

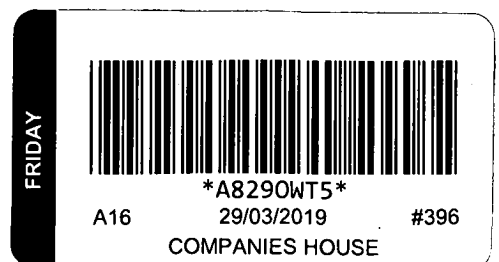
THE KINGHAM HILL TRUST

Company No. 00365812
Charity No. 1076618

Report and financial statements

for the year ended

31 July 2018



The Kingham Hill Trust

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The Kingham Hill Trust

Company information

| | |
|---------------------------|---|
| Trustees | Mr S.H.W. Pilcher (Chairman) (elected October 16, 2017) Mr J.D.B. Anderson, CBE Mr. K.M. Batchelor (appointed October 16, 2017) Mr. N.C.J. Bewes The Rev. J.S. Jukes (resigned October 16, 2017) Col. J.W. Lewis The Rev. R. Marsden (appointed October 16, 2017) The Rev. G.J. Mote Mrs. C.M. Pellereau Mr J.S. Richardson (resigned June 30, 2018) |
| Secretary | Mr. N.J. Pearson |
| Registered office | Kingham Hill School Kingham Chipping Norton Oxon OX7 6TH |
| Auditors | Kingston Smith LLP Chartered Accountants and Registered Auditors Devonshire House 60 Goswell Road London EC1M 7AD |
| Bankers | Barclays Bank plc 11 Bank Court Hemel Hempstead Herts HP1 1BX |
| Solicitors | Stone King LLP 13 Queen Square Bath BA1 2HJ |
| Investment manager | Ruffer LLP 80 Victoria Street London SW1E 5JL |

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2018

The Trustees present their report for the year ended 31 July 2018.

The Kingham Hill Trust was brought into being and is sustained by the grace of our Heavenly Father, the Almighty God. He brought the work of the Trust into being through Charles Baring-Young and has sustained it through the challenges of many generations of staff and trustees; the Trustees look to Him for direction and provision for the future.

The Kingham Hill Trust is governed by its Memorandum & Articles of Association adopted by Special Resolution on 26 June 1999 which took over the functions and assets and continues the work of the unincorporated charity known as The Kingham Hill Trust which was originally established by a Trust Deed dated 16 December 1912 amended by subsequent Deeds and Orders of Court. The Kingham Hill Trust is registered as a company limited by guarantee no. 00365812 and as charity no. 1076618. The Trustees are in no doubt that the Trust is a public benefit entity and set out later in this report details of the relevant activities at both Oak Hill College and Kingham Hill School.

Objects and activities

The principal objects of the Trust are:-

- To advance in accordance with the Protestant and Evangelical Faith understood as set out in Article 9.2 of the Articles of Association of the Charity ("the Christian Faith") the physical, mental and spiritual education of children resident in the United Kingdom or elsewhere by helping them to a start in life, especially those children who are in need of a boarding education through deficiencies in their economic, social or family circumstances, or owing to their particular educational or spiritual requirements providing that special regard should be paid to the needs of such children whose parents or guardians are of modest means;
- To train men and women for ordination or other ministries in the Church of England or other Protestant denominations in accordance with the Christian Faith provided that special regard shall be paid to the needs of those of modest means; and
- Otherwise to advance education in accordance with the Christian Faith.

In pursuance of these objects the Trust operates Kingham Hill School, a co-educational boarding school for children aged 11 to 18, and Oak Hill College, an evangelical Theological College accredited by the Church of England, and also serving other protestant denominations.

Strategic report

Achievements and performance

The deficit for the year was £231,726 (2017 - £601,250), this being after net investment gains of £196,708 (2017 - £193,359). The deficit reduction was achieved through a 47% increase in benefactions and through keeping cost increases 1% below income growth. Net funds at the year-end were £37,538,394 (2017 - £37,770,120).

Pupil numbers at the School were slightly higher than in the previous year and have increased significantly in the current period; bursaries and concessions increased correspondingly. Examination results for both A level and GCSE were at record levels for the school with A levels exceeding the 2017 then record. The Veritas Building (maths and science) continues to provide an excellent environment for effective study of these subjects and together with the expanded and completely refurbished library are providing a high quality learning environment. There has been no significant investment in new educational facilities this year as the school has been preparing for the construction of a new sports centre. The boarding house maintenance programme ensures that each house is thoroughly refurbished every seven years.

The College has continued to receive very generous benefactions in the year for both revenue support and bursaries; donations increased by nearly 25% over 2017. The demand for full-time

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2018 (continued)

theological education in the UK shows no signs of improvement and student numbers in the year showed a 17% decrease over those of 2015, although numbers for the current year remain on a par with 2018. Academic regulatory procedures continue to be a heavy burden and in the current year regulatory authority is moving to the Office for Students with a consequent review of educational procedures. As in the previous year, there has been major refurbishment of one unit of student accommodation.

Review of activities

The College and the School continue to move forwards in an educational and ecclesiastical context that is fragmented and uncertain.

The Rev. Jonathan Jukes took up the post of College President as from January 2, 2018. The wider context in which the College provides training for ordination is increasingly complex. The rising costs of residential training result in a marketplace for theological training that is in a state of flux, with a multiplication of part time options. The SMT and college council have been working together on a strategic plan, mapping out objectives for the next five years, so as to maximise the opportunities for as many ministers of the future as possible to experience residential training at Oak Hill.

The School development programme continues and construction of a new sports hall has now started with occupation anticipated for January 2020. The estimated project cost is £6.1m with £5m being provided by a 15 year bank loan. The School Governors are continuing to clarify the strategic direction of the School, revisiting the Founder's intentions so as to achieve the Founder's purpose for today's pupils. Two new Governors have joined the Board during the year, broadening the Governors' skills set.

The Trustees continue to pray for the College President, the Rev. Jonathan Jukes, and the Headmaster of the School, the Rev. Nick Seward, and for the staff who serve alongside them as well as for the Chairman of the College Council, the Chairman of the School Governors and their respective teams.

Systems for measuring key performance indicators are in operation at both School and College. They include: performance against financial targets, compliance, academic standards, high quality of teaching, admissions, and staff development. Reports are presented to every meeting of both School Governors and College Council.

Reserves

The reserves held by the Trust are set out in detail in Note 22 to the financial statements. At 31 July 2018 the Trust had free reserves amounting to £7,726,580 (2017 - £8,203,297); these are largely represented by the Trust's listed investments valued at £6,759,544 (2017 - £6,650,800) which are held primarily for the purposes of generating income and capital growth. Operational deficits and the ability to respond to unexpected occurrences are funded by drawdowns of capital from the investment portfolio.

Under the Memorandum of Association, the Trustees are permitted to use capital as well as revenue reserves to fund any shortfalls of net income. They may also accumulate reserves in order to permit growth of the investment portfolio and to fund capital expenditure.

The Trustees recognise the need to maintain and enhance the value of the investment portfolio in real terms in order to provide on-going capital requirements from time to time. As prudent Trustees, they have indicated the need to conserve and develop capital in the short term and avoid significant calls on capital. There is an established, rolling and tightly controlled programme of refurbishing the boarding houses at the School. The Trust does not support or allow capital developments to progress without the required funding being in place.

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2018 (continued)

The Trustees have decided that it is appropriate to have free central reserves (i.e. excluding those used by School and College) of £8m, represented by an investment portfolio of equal amount. Using conservative rates of return and in the absence of any further benefactions, Trustees expect their target to be achieved over the next six years.

The Trustees decided in 2009 to set a policy limit on the investment drawdown of 5% p.a. At the time it was recognised that difficulties at both College and School might entail this limit being exceeded in the short term by quite substantial margins: in 2017 drawdown was 1.81% (2017 – 1.81%).

Principal risks and uncertainties

The Trustees are required to produce a statement of policy on risk identification and management, and this has been done to a good and established standard. To support this action the Trustees follow a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Trust faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. This process is monitored by the Board annually.

The separate nature of School and College means that each has its own risk register which is reviewed annually by the Board of Governors or College Council with the appropriate report going to Trustees.

The Trustees are continuing to develop a body of policies supporting the Trust's operations in line with current legislation. Under current consideration are policies for investments, principal risks and uncertainties and student numbers at both school and college.

For the School the highest risks are considered to be the lack of reserves and adverse publicity. The former is being addressed by tight control of both capital and revenue expenditure so that reserves can be replenished. There are also the Trust's free reserves which could be used in part to support the School. Adverse publicity is carefully monitored by the marketing department with insurers providing PR advice in the event of a particular issue. The Critical Incident Plan has measures to manage adverse publicity.

At the College the greatest risks are perceived to be ceasing to be a preferred Church of England training institution and the financial dependency on a very few major donors. For the former, the College Principal maintains a regular dialogue with the relevant officers within the Church and a report of his activity in this field is a standing item for his report to Council. Strenuous efforts are being made to broaden the financial supporter base. Progress will be monitored against the strategic plan.

Governance

The Trustees regularly review the activities of the College and the School in relation to the terms of the Trust, paying close attention to the Founder's intentions, working together to keep both the College and the School loyal to his wishes. Both institutions clearly continue to carry out the Objects of the Trust and the Trustees are constantly seeking ways for them to operate in an increasingly effective and relevant way. To this end work is continuing on major strategic reviews at both College and School. Trustees also review the overall governance of the Trust and a major review of governance will be made in early 2019, reporting to the April 2019 Trustees meeting.

Trustees are recruited after having served as members of the College Council or of the School Board of Governors. Prospective Trustees will generally have served on one or more of the various establishments' sub-committees, and therefore already have good background knowledge of the charity's activities.

During the year the Rev. Robert Marsden and Mr. Kenji Batchelor joined the Board. Trustees extend their thanks to the Rev. Jonathan Jukes and Mr. John Richardson, both of whom resigned during

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2018 (continued)

the year, for their combined twenty two years of service. Mr. Simon Pilcher was appointed chairman as successor to the Rev. Jukes.

Trustees have met formally three times in the year; there will in future continue to be three meetings each year. New or prospective trustees are supplied with copies of the Trust's Memorandum and Articles of Association, a history of the Trust, the previous year's financial statements and any further information they particularly request. Trustees are made aware of available training opportunities and are encouraged to develop their governance skills by attending appropriate courses.

The Trust employs various professional organisations to ensure that processes, procedures and policies are developed which reflect the ever changing statutory environment in which charities must operate. Trustees are supplied with information relating to these necessary changes on a regular basis.

As is common in a charitable company of this sort, the Trustees have delegated responsibility for most of the operational requirements to the Council of the College and Board of Governors of the School with regular reporting requirements to enable the Trustees to continue their oversight and responsibilities. The School Governors, and the College Council are served by their own Finance & General Purposes committees and Trustees are supplied with minutes of all meetings of the College Council, the School Board of Governors, their related Finance and General Purposes Committees and all other sub-committees.

The salaries of the senior management personnel at both School and College are subject to scrutiny by the relevant Finance & General Purposes Committee, acting as the Remuneration Committees. At Oak Hill College salaries are set with reference to the Church of England standard Lichfield scale, enhanced for additional duties. At Kingham Hill School salaries are determined by comparison with pay at other local independent schools, again enhanced for additional levels of responsibility,

Trustees' responsibilities for the financial statements

The Trustees (who are also directors of The Kingham Hill Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting principles and applied them consistently;
- comply with applicable accounting standards including FRS 102, subject to any material departures therefrom being disclosed and explained in the financial statements;
- made judgments and estimates that are reasonable and prudent;
- state whether a Statement of Recommended Practice (SORP) applies and has 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 Trustees are responsible for keeping proper accounting records which 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

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2018 (continued)

safeguarding the Trust's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Public Benefit

The Trustees regularly review all the activities of the Trust and consider how these contribute to the aims and objectives set by the charity's objects and confirm that they have complied with the duty in s.17 Charities Act 2011 by referencing their review to the Charity Commission's published guidance on public benefit under that Act. The Trustees are bound by the terms of the Trust to ensure that all the Trust's activities clearly express the evangelical Christian convictions of the Founder.

Oak Hill College and Kingham Hill School are both educational establishments but quite different from each other. The public benefit is therefore expressed in ways which reflect both the similarities and the differences. For the College we set out a broad vision of public benefit while for the School we focus on specific projects within the local community without including the longer term wider public benefit provided by former pupils serving their communities once they have left the School.

The College provides public benefit by: advancing religion through providing ministers who have been taught to a high level in one of the UK's major religious traditions, including in areas pertaining to public concern such as safeguarding and the protection of at risk individuals and; by advancing education through providing ministers who have been taught to a tertiary level of education.

The School provides public benefit both to the local community and others by advancing both religion and education and through the following specific projects:

- the Kingham All Blacks Football Club (KABFC) and Kingham Primary School community football programme uses School facilities and the School provides transport for forty children each week from the primary school together with the services of four School staff and six sports leaders, the latter being members of the VIth Form.
- A weekly pitch swap arrangement with KABFC whereby the local village football team (KABFC) has free use of the School astro pitch in return for the use of their football pitches.
- Kingham Hill School community service programme whereby pupils take part in weekly activities such as helping the elderly, litter clearance and other projects.
- Kingham Hill School Leisure (KHL) enables the use of the school swimming pool and gym. Raffle prizes of KHL membership are regularly given to local schools and community events.
- Fee concessions of 15% of fee income are provided (means tested 8.7% and 6.3% non-means tested) as a public benefit to the wider community.
- The School provides curriculum enrichment for a number of local schools through invitations to School enrichments weeks activities, a local choir competition and a series of science, art, music and modern foreign language events
- The School sponsors Chipping Norton Panto and the Chiplit festival and is developing links with Chipping Norton Amateur Astronomy Group with the latter using the new astronomy pod.
- Use of the School site by the Oxfordshire Lowland Search and Rescue team.

Fundraising

The Trust does not use the services of a professional fundraiser. Fundraising requests are limited to alumni of school and college, to specific trusts and, to churches with a similar Christian ethos to that of the Trust; there has not been any fundraising from the general public. No complaint has been received about the Trust's fundraising efforts and Trust development staff work within The Code of Fundraising Practice.

The Trust is mindful of the need to protect vulnerable people and others from unreasonable intrusion on privacy, from persistent approaches or undue pressure to give. Accordingly, communications are only made with those people who have opted in to receive them.

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2018 (continued)

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

Audit information

So far as each of the trustees at the time the trustees' report is approved is aware:

- a. there is no relevant information of which the auditors are unaware; and
- b. They have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This annual report was approved by the Trustees of the charity on 12 March 2019. The Strategic report, which forms part of the Report of the Trustees, is approved by the Trustees in their capacity as directors in Company Law of the charity.

A handwritten signature in black ink, appearing to read 'S.H.W. Pilcher', with a stylized, flowing script.

S.H.W. Pilcher (Chairman of Trustees)

12 March 2019

The Kingham Hill Trust

Independent Auditor's Report to The Kingham Hill Trust

Opinion

We have audited the financial statements of the Kingham Hill Trust for the year ended 31 July 2018 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows 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 FRS 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 charitable company's affairs as at 31 July 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated on 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 in the other information. If, based on the work we have performed, we

The Kingham Hill Trust

Independent Auditor's Report to the Members of The Kingham Hill Trust for the year ended 31 July 2018 (continued)

conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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 it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

The Kingham Hill Trust

Independent Auditor's Report to the Members of The Kingham Hill Trust for the year ended 31 July 2018 (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We remain solely responsible for our audit 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 which 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kingsley Smith LLP

Luke Holt (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

15/3/19.

Devonshire House
60 Goswell Road
London
EC1M 7AD

The Kingham Hill Trust

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 July 2018

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Income | | | | | |
| Donations | 2 | 737,357 | 298,234 | 1,035,591 | 701,610 |
| Income from charitable activities | 3 | 8,410,944 | - | 8,410,944 | 8,144,794 |
| Income from other trading activities | 4 | 1,164,987 | - | 1,164,987 | 1,040,082 |
| Investment income | 5 | 67,414 | 929 | 68,343 | 61,636 |
| Total income | | <u>10,380,702</u> | <u>299,163</u> | <u>10,679,865</u> | <u>9,948,122</u> |
| Expenditure | | | | | |
| Cost of raising funds | 6 | 86,047 | - | 86,047 | 121,219 |
| Expenditure on charitable activities | 7 | 11,004,520 | 17,732 | 11,022,252 | 10,621,512 |
| Total expenditure | | <u>11,090,567</u> | <u>17,732</u> | <u>11,108,299</u> | <u>10,742,731</u> |
| Total income less total expenditure | | (709,865) | 281,431 | (428,434) | (794,609) |
| Net investment gains | 14 | 196,708 | - | 196,708 | 193,359 |
| Net (expenditure)/income for the year | | <u>(513,157)</u> | <u>281,431</u> | <u>(231,726)</u> | <u>(601,250)</u> |
| Transfers | 22 | 157,647 | (157,647) | - | - |
| Net movement in funds for the year | | <u>(355,510)</u> | <u>123,784</u> | <u>(231,726)</u> | <u>(601,250)</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | 22 | <u>37,472,022</u> | <u>298,098</u> | <u>37,770,120</u> | <u>38,371,370</u> |
| Total funds carried forward | 22 | <u>37,116,512</u> | <u>421,882</u> | <u>37,538,394</u> | <u>37,770,120</u> |

All activities are continuing operations of the Trust. There were no recognised gains or losses during the year other than those reported above.

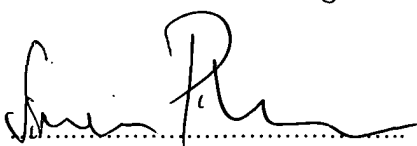
The Kingham Hill Trust

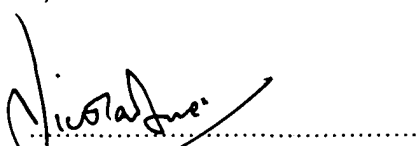
Statement of financial position as at 31 July 2018

| | Note | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 32,188,565 | | 32,229,987 |
| Investments: | 14 | | <u>7,534,568</u> | | <u>7,275,879</u> |
| | | | 39,723,133 | | 39,505,866 |
| Current assets | | | | | |
| Stock | 15 | 21,927 | | 20,269 | |
| Debtors | 16 | 387,558 | | 383,024 | |
| Cash at bank and in hand | | <u>95,095</u> | | <u>321,501</u> | |
| | | 504,580 | | 724,794 | |
| Creditors: amounts falling due within one year | 17 | <u>(2,166,252)</u> | | <u>(2,116,855)</u> | |
| Net current liabilities | | | <u>(1,661,672)</u> | | <u>(1,392,061)</u> |
| Total assets less current liabilities | | | 38,061,461 | | 38,113,805 |
| Creditors: amounts falling due after more than one year | 18 | | (139,067) | | (123,685) |
| Provision for liabilities | 20 | | (384,000) | | (220,000) |
| Net assets | | | <u>37,538,394</u> | | <u>37,770,120</u> |
| Reserves | | | | | |
| Unrestricted income funds | 22 | | 37,113,512 | | 37,472,022 |
| Restricted income funds | 22 | | 424,882 | | 298,098 |
| Total charity funds | | | <u>37,538,394</u> | | <u>37,770,120</u> |

Company Registration Number: 00365812

The financial statements were approved by the trustees and authorised for issue on 12 March 2019 and signed on their behalf by:


S.H.W. Pilcher
Trustee


V.C.J. Bewes
Trustee
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The Kingham Hill Trust

Statement of cash flows for the year ended 31 July 2018

| Reconciliation of net income for the year to net cash flows from operating activities | 2018 £ | 2017 £ |
|--|--------------------|-------------------|
| Net income for the year | (428,434) | (794,609) |
| Depreciation | 1,420,841 | 1,271,196 |
| (Profit)/loss on sale of tangible fixed assets | (722) | (1,840) |
| (Increase)/decrease in stock | (1,658) | 2,385 |
| (Increase)/decrease in debtors | (4,534) | 115,348 |
| (Decrease)/increase in creditors | (92,543) | 115,792 |
| (increase)/decrease in provision | 164,000 | 9,000 |
| Return on investments | (68,343) | (61,636) |
| Net cash inflow from operating activities | 988,607 | 655,636 |
| Cash flows from investing activities | | |
| Dividends received | 66,956 | 59,608 |
| Interest received | 1,387 | 2,028 |
| Purchases of tangible fixed assets | (1,379,419) | (898,607) |
| Sale proceeds of tangible fixed assets | 722 | 4,749 |
| Purchases of fixed asset investments | (2,649,699) | (1,983,777) |
| Sales of fixed asset investments | 2,737,663 | 2,054,071 |
| Net cash outflow from investing activities | (1,222,390) | (761,928) |
| Change in cash and cash equivalents in the reporting period | (233,783) | (106,292) |
| Cash and cash equivalents at the beginning of the reporting period | 836,190 | 942,482 |
| Cash and cash equivalents at the end of the reporting period | 602,407 | 836,190 |
| Cash and cash equivalents consist of: | | |
| Investment cash | 775,024 | 625,079 |
| Cash | 95,095 | 321,501 |
| Bank overdraft | (267,712) | (110,390) |
| | 602,407 | 836,190 |

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018

1 Accounting policies

Basis of accounting

The Trust is a charitable company, incorporated in England and Wales and limited by guarantee. The financial statements are prepared in accordance with: FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102), the Companies Act 2006 and other applicable accounting standards in the UK. As the Trust is a public benefit entity as defined by FRS 102 the accounts have also been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (FRS 102 SORP) and the Charities Act 2011.

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets. The Trustees have assessed whether the use of the going concern basis is appropriate and have considered various scenarios which might cast significant doubt on the ability of the Trust to continue as a going concern. Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered forecasts and projections and in particular taken account of pupil/student numbers. The results of their enquiries have allowed Trustees to conclude that there is a reasonable expectation that the Trust has adequate resources to continue in operation for the foreseeable future and that, accordingly, it is appropriate to continue to adopt the going concern basis in the preparation of the Trust's financial statements. Trustees have also ensured that, as at the date of the signing-off of the accounts, there are no material uncertainties which need to be reflected within those accounts.

The accounts are prepared in sterling which is the functional currency of the company, rounded to the nearest pound. The principal accounting policies which have been applied consistently throughout the year are set out below. All activities which are included in the "Statement of financial activities" relate to continuing operations.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rates ruling on the date of each transaction. The value of investments and cash deposits awaiting investment are translated at the rates ruling at the end of the accounting period.

Income

Income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Income from charitable activities represents fees invoiced to third parties for tuition and similar educational activities. They are stated net of bursaries and other fee remissions provided out of the Trust's unrestricted funds, which are disclosed elsewhere in the notes to the financial statements, but include fee bursaries provided from restricted funds.

Income from other trading activities includes rent receivable from students and staff together with lettings to third parties.

Investment income represents dividends and interest received during the year on the investment portfolio held by the Trust.

Dividends and interest receivable

Dividends and interest are included in the accounts on the basis of the date such income is received by the Trust's investment managers.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

1 Accounting policies (continued)

Expenditure

Expenditure is included in the Statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Charitable resources expended are analysed under seven headings. All costs are specifically allocated to one of the categories and no costs are apportioned between them.

Leases

Rentals payable on operating leases are recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Retirement benefits

The costs of retirement benefits provided to employees of the Trust through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The Trust's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable. In addition a liability is recognised as at the date of the "Statement of financial position" for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The Trust makes normal contributions on behalf of the teachers at Kingham Hill School to the Department of Education and Employment Teachers Pension Agency. The scheme is a defined benefit scheme and the contributions are charged as an unrestricted expense in the Trust's accounts as they fall due for payment.

Taxation

The Trust, being a registered charity, is exempt from taxation on its income and capital gains to the extent that they are applied for charitable purposes.

Tangible fixed assets and depreciation

All tangible fixed assets held by the Trust are for charitable purposes and are shown in the Statement of financial position at cost or valuation less accumulated depreciation. All assets costing more than £1,000 are capitalised, those costing less being written off in the year of acquisition unless they form part of a larger project.

The Trust has adopted the transitional provisions of FRS 15 "Tangible fixed assets" and has not updated the last valuation of freehold land and buildings. Freehold land and buildings are stated at professional valuation using the depreciated replacement cost or open market value based at 31 July 1999. Expenditure from that date has been capitalised at cost.

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Upon completion, new buildings are depreciated to write off the cost over 50 years unless otherwise stated. Buildings are depreciated over 50 years or the period of the lease (if shorter). No depreciation is provided on freehold land. Additions to buildings are depreciated over 50 years.

The principal annual rates used for other assets are:

| | |
|----------------------------------|--------|
| I.T. equipment | 33.33% |
| Equipment, fixtures and fittings | 15% |
| Motor vehicles | 25% |
| Other machinery | 25% |

Assets which reach the end of their estimated useful lives are generally scrapped and therefore removed from the fixed asset register.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

1 Accounting policies (continued)

Listed investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the accounting period.

Stock

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on the estimated sales price.

Cash and cash equivalents

These include cash at banks and in hand and short term deposits with a maturity date of three months or less.

Financial assets

The Company has elected to apply the provisions of FRS 102 Section 11 'Basic financial instruments' and Section 12 'Other financial instruments' issues to all of its financial instruments.

Financial assets are recognised in the company's Statement of financial position when the company becomes party to the contractual provisions of the instrument. They are classified into specified categories; the classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Interest is recognised by applying the effective interest rate except for short term receivables where the recognition of interest would be immaterial. The effective interest rate is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at the end of each accounting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected with the impairment being recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

1 Accounting policies (continued)

Financial liabilities

Basic financial liabilities are initially measured at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis. The effective yield basis is a method of calculating the amortised costs of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. Financial liabilities are derecognised when and only when the company's obligations are discharged, cancelled or reach expiration.

Fund accounting

Funds held by the charity are either:

Unrestricted funds

These are funds which can be used in accordance with the Trust's objects at the discretion of the trustees. Such funds include both Capital and Revaluation reserves, the combined amount of which represents the Trust's investment in land and buildings; these monies are not available to support operating activities or:

Restricted funds

These funds represent monies given to the Trust for specific purposes. They include benefactions for future development at both Oak Hill College and Kingham Hill School, a bursary fund to assist students at the College and funds to support certain educational activities at both College and School.

Restatement of balance sheet prior year amounts

Following a review of deposits received in advance, prior year comparatives have been restated to provide consistency in presentation. This does not result in any changes to the overall reserves or income and expenditure for the prior year.

Critical accounting estimates and judgments

In the application of the company's accounting policies Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the revision occurs, should only affect that period, or in the period in which the revision occurs and future periods if relevant. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Useful economic lives

The annual depreciation charge for buildings, plant, fixtures, and motor vehicles is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation, and the physical condition of the assets. Note 13 gives the carrying amount of the relevant assets and Note 1 details the useful economic life for each class of asset.

Recoverable value of fee debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Note 16 gives details of the net carrying amount of debtors and the associated impairment provision.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

1 Accounting policies (continued)

Provisions

Provisions have been made for post-employment benefits. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period in which such determination is made.

| | | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total 2018 £ | Total 2017 £ |
|---|-------------|------------------------------------|----------------------------------|--------------------|--------------------|
| 2 Donations | Note | | | | |
| Restricted to development | 8/9 | - | 122,457 | 122,457 | 15,315 |
| Restricted to bursaries | 8/9 | - | 38,641 | 38,641 | 31,478 |
| Restricted to educational purposes | 8/9 | - | 137,136 | 137,136 | 95,391 |
| Unrestricted | 8/9 | 737,357 | - | 737,357 | 559,426 |
| | | <u>737,357</u> | <u>298,234</u> | <u>1,035,591</u> | <u>701,610</u> |
| 3 Income from charitable activities | | | | | |
| Kingham Hill School | 8 | 7,047,127 | - | 7,047,127 | 6,809,432 |
| Oak Hill College | 9 | 1,363,817 | - | 1,363,817 | 1,335,362 |
| | | <u>8,410,944</u> | <u>-</u> | <u>8,410,944</u> | <u>8,144,794</u> |
| 4 Income from other trading activities | | | | | |
| Kingham Hill School | 8 | 469,503 | - | 469,503 | 391,942 |
| Kingham Hill School restricted | 8 | - | - | - | 10,480 |
| Oak Hill College | 9 | 695,484 | - | 695,484 | 637,660 |
| | | <u>1,164,987</u> | <u>-</u> | <u>1,164,987</u> | <u>1,040,082</u> |
| 5 Investment income | | | | | |
| Income from listed investments | | 66,956 | - | 66,956 | 59,608 |
| Restricted interest receivable | 8/9 | - | 929 | 929 | 653 |
| Unrestricted interest receivable | 8/9 | 458 | - | 458 | 1,375 |
| | | <u>67,414</u> | <u>929</u> | <u>68,343</u> | <u>61,636</u> |
| 6 Cost of raising funds | | | | | |
| Development office | | | | | |
| Kingham Hill School | 8 | 43,656 | - | 43,656 | 60,411 |
| Oak Hill College | 9 | - | - | - | 20,185 |
| Investment management fees | | 42,391 | - | 42,391 | 40,623 |
| | | <u>86,047</u> | <u>-</u> | <u>86,047</u> | <u>121,219</u> |
| 7 Expenditure on charitable activities | | | | | |
| Kingham Hill School unrestricted | 8 | 7,750,808 | - | 7,750,808 | 7,577,258 |
| Kingham Hill School restricted | 8 | - | 14,560 | 14,560 | 25,684 |
| Oak Hill College unrestricted | 9 | 3,180,283 | - | 3,180,283 | 2,939,225 |
| Oak Hill College restricted | 9 | - | 3,172 | 3,172 | - |
| Governance | | 73,429 | - | 73,429 | 79,345 |
| | | <u>11,004,520</u> | <u>17,732</u> | <u>11,022,252</u> | <u>10,621,512</u> |

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total 2018 £ | Total 2017 £ |
|--|------------------------------------|----------------------------------|--------------------|--------------------|
| 8 Kingham Hill School | | | | |
| Income | | | | |
| Fees | 7,700,464 | - | 7,700,464 | 7,361,583 |
| Less: Bursaries & concessions | (653,337) | - | (653,337) | (638,330) |
| | <u>7,047,127</u> | <u>-</u> | <u>7,047,127</u> | <u>6,723,253</u> |
| Rental income | 283,167 | - | 283,167 | 228,650 |
| Investment income | 379 | - | 379 | 1,285 |
| Restricted donations | - | 158,060 | 158,060 | 52,244 |
| Unrestricted donations | - | - | - | - |
| Restricted other income | - | - | - | - |
| Unrestricted other income | <u>186,336</u> | <u>-</u> | <u>186,336</u> | <u>163,292</u> |
| Total income | <u>7,517,009</u> | <u>158,060</u> | <u>7,675,069</u> | <u>7,168,724</u> |
| Expenditure | | | | |
| Cost of generating funds | | | | |
| Development | <u>43,656</u> | <u>-</u> | <u>43,656</u> | <u>60,411</u> |
| Charitable expenditure | | | | |
| Academic | 3,217,932 | - | 3,217,932 | 3,144,137 |
| Restricted academic | - | 14,560 | 14,560 | 25,684 |
| Administrative | 862,658 | - | 862,658 | 792,463 |
| Marketing | 168,223 | - | 168,223 | 160,873 |
| Transport | 214,522 | - | 214,522 | 201,553 |
| Premises | 1,012,523 | - | 1,012,523 | 1,111,388 |
| Leisure Centre | 110,332 | - | 110,332 | 75,376 |
| Catering | 625,829 | - | 625,829 | 608,657 |
| Domestic | 430,976 | - | 430,976 | 355,840 |
| Depreciation | 850,814 | - | 850,814 | 793,060 |
| Other | <u>256,999</u> | <u>-</u> | <u>256,999</u> | <u>237,252</u> |
| Total charitable expenditure | <u>7,750,808</u> | <u>14,560</u> | <u>7,765,368</u> | <u>7,506,283</u> |
| Total expenditure | <u>7,794,464</u> | <u>14,560</u> | <u>7,809,024</u> | <u>7,566,694</u> |
| Net (expenditure)/income | <u>(277,455)</u> | <u>143,500</u> | <u>(133,955)</u> | <u>(397,970)</u> |
| Transfers | <u>139,167</u> | <u>(139,167)</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | <u>(138,288)</u> | <u>4,333</u> | <u>(133,955)</u> | <u>(397,970)</u> |
| Net assets of Kingham Hill School | | | <u>12,447,477</u> | <u>12,581,431</u> |

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

| 9 Oak Hill College | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total 2018 £ | Restated Total 2017 £ |
|--|------------------------------------|----------------------------------|--------------------|--------------------------------|
| Income | | | | |
| Student fees | 1,272,734 | - | 1,272,734 | 1,247,892 |
| Less: Bursaries | (15,730) | - | (15,730) | (14,507) |
| | <u>1,257,004</u> | <u>-</u> | <u>1,257,004</u> | <u>1,233,385</u> |
| Rental income | 646,048 | - | 646,048 | 583,351 |
| Restricted donations | - | 137,174 | 137,174 | 89,940 |
| Unrestricted donations | 737,297 | - | 737,297 | 559,366 |
| Restricted investment income | - | 929 | 929 | 653 |
| Unrestricted investment income | 79 | - | 79 | 90 |
| Other income | 156,249 | - | 156,249 | 156,286 |
| | <u>2,796,677</u> | <u>138,103</u> | <u>2,934,780</u> | <u>2,623,071</u> |
| Total income | | | | |
| Expenditure | | | | |
| Cost of raising funds | | | | |
| Development costs | - | - | - | 20,185 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,185</u> |
| Charitable expenditure | | | | |
| Academic costs | 1,096,399 | 3,172 | 1,099,571 | 1,035,174 |
| Administrative costs | 433,535 | - | 433,535 | 388,918 |
| Marketing costs | 243,342 | - | 243,342 | 259,206 |
| Catering costs | 169,110 | - | 169,110 | 164,180 |
| Household costs | 108,597 | - | 108,597 | 96,571 |
| Premises costs | 559,273 | - | 559,273 | 517,040 |
| Depreciation | 570,027 | - | 570,027 | 478,136 |
| | <u>3,180,283</u> | <u>3,172</u> | <u>3,183,455</u> | <u>2,939,225</u> |
| Total charitable expenditure | | | | |
| | <u>3,180,283</u> | <u>3,172</u> | <u>3,183,455</u> | <u>2,959,410</u> |
| Total expenditure | | | | |
| | <u>3,180,283</u> | <u>3,172</u> | <u>3,183,455</u> | <u>2,959,410</u> |
| Total income less total expenditure | (383,606) | 134,931 | (248,675) | (336,339) |
| Transfers | 15,480 | (15,480) | - | - |
| | <u>15,480</u> | <u>(15,480)</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | <u>(368,126)</u> | <u>119,451</u> | <u>(248,675)</u> | <u>(336,339)</u> |
| Net assets of Oak Hill College | | | <u>17,965,492</u> | <u>18,214,165</u> |

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

| | | |
|--------------------------------------|-------------|-------------|
| 10 Auditors' remuneration | 2018 | 2017 |
| | £ | £ |
| Auditors' remuneration | | |
| Audit fees | 30,280 | 26,500 |
| Other advice | - | 1,845 |
| | <hr/> | <hr/> |
| Total auditors' remuneration | 30,280 | 28,345 |
| | <hr/> | <hr/> |
| 11 Employees and payroll | 2018 | 2017 |
| | No. | No. |
| Average monthly number of employees: | | |
| Kingham Hill School | 156 | 156 |
| Oak Hill College | 54 | 56 |
| Governance | 1 | 1 |
| | <hr/> | <hr/> |
| | 211 | 213 |
| | <hr/> | <hr/> |
| | 2018 | 2017 |
| | £ | £ |
| Staff costs: | | |
| Wages and salaries | 4,657,740 | 4,406,422 |
| Social security costs | 425,125 | 400,369 |
| Other pension costs | 775,614 | 579,608 |
| | <hr/> | <hr/> |
| | 5,858,479 | 5,386,399 |
| | <hr/> | <hr/> |
| Other pension costs comprise | 2018 | 2017 |
| | £ | £ |
| Defined benefit schemes | 471,591 | 360,076 |
| Defined contribution scheme | 304,024 | 219,532 |
| | <hr/> | <hr/> |
| | 775,615 | 579,608 |
| | <hr/> | <hr/> |

Three employees earned more than £60,000 during the accounting period (2017: 1), one in the band £80,000 - £90,000 (2017: 1) and two in the band £60,000 - £70,000 (2017: Nil).

The above employee is a member of a defined benefit pension scheme into which the Trust makes contributions on the employee's behalf. During the year £13,510 (2017 - £13,510) was paid by the employer into the scheme.

Key management personnel include the Trustees and members of the senior management teams. The Trustees received no remuneration during the accounting period (2017: £Nil). There were 10 members of the senior management teams during the year (2017: 12) whose aggregate pay and benefits amounted to £564,997 (2017: £603,309). Employer's NIC relating to the senior management teams amounted to £65,167 (2017 - £68,244) and employer's pension contributions for the senior management teams were £89,385 (2017: £101,213).

There were 6 (2017: 7) members of the senior management teams who were provided with rent-free accommodation in order to enable them to undertake specific duties at both school and college.

Termination payments totalling £27,286 (2017: £36,131) were made during the year.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

11 Employees and pension costs (continued)

Pension schemes

Certain employees are members of one of three different defined benefit schemes. Clergy are members of the Church of England Funded Pension Scheme, teachers are members of the Teachers' Pension Scheme, and certain other employees are members of the Church of England Defined Benefits Scheme Section of the Church Workers' Pension Fund.

Teachers' Pension Scheme (TPS)

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £247,196 (2017 - £252,787) and at the year-end £20,903 (2017 - £20,973) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed that the employer contribution rate for the TPS would increase from 14.1% to 16.4% although, recognising that teaching establishments work on an academic and not financial year, the Government deferred the implementation of this increase to 1 September 2015.

The Department of Education also proposed that scheme administration costs would be devolved to scheme employers in the form of an administration charge. The Department set the administration charge at 0.08% of the employers' salary costs thus increasing the employer contribution rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due to be prepared as at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

Church of England Funded Pension Scheme (CEFPS)

Oak Hill College and Kingham Hill School participate in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2018: £39,674, 2017: £31,163) plus the figures shown in the table on the next page as being recognised in the SoFA, giving a total charge of £3,674 for 2018 (2017: £39,163).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

11 Employees and pension costs (continued)

- an investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, an allocation of 100% to return-seeking assets.
- investment returns of 2.6% pa on gilts and 4.6% pa on equities.
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- increase in pensionable stipends of 3.2% pa; and
- post-retirement mortality on accordance with 80% of the S1NMA and S1NFA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a longterm annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions rates (as a percentage of pensionable stipends) were set as follows:

| % of pensionable stipends | 01/01/16 to 31/12/17 | 01/01/18 to 31/12/25 |
|------------------------------|-------------------------|-------------------------|
| Deficit repair contributions | 14.1% | 11.9% |

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

| | 2018 £ | 2017 £ |
|--|---------------|----------------|
| Balance sheet liability at 1 August | 124,000 | 121,000 |
| Deficit contributions paid | (13,000) | (14,000) |
| Interest cost (recognised in SoFA) | 1,000 | 3,000 |
| Remaining change* (recognised in SoFA) | (24,000) | 14,000 |
| Balance sheet liability at 31 July | <u>88,000</u> | <u>124,000</u> |

* Comprises change in agreed deficit recovery plan and change in discount rate between year-

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

| | 2,018 | 2,017 | 2,016 |
|--|-------|-------|-------|
| Discount rate pa | 1.4% | 1.5% | 2.5% |
| Price inflation pa | 3.0% | 3.1% | 2.4% |
| Increase to total pensionable payroll pa | 1.5% | 1.6% | 0.9% |

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Church Workers Pension Fund (CWPF)

Oak Hill College (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

11 Employees and pension costs (continued)

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2018: £76,433, 2017: £66,823) plus any impact of deficit contributions (see below), giving a total charge for 2018 of £276,433 (2017: £44,823)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit and £6,600 was transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay, as from 1 April 2018, a contribution rate of 43.5% of pensionable salary and expenses of £3,300 per year. In addition deficit payments of £60,753 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

| | 2017 £ | 2017 £ |
|--|----------------|---------------|
| Balance sheet liability at 1 August | 96,000 | 118,000 |
| Deficit contributions paid | (27,000) | (27,000) |
| Interest cost (recognised in SoFA) | 1,000 | 2,000 |
| Remaining charge* (recognised in SoFA) | 226,000 | 3,000 |
| Balance sheet liability at 31 July | <u>296,000</u> | <u>96,000</u> |

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

| | 2018 | 2017 | 2016 |
|---------------|------|------|------|
| Discount rate | 1.0% | 0.9% | 2.0% |

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

12 Transactions involving trustees and related parties

Travel, subsistence and training expenditure paid on behalf of or reimbursed to seven trustees amounted to £3,787 (2017 - £6,092 to five trustees).

Total aggregated donations received from Trustees and related parties during the accounting period amounted to £700,000 (2017: £543,806). This amount disclosed is gross of Gift Aid received on the donations of £140,000 (2017: £108,761).

13 Tangible fixed assets

| | Freehold land and buildings | Assets under construction | Fixtures, fittings and equipment | Motor vehicles | Total |
|-----------------------|-----------------------------------|---------------------------------|--|-------------------|------------|
| Cost or valuation | £ | £ | £ | £ | £ |
| At 1 August 2017 | 34,588,965 | 16,545 | 5,383,428 | 188,189 | 40,177,127 |
| Additions | 30,673 | 539,068 | 775,360 | 34,318 | 1,379,419 |
| Disposals | - | - | (217,398) | (4,500) | (221,898) |
| At 31 July 2018 | 34,619,638 | 555,613 | 5,941,390 | 218,007 | 41,334,648 |
| Depreciation | | | | | |
| At 1 August 2017 | 4,930,240 | - | 2,883,275 | 133,625 | 7,947,140 |
| Charged for the year | 468,080 | - | 918,343 | 34,418 | 1,420,841 |
| Released on disposal | - | - | (217,398) | (4,500) | (221,898) |
| At 31 July 2018 | 5,398,320 | - | 3,584,220 | 163,543 | 9,146,083 |
| Net book value | | | | | |
| At 31 July 2018 | 29,221,318 | 555,613 | 2,357,170 | 54,464 | 32,188,565 |
| At 31 July 2017 | 29,658,725 | 16,545 | 2,500,153 | 54,564 | 32,229,987 |

The freehold land and buildings were revalued at 31 July 1999 on the basis of their depreciated replacement cost and open market value by Weatherall Green and Smith, Chartered Surveyors.

If the properties had not been revalued they would have been included in the balance sheet at the following amounts:

| | £ |
|-----------------------|-------------|
| Cost | 15,013,783 |
| Depreciation | (5,697,825) |
| Net book value | |
| At 31 July 2018 | 9,315,958 |
| At 31 July 2017 | 9,675,365 |

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

14 Fixed asset investments

Investments (at market value) are represented by:

Fixed interest securities

Equity shares

Cash deposits

| 2018 £ | 2017 £ |
|------------------|------------------|
| 1,807,536 | 1,897,865 |
| 4,952,008 | 4,752,935 |
| <u>6,759,544</u> | <u>6,650,800</u> |
| 775,024 | 625,079 |
| <u>7,534,568</u> | <u>7,275,879</u> |

The portfolio represents the Trust's free central reserves

The following listed investments are considered by the trustees to be material in the context of the portfolio:

Ruffer Fixed Income SICAV Z

| | |
|----------------|----------------|
| <u>864,900</u> | <u>826,801</u> |
|----------------|----------------|

Analysis of investments held at the year end

UK Investments

Investments outside the UK

| | |
|------------------|------------------|
| 2,692,388 | 3,149,734 |
| 4,842,180 | 4,126,145 |
| <u>7,534,568</u> | <u>7,275,879</u> |

Opening balance:

Cost at 1 August 2017

Cumulative unrealised gain at 1 August 2017

Valuation at 1 August 2017

5,635,278

1,015,522

6,650,800

Movements in the year:

Purchases at cost

Sales at opening market value

Net gain on revaluation

Valuation at 31 July 2018

2,649,699

(2,737,663)

196,708

6,759,544

Closing balance:

Cost at 31 July 2018

Cumulative unrealised gain at 31 July 2018

5,846,909

912,635

6,759,544

15 Stock

Raw materials and consumables

Goods for resale

| 2018 £ | 2017 £ |
|---------------|---------------|
| 17,887 | 16,187 |
| <u>4,040</u> | <u>4,082</u> |
| <u>21,927</u> | <u>20,269</u> |

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

| 16 Debtors | 2018 £ | 2017 £ |
|--|-----------------|-----------------|
| Fees (net of doubtful debts provision) | 217,042 | 205,171 |
| Prepayments and accrued income | 55,930 | 67,372 |
| Other debtors | 114,586 | 110,481 |
| | <u>387,558</u> | <u>383,024</u> |
| Provision for doubtful debts | | |
| At 1 August | (69,386) | (91,364) |
| Further provisions | (22,051) | - |
| Amounts recovered | 19,230 | 21,978 |
| Amounts written off | 11,820 | - |
| At 31 July | <u>(60,387)</u> | <u>(69,386)</u> |

| 17 Creditors: amounts falling due within one year | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Deposits | 432,265 | 423,768 |
| Trade creditors | 876,667 | 1,114,953 |
| Other creditors | 320,343 | 137,367 |
| Other taxation and social security | 117,019 | 145,909 |
| Bank overdraft | 267,712 | 110,390 |
| Accruals and deferred income | 152,246 | 184,468 |
| | <u>2,166,252</u> | <u>2,116,855</u> |

Included in Other creditors above is £34,315 (2017 - £29,635) in respect of the company's defined contribution pension plans.

| 18 Creditors: amounts falling due after more than one year | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Deposits received in advance | <u>139,067</u> | <u>123,685</u> |

| 19 Financial instruments | 2018 £ | 2017 £ |
|---|--------------------|--------------------|
| The financial statements include the following in respect of items held at fair value at 31 July: | | |
| Financial assets measured at fair value through profit and loss | <u>6,759,544</u> | <u>6,650,800</u> |
| Financial assets measured at amortised cost | <u>331,628</u> | <u>315,652</u> |
| Financial liabilities measured at amortised cost | <u>(1,920,588)</u> | <u>(1,601,580)</u> |

| 20 Provisions for liabilities | 2018 £ | 2017 £ |
|-------------------------------|----------------|----------------|
| At 1 August | 220,000 | 211,000 |
| Deficit payments | (40,000) | (41,000) |
| Deficit interest | 2,000 | 5,000 |
| Other movement | 202,000 | 45,000 |
| At 31 July | <u>384,000</u> | <u>220,000</u> |

The provision reflects the Trust's estimated share of the deficits of the Church Workers Pension Scheme and the Church of England Funded Pension Scheme (see Note 11).

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

21 Capital commitments

As at 31 July 2018 there was no contracted capital expenditure (2017: £Nil).

22 Reserves

| | Unrestricted income funds | | | | Restricted income funds | | | |
|---------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------------------|--------------------------|-----------------------------|-----------------------------------|---------------------|
| | Revaluation reserve £ | Capital reserve £ | General reserve £ | Total Unrestricted funds £ | Oak Hill College £ | Kingham Hill School £ | Total restricted funds £ | Total funds £ |
| At 1 August 2017 | 16,895,146 | 12,373,579 | 8,203,297 | 37,472,022 | 256,159 | 41,939 | 298,098 | 37,770,120 |
| Income | - | - | 10,380,702 | 10,380,702 | 137,931 | 158,060 | 295,991 | 10,676,693 |
| Expenditure | - | - | (11,090,567) | (11,090,567) | - | (14,560) | (14,560) | (11,105,127) |
| Investment gains/(losses) | - | - | 196,708 | 196,708 | - | - | - | 196,708 |
| Transfers (see below) | - | 118,207 | 36,440 | 154,647 | (15,480) | (139,167) | (154,647) | - |
| Depreciation on revalued assets | - | - | - | - | - | - | - | - |
| Net movement in funds | - | 118,207 | (476,717) | (358,510) | 122,451 | 4,333 | 126,784 | (231,726) |
| At 31 July 2018 | 16,895,146 | 12,491,786 | 7,726,580 | 37,113,512 | 378,610 | 46,272 | 424,882 | 37,538,394 |

The transfer to capital reserve reflects the movement in net book value of freehold buildings within tangible fixed assets.

Transfers from Kingham Hill School restricted funds comprised £21,618 (2017 - £26,822) to General reserve for educational purposes and a further £117,549 (2017 - £576) representing expenditure on new academic buildings.

Designated, restricted and endowment funds

The Revaluation and Capital reserves in total reflect the amount of reserves committed to land and buildings.

The Oak Hill College restricted income funds are for certain academic costs, the provision of bursaries and future development of the site. In respect of bursaries, £15,730 (2017: - £14,507) was transferred from restricted funds to general reserve to cover bursaries granted during the year.

The Kingham Hill School restricted income funds are for certain educational purposes and future development of the site.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2018 (continued)

23 Analysis of net funds

| | Tangible assets £ | Investments £ | Net current assets/ (liabilities) £ | Creditors due after one year & provisions £ | Total £ |
|---------------------|-------------------------|------------------|--|---|-------------------|
| Unrestricted | | | | | |
| Revaluation | 16,895,146 | - | - | - | 16,895,146 |
| Capital | 12,491,786 | - | - | - | 12,491,786 |
| General | 2,801,633 | 7,112,686 | (1,661,672) | (523,067) | 7,729,580 |
| Restricted | | | | | |
| Oak Hill College | - | 375,610 | - | - | 375,610 |
| Kingham Hill School | - | 46,272 | - | - | 46,272 |
| Net funds | 32,188,565 | 7,534,568 | (1,661,672) | (523,067) | 37,538,394 |

24 Operating leases

At 31 July 2018 the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Motor vehicles and office equipment | | |
| Expiring within one year | 67,629 | 69,693 |
| Expiring within two to five years | 100,848 | 148,996 |
| | <u>168,477</u> | <u>218,689</u> |
| Lease payments recognised in expenditure | <u>67,629</u> | <u>69,693</u> |

In September 2015 the Trust entered into an agreement with Biomass Heat Projects Ltd (BHP) for the supply of biomass energy. The Trust granted BHP a 20 year lease at a peppercorn rent over land at Kingham Hill School, upon which BHP constructed a boiler house which contains a biomass boiler and fuel storage. The present value of the building and equipment at the end of the lease cannot be determined and accordingly has not been included in the accounts. At the end of the lease the building and equipment become the property of the Trust.

In December 2015 a Deed of Novation transferred the lease and contract to Aggregated Micro Power (AMO) Heat plc. The contract for the supply of biomass energy is for the same 20 year period as the lease. The price of energy is calculated by a fixed formula which has inflation and the Biomass Fuel index as constituent parts.

25 Post balance sheet events

On 12 January 2019 a contract in the sum of £4.95m for the construction of a new sports centre at Kingham Hill School was signed. Funding for this project has been provided by a loan of £5m from NatWest Bank repayable over 15 years, the agreement for which was signed on 17 December 2018. The loan has been secured by a charge over certain residential properties at Kingham Hill School.