The School has a well-established and vibrant outreach programme. Each Boarding House has developed links to a nominated charity. Across the year a number of events, ranging from Sleep Outs for Ukraine to the procurement of House Belts where proceeds went to a school in Kenya, have raised thousands of pounds for good causes. In addition, the Co-Curricular (Outreach) Committee rallied the whole school community to organise supplies for those displaced by the conflict in Ukraine.

We have had boys elected as Youth Advisors to the Sherborne Town Council, with two further individuals advising the Town Council's Environmental Action Group, thus improving engagement with the local community and providing further opportunities for greater awareness of those on the Council.

In addition to the very substantial benefits Sherborne brings to its pupils, the local community and society through the education offered, the bursary programme and links with local schools continue to create a social asset without cost to the Exchequer.

FUTURE PLANS

The Governing Body approved ambitious new Development Plans for both Sherborne School and Sherborne Preparatory School in June 2022, designed to take the Schools through to 2028. In so doing, they were conscious of just what turbulent times the Schools, sector and nation were experiencing and that, more than ever before, the Schools would need to be responsive to change and that the plans would require regular review and adjustment over the coming months and years.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

Sherborne's School's Object, as set out in its Articles of Association, is to advance education, by carrying on in or near Sherborne a boarding and day school for boys and girls. In furtherance of its Object, Sherborne maintains its heritage endowment, the School, with its many listed buildings. There is also an endowed Prize and Scholarship fund which contributes towards the provision of scholarships, bursaries and prizes.

Within this Object, the School's core vision is to foster a community of decent, thoughtful, hardworking boys who value and take full advantage of the opportunities they are given. Individualised care and support will allow them to feel safe and secure within our community; known and valued as individuals; and possessed of open minds that allow them to celebrate difference and diversity. When faced with challenges, they will be proactively and sensitively supported. No boy will ever be overlooked.

We aim to enthuse and prepare boys for life and the dynamic world of work in the twenty-first century. They will engage positively with their studies, make strong progress in all that they do, and embrace co-curricular and charitable opportunities. They will be ambitious for themselves and plan sensibly and thoughtfully for their futures. Our curriculum will be dynamic, flexible and responsive to individual needs. Boys will develop aesthetic sensibilities and physical wellbeing.

We will provide boys with a world-class, forward-looking education, imparting the knowledge, skills and attitudes needed for fulfilment and success. Such is the pace of technological and social change that we cannot be sure how the future workplace will look. Whilst traditional professions such as law, accountancy and medicine will remain important, success in those fields is likely to require a different blend of skills from those demanded in the past. At the same time, new, more diverse career paths will continue to emerge, including occupations that we cannot currently envisage, many requiring high levels of mathematical, scientific and technological competence. There will be fewer jobs for life and young people will need flexibility and resilience to adapt successfully to change.

To help our boys succeed, the School's academic provision must be first-rate. It must be flexible enough to serve the individual needs of all our boys, whatever their aptitudes and interests, and sufficiently adaptable to meet the changing demands of universities and employers. Much of what we have done in the past remains relevant, but we must be prepared to innovate, impart new skills, offer new subjects and adopt new ways of teaching and learning.

Excellent academic qualifications will remain important, but they will not be sufficient for a fulfilling life and career. A growing body of research indicates that employers of all types, from technology giants to professional services, are looking for much more than just a strong academic record. The most sought-after employees are likely to be those who demonstrate the ability to think critically, creatively and flexibly. They will be able to solve complex problems. They will possess adaptability, resilience, good judgement, emotional intelligence and the ability to work cooperatively with others. They will be trustworthy, likeable and engaging. These, then, are the attributes that we most need to foster through our curricular, co-curricular and pastoral provision.

We must also ensure that, as they mature into young men, our boys can forge positive, mutually respectful and productive relationships with women and girls. We will, therefore, continue to work closely with our partner school, Sherborne Girls, to provide an ever-richer range of opportunities for boys to work alongside girls, to learn from them, collaborate with them and form respectful, meaningful friendships appropriate to the twenty-first century.

We will focus upon the delivery of ethical education so that our boys not only understand issues of global significance but make good choices in support of the environment, equality, diversity and the creation of a fairer and better world. The School will itself establish ambitious and binding environmental targets.

Our staff will be proud of working at Sherborne, committed to the welfare and wellbeing of those around them and eager to contribute to the continued success of the School. Each will feel valued for the contribution they make to our community and appreciative of those made by others, whatever their role or position. The School will support them in their professional and personal development goals.

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Above all, we will be a School based upon values. Kindness will be our watchword, embraced by all as our core value and manifested in our relationships with each other and our daily interactions. Empathy, generosity of spirit and integrity will permeate our community and our boys and staff will be concerned not simply with their own success but with the wellbeing of others at School, in the local community and further afield. They will engage proactively in charitable works to support the poorest, most vulnerable and those in greatest need.

Because of all these things, our boys will emerge from the School as empathetic, mature, thoughtful and likeable young men and their parents will consistently and unreservedly recommend the School to others, providing a compelling answer to the question *Why Sherborne?*

Sherborne Preparatory School's strategic aim is to be widely acknowledged as the outstanding school in the South West of England where every child is nurtured by individualised care, enjoys a happy childhood experience and is supported in making the transition to achieve a successful, productive and self-aware life.

The school's motto of *Non Nobis Solum* means 'not for ourselves alone' and there has never been a more pressing need for future generations to be active global citizens who are willing and equipped to make a contribution to the world around them.

At Sherborne Prep we believe in learning to think imaginatively, to work both collaboratively and independently and to care sincerely for others and for our world. We seek, through working hard, to discover all we are capable of doing and being, and the joys of life and of learning.

The school aims to:

- foster the best possible work ethic in each child by encouraging passion, curiosity, initiative and a joy of learning
- help children to discover and develop their own personalities and talents
- ensure that children are well grounded and develop a social and cultural awareness which enables them to understand their place and their responsibilities in the wider world
- welcome parents into a partnership which embraces trust, understanding, a shared vision and mutual support
- encourage children to see their education as a staging post to lifelong learning, discovery and achievement

Objectives and Public Benefit

Sherborne's objectives are set to reflect its educational aims and ethos. In setting objectives, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging. In furtherance of these objectives the Governors, as charity trustees, have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub sector guidance concerning the operation of the Public Benefit requirement under the Act.

Our Ethos, Strategy and Policies

The Governors are responsible for setting strategies for both schools to achieve the objectives they have set. The focus of the strategy is on the development of pupils, their continued high levels of academic and co-curricular achievements and to further widen access to the education the School provides. In taking the strategy forward the School implements the following policies.

Sherborne is a charity which seeks to benefit the public through the pursuit of its stated object. Fees are set at a level to ensure Sherborne's financial viability and at a level that is consistent with its educational aims.

The School welcomes pupils from all backgrounds but needs to be satisfied that it will be able to educate and develop all prospective pupils to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy the School that potential pupils can cope with the pace of learning and benefit from the education provided.

Sherborne is an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion or belief, sex, trans-gender status,

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marital or civil partnership status, sexual orientation or disability. Sherborne will make reasonable adjustment to meet the needs of staff or pupils who are or become disabled.

Sherborne is committed to safeguarding and promoting the welfare of its pupils and expects all staff and volunteers to share this commitment. This commitment is embedded throughout Sherborne's policies, procedures and working practices.

Access Policy

The Governors are committed to ensuring that access to the education offered is not restricted to those who can afford fees. The bursary policy together with the links with other schools in the area and the local community contribute to a widening of access to the education provided by Sherborne.

The Governors consider that bursaries are important in ensuring that boys from families who would otherwise not be able to afford the fees can access the education offered. Bursary awards are available to those who meet the general entry requirements and are made on the basis of parental means or to relieve hardship where an existing pupil's education and future prospects would be at risk, for example, in the case of bereavement or redundancy. In assessing means, the School takes a number of factors into consideration including family income, investments and savings and family circumstances.

However, Sherborne does not have a large endowment and in funding bursaries the School has to be mindful of ensuring a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their children's education, and those benefitting from the awards.

Bursaries are available for up to 100% of termly fees. They are advertised in the local press and through HMC Projects in Central and Eastern Europe. Further details of the bursary policy and how to apply are provided on the School website. Bursaries are subject to annual review so that the School can ensure that support is only provided to those that require it.

The Governors, through the initiatives explained above, intend that the proportion of means tested bursary support compared to merit awards should increase over the coming years.

Scholarship Policy

The purpose of scholarships and awards at the Schools is to recognise high academic potential or the ability to excel in Music, Sport, Drama, Art or Design and Technology (primarily Music and Sport at SPS). Scholarships and awards are awarded with a fixed remission of fees between 5% and 10%. Where assistance is required, awards may be supplemented by a means tested bursary. Further details about scholarships and awards are available on the Schools' websites.

Assistance to Teaching Staff

As part of Sherborne's emphasis on attracting and retaining high calibre staff, members of the teaching staff of both schools who choose to educate their children at Sherborne School, Sherborne Preparatory School or Sherborne Girls receive a fee discount.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Whilst the financial impact to the School's operations of COVID-19 has started to abate, with only pupil numbers (and thence income) from the Summer 2022 Short-Course programme at Sherborne International being materially impacted in this financial year, inflationary cost pressures have been significant. As a full boarding operation, Sherborne School has been significantly exposed to significant inflationary pressures, in particular in fuel and food costs, way outstripping the planning assumption for the year that informed the fee increase (4.6%) announced in April 2022.

Additionally, the headwinds faced by all preparatory schools in the current financial climate, resulted in Sherborne Preparatory School making a second consecutive significant operating loss for the year. Whilst plans have been approved to significantly reduce this deficit for 2023-24, further reform of the business model for the school is required for it to thrive in the way it has previously.

Good progress has been made towards the establishment of a significant commercial income stream to offset the schools' reliance on fee income, with Sherborne School (Trading) Limited making a retained profit for the year of £55.7k on a turnover of £722k. With the Sports Centre redevelopment nearing completion (and thence

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able to generate meaningful membership and usage income) the prognosis for commercial income for the year ahead is greatly improved.

Sherborne School (Overseas Trading) Limited (SSOT) provided educational and management services to Sherborne Qatar. It made an operating profit of £161k (2022: £162k) which it was able to gift to Sherborne School, this being additional to the annual royalty from the Qatar relationship of £166k.

The combined result of all the above created a net loss (before taxation) of £548k (2022: 287k loss)

Investment Policy and Performance

The Board of Governors aims to maximise income whilst at a minimum continuing to preserve the real value of endowed investments. In pursuance of this approach, the Board of Governors also aims to maximise the total investment return whilst adopting a prudent investment posture. It also plans to match the return on invested Advance Fees Scheme monies in line with the maturation profile of the related liability to provide schooling in future years.

The investment objective of the Scholarship and Prize Fund is to preserve the real value of the capital of the Fund and to generate income to fund scholarships awarded by the School. This means that even in difficult markets the Fund will remain substantially invested and will ride out short term fluctuations in market investment values. The Fund achieved a cumulative return of 2.3% (2022: -3.5%) over the year against an investment objective of between 3% and 3.5% p.a.

Fundraising Performance

The School does not fundraise directly; this is carried out by the Sherborne School Foundation (Registered Charity No 1073522) of which Sherborne is the sole member. No external fundraising bodies are used. The Board of Governors has reviewed the Foundation's practices and is satisfied that its fundraising is compliant with the recognised standards of fundraising (set out in the Code of Fundraising Practice) as well as those required under charity law and wider law; no complaints have been received during the year. The main focus of fundraising for the 2022-23 financial year has been towards the Sports Centre redevelopment.

Reserves Policy

Sherborne's policy is that unrestricted reserves should not be accumulated from year to year other than in anticipation of an identified capital project and that any surpluses generated from the running of Sherborne will be invested in developing its buildings, equipment and resources. Sherborne therefore holds no free reserves, with a negative £(16,499k) (2022: £(12,262k)) on unrestricted funds. The situation is largely attributable to the liability for holiday pay which is accrued because the main nine week holiday period falls just as the financial year ends, and the defined benefit pension liability. Governors do not consider that either of these liabilities are likely to result in an immediate impact on cash flow.

Total funds held at 30 June 2023 amounted to £43,530k (down £1,065k), which included £284k of restricted funds (down £620k).

Sherborne operates a defined benefit pension scheme for some of its support staff. This scheme was closed to new entrants in 2002 and the Governors closed the scheme to further accrual in September 2011. The pension liability is included in the unrestricted funds as required by FRS 102. The scheme deficit has increased slightly during 2022-23 to £521k at 30 June 2023 (2022: £460k). The corresponding liability does not result in an immediate cash flow impact. Contributions into the pension plan are met through planned income. Further information can be found in note 28 to these financial statements.

RISK MANAGEMENT

The Board of Governors is responsible for the management of risks faced by the Charity. The Governing Body approved the introduction of a new Risk Management Framework for the Group in June 2021. Within that framework, strategic risks to the Group are reviewed termly by the Full Governing Body with separate risk registers being considered by sub-committees as appropriate. In addition to Finance, HR, ICT, Estates and Health & Safety registers (overseen by the Finance & General Purposes, Estates and Infrastructure and Health & Safety Committees respectively), the School also now manages registers for academic and pastoral risks, as well registers specific to each individual Boarding House (through the Pastoral Committee). Risks and uncertainties are identified, assessed and controls established and monitored throughout the year.

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The overall risk appetite of the School has reduced during the course of this financial year with several strategic risks having to be considered and managed. Whilst the current economic climate has significantly increased the cost base of the Group, it has also increased pressure on parents for whom the decision to send their children to an independent school was marginal. Additionally, significant time and effort has been spent considering the potential impact on the Group (and how it might ameliorate) should a Labour government be formed and the VAT-status of independent schools changed.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Governors of Sherborne are the School's charity trustees under charity law and the directors of the charitable company. The School's Governors, advisers and key staff are set out on pages 55 to 56.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Sherborne is a charitable company limited by guarantee and not having a share capital, incorporated and registered in England and Wales under the Companies Act (company number 4002575) and registered with the Charity Commission for England and Wales (registration number 1081228). Its current Articles of Association are dated 26 May 2000 as revised by Special Resolutions passed on 26 November 2005, 26 November 2011, 12 September 2013, 3 May 2014 and 28 November 2020. Sherborne administers two associated charitable trusts, the Sherborne School Prize and Scholarship Fund and the Sherborne School Trust that are regulated by a Charity Commission Scheme sealed on 26 June 2000.

Board of Governors

The structure of the Charity consists of a Board of Governors, the details of which are explained on pages 55 to 56, together with information on how the members of the Board of Governors are appointed to office. The Board of Governors aims to comply with the Code of Good Governance and reviews their performance on an annual basis.

Recruitment and Training of Governors

New Governors are appointed to the Board on recommendation of the Nominations Committee. As and when vacancies become available, the main criterion on the search for suitable candidates is the need to maintain the best possible balance of relevant skills, expertise and experience. Induction for new Governors is organised by the Clerk to the Governors and briefing and discussions on topical subjects take place at Governors' meetings each term. External training courses, for example through the Association of Governing Bodies of Independent Schools (AGBIS) and the Boarding Schools Association, are made available to Governors. All new Governors are required to attend the AGBIS seminar for New Governors.

Organisational Management

The Governors, as charity trustees, are legally responsible for the overall management and control of Sherborne, which consists of the School, Sherborne Preparatory School, Sherborne International and (through its sole shareholdings) trading subsidiaries and meet at least three times a year. The work of reviewing many of their policies is carried out by the members of the Finance and General Purposes Committee (F&GPC), who meet three weeks before each meeting of the full Board. In particular this committee reviews the budget and finalises the audited financial statements and annual report for approval by the Board. The Chairman of Governors is a member of the F&GPC which was chaired for the year by Mrs Angela Lane. The other principal committees are the Investment Sub-Committee, chaired by Mr Guy Hayward-Cole, the Estates and Infrastructure Committee, chaired by Ms Vicki Cotter, the Academic Committee chaired by Mr George Marsh, the Pastoral Committee chaired by Dr Max Jonas and the Remuneration and Nominations Committees are chaired by the Chair of Governors. Other committee members are listed on pages 55 to 56. Each of these committees meets at least termly other than the Remuneration and Nominations Committees which meet as required.

The day to day running of Sherborne is delegated to the Chief Executive who is also the Headmaster of Sherborne School. He is supported by the Bursar and the Head (SPS) and the Senior Leadership Teams of each school. The Headmaster, the Bursar and the SPS Head attend meetings of the Board of Governors.

Sherborne School

ANNUAL REPORT OF THE GOVERNORS

for the year ended 30 June 2023

Pay Policy for Key Management Staff

The Governors consider the Board of Governors who are also directors of the company and the charity's trustees, and the Group Executive team to comprise the key management personnel of the charity in charge of directing and controlling, running and operating Sherborne on a day to day basis. All Governors give of their time freely and no Governor received remuneration in the year. Details of Governors' expenses and related party transactions are disclosed in notes 9 and 29.

The pay of the Headmaster and Chief Executive, the Bursar and the SPS Head is reviewed and determined annually by the Governors through the Remuneration Committee. Consideration is given to performance and benchmarked against comparable schools, details of which are available in reports produced for the independent school sector by AGBIS and Baines Cutler.

The pay of the other members of the Senior Leadership Teams is reviewed annually by the Headmaster and Chief Executive with reference to performance, average increases in earnings, inflation and sector benchmarks. Recommendations are made to the Governors who make the final decision.

Group Structure and Relationships

The Charity had three wholly owned non-charitable subsidiaries: Sherborne School (Trading) Limited, Sherborne School (Leisure) Limited and Sherborne School (Overseas Trading) Limited, whose activities and trading performance are discussed in note 6.

On 1 July 2008 Sherborne School became the sole member of the Sherborne School Foundation, registered company number 3686309 and registered charity number 1073522. The principal objects of the Sherborne School Foundation are to promote the charitable purposes of Sherborne School in Dorset and to promote any other charitable purpose connected with or otherwise associated with the School. The financial statements for the Sherborne School Foundation, for the year ended 30 June 2023 have been consolidated with the group financial statements of Sherborne School.

Related and connected party transactions are detailed in notes 29 and 30.

EMPLOYEE INFORMATION

Sherborne follows all legislative requirements relating to recruitment and employment and operates specific policies for the following areas:

- Disciplinary and Grievance
- Capability
- Accessibility
- Health and Safety
- Whistle blowing
- Discrimination and Equality

A regular appraisal programme is in place for all academic and most support staff and the personal and professional development of all staff is supported.

Employees are kept up to date with the plans for the School, its performance and matters of concern through verbal and written briefings, staff meetings and newsletters.

EMPLOYEE INVOLVEMENT

The School encourages the involvement of its employees in its management through regular meetings of the academic and support staff representative groups which have responsibility for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy. The School also conducts an annual Staff Survey across all its staff.

DISABLED PERSONS

The School will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure they are given full and fair consideration when such vacancies arise.

There is a training scheme in operation so that employees who have been injured or disabled during the course of their employment can, where possible, continue in employment with the School.

Sherborne School

ANNUAL REPORT OF THE GOVERNORS

for the year ended 30 June 2023

During employment the School seeks to work with employees, considering their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

The number of disabled persons employed by the School during the year was 11 (2022:16).

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Sherborne School for the purposes of company law) are responsible for preparing the Annual Report of the Governors (and the incorporated Strategic 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 Governors to prepare financial statements for each financial year which 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 Governors are required to:

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

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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.

So far as the Governors are aware, there is no relevant audit information of which the Charity's auditor is unaware. The Governors have each taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

AUDITOR

Haysmacintyre LLP have indicated their willingness to continue in office. A resolution to reappoint Haysmacintyre LLP as the School's auditor will be made at the Annual General Meeting.

The Annual Report of the Governors (and the incorporated Strategic Report) were approved by Board of Governors of Sherborne School on 25 November 2023 and signed on its behalf by:



Lt General A D Leakey
Chairman of Governors

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHERBORNE SCHOOL
for the year ended 30 June 2023**

Opinion

We have audited the financial statements of Sherborne School for the year ended 30 June 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2023 and of the group's net movement in funds, including the 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report of the Governors. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHERBORNE SCHOOL
for the year ended 30 June 2023**

- the information given in the Annual Report of the Governors (which incorporates the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report of the Governors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Governors (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors for the financial statements

As explained more fully in the Statement of Governors' Responsibilities on page 13, the Governors (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 Governors 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 Governors 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 Governors either intend to liquidate the group or the parent charitable company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group, the parent charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the independent school regulations, safeguarding regulations, health and safety requirements, GDPR, employment law and Charity Commission's general guidance and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Sherborne's Constitution, the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), and consider other factors such as payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the valuation of investment property. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHERBORNE SCHOOL
for the year ended 30 June 2023

- Inspecting correspondence with regulators and tax authorities;
- Inspecting the outcomes of any regulatory inspections;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, using a number of risk metrics to focus our sample on higher risk entries; and
- Challenging assumptions and judgements made by management in their critical accounting estimates and challenge of the underlying assumptions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

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. 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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 13 December 2023

10 Queen Street Place
London
EC4R 1AG

Sherborne School

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating a Consolidated Income and Expenditure Account)

for the year ended 30 June 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2023 Total Funds £'000	2022 Total Funds £'000
Income from:						
<i>Charitable Activities:</i>						
School fees	4	24,421	-	-	24,421	22,946
<i>Donations:</i>						
Transfer of assets in respect of Sherborne Preparatory School	15	5	-	-	5	-
Other donations, legacies and grants	5	47	532	-	579	791
<i>Other trading activities:</i>						
Commercial trading operations	6	935	-	-	935	849
Investments	7	175	218	-	393	343
<i>Other:</i>						
Other income	8	429	-	-	429	201
Total income		26,012	750	-	26,762	25,130
Expenditure on:						
<i>Raising funds:</i>						
Commercial trading operations	6	918	-	-	918	866
Net share of loss in joint venture	30	18	-	-	18	15
Fundraising costs		-	81	-	81	123
Investment management fees		-	29	-	29	29
Total expenditure on raising funds	12	936	110	-	1,046	1,033
<i>Charitable activities:</i>						
Educational activities		26,068	196	-	26,264	24,384
Expenditure on charitable activities	12	26,068	196	-	26,264	24,384
Total expenditure		27,004	306	-	27,310	25,417
Net income/(expenditure) and net movement in funds before gains and losses on investments						
		(992)	444	-	(548)	(287)
Net gains/(losses) on investments		-	(64)	34	(30)	(386)
Net income/(expenditure) before taxation		(992)	380	34	(578)	(673)
Tax on profit/(loss) on ordinary activities	13	-	-	-	-	-
Net income/(expenditure) after taxation		(992)	380	34	(578)	(673)
Transfers between funds	23b	1,000	(1,000)	-	-	-
Net income/(expenditure) before other recognised gains and losses carried forward						
		8	(620)	34	(578)	(673)

Sherborne School

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating a Consolidated Income and Expenditure Account)

for the year ended 30 June 2023

		Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2023 Total Funds £'000	2022 Total Funds £'000
	Notes					
Net income/(expenditure) before other recognised gains and losses brought forward		8	(620)	34	(578)	(673)
Remeasurement of defined benefit pension scheme	28	(487)	-	-	(487)	(293)
Net movements in funds		(479)	(620)	34	(1,065)	(966)
<i>Reconciliation of funds</i>						
Total Funds brought forward		36,198	904	7,493	44,595	45,561
Total funds carried forward	23	35,719	284	7,527	43,530	44,595

All amounts relate to continuing operations.

The full Consolidated Statement of Financial Activities for the year ended 30 June 2022 is set out at note 21.



The notes on pages 21 to 54 form part of these financial statements.

Sherborne School

BALANCE SHEETS

as at 30 June 2023

		Group		School	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
	Notes				
Fixed assets					
Tangible assets	14/15	53,454	49,136	53,453	49,133
Investment assets	16	7,731	8,936	7,577	8,282
Total fixed assets		61,185	58,072	61,030	57,415
Current assets					
Stocks		362	316	177	107
Debtors	17	3,114	2,829	3,787	3,480
Cash		4,129	1,831	3,825	1,397
Total current assets		7,605	4,976	7,789	4,984
Liabilities					
Creditors: amounts falling due within one year	18	(7,119)	(6,713)	(6,985)	(6,565)
Net current assets/(liabilities)		486	(1,737)	804	(1,581)
Total assets less current liabilities		61,671	56,335	61,834	55,834
Creditors: amounts falling due after more than one year	20	(17,620)	(11,280)	(17,620)	(11,280)
Net assets excluding pension liability		44,051	45,055	44,214	44,554
Defined benefit pension scheme liability	28	(521)	(460)	(521)	(460)
Total net assets		43,530	44,595	43,693	44,094
The funds of the group:					
Endowed funds	23(a)	7,527	7,493	7,527	7,493
Restricted funds	23(b)	284	904	56	58
Unrestricted funds:	23(c)				
Accumulation fund		36,240	36,658	36,631	37,003
Pension reserve		(521)	(460)	(521)	(460)
		35,719	36,198	36,110	36,543
Total funds	23	43,530	44,595	43,693	44,094

The net income of the School for the year to 30 June 2023 was £86k (2022: net expenditure –(£703k)).

The notes on pages 21 to 54 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors of Sherborne School on 25 September 2023 and signed on its behalf by:



Lt General A D Leakey (Chairman)

Sherborne School

CONSOLIDATED STATEMENT OF CASHFLOWS

as at 30 June 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Net cash generated from/(used by) operating activities	26		(967)		1,269
<i>Cash flows from investing activities:</i>					
Investment income		393		343	
Proceeds from sale of property, plant and equipment		621		363	
Proceeds from sale of investments		3,842		2,728	
Purchase of property, plant and equipment		(6,423)		(8,580)	
Purchase of investments		-		(1,357)	
Purchase of endowed fund investments		(2,658)		(1,849)	
Net cash used in investing activities			(4,225)		(8,352)
<i>Cash flows from financing activities:</i>					
Cash inflows from borrowing		6,500		4,500	
Cash inflows from new advance fee contracts		990		1,251	
Cash repayments of advance fee contracts		-		(55)	
Net cash provided by financing activities			7,490		5,696
Change in cash and cash equivalents in the reporting period			2,298		(1,387)
Cash and cash equivalents at the beginning of the year			1,831		3,218
Total cash and cash equivalents at the end of the year			4,129		1,831
Cash and bank balances			4,129		1,831
			4,129		1,831

The notes on pages 21 to 54 form part of these financial statements.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. General Information

Sherborne School ('the Company') is a charitable company limited by guarantee and not having a share capital, incorporated and registered in England and Wales under the Companies Act (company number 4002575) and registered with the Charity Commission for England and Wales (registration number 1081228).

The address of the Company's registered office and principal place of business is Sherborne School, Abbey Road, Sherborne, Dorset, DT9 3LF.

The Group consists of Sherborne School and all of its subsidiaries – Sherborne School (Trading) Limited, Sherborne School (Leisure) Limited, Sherborne School Foundation and Sherborne School (Overseas Trading) Limited.

The Company's principal activity is to advance education, by carrying on in or near Sherborne a boarding and day school for boys and girls.

The subsidiary companies operate to support Sherborne School's principal activity. The principal activity for each subsidiary is detailed in note 6.

The Company has entered into a joint venture arrangement with Sherborne Girls. Each School owns a 50% interest in Sherborne Schools Worldwide Limited, incorporated to support the principal activities of both Schools. Further information on this joint venture is detailed in note 30.

2. Accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Second Edition, effective 1 January 2019).

The financial statements have been prepared under the historical cost convention as modified by the inclusion of listed investments and investment property at fair value.

The financial statements have also been prepared on a going concern basis. In common with other Schools, Sherborne School faces uncertainties arising from current economic conditions including inflationary risks and interest rate rises. After making due enquiries, including review of the latest financial data and future projections, the Governors have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these financial statements.

(b) Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are in respect of the provision of education to pupils in the main School and Sherborne International are stated after deducting allowances, scholarships, bursaries and other remissions granted.

(c) Advance Fees Scheme

The School offers parents the opportunity to pay for up to five years tuition fees in advance. The amount received is invested and interest is accrued to contracts. This is treated as deferred income until the pupil joins the School whereupon the fees for each School term are transferred to income

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. Accounting policies (*continued*)

(d) Fee extras

The School collects monies in respect of trips and pupils' personal living expenses and pays these monies out in full to third parties. As these funds do not represent income for the School, they are not accounted for in the Statement of Financial Activities.

(e) Donations and legacies

Donations are recognised once the School has entitlement to the income, it is probable that the donation will be received and the amount can be measured reliably.

Donations received for the general purposes of the Charity are credited to the accumulation fund. Donations for purposes restricted by the wishes of the donor are taken to "restricted funds" where these wishes are legally binding on the Governors. Donations required to be retained as capital in accordance with the donor's wishes are accounted for as "endowments" – permanent or expendable according to the nature of the restriction.

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

(f) Government grants

The School was in receipt of grant income under the Government's Coronavirus Job Retention Scheme (CJRS), which was recognised as income on a systematic basis over the period in which the School recognised the related salary costs the grant was intended to compensate.

(g) Income from Commercial trading activities

Turnover from Commercial trading activities comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax and trade discounts.

(h) Tangible fixed assets and depreciation

The carry forward values of tangible fixed assets are shown in notes 14 and 15 to these financial statements. The basis for determining these carry forward values is historic cost except for the School's properties, which were revalued in the period to 30 June 2000, and this is now their deemed cost.

Furnishings and equipment costing less than £5k are written off to the Statement of Financial Activities as an expense as acquired.

Building projects costing less than £50k are written off to the Statement of Financial Activities as an expense as acquired.

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their currently estimated useful lives.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. Accounting policies (*continued*)

(h) Tangible fixed assets and depreciation (*continued*)

Land and buildings

The Charity owns a number of buildings within the town of Sherborne. Properties that have no ascertainable historical cost and cannot be valued without undue expense are excluded from the financial statements as allowed by FRS 102.

Buildings are depreciated over their estimated remaining useful lives that are initially calculated to be within 30-50 years.

Land and assets under construction are not depreciated.

Plant, equipment and motor vehicles

Plant, equipment and motor vehicles includes School equipment, boarding house fixtures and fittings, computer equipment, vehicles and kitchen and sports equipment. They are depreciated at the following initial rates:

• Computer equipment	25%
• Vehicles and playing fields equipment	20%
• Kitchen and sports equipment	15%
• All other items	10%

(i) Stocks

The School holds stocks for maintenance purposes, catering and other consumables. The School Shop holds stocks for resale. All stocks are valued at the lower of cost and net realisable value.

(j) Taxation

The School is a registered charity, and as such is entitled to tax exemptions on all its income and gains, properly applied for its charitable purposes. Tax charges may arise in subsidiary companies where the level of Gift Aid payments are insufficient to eliminate all taxable profits.

The School is not registered for VAT, and its expenditure is inclusive of VAT incurred. Where group companies are VAT registered, expenditure is reported net of recoverable VAT.

(k) Fixed asset investments

Listed investments are classified as financial instruments and valued at fair value, equivalent to bid price at the year end.

Changes in the valuation of listed investments during the year are shown as unrealised gains or losses. Gains and losses arising from the disposal of assets are disclosed as realised, being the difference between the sale proceeds and the market value at the beginning of the year.

In the separate accounts of the company, on transition to FRS 102, the School elected to hold its interests in subsidiaries at cost, and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments, losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. Accounting policies (continued)

(l) Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in the Statement of Financial Activities.

(m) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments and the pension scheme liability which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, trade and fee debtors, other debtors and accrued income. A specific provision is made for debts for which recoverability is in doubt. Cash and cash equivalents are defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise deposits, fees in advance, trade creditors and other creditors.

(n) Permanent Endowment Fund

As detailed in note 23 the Charity holds assets donated under permanent endowment. Where such an asset is sold, the proceeds of the sale are treated as capital receipts and are taken directly to the Permanent Endowment Fund. Income arising on general purpose Permanent Endowment Fund investments is treated as general income, within unrestricted funds, of the School.

(o) Scholarship and Prize Funds

Legacies and donations are recognised as receivable under this heading once receipt is considered probable and are invested to provide scholarships and prizes for the benefit of pupils at the School.

(p) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on the straight line basis over the lease term.

(q) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2. Accounting policies (*continued*)

(r) Retirement benefits

Defined contribution plans

The School operates a defined contribution scheme for support staff. The amount charged to the Statement of Financial Activities is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

The School operates a defined benefit retirement plan, which closed to future accrual from 31 August 2011. The cost of providing benefits is determined using the projected unit credit method.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in net income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised after net income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Multi-employer plans

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator.

Contributions are recognised in the Statement of Financial Activities in the period to which they relate as there is insufficient information available to use defined benefit accounting.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. Accounting policies (*continued*)

(s) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is allocated or apportioned to the applicable expenditure heading on a direct cost basis, with staff costs being allocated according to the estimated time spent by staff working in relevant departments and is classified under the following activity headings:

- Commercial trading activities comprise the costs of commercial trading including the lettings activities and leisure centre activities;
- Fundraising activities includes all fundraising costs of Sherborne School Foundation to promote the charitable purposes of Sherborne; and
- Expenditure on educational activities includes the costs incurred in respect of the provision of education to pupils and other educational activities undertaken to further the purposes of the charity and their associated support costs.

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

(t) Basis of consolidation

The group financial statements consolidate the financial statements of the charity and its wholly owned subsidiary undertakings, Sherborne School (Trading) Limited, Sherborne School (Leisure) Limited, Sherborne School (Overseas Trading) Limited and Sherborne School Foundation made up to 30 June 2023 and all inter group sales and profits are eliminated fully on consolidation. As permitted by section 408 of the Companies Act 2006, the parent company's income and expenditure account has not been included in these financial statements.

(u) Joint venture

The Charity has a 50% share in a jointly controlled entity, Sherborne Schools Worldwide Limited. This entity's audited accounts have been drawn up to 30 June 2023. The Charity has provided loan funding to the entity, which has been incorporated into debtors as an amount due from a joint venture undertaking. The Charity's share of the entity's income and expenditure, assets and liabilities at 30 June 2023 has been incorporated into these financial statements using the equity method. Further information is provided in note 30.

(v) Fund accounting

Unrestricted funds are funds that are available for use at the discretion of the Governors in furtherance of the objects of the Charity. Designated funds are unrestricted funds which have been set aside by the Governors for specific purposes. The aim and the use of the designated funds are set out in the notes to the financial statements.

Restricted funds are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Charity for particular purposes. The aim and use of the restricted funds are set out in the notes to the financial statements.

Transfers between funds are made either where there is a deficit on a restricted fund or where funds have been raised for a restricted project but expenses incurred have been made from unrestricted funds.

3. Critical accounting estimates and areas of judgement

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Tangible fixed assets – estimation of useful life

Tangible fixed assets represent a significant proportion of the Group's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Financial Activities.

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives and residual values have not resulted in material changes to the Group's depreciation charge.

Bad debt provisions

The Group has recognised bad debt provisions where there is uncertainty whether specific accounts receivable are collectible. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Valuation of defined benefit retirement plan

The present value of the School's defined benefit retirement plan depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

4. School fees

(a) <i>School Fees</i>		2023 £'000	2022 £'000
School	- Boarders	22,997	22,532
	- Day boys	1,400	1,155
Preparatory School	- Prep	2,759	2,615
	-Pre-Prep	451	305
Total School fees		27,607	26,607
Sherborne International	- Short Course Fees	834	-
Other	- Registration fees	155	79
Total fees		28,596	26,686
Less: Total scholarships, bursaries, grants and discounts		(4,596)	(4,128)
		24,000	22,558
Add back: Scholarships and discounts paid for by restricted funds		126	105
		24,126	22,663
Music fees received		295	283
School fees per Consolidated Statement of Financial Activities		24,421	22,946

(b) <i>Awards, prizes, and discounts paid for by Restricted Funds comprised:</i>		2023 £'000	2022 £'000
Scholarships		106	83
Advance fees discount		20	22
		126	105

5. Donations, legacies and grants

	2023 £'000	2022 £'000
Committed giving	69	92
Donations	349	648
Legacies	161	36
Grants	-	15
	579	791

6. Income from subsidiaries' trading activities

The School owns the whole of the share capital of three of its subsidiaries which are Sherborne School (Trading) Limited (company no. 2747901), Sherborne School (Leisure) Limited (company no. 4332724) and Sherborne School (Overseas Trading) Limited (company no. 06817042). The Sherborne School Foundation (company no. 3686309 and charity no. 1073522) is a subsidiary charity of Sherborne School as the School is the sole corporate member of the Foundation.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

6. Income from subsidiaries' trading activities (continued)

The income and expenditure, net of inter-group transactions, from commercial trading operations was as follows:

	2023		2022	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Sherborne School (Trading) Limited	585	511	502	565
Sherborne School (Leisure) Limited	175	393	172	288
Sherborne School (Overseas Trading) Limited	175	14	175	13
	<u>935</u>	<u>918</u>	<u>849</u>	<u>866</u>

- (a) Sherborne School (Trading) Limited's principal activity continues to be that of the operation of the School's sports and uniform shop, the Hub cafe and the provision of letting and educational services. Its trading results for the year, as extracted from the audited financial statements, are summarised below:

	2023 £'000	2022 £'000
Turnover	723	614
Cost of sales	(632)	(654)
Gross profit/(loss)	91	(40)
Administration	(35)	(36)
Operating profit/(loss)	56	(76)
Other operating income	-	-
Profit/(loss) on ordinary activities before taxation	56	(76)
Tax on (loss)/profit on ordinary activities	-	-
Profit/(loss) on ordinary activities after taxation	56	(76)
Gift Aid distribution	-	-
Gross Assets	239	266
Gross Liabilities	(278)	(360)
Shareholder's (Deficit)/funds	(39)	(94)

Included in turnover are commission payments to Overseas Agents that have been invoiced to Sherborne School amounting to £78k (2022: £63k) and departmental sales amounting to £60k (2022: £50k). These balances have been eliminated on consolidation.

Included in administration expenses are £18k (2022: £13k) of management charges, comprising accounting fees £15k (2022: £11k), insurance £1k (2022: £1k) and management charges £2k (2022: £1k) paid to Sherborne School. These balances were all eliminated on consolidation.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

6. Income from subsidiaries' trading activities (continued)

- (b) Sherborne School (Leisure) Limited's principal activity is that of the provision of leisure facilities. Its trading results for the year, as extracted from the audited financial statements, are summarised below:

	2023 £'000	2022 £'000
Turnover	337	363
Administration	(408)	(302)
Operating (loss)/profit	(71)	61
Other operating income	-	1
(Loss)/profit on ordinary activities	(71)	62
Gift Aid distribution	-	62
Gross Assets	28	82
Gross Liabilities	(98)	(81)
Shareholder's (Deficit)/funds	(70)	1

Included in turnover is £162k (2022: £192k) of income in relation to the use of the sports centre by pupils of the schools, received from Sherborne School. This balance was eliminated on consolidation.

Included in administration expenses are £15k (2022: £15k) of management charges, comprising accounting fees £6k (2022: £6k), insurance £1k (2022: £1k), management charges £1k (2022: £1k) and rent £7k (2022: £7k) paid to Sherborne School. These balances were all eliminated on consolidation.

- (c) Sherborne School (Overseas Trading) Limited's principal objects are to promote the charitable purposes of Sherborne School in Qatar and to promote any other charitable purpose connected with or otherwise associated with the School. Its trading results for the year, as extracted from the audited financial statements, are summarised below:

	2023 £'000	2022 £'000
Turnover	175	175
Administration	(14)	(13)
Profit on ordinary activities	161	162
Gift Aid distribution	161	162
Gross Assets	181	181
Gross Liabilities	(166)	(166)
Shareholder's Funds	15	15

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

6. Income from subsidiaries' trading activities (continued)

- (d) The Sherborne School Foundation's principal objects are to promote the charitable purposes of Sherborne School in Dorset and to promote any other charitable purpose connected with or otherwise associated with the School. Its results for the year, as extracted from the audited financial statements, are summarised below:

	2023 £'000	2022 £'000
Income from:		
Donations, legacies and grants	610	1,016
Other trading income	38	-
Investments	19	1
Total income	667	1,017
Expenditure on:		
Raising funds	(82)	(124)
Charitable activities	(1,203)	(766)
Total expenditure	(1,285)	(890)
Net (Expenditure)/income	(618)	127
Gross Assets	235	858
Gross Liabilities	(7)	(12)
Total Charity Funds	228	846

Included in donations and legacies income is £116k (2022: £256k) received from Sherborne School as donated services that has been eliminated on consolidation. Included in expenditure is £1,137k (2022: £679k) paid to Sherborne School; £1,137k (2022: £679k) of this was eliminated on consolidation.

7. Investment income

	2023 £'000	2022 £'000
Dividends receivable	199	176
Qatar royalty	166	166
Bank interest receivable	28	1
	393	343

8. Other income

	2023 £'000	2022 £'000
Other ancillary trading income		
Houses income	61	50
Junior common room income	9	8
School events income	69	43
Sundry income	290	100
	429	201

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

9. Net income for the year

This is stated after charging/(crediting):

	2023 £'000	2022 £'000
Auditor's remuneration:-		
Fees payable for the audit of the parent charity and the consolidation	35	30
Fee payable for the audit of subsidiaries pursuant to legislation	19	17
Fees payable to the group's auditors and its associates in respect of Corporation tax services	6	4
Depreciation	2008	1,844
(Profit)/loss on disposal of fixed assets	(524)	(293)
Operating lease costs - equipment	17	31
Stock recognised as an expense	279	384
Interest on advance fee scheme	20	22
Loan interest	409	126

Five Governors received reimbursement of out of pocket expenses for travel expenses, amounting to £891 in the current year (2022: £1,015, in respect of travel expenses for four Governors).

10. Analysis of staff costs, trustee remuneration, and the cost of key management personnel

	2023 £'000	2022 £'000
Wages and salaries	13,324	12,356
Social security costs	1,288	1,208
Pension contribution – defined contribution scheme	1,907	1,895
	16,519	15,459

The number of higher paid employees was:

	2023 No.	2022 No.
£60,000 - £70,000	10	12
£70,000 - £80,000	13	11
£80,000 - £90,000	1	2
£100,000 - £110,000	-	1
£110,000 - £120,000	1	-
£220,000 - £230,000	-	1
£250,000 - £260,000	1	-

The calculation of staff costs for higher paid employees includes gross salary and benefits in kind.

The key management personnel of the parent charity and the group comprise the Governors, the Chief Executive Officer and the members of the Group Executive. The total employee benefits of the key management personnel of the charity were £637k (2022: £562k), including benefits in kind, national insurance and pension contributions. The Governors are unpaid.

Included within staff costs above are non-statutory/non-contractual severance payments totalling £26k (2022: £Nil) and statutory severance payments of £29k (2022: £26k).

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

11. Staff numbers

The average number of staff employed by the charity during the year was as follows:

	2023 No.	2022 No.
Educational staff	201	196
Support staff	274	265
	<u>475</u>	<u>461</u>

12. Analysis of expenditure

Year ended 30 June 2023	Staff costs £'000	Other costs £'000	Depreciation £'000	2023 Total £'000	2022 Total £'000
<i>Cost of raising funds:</i>					
Commercial trading operations:					
Sherborne School (Trading) Limited	220	290	1	511	565
Sherborne School (Leisure) Limited	271	122	-	393	288
Sherborne School (Overseas Trading) Limited	-	14	-	14	13
Net share of loss in joint venture	-	18	-	18	15
Fundraising costs	25	56	-	81	123
Investment management fees	-	29	-	29	29
	<u>516</u>	<u>529</u>	<u>1</u>	<u>1,046</u>	<u>1,033</u>
<i>Charitable activities:</i>					
Educational activities					
Teaching	11,619	985	-	12,604	11,598
Welfare	1,642	3,352	-	4,994	4,406
Premises	761	1,603	2,007	4,371	4,265
Support costs of schooling	1,957	1,285	-	3,242	3,305
Education and grant making	-	136	-	136	93
Operational costs – Foundation	24	43	-	67	87
Financing costs	-	554	-	554	457
Governance	-	147	-	147	88
Other expenditure	-	149	-	149	85
	<u>16,003</u>	<u>8,254</u>	<u>2,007</u>	<u>26,264</u>	<u>24,384</u>
Total expenditure for Group	<u>16,519</u>	<u>8,783</u>	<u>2,008</u>	<u>27,310</u>	<u>25,417</u>

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

12. Analysis of expenditure (continued)

Year ended 30 June 2022	Staff costs £'000	Other costs £'000	Depreciation £'000	2022 Total £'000	2021 Total £'000
<i>Cost of raising funds:</i>					
<i>Commercial trading operations:</i>					
Sherborne School (Trading) Limited	204	360	1	565	289
Sherborne School (Leisure) Limited	201	85	2	288	278
Sherborne School (Overseas Trading) Limited	-	13	-	13	18
Net share of loss in joint venture	-	15	-	15	3
Fundraising costs	75	48	-	123	75
Investment management fees	-	29	-	29	28
	480	550	3	1,033	691
<i>Charitable activities:</i>					
<i>Educational activities</i>					
Teaching	10,987	611	-	11,598	11,581
Welfare	1,525	2,881	-	4,406	4,214
Premises	749	1,675	1,841	4,265	4,139
Support costs of schooling	1,677	1,628	-	3,305	2,702
Education and grant making	-	93	-	93	109
Operational costs – Foundation	41	46	-	87	100
Financing costs	-	457	-	457	422
Governance	-	88	-	88	237
Other expenditure	-	85	-	85	235
	14,979	7,564	1,841	24,384	23,739
Total expenditure for Group	15,459	8,114	1,844	25,417	24,430

13. Taxation

	2023 £'000	2022 £'000
Tax on ordinary activities	-	-

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

14. Tangible fixed assets - School

	Land and Buildings £'000	Plant, Equipment and Motor vehicles £'000	Assets Under Construction £'000	Total £'000
Cost				
At 1 July 2022	55,021	8,374	7,096	70,491
Additions	1,369	726	4,328	6,423
Transfers	8,191	-	(8,191)	-
Disposals	(120)	(383)	-	(503)
At 30 June 2023	64,461	8,717	3,233	76,411
Depreciation				
At 1 July 2022	15,598	5,760	-	21,358
Charge for year	1,202	804	-	2,006
Disposals	(36)	(370)	-	(406)
At 30 June 2023	16,764	6,194	-	22,958
Net book value At 30 June 2023	47,697	2,523	3,233	53,453
At 30 June 2022	39,423	2,614	7,096	49,133

Included within Plant, equipment and motor vehicles above are assets held under lease and hire purchase contracts with a net book value at 30 June 2023 of £139,357 (2022: £205,562). The depreciation charge for the year on these assets amounted to £85,731 (2022: £112,475).

15. Tangible fixed assets - Group

	Land and Buildings £'000	Plant, Equipment and Motor Vehicles £'000	All Weather Pitch £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 July 2022	55,021	8,476	439	7,096	71,032
Additions	1,369	726	-	4,328	6,423
Transfers	8,191	-	-	(8,191)	-
Disposals	(120)	(385)	-	-	(505)
At 30 June 2023	64,461	8,817	439	3,233	76,950
Depreciation					
At 1 July 2022	15,598	5,859	439	-	21,896
Charge for year	1,202	806	-	-	2,008
Disposals	(36)	(372)	-	-	(408)
At 30 June 2023	16,764	6,293	439	-	23,496
Net book value At 30 June 2023	47,697	2,524	-	3,233	53,454
At 30 June 2022	39,423	2,617	-	7,096	49,136

Included within Plant, equipment and motor vehicles above are assets held under lease and hire purchase contracts with a net book value at 30 June 2023 of £139,357 (2022: £205,562). The depreciation charge for the year on these assets amounted to £85,731 (2022: £112,475).

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

15. Tangible fixed assets - Group (continued)

The comparable amount of land and buildings included above at deemed cost determined according to the historical cost accounting rules are as follows:

	Land and Buildings £'000
Cost	52,098
Accumulated depreciation	(10,984)
Net book value	
At 30 June 2023	41,114
At 30 June 2022	31,832

In the period to 30 June 2000, the School's properties (with the exception of certain inalienable or historic buildings for which reliable valuations were not available without incurring costs considered to outweigh the usefulness of the information to financial statements users) were revalued by Chesters, Chartered Surveyors, on the basis of their then current open market value or depreciated replacement cost (as appropriate). In accordance with the transitional provisions of FRS 102 these valuations have not been updated.

The principal School buildings at Abbey Road, Sherborne, have no ascertainable historical cost and cannot be valued without undue expense and are excluded from the financial statements.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

16. Investments

	Unlisted £'000	Investment Property £'000	Foundation Fund £'000	Advance Fee Fund £'000	Scholarship & Prize Fund £'000	Total £'000
At 1 July 2022	1	150	-	1,965	6,166	8,282
Additions	-	-	-	-	2,658	2,658
Disposals at book value	-	-	-	(728)	(2,584)	(3,312)
Unrealised gain/(loss)	-	-	-	(70)	10	(60)
Equalisation of investments	-	-	-	-	-	-
Change in accrued income	-	-	-	9	-	9
Total for Charity	1	150	-	1,176	6,250	7,577
Group transactions added/ (eliminated) on consolidation	(1)	-	155	-	-	154
At 30 June 2022	-	150	155	1,176	6,250	7,731
Investments listed on the Stock Exchange	-	-	155	1,176	6,250	7,581
Historical cost	1	5	155	1,274	6,095	7,530

Unlisted Investments

The consolidated balance sheet shows the same investments as the School, with the exception of the unlisted investments of £1,004 (2022: £1,004) in Sherborne School (Trading) Limited, Sherborne School (Leisure) Limited, Sherborne School (Overseas Trading) Limited and Sherborne Schools Worldwide Limited and the investments held within the Sherborne School Foundation of £155k (2022: £655k) which are excluded.

Investment Property

In July 2016, the investment property in Gillingham was revalued by Chesters, Chartered Surveyors, on the basis of its open market at a value of £150,000. The Governors have reviewed the valuation of the property and are satisfied that it continues to be recognised at its fair value.

This investment property has an historical cost of £5k.

Listed Investments

The market value of investments held outside the UK was £4,273k (2022: £4,231k).

17. Debtors

	Group		School	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year:				
Trade debtors	57	27	44	21
Tax recoverable	1	26	-	-
Fees due	1,218	1,121	1,218	1,121
Other debtors	119	146	94	92
Prepayments	1,719	1,509	1,719	1,509
Amount due from subsidiary undertakings	-	-	432	494
Amount due from joint venture undertaking	-	-	80	43
Due after more than one year:				
Amount due from joint venture undertaking	-	-	200	200
	3,114	2,829	3,787	3,480

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

18. Creditors: amounts falling due within one year

	Group		School	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Fees received in advance	1,633	1,155	1,633	1,155
Trade creditors	1,078	1,345	1,060	1,289
Taxation and social security	358	352	334	346
Finance leases	108	116	108	116
Other creditors	237	330	161	252
Accruals	2,207	1,942	2,191	1,934
Pensions	278	271	278	271
Deposits held	420	404	420	404
	<u>6,319</u>	<u>5,915</u>	<u>6,185</u>	<u>5,767</u>
Advance fees (see note 19)	<u>800</u>	<u>798</u>	<u>800</u>	<u>798</u>
	<u>7,119</u>	<u>6,713</u>	<u>6,985</u>	<u>6,565</u>

Details and security on the bank loan and overdraft facilities are disclosed in Note 20.

19. Advance fee payments

Parents may enter into a contract to pay to the School up to the equivalent of five years' tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. Assuming pupils will remain in the School, advance fees will be applied as follows:

	2023	2022
	£'000	£'000
After five years	455	415
Within two to five years	252	504
Within one to two years	462	470
	<u>1,169</u>	<u>1,389</u>
Within one year	<u>800</u>	<u>798</u>
	<u>1,969</u>	<u>2,187</u>

The movement during the year on advance fees were as follows:

	2023	2022
	£'000	£'000
At 1 July 2022	2,187	2,115
New advance fees received during the year	990	1,250
Fees repaid during the year	-	(55)
Amounts accrued for interest	19	22
Amounts utilised in payments of fees	(1,227)	(1,145)
At 30 June 2023	<u>1,969</u>	<u>2,187</u>

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

20. Creditors: amounts falling due after more than one year

	Group		School	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Advance fees (note 19)	1,169	1,389	1,169	1,389
Bank loan	14,000	7,500	14,000	7,500
Deposits	2,402	2,259	2,402	2,259
Finance leases	49	132	49	132
	<u>17,620</u>	<u>11,280</u>	<u>17,620</u>	<u>11,280</u>

The bank loan and loan facilities are secured by way of legal mortgage charges dated 17 January 2001 and 1 November 2019 over certain properties owned by Sherborne School. A £16M facility has been arranged with Lloyds Bank plc to provide funds for working capital and the planned capital projects, which can be drawn down through revolving credit agreements. £14M had been drawn down at 30 June 2023 (£7.5M at 30 June 2022), and this amount has been included within Creditors: amounts falling due after more than one year as those funds will continue to be needed as part of the planned project expenditure as the projects move forward. The total balance outstanding on all revolving credit agreements will be converted to a term loan at 1 November 2024. The interest rate applicable to the loan facilities is 2.15% over Bank of England Base Rate.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

21. Consolidated Statement of Financial Activities for prior year

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2022 Total Funds £'000
Income from:				
<i>Charitable Activities:</i>				
School fees	22,946	-	-	22,946
<i>Donations:</i>				
Other donations, legacies and grants	30	761	-	791
<i>Other trading activities:</i>				
Commercial trading operations	849	-	-	849
Investments	166	177	-	343
<i>Other:</i>				
Other income	201	-	-	201
Total income	24,192	938	-	25,130
Expenditure on:				
<i>Raising funds:</i>				
Commercial trading operations	866	-	-	866
Net share of loss in joint venture	15	-	-	15
Fundraising costs	-	123	-	123
Investment management fees	-	29	-	29
Total expenditure on raising funds	881	152	-	1,033
<i>Charitable activities:</i>				
Educational activities	24,186	198	-	24,384
Expenditure on charitable activities	24,186	198	-	24,384
Total expenditure	25,067	350	-	25,417
Net income/(expenditure) and net Movement in funds before gains and losses on investments	(875)	588	-	(287)
Net gains/(losses) on investments	-	(75)	(311)	(386)
Net income/(expenditure) before taxation	(875)	513	(311)	(673)
Tax on profit/(loss) on ordinary activities	-	-	-	-
Net income/(expenditure) after taxation	(875)	513	(311)	(673)
Transfers between funds	390	(390)	-	-
Net income/(expenditure) before other recognised gains and losses carried forward	(485)	123	(311)	(673)

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

21. Consolidated Statement of Financial Activities for prior year (continued)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2021 Total Funds £'000
Net income/(expenditure) before other recognised gains and losses brought forward	(485)	123	(311)	(673)
Remeasurement of defined benefit pension scheme	(293)	-	-	(293)
Net movements in funds	(778)	123	(311)	(966)
<i>Reconciliation of funds</i>				
Total funds brought forward	36,976	781	7,804	45,561
Total funds carried forward	36,198	904	7,493	44,595

22. Analysis of net assets between funds

(a) Analysis of group net assets between funds

	Fixed Assets £'000	Net Current Assets/ (Liabilities) £'000	Long Term Liabilities £'000	Pension Liability £'000	Fund Balances £'000
Unrestricted					
Pension Reserve Designated Fund	-	-	-	(521)	(521)
Accumulation Fund	52,739	(48)	(16,451)	-	36,240
Restricted funds	-	284	-	-	284
Endowed					
Advance Fee Fund	1,176	(7)	(1,169)	-	-
Edbrooke Scholarship and Bursary	255	-	-	-	255
Scholarship and Prize Fund	4,250	257	-	-	4,507
Scholarship and Prize Fund – Eglington					
Bursaries	2,000	-	-	-	2,000
Endowed Property	765	-	-	-	765
Group total at 30 June 2023	61,185	486	(17,620)	(521)	43,530

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

22. Analysis of net assets between funds (continued)

(a) Analysis of group net assets between funds (continued)

	Fixed Assets £'000	Net Current Assets/ (Liabilities) £'000	Long Term Liabilities £'000	Pension Liability £'000	Fund Balances £'000
Unrestricted					
Pension Reserve Designated Fund	-	-	-	(460)	(460)
Accumulation Fund	48,920	(2,371)	(9,891)	-	36,658
Restricted funds	-	904	-	-	904
Endowed					
Advance Fee Fund	1,966	(577)	(1,389)	-	-
Edbrooke Scholarship and Bursary	255	-	-	-	255
Scholarship and Prize Fund	4,166	307	-	-	4,473
Scholarship and Prize Fund – Eglington					
Bursaries	2,000	-	-	-	2,000
Endowed Property	765	-	-	-	765
Group total at 30 June 2022	58,072	(1,737)	(11,280)	(460)	44,595

(b) Analysis of School net assets between funds

	Fixed Assets £'000	Net Current Assets/ (Liabilities) £'000	Long Term Liabilities £'000	Pension Liability £'000	Fund Balances £'000
Unrestricted					
Pension Reserve Designated Fund	-	-	-	(521)	(521)
Accumulation Fund	52,584	498	(16,451)	-	36,631
Restricted funds	-	56	-	-	56
Endowed					
Advance Fee Fund	1,176	(7)	(1,169)	-	-
Edbrooke Scholarship and Bursary	255	-	-	-	255
Scholarship and Prize Fund	4,250	257	-	-	4,507
Scholarship and Prize Fund – Eglington					
Bursaries	2,000	-	-	-	2,000
Endowed Property	765	-	-	-	765
School total at 30 June 2023	61,030	804	(17,620)	(521)	43,693

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

22. Analysis of net assets between funds (continued)

(b) Analysis of School net assets between funds (continued)

	Fixed Assets £'000	Net Current Assets/ (Liabilities) £'000	Long Term Liabilities £'000	Pension Liability £'000	Fund Balances £'000
Unrestricted					
Pension Reserve Designated Fund	-	-	-	(460)	(460)
Accumulation Fund	48,263	(1,369)	(9,891)	-	37,003
Restricted funds	-	58	-	-	58
Endowed					
Advance Fee Fund	1,966	(577)	(1,389)	-	
Edbrooke Scholarship and Bursary	255	-	-	-	255
Scholarship and Prize Fund	4,166	307	-	-	4,473
Scholarship and Prize Fund – Eglington					
Bursaries	2,000	-	-	-	2,000
Endowed Property	765	-	-	-	765
School total at 30 June 2022	57,415	(1,581)	(11,280)	(460)	44,094

Of the above, the Scholarship and Prize Fund is a linked charity to the School. The other linked charity, The Sherborne School Trust, remains dormant.

23. Analysis of charitable funds

(a) Analysis of movements in permanent endowed funds (Group and School)

	Balance at 1 July 2022 £'000	Income £'000	Expenditure £'000	Transfers and Investment Gains £'000	Balance at 30 June 2023 £'000
Endowed Property	765	-	-	-	765
Edbrooke fund	255	-	-	-	255
Scholarship and Prize Fund	4,473	-	-	34	4,507
Scholarship and Prize Fund – Eglington					
Bursaries	2,000	-	-	-	2,000
	7,493	-	-	34	7,527
	Balance at 1 July 2021 £'000	Income £'000	Expenditure £'000	Transfers and Investment Gains £'000	Balance at 30 June 2022 £'000
Endowed Property	765	-	-	-	765
Edbrooke fund	255	-	-	-	255
Scholarship and Prize Fund	4,784	-	-	(311)	4,473
Scholarship and Prize Fund – Eglington					
Bursaries	2,000	-	-	-	2,000
	7,804	-	-	(311)	7,493

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

23. Analysis of charitable funds (continued)

(a) Analysis of movements in permanent endowed funds (Group and School) (continued)

Endowed Property

Land and property gifted to the School in furtherance of its Object, to advance education that is held on permanent endowment and is administered and managed by the Governors.

Edbrooke fund

A fund, the income from which will be made available to the Headmaster and applied at his discretion from time to time, to benefit a pupil wishing to attend the School who may have just missed a scholarship. Alternatively, a pupil currently at the School whose parents find themselves in financial difficulty.

Scholarship and Prize Fund

The Scholarship and Prize fund endowment is invested to provide scholarships and prizes for the benefit of the School. The total realised and unrealised gains and (losses) during the year amounted to £35k (2022 – (£312k)).

Scholarship and Prize Fund – Eglington Bursaries

The Scholarship and Prize Fund – Eglington Bursaries endowment was set up with a legacy from the late Charles Eglington. The fund is invested to provide bursaries for the benefit of the School.

(b) Analysis of movements in restricted funds

	Balance at 1 July 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Gains /(Losses) £'000	Balance at 30 June 2023 £'000
Advance Fee Fund	-	66	(21)	19	(64)	-
Scholarship and Prize Fund	-	133	(133)	-	-	-
Andrew Yorke Sail Training Fund	48	-	(2)	-	-	46
Bursary Fund	-	-	-	-	-	-
Cricket Square	4	-	-	-	-	4
Duke of Edinburgh Award	-	10	-	(10)	-	-
Shell House Fund	2	-	-	-	-	2
Upper Pavilion Fund	2	-	-	-	-	2
Sports Centre	-	1,125	-	(1,125)	-	-
SPS Restricted Fund	1	-	-	-	-	1
Other restricted funds	1	1	(1)	-	-	1
Charity	58	1,335	(157)	(1,116)	(64)	56
The Sherborne School Foundation	846	667	(1,285)	-	-	228
	904	2,002	(1,442)	(1,116)	(64)	284
Eliminated on consolidation	-	(1,252)	1,137	115	-	-
Group	904	750	(305)	(1,001)	(64)	284

Transfers from restricted funds to the accumulation fund correspond to income where the original restriction of the fund has been fulfilled during the year.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

23. Analysis of charitable funds (continued)

(b) Analysis of movements in restricted funds (continued)

The transfer of £1,000k in the consolidated accounts represents a reclassification between restricted and unrestricted funds. This adjustment is required to correct the balance held on restricted funds by ensuring the elimination of inter-company transactions between Sherborne School and the Sherborne School Foundation.

The breakdown of restricted reserves of £228k for the Sherborne School Foundation is detailed in that Charity's accounts.

	Balance at 1 July 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Gains /(Losses) £'000	Balance at 30 June 2022 £'000
Advance Fee Fund	-	66	(23)	32	(75)	-
Scholarship and Prize Fund	-	111	(111)	-	-	-
Andrew Yorke Sail Training Fund	48	1	(1)	-	-	48
Bursary Fund	-	44	-	(44)	-	-
Cricket Square	4	-	-	-	-	4
Art Project	-	3	-	(3)	-	-
Grand Piano	1	3	-	(4)	-	-
Music Projects	-	1	-	(1)	-	-
Shell House Fund	2	-	-	-	-	2
Upper Pavilion Fund	2	-	-	-	-	2
Sports Centre	-	625	-	(625)	-	-
SPS Restricted Fund	4	-	-	(3)	-	1
Other restricted funds	1	1	(1)	-	-	1
Charity	62	855	(136)	(648)	(75)	58
The Sherborne School Foundation	718	1,018	(890)	-	-	846
	780	1,873	(1,026)	(648)	(75)	904
Eliminated on consolidation	-	(935)	679	256	-	-
Group	780	938	(347)	(392)	(75)	904

Transfers from restricted funds to the accumulation fund correspond to incoming resources where the original restriction of the fund has been fulfilled during the year.

The transfer of £390k in the consolidated accounts represents a reclassification between restricted and unrestricted funds. This adjustment is required to correct the balance held on restricted funds by ensuring the elimination of inter-company transactions between Sherborne School and the Sherborne School Foundation.

The breakdown of restricted reserves of £846k for the Sherborne School Foundation is detailed in that Charity's accounts.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

23. Analysis of charitable funds (*continued*)

(b) Analysis of movements in restricted funds (*continued*)

Annual Fund Bursaries

From the annual fund donations that are for bursaries in general and will help supplement the support for the Travel and Tour Bursaries, the Personal Development and High Flyer Fund and other bursaries offered by the Foundation in co-operation with the School.

Bursary Fund

To widen access to Sherborne School through a programme of means tested bursaries.

Cricket Square

To support the relaying of the cricket squares within the School and primarily those on the Upper square.

Foundation Fellows

Funds transferred by the Sherborne School Foundation to support and fund the enrichment and teaching of Fellows of the School.

Grand Piano

Funds transferred by the Sherborne School Foundation to contribute towards the cost of a grand piano.

Music Projects

Funds transferred by the Sherborne School Foundation to contribute towards the various Music projects.

Hardship Fund

To support pupils within the School who fall on hard financial times and who the School would like to remain in the School until they complete a key stage of their education.

Art Project

Funds transferred by the Sherborne School Foundation to support an Art capital project.

Scholarships

Funds transferred by the Sherborne School Foundation to support and fund scholarships provided by the School.

Shell House Fund

Funds raised for the restoration and upkeep of the Shell House, located in the garden of Harper House.

Sports Centre

Funds raised by and transferred from the Sherborne School Foundation towards the redevelopment of the Sports Centre.

Upper Pavilion

The fund is for the refurbishment and extension of the Upper Pavilion.

SPS Restricted Fund

Donation made to Sherborne preparatory School for the benefit of its staff and pupils.

Duke of Edinburgh Award

Funds raised by and transferred from the Sherborne School Foundation to help fund the expansion of pupil numbers joining the Duke of Edinburgh Award programme.

Other Restricted Funds

These relate to several smaller restricted funds which have been donated during the year. The majority of the donations have been expended during the year in accordance with the original donor's wishes; the remaining £1k will be expended next year.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

23. Analysis of charitable funds (continued)

(c) Analysis of movements in unrestricted funds

	Balance at 1 July 2022 £'000	Income £'000	Expenditure £'000	Tax £'000	Transfers and Investment Gains/(Losses) £'000	Balance at 30 June 2023 £'000
Pension reserve – designated fund	(460)	-	426	-	(487)	(521)
Accumulation fund	36,658	26,012	(27,431)	-	1,001	36,240
Total	36,198	26,012	(27,005)	-	514	35,719

The total transfers, amounting to £390k (2021 - £1,903k), represent transfers of £390k (2021 - £1,903k) from the accumulation fund to restricted funds, as detailed in Note 23(b). There is also £224k (2021 - £221k) which will be distributed to Sherborne School from two of its trading subsidiaries which has been included as a Gift Aid donation in the accounting year ended 30 June 2022. Please refer to note 6 for more information.

	Balance at 1 July 2021 £'000	Income £'000	Expenditure £'000	Tax £'000	Transfers and Investment Gains/(Losses) £'000	Balance at 30 June 2022 £'000
Pension reserve – designated fund	(567)	-	400	-	(293)	(460)
Accumulation fund	37,543	24,192	(25,467)	-	390	36,658
Total	36,976	24,192	(25,067)	-	97	36,198

24. Contracts and commitments

At 30 June 2023 the School had commitments as follows:

	2023 £'000	2022 £'000
Contracted for but not provided in these financial statements	1,719	6,745
Authorised but not contracted	5,762	5,917

The £1,719k included above as Contracted for but not provided includes the balance of the contract in respect of the Sports Centre project.

25. Other commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2023 £'000	2022 £'000
Within one year	-	2
After 1 year but within 5 years	23	18
	23	20

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

26. Reconciliation of net income/(expenditure) to net cash flow from group operating activities

	2023 £'000	2022 £'000
Net income/(expenditure) before investment gains/(losses)	(548)	(287)
Adjustments for:		
Investment income	(393)	(343)
Finance costs	428	147
Equalisation of investments	(9)	(9)
Depreciation	2,008	1,844
(Profit)/loss on disposal of property, plant and equipment	(524)	(296)
Add back of non-cash FRS102 charge to defined benefit retirement scheme	111	137
Less cash contributions to defined benefit retirement scheme	(537)	(537)
Advance fees utilised	(1,227)	(1,146)
	(691)	(490)
Movements in working capital:		
Decrease in stocks	(46)	36
(Increase) in debtors	(285)	622
(Decrease)/increase in creditors	463	1,227
Cash (used by)/generated from operations	(559)	1,395
Investment income		
Interest paid	(408)	(126)
Net cash (used by)/provided by group operating activities	(967)	1,269

27. Reconciliation of net debt

	At 1 July 2022 £'000	Cash Flows £'000	New Finance Leases £'000	At 30 June 2023 £'000
Cash	1,831	2,298	-	4,129
Loans falling due after more than one year	(7,500)	(6,500)	-	(14,000)
Finance lease obligations	(248)	119	(28)	(157)
Total	(5,917)	(4,083)	(28)	(10,028)

28. Pension schemes

Teaching Staff

The School participates in the Teachers' Pension Scheme (TPS) for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,517k (2022: £1,520k), and at the year-end £179k (2022 – £179k) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a 'pay as-you-go' basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the valuation report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 valuation report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and following a public consultation in 2021 the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations were completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has indicated that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

Teaching Staff

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. Accordingly, the School has taken the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The School has set out above the information available on the scheme.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

28. Pension schemes (*continued*)

Support Staff Defined Contribution Scheme

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions payable by the Group charged to profit or loss amounted to £375k (2022: £353k). Contributions totalling £54k (2022: £47k) were payable to the fund at the year end and are included in creditors.

Support Staff Defined Benefit Scheme

The company sponsors the Governors of Sherborne School Support Staff Pension Scheme which is a defined benefit arrangement. The scheme closed to future accrual from 1 September 2011. A full actuarial valuation of this scheme was carried out by a qualified independent actuary at 31 August 2019 and updated by a qualified independent actuary to 30 June 2023.

The contributions made by the employer over the financial year have been £537k (2022: £537k).

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

28. Pension schemes (continued)

a) Changes in the present value of the defined benefit obligation are as follows:

	2023 £'000	2022 £'000
Present value of funded obligations	(7,563)	(8,751)
Fair value of plan assets	7,042	8,291
Deficit	(521)	(460)
Amounts in the balance sheet:		
Liabilities	(521)	(460)
Assets	-	-
Net liability	(521)	(460)

b) Changes in the present value of the defined benefit obligation are as follows:

	2023 £'000	2022 £'000
Opening defined benefit obligation	8,751	11,078
Expenses	101	130
Interest cost	329	207
Actuarial losses	(1,123)	(2,126)
Benefits paid	(495)	(538)
Closing defined benefit obligation	7,563	8,751

c) Changes in the fair value of scheme assets are as follows:

	2023 £'000	2022 £'000
Opening fair value of scheme assets	8,291	10,511
Interest income	319	200
Return on scheme assets less interest on net defined benefit pension scheme liability	(1,610)	(2,419)
Contributions by employer	537	537
Benefits paid	(495)	(538)
Fair value of scheme assets at end of year	7,042	8,291

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

28. Pension schemes (continued)

d) The amounts included within the Statement of Financial Activities are as follows:

	2023 £'000	2022 £'000
Current service cost	-	-
Expenses	(101)	(130)
Total charge to net income	(101)	(130)
Net interest on the net defined benefit pension scheme liability	(10)	(7)
Net finance cost	(10)	(7)
Total amount charged within net income	(111)	(137)
Remeasurement of the net defined benefit pension scheme liability	(487)	(293)
Total amount charged to the Statement of Financial Activities	(598)	(430)

e) The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2023	2022
Equities	-	-
Corporate Bonds	10%	-
Liability Driven Investments (formerly Fixed Interest Matching Assets and Inflation Linked Matching Assets)	30%	58%
Diversified Growth Funds	56%	40%
Other (cash)	4%	2%

The scheme assets were switched to managed growth following the closure of the scheme to future accrual.

The actual return on the scheme assets in the year was:

	2023 £'000	2022 £'000
Actual return on the scheme assets	(1,291)	(2,219)

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

28. Pension schemes (continued)

f) Principal assumptions at the balance sheet date (expressed as weighted averages)

The assets of the scheme have been included in this year's financial statements at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	30 June 2023	30 June 2022
Inflation (RPI)	3.51% pa	3.54% pa
Inflation (CPI)	3.11% pa	3.09% pa
Salary increases	n/a	n/a
Rate of discount	5.42% pa	3.84% pa
Rate of increase in pensions in payment where CPI to a maximum of 5% applies	3.67%	3.63%
Rate of increase in pensions in payment where CPI to a max of 2.5% applies	1.96%	2.07%
Assumes life expectancies on retirement age 65:		
Retiring today – males	20.6	20.7
Retiring today - females	23.0	23.1
Retiring in 20 years - males	22.0	22.0
Retiring in 20 years - females	24.5	24.6

29. Related party transactions

Transactions between the School and other group companies that have been eliminated on consolidation are disclosed below:

	2023 £'000	2022 £'000
Sherborne School (Trading) Limited		
Agents commission invoiced to School	78	63
Departmental sales invoiced to School	60	50
Profits gifted to School	-	-
Support costs invoiced by School	(18)	(13)
Sherborne School (Leisure) Limited		
Pupil usage of sports facilities invoiced to School	162	192
Profits gifted to School	-	62
Support and rental costs invoiced by School	(15)	(15)
Sherborne School (Overseas Trading) Limited		
Profits gifted to School	161	162
The Sherborne School Foundation		
Donations to School	1,137	679
Donated services from School	116	256
Sherborne Schools Worldwide Limited		
Interest paid to the School	12	7

Details of balances due between these entities and the School at the year end are disclosed in debtors and creditors.

Details of the joint venture undertaking, Sherborne Schools Worldwide Limited, are disclosed at note 30.

Sherborne School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

29. Related party transactions (*continued*)

There were no transactions with Governors and directors/trustees of Group companies during the year to 30 June 2023.

There were no other related or connected party transactions during the year.

30. Joint venture interest

The School owns 50% of the share capital of Sherborne Schools Worldwide Limited (company no. 10730155), which was incorporated on 19 April 2017, and commenced trading on 1 May 2017. The company is jointly owned with Sherborne Girls, and has been incorporated to identify international opportunities, select, market to and enter into arrangements with third parties on behalf of the two Schools jointly, to generate income, increase the value of the Schools' brands and enhance the Schools' reputations.

Sherborne Schools Worldwide Limited's trading results for the year ended 30 June 2023 are summarised below:

	Year to 30 June 2023 £'000	Year to 30 June 2022 £'000
Turnover	-	-
Administration	(36)	(30)
Operating loss	(36)	(30)
Interest payable	(25)	(14)
Loss for the year	(61)	(44)
50% share of loss	(31)	(22)
Shareholder's deficit	(592)	(531)
50% share of shareholder's deficit	(296)	(265)

The School has provided loan funding to Sherborne Schools Worldwide Limited of £200k. Repayments were due to be made in three equal instalments during the years to 30 June 2021 – 2023. However, potential projects were paused for an extended period as a result of the pandemic, so it has not been possible for the company to generate any income as yet, and this situation is likely to continue for some time. It is considered unlikely that the company will have sufficient funds to make any loan repayments until the 2024-25 year, so the whole of the loan balance at 30 June 2023 is included at note 17 – Debtors, shown as a balance due after more than one year from a joint venture undertaking. At 30 June 2022 the £200k balance was also included as a balance due after more than one year from a joint venture undertaking. The interest charged on the loan of £12k (2022 - £7k) has been eliminated in the consolidated accounts when calculating the School's net share of loss in the joint venture.

Sherborne School

GOVERNORS, OFFICERS AND ADVISERS
for the year ended 30 June 2023

GOVERNORS AND CHARITY TRUSTEES

Sherborne School Governors are the Charity Trustees and Company Directors of Sherborne School Charity ("the Charity"). They have all served in office throughout the year except where indicated. Together with past Governors who served in the year as indicated, they are:

Chairman	Lt Gen David Leakey CMG CVO CBE MA Cantab
Vice Chairman	Mrs Angela Claire Lane BA, FCA (appointed as Vice Chairman 1 July 2022)
Ex-Officio	The Vicar of Sherborne, The Reverend Martin Lee
Co-Opted	Mrs Isabel Anne Cooper Burke, MB, BS, MRCP (resigned 2 July 2022)
	Aubrey John Capel Esq
	Mrs Vicki Cotter, LLB (Hons), LLM
	Michael Levick French Esq, FCA (resigned 31 December 2022)
	Tim Hague Esq, FCCA, CTA (resigned 31 December 2022)
	Guy David John Hayward-Cole Esq, MA, MBA
	Nicholas Isaac (appointed 1 March 2023)
	Dr Max Jonas
	Nigel Lawson Jones Esq, BSc, FRICS, ACI Arb
	Robin Anthony Langley Leach Esq, MA
	George Marsh Esq, MA, Cert Ed
	Dr Ruth Elizabeth Newman (appointed 1 September 2022)
	John David William Pocock Esq, BEng (Hons)
	Anthony John Demainbray Pralle (appointed 6 January 2023)
	Professor Simon Mark Spearing (appointed 26 May 2023)
	Mrs Gillian Staley, BSc, MSc, CMIO SH
	Mrs Elaine Stallard JP
	Robert Jan Temmink Esq, QC, MA, BL, FCI Arb (resigned 21 October 2022)
	Michael Trevenen Wilson Esq, BSc, QTS

Staff Nominated Governor Matthew James Whittell Esq, MA, MSc

Members of Committees

Finance and General Purposes Committee

Tim Hague (to 10 February 2023), Guy Hayward-Cole, Nicholas Isaac (from 1 March 2023), Nigel Jones (from 6 January 2023), Angela Lane (Chairman from 1 July 2022), David Leakey, Vicki Cotter (to 5 January 2023), Anthony Pralle (appointed 6 January 2023).

Investment Sub-Committee

Guy Hayward-Cole (Chairman), Michael French (to 10 February 2023; from 11 February 2023 – volunteer, Pro-Bono Adviser), Guy Hudson (volunteer, Pro-Bono Adviser), Charles Griffiths (volunteer, Pro-Bono Adviser).

Estates and Infrastructure Committee

Aubrey Capel, Vicki Cotter (Chairman), Max Jonas, Nigel Jones, John Pocock, Robert Temmink (to 21 October 2022).

Academic Committee

George Marsh (Chairman), Max Jonas, Robin Leach, Mark Spearing (appointed 26 May 2023), Michael Wilson.

Sherborne School

GOVERNORS, OFFICERS AND ADVISERS
for the year ended 30 June 2023

Pastoral Committee

Isabel Burke (to 2 July 2022), Max Jonas (Chairman), Robin Leach, Martin Lee, George Marsh, Ruth Newman (from 1 September 2022), Gilly Staley.

Nominations Committee

Vicki Cotter, Angela Lane (from 1 July 2022), Robin Leach, David Leakey (Chairman).

The Board is a self-appointing body, apart from the Ex Officio Governors and the Staff Nominated Governor. Service on the Board is for a term of five years. Retiring Governors can be re-elected for a further five year term.

OFFICERS

Headmaster and Chief Executive	D A Lockett BA DPhil FRSA FHA
Bursar and Clerk to the Governors	Dr D C Cole BSc MSc PhD
Address	Sherborne School Abbey Road Sherborne DT9 3LF
Website	www.sherborne.org

ADVISERS

Bankers	Lloyds Bank Plc 1 st Floor Sedgemoor House Deansgate Avenue Taunton Somerset TA1 2UF
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
Auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Investment Advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Actuaries	Mercer Limited 1 Tower Place West London EC3R 5BU