



CHELTENHAM
LADIES'
COLLEGE

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2018

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MESSAGE FROM THE CHAIRMAN OF COUNCIL

I am pleased to report that College has had another busy and successful year.

In the year in which we in the UK have celebrated the 100th anniversary of some women getting the vote for the first time, College has been reflecting on the contribution of its alumnae who were actively involved in the suffrage movement in the early 20th century. Female suffrage and equality have always been recognised and celebrated here and these concepts contribute to our approach to education. We continue to encourage pupils to take risks without fear of failure and to seize opportunities and push boundaries in all elements of their life at College.

Council is conscious of the fact that we operate in an environment where our sector is under threat from across the political spectrum, so we need to prioritise carefully and invest wisely in the future of College. The highlight of our capital investment programme this year has been the successful completion and official opening of the Health and Fitness Centre. As I write, I am pleased to say Phase 2 is now complete.

No less important is the necessity of schools like ours to demonstrate the contribution we are making to the wider provision of education and social mobility of the country. I am delighted to report the success of our consortium bid, led by Balcarras School, to support the building of a new school in Cheltenham, which is due to be operational in September 2021. College's bursary programme is another key area of public benefit focus and our level of bursary provision is at around 5.5% of fee income.

Academically, College continues to excel in public examinations. At A level, a record number of girls achieved at least 4 A* grades. With A* grades making up almost a third of results (31.6%), this year 15 pupils achieved 4 or more A* grades at A Level, the highest number since the A* grade was introduced in 2010. An impressive 92.6% of results were A*-B grades. Our IB Diploma students achieved an average of 38.4 points, equivalent to all A* and A grades at A Level. Upper College girls celebrated College's best GCSE results for well over 10 years, with the top A* / 9 / 8 grades accounting for almost three quarters (74.7%) of all results. Despite 2018 being a turbulent year of GCSE reforms nationally, with many students' results now coming under both the old A*-E and the new 9-1 grading systems, our pupils achieved an impressive 92.7% of all results at the A*-A / 9-7 grade.

In the 2018 leavers' cohort, 21 girls received Oxbridge offers and 125 girls will be attending Russell Group universities; a further 20 have chosen to study overseas. The range of university and subject choices is exciting with leavers taking up places on a wide variety of courses such as Architecture, Comparative Literature, Economics, Earth Sciences, Finance, Human Sciences, Language Sciences, Physiotherapy, Psychology and Statistics, as well as the more traditional choices.

On behalf of Council, I would like to thank all who contribute to the vibrant life and continued success of this exceptional school.

Libby Bassett
Chairman of Council

REPORT OF THE COUNCIL FOR THE YEAR ENDED 31 JULY 2018

REFERENCE AND ADMINISTRATIVE INFORMATION

Cheltenham Ladies' College ("College") operates under the terms of a Royal Charter granted in 1935, and Supplemental Charters granted in 1955 and in 1991 and further amendments passed on 11 September 2015 and granted by an Order from the Privy Council dated 8 October 2015. College is registered with the Charity Commission under charity registration number 311722.

Principal Address:
Bayshill Road
Cheltenham
Gloucestershire
GL50 3EP

www.cheltladiescollege.org

STRUCTURE, GOVERNANCE AND LEADERSHIP

The Royal Charter limits the size of Council to a maximum of 15 Elected Members and three Nominated Members. Council meets once a term, with an additional annual meeting to review strategy. Council Members are appointed by the Members of College at the AGM. They serve for a three-year period and may be re-elected for two further three-year periods.

Upon their appointment, Council members are given an induction to their role and responsibilities as trustees of College. They meet with senior employees of College and receive a detailed handbook explaining the workings of Council and College.

Council has a number of committees, which operate under specific terms of reference and delegated powers, to consider specific areas of College's operations. These are Finance and Executive, Audit and Risk, Land and Buildings and Nominations. Council also has an Investment Sub-Committee and a Development Sub-Committee, both being Sub-Committees of the Finance and Executive Committee. As part of a continuous process, the Nominations Committee reviews the skills of Council members and any gaps are addressed by Nominations to join Council, co-opting members with specific skills to Council committees and through relevant training to ensure appropriate expertise is present.

The pay and remuneration of key management personnel is discussed and set by the Finance and Executive Committee on an annual basis using benchmark data.

MEMBERS OF COUNCIL AND CHARITY TRUSTEES

Members of Council as at 31 July 2018 (showing changes during the financial year and up to the date of signing):

Elected Members

Ms E Bassett MA ACA, Chairman
Mr R Leechman BA, Vice Chairman
Ms S Boyle MA
Mr J Briant BSc ACA (appointed 23.02.18)
Mr R Denny LLB (appointed 23.02.18)
Mr G Evans MA
Mr M Liu LLB (retired 23.02.18)
Dame C Moulder MA
Mr D Pittaway QC MA FCIArb
Ms S Putt MA
Mrs A Ravano BBA MBA (resigned 23.02.18)
Mr K Senior LLB FCA
Mrs L Terry MA
Mrs S Thompson MA MA MBA
Dr V Udale MA
Mrs D Williams MA FCA
Mrs L Williamson BSc CEng FICE MBIFM

Nominated Members

Incorporated Guild of Cheltenham Ladies' College: Mrs K Robyns LLB
Academic Staff of College: Mrs M Henderson MA
Support Staff of College: Mrs F Weldin MA

Council periodically establishes committees and working groups to provide oversight of specific areas of College's operation. Besides Members of Council, these committees and working groups may include appropriate employees of College and co-opted members.

Each committee has its decisions ratified by Council. Council regularly reviews and evaluates both its performance and the performance of the committees. The membership of the committees of Council operating during the year was as follows:

Finance and Executive Committee

Mrs D Williams (Chairman)
Mr K Senior (Vice Chairman)
Ms E Bassett
Mr J Briant
Mr R Leechman
Dame C Moulder
Mrs K Robyns
Mrs L Terry
In attendance: Principal, Chief Operating Officer and Finance Director

Audit and Risk Committee

Dr V Udale (Chairman)

Mrs L Williamson (Vice Chairman)

Mr R Denny

Mrs M Henderson

Mrs F Weldin

Dr C Biswas (co-opted)

Mrs S Cattermole (co-opted)

In attendance: Principal, Chief Operating Officer and Finance Director

Nominations Committee

Ms S Putt (Chairman)

Mr G Evans (Vice Chairman)

Ms E Bassett

Ms S Boyle

Mr R Leechman

Mrs C Bates (co-opted)

In attendance: Principal

Land and Buildings Committee

Mr R Leechman (Chairman)

Ms E Bassett

Mrs K Robyns

Dr V Udale

Mrs L Williamson

Mrs H Gibbs (co-opted)

In attendance: Principal, Chief Operating Officer, Finance Director and Head of Estates

Development Sub-Committee (a Sub-Committee of the Finance and Executive Committee)

Mr K Senior (Chairman)

Ms E Bassett

Mr R Leechman

Mr D Pittaway

Ms S Putt

Mrs K Robyns

Mrs L Terry

In attendance: Principal, Chief Operating Officer, Director of Development and Alumnae Relations and Finance Director

Investment Sub-Committee (a Sub-Committee of the Finance and Executive Committee)

Mrs D Williams (Chairman)

Mr K Senior

Ms L Arnold (co-opted)

In attendance: Chief Operating Officer

Principal's Appraisal and Remuneration Committee

Ms E Bassett
Mr R Leechman
Mrs D Williams

Corporate Members

Corporate Members are the members of College as constituted by the Royal Charter. They elect Members of Council and receive the Annual Report but are not involved in the day-to-day running of College. At 31 July 2018 there were 256 Corporate Members.

LEADERSHIP TEAM

The day-to-day management of College is delegated to the Principal and her Leadership Team. The Leadership Team during the year and at the date of signing were:

Principal	Ms E Jardine-Young MA
Vice Principal	Mr R Dodds BSc NPQH
Vice Principal Academic	Miss J Adams BSc
Head of Pastoral Care	Miss C Ralph BEd
Director of Admissions	Dr H Laver BSc
Co-Curricular Director	Mr J Potheary MSci
Head of Lower College	Mrs C Oosthuizen BEd
Head of Upper College	Dr D Gamblin MChem MRSC
Head of Sixth Form College	Mr J Marchant BA MA
Chief Operating Officer	Mr N Richards BSc
Interim Finance Director	Mr J Barr BA FCCA (resigned 31 July 2018)
Finance Director	Mrs J Matthews BSc FCA (appointed 23 July 2018)
Director of External Relations	Mrs D Hartley BSc FRSA FCIM
Director of Development and Alumnae Relations	Miss R Ting BA CFRE (appointed 3 September 2018)
Director of Human Resources	Mrs C Grobler BA FCIPD

SUBSIDIARIES

During the financial year College had three wholly-owned subsidiaries: CLC Services Limited which undertakes trading activities and CLC Parabola Limited and CLC Sports Services, which were dormant. On 23 November 2018 CLC Parabola Limited and CLC Sport Services were formally struck-off from the register at Companies House. Further details are included in the Notes to the financial statements.

RELATED PARTIES

The Incorporated Guild of Cheltenham Ladies' College (Guild) is connected to College because a Director of Guild is also a member of College Council and another Director of Guild is married to a member of College Council. Guild is an association of former pupils of Cheltenham Ladies' College.

Friends of Cheltenham Ladies' College in Hong Kong Limited (Friends of CLC in Hong Kong), registered in Hong Kong, is connected to College because a Director and Member of Friends of CLC in Hong Kong is also a member of College Council. The principal aim of Friends of CLC in Hong Kong is to raise charitable funds for the advancement of education, to promote and advance any charitable purposes connected with Cheltenham Ladies' College, and to promote other educational charity purposes (whether or not connected with Cheltenham Ladies' College) for the benefit of the local community.

SOLICITOR

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol BS1 5WS

BANKER (PRINCIPAL)

Lloyds Bank plc
130 High Street
Cheltenham GL50 1EW

AUDITOR

Crowe U.K. LLP
Carrick House
Lypiatt Road
Cheltenham GL50 2QJ

INVESTMENT MANAGER

Cazenove Capital Management
1 London Wall Place
London EC2Y 5AU

BANKER

HSBC UK Bank Plc
60 Queen Victoria Street
London EC4N 4TR

RISK MANAGEMENT

Council is responsible for the management of the risks faced by College and its subsidiary operating companies. Council is assisted in this task by the Audit and Risk Committee, which comprises Members of Council and, from time to time, co-opted members, and also by the Leadership Team and Support Staff managers. These groups are supported by specialist staff including the Health and Safety Adviser.

Risk management is overseen by full Council, the Audit and Risk Committee, the Leadership Team and the Support Staff managers. Continuity between these bodies is maintained through the Audit and Risk Committee, which reviews sections of the College Risk Register termly and reports to full Council. The Health and Safety Adviser reports termly to the Audit and Risk Committee. Council is also represented at the termly College Health and Safety Committee meetings by a specifically nominated Council member who reports to full Council. Full Council reviews the Risk Register annually.

The key controls used by College include:

- formal agendas for all Committee and Council activity;
- detailed terms of reference for all Committees;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- setting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for College, Council is satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

As part of its regular review of risks College has identified three key strategic risks:

1. Changes in Government policy

Independent schools have been the subject of debate by both the government and the opposition. There are a number of potential significant changes which have been considered which would have a major impact on the finances of College. These include the removal of business rates relief and the imposition of VAT on school fees. In setting the budget for the next academic year, the financial impact of these scenarios is modelled to help understand the effect on College's net surplus margin. The uncertainty that continues to exist around Brexit adds further financial risk.

The significant and unexpected increase in the employers' Teachers' Pension Scheme contribution rate, recently announced by the government for September 2019, is an example of an unplanned change by the government that can significantly affect College's finances.

2. Affordability of a College education

College operates in a highly competitive market with fees continuing to increase faster than earnings. This is as a direct result of the increased costs College incurs each year through a combination of the changes to regulatory compliance, external legislation such as the Apprenticeship Levy, the ongoing need to invest in the infrastructure of the estate and general inflation. College benchmarks the fees charged against other peer schools in the sector and the ten-year trend shows that fee increases and absolute fees have been broadly consistent.

College is committed to providing means-tested bursaries to those pupils who are academically able but for whom a College education would be unaffordable without fee assistance. The aim is to increase the percentage of pupils on some form of bursary support.

3. Long-term financial viability

To secure its long-term financial viability, College has to balance the investment it makes in its staff and estate with the income from fees and commercial activity. As College starts to move forward with the next stage of the Estates Masterplan, the level of investment required is significant and may, subject to review, necessitate College securing long term debt funding. However, College must continue to invest in boarding accommodation to ensure it continues to be fit for purpose and to provide a suitable pastoral environment for both pupils and house staff alike. Increased diversification of income streams will help mitigate any risk in the core business and both Council and the Leadership team maintain a focus in this area.

OBJECTIVES

College's Royal Charter sets out College's charitable objectives as being:

"To provide a sound and broadly based education for girls and young women (and also, if so determined by Council, boys and young men) in accordance with Christian principles; and to afford facilities for study and research."

Vision

To embody excellence, independence, inspiration and empowerment in the education of women.

Mission

To support and guide girls in becoming self-determining, fulfilled and resilient women who value, serve and enrich the communities to which they belong in a complex and changing world.

To honour our pioneering heritage through challenge and innovation in the pursuit of academic excellence.

Values

To promote mutual respect, integrity, courage and the productive exchange of ideas.

To nurture intellectual curiosity, creativity, confidence and an enduring sense of belonging.

College is committed to:

- Providing a secure and caring community in which girls can grow and mature, equipping them for productive and purposeful lives both in and beyond College.
- Recruiting and retaining excellent staff who can lead, support and advise each girl in her personal and intellectual development.
- Every girl having access to an intellectually challenging and coherent curriculum which is exciting, balanced and relevant and which will equip her with the knowledge and skills needed to participate in, and contribute to, a rapidly changing global society.
- Every girl having the opportunity to develop a range of intellectual, sporting and cultural interests, fulfil her potential and leave with a sense of fulfilment and achievement through reflective practice.
- Providing, sustaining and developing high quality teaching and learning with the aim of producing intellectually curious, self-motivated, enthusiastic, successful women who will develop an enduring love of learning throughout their time at College, in Higher Education and in the wider world.
- Each girl successfully balancing academic and co-curricular activities, supported by a pro-active tutorial system to guide and monitor her progress and welfare.

- Providing day and boarding facilities, services, structures and routines to promote each girl's physical and mental wellbeing.
- Promoting positive and enriching integration of different national and cultural groups.
- Making effective use of technology to develop the skills required in a modern world.
- Empowering girls in making positive and meaningful contributions to the communities in which they live, nurturing social awareness, strong communication skills and a sincere desire to care and support others.
- Ensuring each girl feels confident in her access to effective support systems if needed, including medical, and spiritual counsel, with each girl having effective mentoring to support and guide her in setting and achieving her goals for personal development and academic progress.

MEDIUM TERM AIMS

College's major medium-term aims include:

- Remaining on a sound financial footing by maintaining pupil numbers.
- Ensuring we can continue to recruit and retain high quality staff.
- Ensuring tight control of costs.
- Widening opportunities for commercial revenue.
- Increasing donations that support our vision for the future of College.

Specific aims also include:

Developments to the College estate

- To complete Phase 2 of the Health and Fitness Centre, which will further enhance the sport and wellbeing facilities at College.
- To complete the next iteration of the Estates Masterplan, encompassing refurbishment and improvements to pastoral facilities (day and boarding houses), and the academic campus.

Developments in education and welfare provision

- Ensure a successful ISI regulatory compliance inspection.
- To ensure that our Wellbeing programme dovetails coherently with the new sport and physical education strategy for overall physical health and wellbeing, and that both support the pupils' ability to optimise academic outcomes.
- To further develop our staff training and effectiveness in supporting the needs of pupils with SEN, in particular those with complex needs and who are on the autism spectrum.
- Increased empowerment of the students of all ages in shaping their own personal development, and providing further opportunities to develop leadership qualities and competencies in both staff and girls.
- To develop our internal capabilities in relation to impact assessment to help shape and refine our extensive voluntary service, charitable fundraising and community links work.
- To further develop our public benefit offering through widening the accessibility of our facilities and resources to local schools, and through our partnership with Balcarras School in opening a new secondary school in Cheltenham (as part of a multi-academy trust).

Developments in support of financial sustainability

- To identify opportunities for efficiency and rationalisation across all our activities.
- To build a stronger sense of community and engagement across all College stakeholders (parents, former parents, alumnae, pupils, staff, former staff, international partners, and local groups and organisations), supported by clear, inclusive, compelling and coherent communications.
- To further develop our in-house summer schools for EAL (English as an Additional Language) pupils, building on the successful model with our partner schools in Japan.
- To develop new in-house models for vacation courses (using the opportunities of the Easter and Summer holidays in particular), encompassing sport and physical activity to make use of the outstanding new Health and Fitness Centre facilities, and building on College's world-wide reputation for excellence in education and women's leadership.
- To grow the membership of the College legacy society (Bellis).

REPORT ON OBJECTIVES TO DATE

Our aims of remaining on a sound financial footing by maintaining pupil numbers, keeping a tight control of costs and increasing donations which support our vision for the future of College are extremely important and are discussed elsewhere in this report.

Progress towards the following agreed objectives published last year is well underway:

DEVELOPMENTS TO THE COLLEGE ESTATE

1. To develop the next iteration of the Estates Masterplan, encompassing refurbishment and improvements to pastoral facilities (day and boarding houses), and the academic campus.

Significant outline work has been undertaken with the architects, and with the support of a planning consultant, in relation to an integrated plan for the houses and for the siting of a new location for purpose-built science teaching facilities.

Key considerations in shaping the emerging proposals have included integration of pupils, future-proofing and versatility of design, pastoral considerations, safety and security (staff and pupils), and the desire for strong interdisciplinary academic agility and connections.

During the year College purchased Royal House, a property within walking distance of the main College site and considered to be a key enabler in the Estates Masterplan.

Work continues, with oversight at Council level provided by the Land and Buildings Committee of Council through monthly communication and reporting, and by both the Finance and Executive Committee and full Council at least termly.

2. To complete Phase 2 of the Health and Fitness Centre, which will further enhance the sport and wellbeing facilities at College.

Work on the second phase of the project encompassing three distinct elements, commenced in July 2018, and was completed in November 2018, with all three elements now in use, as follows:

- Resurfacing of the all-weather (artificial turf) pitch and installation of floodlighting with retractable stanchions.
- Refurbishment of the original Sports Hall, including new floor line markings, and installation of a climbing wall.
- Refurbishment of the swimming pool (especially M&E systems) and construction of pool-side changing facilities for accessible use.

DEVELOPMENTS IN EDUCATION AND WELFARE PROVISION

1. Ensure a successful ISI regulatory compliance inspection.

College underwent an Independent Schools Inspectorate Regulatory Compliance Inspection visit in October 2018. The outcome can only be **met** or **not met** against the eight regulatory areas that are inspected and it has subsequently been confirmed that College does meet the standards in the schedule to the Education (Independent School Standards) Regulations 2014, the National Minimum Standards for Boarding Schools 2015 and the associated requirements.

All reports on independent schools in the UK are published on the ISI website www.isi.net/, and the latest report together with the previous 2014 report can be accessed through our CLC website (summary comments plus a link to the full report) www.cheltladiescollege.org/about-clc/inspection-report/.

2. Further develop our public benefit offering through partnership with Balcarras School.

During the 2017/18 academic year, we collaborated with the Head and governors of Balcarras in preparing their bid to open a new school for Cheltenham, a proposal which was considered by the Local Authority in a competitive process against other consortia during the Summer term 2018. In June, we were advised that Balcarras had been successful, and we are now supporting their planning and development process with a view to the school being opened in September 2021. A member of Council from CLC will also sit on the governing body of the newly formed MAT (Multi-Academy Trust).

3. Increased empowerment of the students of all ages in shaping their own personal development, and continuing to provide further opportunities to develop leadership qualities and competencies in both staff and girls.

We have introduced the Sixth Form Pathway for SFC pupils as an online framework to help and support the practice of self-reflection and discernment in relation to activities undertaken, and how these feed into individual skills development. These are also visible to tutors and housemistresses. Opportunities to allow girls to lead projects and clubs and contribute to effective pupil voice within College continue to be strengthened. Leadership opportunities are also being broadened within Lower and Upper College.

More varied opportunities for staff CPD (continuing professional development) within College are being introduced, with training budgets supporting the development of improved skills and management capability and also new roles, such as Learning Innovators. Within the Leadership Team, opportunities for distributed leadership and more empowerment at middle management level are being piloted, reviewed and refreshed, with a view to also strengthening organisational resilience and mitigating single person risk.

COLLEGE FUNDRAISING

College is registered with the Fundraising Regulator and staff members in the Development Department are also actively involved with the Institute of Development Professionals in Education (IDPE) and the Institute of Fundraising. Fundraising during the year was solely carried out by Development. No external fundraising individuals or companies were employed. There were no incidences of failure to comply with the fundraising standards and no complaints received. College adheres to GDPR regulation and only contacts those for whom our communication will be relevant and of interest.

College secured £1.3m of voluntary income during the financial year, made up of £1.22m of donations and legacies, and £123k of income secured from fundraising events. The Development Department has campaign targets and annual budgets. It exceeded its income budget during the year driven in part by three significant gifts towards the end of the financial year, collectively totalling £0.7m.

Looking ahead, to deliver our vision and maintain our place as one of the world's leading schools for girls, we need appropriate investment in our bursaries programme, facilities and estate. The environment we create for our girls needs to sustain every aspect of their development, and achieving socio-economic diversity within the pupil and parent population is key to achieving the desired outcomes. With the support of Council, we are committed to a programme of investment to meet these needs. These plans include investment in our bursary programme, which will enable us to offer places to the brightest and most promising girls, regardless of circumstances.

College is also investing in significant capital projects underpinned by an Estates Masterplan. The first of these, the Health and Fitness Centre with a focus on wellbeing as well as team sports and elite coaching, has now been successfully delivered. College is now planning the next stage of the boarding house refurbishment programme and in the medium term, scoping the requirements for a new STEM (science, technology, engineering and maths) facility on the main campus, which will in turn liberate space for the creation of more consolidated academic faculties for all subjects.

OVERVIEW OF 2017/18

PUBLIC BENEFIT

College Council confirms that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales.

College is committed to providing means-tested bursaries to facilitate girls whose families are unable to afford the full fees of attending College. College has limited financial resources to fund means-tested bursaries and utilises these funds in a prudent manner. College is seeking to increase its financial resources to fund bursaries through fundraising.

In 2017/18 College granted means-tested bursaries of £1.58m to 63 girls. This includes 18 girls who received 100% support on fees. College also provides financial assistance towards ancillary costs of attending College, such as uniform and extra-curricular activities. Girls who have benefited from this form of support are invited to become Beale Award Ambassadors.

College was a key partner, together with Pittville School, in supporting Balcarras School's successful bid to the Local Authority to open a new secondary school in Cheltenham. This is a significant project for the area and will bring many synergies and opportunities for the College community.

Our links with local schools, such as Dunalley, Gloucester Road, and Battledown Centre for Children and Families, remain strong, as do our relationships with local charities, such as IT Schools for Africa, and with St Hilda's East (an East London project established by Guild in 1889).

College also provides an indirect public benefit from its community links; the effects of these are more difficult to quantify but are viewed as an important part of College's commitment to public benefit. Girls at College undertake volunteering and charity work in many forms, but the most popular is our successful Community Links scheme, with approximately 200 girls annually providing over 3,200 hours volunteering in and around Cheltenham on a weekly basis.

Activities range from teaching languages and cultural awareness, to volunteering at primary schools, caring for animals at the local animal shelter, providing drama and music performances in elderly care homes and cooking breakfast at the Open Door homeless project. The girls are encouraged to view this volunteering as mutually beneficial and follow the principles of service learning.

College has also continued its outreach work and has hosted a number of events in conjunction with the Cheltenham Literature, Science, Music and Jazz Festivals.

PUBLIC EXAMINATIONS AND HIGHER EDUCATION DESTINATIONS

Academically, College continues to excel in public examinations, and this year saw a second wave of newly reformed linear A level courses being assessed, along with reformed GCSEs (including the new nine point grading system), and new specifications for some of the IB courses as well.

Upper College celebrated College's best GCSE results for well over 10 years, with the top A* / 9 / 8 grades accounting for almost three quarters (74.7%) of all results. Despite 2018 being a turbulent year of GCSE reforms nationally, with many students' results now coming under both the old A*-E and the new 9-1 grading systems, our pupils achieved an exceptional 92.7% of all results at the A*-A / 9-7 grade.

With A* grades making up almost a third of the A Level results (31.6%), this year a record 15 CLC pupils achieved 4 or more A* grades at A Level, the highest number since the A* grade was introduced in 2010. An impressive 92.6% of all A Level results were A*-B grades, achieved without the benefit of any AS modules at the half-way stage, or the opportunity to re-sit AS papers during the two-year programme.

Our IB Diploma students achieved an average of 38.4 points, equivalent to all A* and A grades at A Level. Two CLC pupils secured the highest possible grade of 45 points, achieved by just 218 (0.1%) students worldwide last year from more than 159,400 IB entries. Over the last 10 years, 4% of CLC pupils have achieved full marks in their IB Diplomas. All IB students with Oxbridge offers met their requirements, accounting for 11% of this year's CLC IB cohort, reading subjects including Law, English, Veterinary Science and History. Two have opted instead to take up their US offers of places at Yale and Stanford respectively.

Overall, 20 leaving pupils have chosen to study overseas (Italy, Switzerland, Hong Kong and USA), and 125 girls are attending Russell Group universities. Girls enrolling for Medicine, Dentistry and Veterinary Science totalled 24, in addition to 13 for Maths, Architecture, Engineering and Materials Science, and 12 for Geography, Earth Sciences and Environmental related degrees. A further 23 chose science-related courses, whilst over 50 have elected to read humanities and languages, as well as 10 enrolling for each of Law and Art/Art History. Well over a hundred guests and visiting speakers were hosted during the year by the Professional Guidance Centre team to help, advise and inspire girls in making their plans for the future.

CO-CURRICULAR

We see every girl at College as an individual, and know that talent and potential lie within each one. Our admissions process seeks girls who will contribute to and take advantage of our exceptionally broad and rich co-curricular programme, which offers each girl the chance to experience new opportunities and grow in confidence whilst developing skills which complement her academic and intellectual development.

This year, we have been able to offer between 150 and 200 clubs and activities each week across the different age groups, and typically around forty of these have been led by the pupils themselves (these range from Hip Hop Dance to the Biotech club growing cellulose for the development of textile fabric). Achievements in exams for LAMDA and Music are exceptional, with girls excelling to distinction level in both areas, as well as progressing beyond Grade 8 ABRSM music exams to the ATCL Diploma. Musical concerts range from Lower College lunchtime recitals to public performances involving several hundred pupils in College ensembles and solo opportunities. Several plays each year provide opportunities for girls to direct and as well as to perform, and over 100 girls completed the Duke of Edinburgh Award (21 achieved Gold).

FINANCIAL REVIEW

The consolidated statement of financial activities for the year is set out on page 25 and includes the consolidated activities of the three legal entities described in note 29.

The financial statements comply with the Charity's Royal Charter and Supplemental Charters and applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice SORP 2015 (FRS102). College is currently considering all aspects of the Charity Governance code.

An increase in pupil numbers resulted in a 6.4% increase in fee income against previous year. Overall, total income was £2.4m higher than in the previous year, increasing to £33.1m.

Total expenditure increased by £1.8m (6.2%), compared to the previous year to £30.3m. Year on year cost increases have been driven by changes in regulatory compliance, external legislation, general inflation and the general operating costs to run College as a result of increasing pupil numbers. College is strengthened by strong financial governance and is continually balancing affordability and value for money with long term investment in its staff and estate to ensure College meets its short and long term Charitable objectives and commitments.

The consolidated surplus increased from £2.6m in 2017 to £3.0m.

College is investing in the estate. The Health and Fitness Centre has been the major project for 2017/18 and building of Phase 1 was completed in October 2017 and Phase 2 in November 2018. The project has been delivered within budget and on time. College has been using up available funds for this project before utilising the HSBC loan facility and this gives rise to the current liability position on the Balance Sheets.

TRUST FUNDS

Council is the sole trustee of the Trust Funds, which are consolidated in the main accounts of the Group. All the Trust Funds are subsidiary charities of College and carry the same charity registration number. Each of the Trust Funds has different objectives but, as a whole, they generate income to provide grants for pupils, past pupils, staff and former members of staff in cases of financial hardship, or for academic excellence.

Council's investment powers over money held by the Trust Funds are governed by the Royal Charter and subsequent Supplemental Charters, which permit the funds to be invested in the manner shown in note 12 to the Financial Statements. College utilises Total Return investing for the endowed funds. The rate at which money is extracted from the endowment is determined annually by Council, on the advice of the Investment Sub-Committee. Currently College extracts 3% per annum. Further information about the investments held is included in notes 12, 20, 21 and 22 to the Financial Statements.

The Investment Policy adopted by Council reads:

Funds are to be invested at an acceptable level of risk so that the real value of capital will be maintained over a three to five year period.

INVESTMENT POWERS, POLICY AND PERFORMANCE

College places the capital of the Trust Funds and a significant portion of the liquid assets of the Restricted and Unrestricted Funds with an Investment Manager who has full discretionary powers. During the year there were two meetings between the discretionary managers and the Investment Sub-Committee to review the performance of the portfolio in detail.

During the year to 31 July 2018 College's investment portfolio was invested in Cazenove's Charity Multi-Asset Fund (CMAF). CMAF is a Common Investment Fund approved by the Charity Commission and managed by Cazenove. It is a fund of funds investing in a broad range of asset classes including equities, fixed income, hedge funds and property. The fund targets a long-term total return of inflation plus 4%. In June 2018 the investment portfolio was moved by Cazenove to a Charity Authorised Investment Fund (CAIF) which targets a long-term total return of CPI +4% and is also a fund of funds.

College invests in a mixture of income and accumulation units of the CMAF/CAIF to match the income profile of the various funds. Cazenove charges College a fee for managing CMAF/CAIF, with a refund of any fees Cazenove earns from managing any of the underlying investment funds in CMAF. CMAF and CAIF are UK registered funds. However, a certain number of the underlying investments are based outside the UK.

In the year ended 31 July 2018 the applied return of the Trust Funds amounted to £156,000 (2017: £124,000). This enabled grants and prizes to be awarded totalling £150,000 (2017: £113,000), of which £136,000 (2017: £99,000) was transferred to College in respect of bursaries and scholarships.

RESERVES

Council aims to hold sufficient resources to secure the long-term future of College. Council considers a number of types of resources including well-maintained buildings, financial resources and reserves. Council's policy regarding reserves is to build reserves within the confines of ensuring College's buildings are well maintained and College has sufficient financial resources to finance its activities. College's on-going investment in its buildings leads to College having negative free reserves. Council is satisfied with this position given College's overall financial position.

College has total reserves of £62.1m and negative free reserves of £10.9m. Total reserves comprises Endowed, Restricted and Designated Funds of £7.7m and Unrestricted, Undesignated Funds of £54.4m; the latter including the pension reserve of £160,000.

Accumulated surpluses have been fully utilised investing in College's estate and there are no free reserves at the balance sheet date. Free reserves represent College's unrestricted income fund that it is freely available to spend on any of the charity's purposes. Future operating surpluses and the £16m bank facility will be used to enhance further College's physical and educational resources. Council reviews College's financial plans on a termly basis by monitoring income and expenditure against budget forecasts within the context of the annual and medium-term financial plan. Cash flows are also closely reviewed, particularly in light of College's planned borrowing.

College's policy relating to the various funds is set out below:

i) Endowed Funds

The Endowed Funds represent the capital assets of the Trusts and other endowed funds. The policy covering the Endowed Funds is covered by the investment policy described earlier in the financial review.

ii) Restricted Funds

Council aims to expend the assets of the restricted funds as soon as reasonably possible with the restrictions imposed on those funds. All restricted funds are expected to be expended within seven years, being the maximum period a pupil can benefit from a means-tested bursary.

iii) Designated Funds

Council aims to expend the assets of the designated funds within the internally designated purpose.

The application of the income of the various funds is shown in note 20 to the Financial Statements.

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Trustees are responsible for preparing the Council's Annual Report and the financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

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

Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the Charity and Group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Libby Bassett
Chairman
30 November 2018

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF THE CHELTENHAM LADIES' COLLEGE

OPINION

We have audited the financial statements of The Cheltenham Ladies' College for the year ended 31 July 2018 which comprise the consolidated Statement of Financial Activities, the consolidated and charity Balance Sheets, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 July 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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:

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

OTHER INFORMATION

Council is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF COUNCIL

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Crowe U.K. LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

7 December 2018

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2018

	<i>Notes</i>	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Total 2018 £'000	Total 2017 £'000
Income and Endowments from:						
Charitable activities						
Fee income	2	27,977	-	-	27,977	26,289
Ancillary trading income		1,991	-	-	1,991	1,663
Other income	3	214	-	-	214	43
Voluntary sources						
Donations and legacies	4	998	350	-	1,348	1,304
Other trading activities						
Non-ancillary trading income	5	1,303	-	-	1,303	1,203
Investments						
Investment income and interest	6	14	35	225	274	247
Total income and endowments		32,497	385	225	33,107	30,749
Expenditure on:						
Raising funds						
Fundraising		206	-	-	206	446
Non-ancillary trading	5	1,340	-	-	1,340	1,095
Financing costs	8	14	-	-	14	24
Investment management costs		-	1	7	8	6
		1,560	1	7	1,568	1,571
Charitable activities		28,341	378	-	28,719	26,951
Total expenditure	7	29,901	379	7	30,287	28,522
Net incoming funds from operations before investment gains		2,596	6	218	2,820	2,227
Net gains on investments		-	15	157	172	362
Net income		2,596	21	375	2,992	2,589
Transfers between funds		1,330	(1,330)	-	-	-
Total return transfers between funds		-	156	(156)	-	-
Actuarial (losses)/gains on defined benefit pension schemes	23	(13)	-	-	(13)	77
Net movement in funds		3,913	(1,153)	219	2,979	2,666
Reconciliation of funds:						
Total funds brought forward		50,702	2,282	6,174	59,158	56,492
Total funds carried forward	20	54,615	1,129	6,393	62,137	59,158

The notes on pages 28 to 47 form part of these financial statements.

BALANCE SHEETS AS AT 31 JULY 2018

	<i>Notes</i>	Group		Charity	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	<i>11</i>	65,306	61,926	65,660	62,329
Investments	<i>12</i>	7,104	7,175	7,271	7,342
		72,410	69,101	72,931	69,671
CURRENT ASSETS					
Stocks	<i>13</i>	171	124	135	83
Debtors	<i>14</i>	1,494	1,209	2,250	1,704
Short term cash deposits		461	1,071	461	1,071
Cash at bank and in hand		3,203	3,467	2,452	2,749
		5,329	5,871	5,298	5,607
CURRENT LIABILITIES					
Creditors payable within one year	<i>15</i>	(10,313)	(9,517)	(10,402)	(9,362)
NET CURRENT LIABILITIES		(4,984)	(3,646)	(5,104)	(3,755)
TOTAL ASSETS LESS CURRENT LIABILITIES		67,426	65,455	67,827	65,916
LONG-TERM LIABILITIES					
Creditors: amounts payable in more than one year	<i>16</i>	(5,129)	(6,123)	(5,129)	(6,123)
Defined benefit pension scheme liability	<i>23</i>	(160)	(174)	(160)	(174)
NET ASSETS		62,137	59,158	62,538	59,619
REPRESENTED BY:					
Endowment Funds	<i>20</i>	6,393	6,174	6,393	6,174
Restricted Funds	<i>20</i>	1,129	2,282	1,129	2,282
Unrestricted Funds					
Unrestricted Funds	<i>20</i>	54,775	50,876	55,176	51,337
Pension Reserve	<i>20</i>	(160)	(174)	(160)	(174)
TOTAL FUNDS	<i>21</i>	62,137	59,158	62,538	59,619

The financial statements on pages 25 to 47 were approved and authorised for issue by the Council on 30 November 2018.

Libby Bassett
Chairman

The notes on pages 28 to 47 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2018

	<i>Notes</i>	2018 £'000	2017 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	<i>24</i>	5,141	8,605
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		163	160
Proceeds from sale of tangible fixed assets		-	8
Proceeds from sale of investments		348	-
Purchase of investments		-	(1,400)
Purchase of tangible fixed assets		(6,503)	(13,072)
Purchase of programme related investments		(23)	(70)
Net cash used in investing activities		(6,015)	(14,374)
Change in cash and cash equivalents in the year		(874)	(5,769)
Cash and cash equivalents at the beginning of the year		4,538	10,307
Cash and cash equivalents at the end of the year		3,664	4,538

The notes on pages 28 to 47 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

College is a Public Benefit Entity registered as a charity on 13 July 1966 in England and Wales (charity number: 311722) and was granted Royal Charter on 20 March 1935 (number RC000111) with supplemental charters granted 22 December 1955, 26 June 1991, 24 July 2002 and 8 October 2015. Principal address is Bayshill Road, Cheltenham, Gloucestershire GL50 3EP.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Statement of Recommended Practice (SORP(FRS102)) 'Accounting and Reporting by Charities' effective 1 January 2015 and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities that prepare their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2015 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Council is required to make judgement, estimates, and assumptions about the carrying value 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. Actual results may differ from these estimates.

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 affected current and future periods.

At 31 July 2018, College had the following uncertain estimates and accounting judgements:

- Accrued legacies of £7,631 (2017: £127,710). The value of accrued legacies is based on available information and estimated values of assets. College recognises residual legacies on receipt of probate which therefore requires an estimation of the amount to be included.
- Bad debt provision at 31 July 2018 of £210,698 (2017: £248,686). The provision is calculated on outstanding debts at the year end where recoverability is doubtful.
- Depreciation charge during the year of £3,246,897 (2017: £3,046,293). Depreciation is calculated on estimated life of assets by categories. It is reviewed annually to assess the reasonableness.

College recognises its liability to its defined benefit pension scheme which involves a number of estimations as detailed in note 23.

Summaries of the principal group accounting policies, which have been applied consistently, are set out below.

a. Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investment assets.

b. Basis of consolidation

The Consolidated Statement of Financial Activities (SOFA), the Consolidated Balance Sheets and the Consolidated Cash Flow Statement include the financial statements of the charity and its subsidiary undertakings made up to 31 July 2018. The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement within the consolidated financial statements. The results of the Charity are disclosed in note 30.

c. Going concern

College has reviewed its forecasted cash flows, taking into account expected continuing demand for pupil places, reserves and funding facilities available. These provide sufficient cash resources for operations. Council has a reasonable expectation that College has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

d. Donations, legacies and other voluntary income

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to College is considered probable.

Voluntary income for College's general purposes is accounted for as unrestricted and is credited to the Unrestricted Fund. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention to be permanent or not. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to College in the case of donated services or facilities.

Pecuniary legacies are recognised once probate has been granted and notification received. Residuary legacies are recognised once probate has been granted, notification has been received and where they can be reliably valued.

e. 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.

f. Trading activities

Trading income comprises the trading activities of College and the subsidiaries and is credited to the SOFA on a receivable basis.

g. Fees in advance

College offers parents the opportunity to pay for between two and seven years' tuition fees in advance in accordance with a written contract. All contracts guarantee parents' future cash flows to be applied against the fees. Since 2013, all fees in advance received form part of College's funds. Prior to this, when fees were paid in advance for more than two years, College purchased a matching annuity.

h. Refundable deposits

Refundable deposits are deposits placed when girls join College and are refunded at the end of the final term after deducting any outstanding debts.

i. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings which aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

j. Bursaries, grants and allowances payable

Grants from restricted funds are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds are treated as a reduction in those fees.

k. Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, under the particular heading to which the expense relates, or capitalised as part of the cost of the related asset, where appropriate.

l. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of financial activities.

The functional and presentational currency of College is considered to be GBP because that is the currency of the primary economic environment in which College operates.

m. Cash at bank and in hand

Cash at bank and in hand are amounts held in cash, bank accounts, short-term deposit accounts and amounts held in highly liquid investments. All amounts recognised can be accessed within three months.

n. Recognition of debtors

Debtors are recognised when an asset arises which will transfer economic benefits to College or its subsidiaries as a result of past transactions or events.

o. Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits from College as a result of past transactions or events.

p. Fund accounting

Unrestricted Funds are available for use at the discretion of Council in furtherance of the general objectives of the charity.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by College for particular purposes.

Designated Funds comprise general funds which have been set aside at the discretion of the Trustees for specific purposes.

Endowment Funds are funds for which capital is maintained in accordance with the specific restrictions imposed by the donors. The aim of the Endowment Funds is to provide income to be used for scholarships, bursaries, former members of staff and pupils in cases of financial hardship, leaving exhibitions and prizes. The income from the Endowment Funds is restricted.

Investment income and gains are allocated to the appropriate fund. The cost of administering these funds is charged against the specific fund. The aim and use of the major Designated and Restricted Funds are set out in the notes to the financial statements.

q. Pension costs

College contributes to the Teachers' Pension Scheme (England and Wales) at rates set by the Scheme Actuary and advised to Council by the Scheme Administrator. College also contributes to a defined contribution scheme for Support Staff.

College pays certain discretionary pensions, which are not funded. The pension liability in respect of these obligations is recognised in the balance sheet based on an annual actuarial valuation.

Actuarial gains and losses are included in the statement of financial activities; further details in respect of the unfunded pension liability are contained in note 23. All pension costs are charged to Unrestricted Funds.

r. Operating leases

Rentals applicable to operating leases are charged to the statement of financial activities on a straight-line basis over the lease terms.

s. Tangible fixed assets

i. Capitalisation and replacement

Historic assets consisting of works of art and manuscripts donated to or bought by College are included on the Balance Sheet at either 1990 or 1997 valuation, which is the best estimate of cost. All other assets, including those under the course of construction, are included at their purchase price together with any incidental expenses of acquisition. Assets with a cost below £1,000 are not capitalised.

ii. Depreciation

Land and works of art are not depreciated. Depreciation of other assets is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. Assets in the course of construction are not depreciated until they are brought into use. The principal annual rates used for this purpose are:

	%
College buildings	2
Improvements to existing buildings	3-25
Teaching equipment	7-33
Office equipment	13-25
Motor vehicles	10-25

t. Investments

Investments in subsidiary undertakings are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value. Investment assets are included at closing mid-market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities. Income from investments is included in the year in which it is receivable.

u. Stocks

Stocks are stated at the lower of cost and net realisable value.

v. Total Return accounting

The Charity Commission permitted College to adopt the use of total return in relation to its permanent endowment funds on 5 June 2007. The power permits the Trustees to invest these funds to maximise total return and to make available an appropriate portion of the total return for expenditure each year. Until the Trustees decide to appropriate all of the Total Return, the unapportioned portion of the Total Return shall be an 'Unapplied Total Return' and remain as part of the endowment.

w. Financial instruments

Financial instruments are initially recognised at transaction value and subsequently measured at amortised value with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and on short term deposit and used as working capital. Financial liabilities held at amortised cost comprise all creditors except deferred income, fees in advance and social security and other taxes and provisions. Financial liabilities held at fair value comprise the defined benefit pension liability.

x. Borrowing costs

Borrowing costs which are directly attributable to the construction of qualifying assets are capitalised. They are defined as the borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs which are not capitalised are charged to Finance costs.

2. Fee income

	2018 £'000	2017 £'000
Gross fees	30,277	28,542
Less: Total Bursaries, Scholarships and allowances	(2,199)	(2,237)
Less: Discounts	(457)	(319)
	27,621	25,986
Add back: Bursaries, Scholarships etc. paid for by Restricted Funds	356	303
Net Fee Income	27,977	26,289

3. Charitable activities – other income

	2018 £'000	2017 £'000
Other income	172	2
Staff restaurant	32	33
Proceeds from disposal of tangible fixed assets	10	8
	214	43

4. Voluntary income

	2018 £'000	2017 £'000
Donations	1,166	773
Legacies	59	349
Fundraising events	123	182
	1,348	1,304

5. Trading activities

	CLC Services Ltd £'000	CLC Sports Services Ltd £'000	CLC Parabola Ltd £'000	College £'000	Intercompany Adjustments £'000	2018 Total £'000	2017 Total £'000
Turnover	1,881	-	-	300	(878)	1,303	1,203
Cost of sales	(1,654)	-	-	-	451	(1,203)	(1,009)
Gross Profit / (Loss)	227	-	-	300	(427)	100	194
Operating costs	(137)	-	-	-	-	(137)	(86)
Operating Profit / (Loss)	90	-	-	300	(427)	(37)	108
Gift Aid to College	(90)	-	-	-	90	-	-
Retained in subsidiary	-	-	-	N/A	N/A	N/A	N/A
Shareholder's funds	166	1	2	N/A	N/A	N/A	N/A

6. Investment income

	2018 £'000	2017 £'000
Income from investment funds	258	210
Bank and building society interest	16	37
	274	247

7. Analysis of expenditure

a. Total expenditure

	Staff costs £'000	Depreciation £'000	Other costs £'000	2018 £'000	2017 £'000
Cost of generating funds					
Fundraising and development costs	175	-	31	206	446
Cost of goods sold	770	21	549	1,340	1,095
Investment management	-	-	8	8	6
Financing costs	-	-	14	14	24
	<u>945</u>	<u>21</u>	<u>602</u>	<u>1,568</u>	<u>1,571</u>
Charitable activities:					
Teaching	10,229	482	1,345	12,056	11,127
Welfare	3,748	-	2,822	6,570	6,063
Premises repairs and maintenance	1,254	2,744	1,980	5,978	5,262
Premises operational costs	-	-	644	644	608
Awards	-	-	376	376	320
Support costs and governance	1,285	-	917	2,202	2,603
Marketing	567	-	326	893	968
College operations	<u>17,083</u>	<u>3,226</u>	<u>8,410</u>	<u>28,719</u>	<u>26,951</u>
Total expenditure	<u>18,028</u>	<u>3,247</u>	<u>9,012</u>	<u>30,287</u>	<u>28,522</u>
Total expenditure 2017	<u>17,630</u>	<u>3,045</u>	<u>7,847</u>	<u>28,522</u>	

All the support costs are directly attributable to the one charitable activity, namely education.

b. Grants, awards and prizes

	2018 £'000	2017 £'000
From Restricted Funds		
Bursaries, scholarships and grants	356	303
Prizes and leaving awards	20	17
	<u>376</u>	<u>320</u>

c. Governance included in support costs

	2018 £'000	2017 £'000
Auditor remunerations – statutory audit (net of VAT)	27	28
Auditor remunerations – tax services (net of VAT)	1	3
Auditor remunerations – other non-audit services (net of VAT)	-	2
Reimbursement of personal expenses to Council	4	8
Other governance costs	73	74
	<u>105</u>	<u>115</u>

Eight Council Members (2017: seven) have been reimbursed expenses totalling £4,316 (2017: £8,093). Expenses claimed are directly attributable to their duties as trustees (e.g. travelling to and from meetings).

8. Finance and other costs

	2018 £'000	2017 £'000
Other costs	12	20
Defined benefit pension scheme finance costs	2	4
	14	24

9. Staff costs

	2018 Number	2017 Number
The average number of persons employed by the group during the year was:		
Education	284	233
Pastoral	109	86
Support	221	267
Fundraising	3	3
Marketing, Communications and Development	10	9
Trading subsidiaries	66	40
	693	638

	2018 £'000	2017 £'000
Staff costs		
Wages and salaries	15,168	14,800
Social security costs	1,387	1,364
Pension costs	1,473	1,466
	18,028	17,630

	2018 Number	2017 Number
The number of employees whose emoluments exceeded £60,000 were:		
£60,001 - £70,000	6	5
£70,001 - £80,000	2	4
£80,001 - £90,000	4	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	-	1
£140,001 - £150,000	1	1
£160,001 - £170,000	1	-

Key management personnel are College's Leadership Team and during the year consisted of fourteen members (2017: fourteen). The total employee benefits, including employer National Insurance, of these personnel were £1,301,181 (2017: £1,559,339).

The total amount relating to termination payments during the year was £58,047 (2017: £152,499). These amounts relate to agreements made with employees to end employment contracts, of which £56,261 was outstanding at the year end (2017: £31,357).

No Council members received remuneration from College (2017: none).

10. Taxation

College is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

College, CLC Services Limited and CLC Sports Services Limited are group-registered for VAT. College's expenditure is recorded inclusive of VAT. CLC Services Limited and CLC Sports Services Limited record their expenditure net of VAT, subject to partial exemption rules. CLC Parabola Limited is separately registered for VAT and all its income and expenditure is recorded net of VAT.

11. Tangible fixed assets

Group	Assets Under Construction £'000	Freehold Land and Buildings £'000	Furniture, Fittings and Equipment £'000	Works of Art £'000	Motor Vehicles £'000	Total £'000
Cost						
Balance at 1 August 2017	13,225	72,387	3,244	1,614	341	90,811
Additions	2,485	3,079	1,003	12	48	6,627
Transfers	(15,260)	15,260	-	-	-	-
	450	90,726	4,247	1,626	389	97,438
Accumulated depreciation						
Balance at 1 August 2017	-	26,839	1,871	-	175	28,885
Charge for year	-	2,793	408	-	46	3,247
	-	29,632	2,279	-	221	32,132
Net book value at 31 July 2018	450	61,094	1,968	1,626	168	65,306
Net book value at 31 July 2017	13,225	45,548	1,373	1,614	166	61,926
Charity						
	Assets Under Construction £'000	Freehold Land and Buildings £'000	Furniture, Fittings and Equipment £'000	Works of Art £'000	Motor Vehicles £'000	Total £'000
Cost						
Balance at 1 August 2017	13,225	72,030	3,001	1,614	341	90,211
Additions	2,485	3,079	994	12	48	6,618
Transfers	(15,260)	15,260	-	-	-	-
Disposals	-	(60)	-	-	-	(60)
	450	90,309	3,995	1,626	389	96,769
Accumulated depreciation						
Balance at 1 August 2017	-	26,015	1,692	-	175	27,882
Charge for year	-	2,791	389	-	47	3,227
	-	28,806	2,081	-	222	31,109
Net book value at 31 July 2018	450	61,503	1,914	1,626	167	65,660
Net book value at 31 July 2017	13,225	46,015	1,309	1,614	166	62,329

11. Tangible fixed assets (continued)

Land of £5,484,520 and Works of Art of £1,625,770 are not depreciated.

During the year, borrowing costs of £96,943 were capitalised (2017: £89,600).

12. Fixed asset investments

a. Group

	Investment Assets	Cash for reinvestment	Programme Related Investments	Derivative Instrument	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
At 1 August 2017	5,629	1,403	97	46	7,175	5,283
Additions	103	-	23	-	126	156
Disposals	(348)	-	-	-	(348)	-
Net revaluation gain/(loss)	171	-	-	(12)	159	342
Investment management fees	(8)	-	-	-	(8)	(6)
Cash used to purchase units	1,400	(1,400)	-	-	-	1,400
Market value at 31 July 2018	6,947	3	120	34	7,104	7,175
Historical cost at 31 July 2018	5,472	3	120	114	5,709	5,880

b. Charity

	Investment Assets	Investment in CLC Services Ltd	Investment in CLC Sports Services Ltd	Investment in CLC Parabola Ltd	Cash for reinvest- ment	Programme Related Investments	Derivative Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ordinary shares	-	166	1	-	-	-	-	167
Total for subsidiaries Investments	-	166	1	-	-	-	-	167
Endowment Fund	6,390	-	-	-	3	-	-	6,393
Restricted Funds	557	-	-	-	-	-	-	557
Unrestricted Funds	-	-	-	-	-	120	34	154
Market value at 31 July 2018	6,947	166	1	-	3	120	34	7,271
Market value at 31 July 2017	5,629	166	1	-	1,403	97	46	7,342

c. Group and charity

Investments included in the above with a market value greater than 5% of the total portfolio market value at 31 July 2018 are as follows:

	£'000	%
Cazenove's Charity Multi-Asset Fund – Income Units	2,543	36.60
Cazenove's Charity Multi-Asset Fund – Accumulation Units	4,404	63.40

13. Stocks

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Stationery and consumables	136	85	135	83
Goods for resale	35	39	-	-
	171	124	135	83

14. Debtors: falling due within one year

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fees	826	497	826	497
Amounts due from subsidiary undertakings	-	-	977	605
Amounts due under annuity policies: Fees in Advance (see notes 15 and 17)	-	25	-	25
Amounts due from HM Revenue and Customs	-	3	-	3
Trade and other debtors	111	113	58	101
Prepayments	338	334	177	272
Accrued income	219	237	212	201
	1,494	1,209	2,250	1,704

15. Creditors: payable within one year

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	420	1,440	255	1,372
Accruals and deferred income	2,614	2,534	2,308	2,358
Amounts due to subsidiary undertakings	-	-	564	99
Amounts due to HM Revenue and Customs	397	350	394	341
Refundable deposits	3,242	1,839	3,242	1,839
Fees paid in advance:				
Annuity Scheme (see note 17)	-	25	-	25
Other (see note 17)	3,145	3,104	3,145	3,104
Pension Schemes	214	204	214	203
Other creditors	281	21	280	21
	10,313	9,517	10,402	9,362

Deferred income

Income is deferred to ensure it is recognised in line with when College and its subsidiaries fulfil the obligation relating to the income.

Details of income deferred in relation to the Fees in Advance scheme can be found in note 17.

	Group £'000	Charity £'000
As at 1 August 2017	212	190
Income released from previous years	(212)	(190)
Income deferred during year	428	156
As at 31 July 2018	428	156

16. Creditors: payable in more than one year

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Fees paid in advance	1,927	2,085	1,927	2,085
Refundable deposits	3,202	4,038	3,202	4,038
	5,129	6,123	5,129	6,123

17. Advance fees schemes and fees paid in advance

Parents may pay to College up to the equivalent of seven years' tuition fees in advance. Such payments may be returned, subject to specific conditions, on the receipt of one term's notice. When fees are paid in advance for several years, College historically purchased an annuity policy with an insurance company with the amount received. These amounts are shown in debtors (the annuity) (note 14) and creditors (notes 15 and 16). College's annuity provider withdrew from the schools' market in 2013 (for new contracts) and College has been unable to source an alternative third party provider of school annuity policies. Fees paid in advance will be applied to off-set fees as follows:

Group and Charity	2018	2017
	£'000	£'000
Within one year	3,145	3,129
More than one year	1,927	2,085
	5,072	5,214

	£'000
As at 1 August 2017	5,214
New contracts	2,227
Lump sums refunded in the year	(82)
Amounts relating to contracts utilised in payment of fees	(1,815)
Net movement in sundry fee creditors	(472)
As at 31 July 2018	5,072

18. Bank loan

In July 2016, College arranged an unsecured Revolving Credit Facility of £16m with HSBC for 10 years. College entered into an Interest Rate Cap on the same date with HSBC to protect College from adverse interest rate movements for the first five years of the facility in relation to a significant proportion of it. College drew down on the facility during the year, but at the year end there was no outstanding indebtedness relating to the facility (2017: £Nil).

19. Financial instruments

	2018	2017
	£'000	£'000
Financial assets measured at amortised cost (a)	4,820	5,410
Financial assets measure at fair value (b)	7,104	7,175
Financial liabilities measured at amortised cost (c)	(9,548)	(9,861)
Financial liabilities measured at fair value (d)	(160)	(174)
	2,216	2,550

- Financial assets include cash, trade and fee debtors, staff loans, other debtors, accrued income and bad debt provision.
- Financial assets held at fair value include assets held as investments.
- Financial liabilities measured at amortised cost include deposits, trade creditors, other creditors and other provisions.
- Financial liabilities measured at fair value comprise the pension provision.

Impairment losses charged to financial assets in the year amounted to £11,940 (2017: £70,886).

20. Funds

	Balance 1 August 2017 £'000	Income £'000	Total Return Transfers £'000	Expenditure £'000	Other gains/ (losses) £'000	Other Transfers £'000	Balance 31 July 2018 £'000
ENDOWMENT FUNDS	6,174	225	(156)	(7)	157	-	6,393
RESTRICTED FUNDS							
Income from Endowment Funds:							
The Bursaries Fund	-	-	121	(121)	-	-	-
The Leaving Exhibitions Fund	28	-	6	(6)	-	-	28
Vera Morpott Hounsfeld Fund	2	-	5	(6)	-	-	1
Beale Memorial Fund	12	-	3	(2)	-	-	13
Overseas Foundation	12	-	3	-	-	-	15
Holt Foundation	-	-	5	(5)	-	-	-
Vicky Tuck Scholarship Fund	27	-	11	(9)	-	-	29
Others	-	-	2	(1)	-	-	1
	81	-	156	(150)	-	-	87
Other restricted funds:							
Bursaries	880	67	-	(198)	15	-	764
Morgan Legacy	86	-	-	(25)	-	-	61
Health and Fitness Centre	1,150	199	-	-	-	(1,330)	19
Learning support	-	100	-	-	-	-	100
Others	85	19	-	(6)	-	-	98
	2,201	385	-	(229)	15	(1,330)	1,042
Total Restricted Funds	2,282	385	156	(379)	15	(1,330)	1,129
UNRESTRICTED FUNDS							
Designated Funds							
Bursaries	-	11	-	(11)	-	-	-
Health and Fitness Centre	890	99	-	-	-	(989)	-
Other	18	203	-	-	-	(8)	213
Unrestricted Funds	50,429	31,243	-	(29,036)	-	2,327	54,963
Pension deficit	(174)	29	-	(2)	(13)	-	(160)
Total Unrestricted Charity Funds	51,163	31,585	-	(29,049)	(13)	1,330	55,016
Total Charity Funds	59,619	32,195	-	(29,435)	159	-	62,538
Unrestricted Funds – subsidiaries	(461)	912	-	(852)	-	-	(401)
Total Funds - Group	59,158	33,107	-	(30,287)	159	-	62,137

£Nil (2017: £14,000) of transfers were made during the year between restricted funds to more accurately recognise the wishes of the donor.

£1,329,747 (2017 £21,472) was transferred out of restricted funds which represents fulfilment of restricted capital projects.

a. Endowment Funds

The Endowment Funds consist of bursary and scholarship funds and funds for prizes and leaving exhibitions whose income is applied towards the award of bursaries, scholarships, leaving exhibitions, staff and prizes.

20. Funds (continued)

b. Restricted Funds

The major restricted funds are described below (those not individually described being self-explanatory from their title):

Bursaries Fund

Provides financial assistance to parents who:

- are selected for means-tested bursaries from College; or
- have experienced a major and unforeseen change in their financial circumstances.

Morgan Legacy

Restricted use for bursaries.

Health and Fitness Centre Fund

This fund holds donations College receives which will be used to finance part of new sports facilities College is building adjacent to the existing sports hall. This was formerly known as the 'Sports Pavilion Fund'.

Learning Support

Restricted to the provision of Learning Support at College.

c. Unrestricted Funds

The Unrestricted Funds include the following funds:

Designated Bursaries Fund

This is unrestricted donations and legacies that College has designated towards its bursary scheme that provides financial assistance to parents who:

- are selected for means-tested bursaries from College, or
- have experienced a major and unforeseen change in their financial circumstances.

Designated Health and Fitness Centre Fund

This is unrestricted donations and legacies that College has designated towards its development of the new Health and Fitness Centre. The funds have been fully spent in line with the construction contract.

The Pension Deficit Fund

Represents the estimated unfunded pension scheme liability. See note 23.

21. Analysis of the net assets between funds

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

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets/ Liabilities £'000	Cash £'000	Long Term Liabilities £'000	Total £'000
Endowment Funds	-	6,393	-	-	-	6,393
Restricted Funds	-	557	-	572	-	1,129
Unrestricted Funds	65,254	154	(7,444)	2,341	(5,289)	55,016
Total Charity	65,254	7,104	(7,444)	2,913	(5,289)	62,538
Unrestricted Subsidiary Funds	52	-	(1,204)	751	-	(401)
Total Group	65,306	7,104	(8,648)	3,664	(5,289)	62,137

22. Statement of total return

College has agreed with the Charity Commission that it can operate a policy of total return on its Endowment Funds. This Total Return policy allows College's Investment Managers greater flexibility in managing the funds, within the agreed risk parameters. Unapplied total returns are the total returns on the investments (be they capital or income in nature) less monies paid out of the Endowment Funds. The movement in unapplied total returns is set out below:

	Preserved Value	Unapplied Total	Total
	£'000	Return £'000	£'000
Brought forward at 1 August 2017			
Trust for investment/permanent endowment	3,446	-	3,446
Unapplied Total Return	-	2,728	2,728
Total	3,446	2,728	6,174
Movements in the reporting period:			
Investment return: dividends and interest	-	225	225
Investment return: gains	-	157	157
Investment management costs	-	(7)	(7)
Unapplied return allocated to income	-	(156)	(156)
At 31 July 2018			
Trust for investment/permanent endowment	3,446	-	3,446
Unapplied Total Return	-	2,947	2,947
Total	3,446	2,947	6,393

Allocation out of the Unapplied Total Return balance can be made at any time at the Council's discretion on the authority of a Charity Commission order dated 5 June 2007.

23. Pension schemes

Retirement benefits to employees of College are provided through one defined benefit scheme and one defined contribution scheme, which are funded by College's and employees' contributions. In addition College has one defined benefit scheme which is funded by College only.

Defined benefit schemes

a. Teachers' Pension Scheme

College participates in the Teachers' Pension Scheme ('the TPS') for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,212,423 (2017: £1,226,581) and at the year end £99,555 (2017: £102,211) 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 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

23. Pension schemes (continued)

This employer rate will be payable until the completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

b. College's defined benefit scheme

College has made certain unfunded pension guarantees to former employees. An actuarial valuation of the guarantees has been provided by an independent actuary as at 31 July 2018. Pension payments made in respect of the pension guarantees were £29,000 for the year ended 31 July 2018 (2017: £37,000). College expects to contribute £29,000 in the next financial year.

The principal assumptions made by College were:

	2018	2017	2016	2015	2014
	%	%	%	%	%
Rate of increase in pensions payment ¹	1.50	1.50	1.25	1.50	2.00
Discount Rate	1.90	1.40	1.35	2.45	3.00

¹ An annual increase has been assumed based on College's annual pay rise from September 2018.

The mortality table used was the final SAPS ALL with medium cohort year of birth projection. This is the same assumption as was adopted last year. Sample life expectancy for a female aged 80 in 2018 is 11.2 years and in 2027 is 11.5 years.

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	-	-	-	-	-
Present value of scheme liabilities	160	174	284	288	295
Deficit	(160)	(174)	(284)	(288)	(295)
Net liability	(160)	(174)	(284)	(288)	(295)

Analysis of the amount charged to finance costs:

	2018	2017
	£'000	£'000
Interest cost	(2)	(4)
Total pension cost	(2)	(4)

Reconciliation of the present value of the Scheme Liabilities:

	2018	2017
	£'000	£'000
Present value of Scheme Liabilities at the start of the year	(174)	(284)
Interest cost	(2)	(4)
Actuarial (loss)/gain	(13)	77
Benefits and expenses paid	29	37
Present value of Scheme Liabilities at the end of the year	(160)	(174)

Reconciliation of the assets:

	2018	2017
	£'000	£'000
Employer contributions	29	37
Benefits and expenses paid	(29)	(37)
Actual return on assets over the period	-	-

23. Pension schemes (continued)

Amounts for the current and previous four years are as follows:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Plan assets	-	-	-	-	-
Scheme liabilities	160	174	284	288	295
Deficit in plan	(160)	(174)	(284)	(288)	(295)
Cumulative amount of actuarial gains/(losses) recognised in SOFA	(105)	(92)	(169)	(137)	(110)

Defined contribution scheme

College offers defined contribution schemes to all non-teaching members of staff. The assets of these schemes are held separately from those of College in funds administered by an insurance company. The pension cost charge represents contributions payable in respect of these schemes amounting to £260,708 (2017: £240,000). There were contributions outstanding at the year end of £29,851 (2017: £21,000).

24. Reconciliation of cashflows from operating activities

	2018 £'000	2017 £'000
<u>Continuing Activities</u>		
Net income for the year before investment gains and losses	2,820	2,227
Adjustments for:		
Depreciation	3,247	3,046
Impairment of derivative asset	12	20
Less investment income	(261)	(240)
FRS102 pension adjustment	(27)	(33)
Loss on sale of tangible fixed assets	-	33
(Increase)/decrease in debtors	(285)	1,995
Increase in stocks	(47)	(24)
(Decrease)/increase in creditors	(318)	1,581
Net cash inflow from operating activities	5,141	8,605

25. Analysis of cash and cash equivalents

Group	2018 £'000	2017 £'000
Cash at bank and in hand	3,203	3,467
Short term deposits	461	1,071
Total cash and cash equivalents	3,664	4,538

26. Operating leases

The Group has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 Other £'000	2017 Other £'000
Not later than one year	46	46
Later than one year and not later than five years	46	92
	92	138

£46,036 (2017: £46,036) was charged to the Consolidated Statement of Financial Activities during the year in respect of operating lease payments.

27. Capital commitments

Group and Charity	2018	2017
	£'000	£'000
Amounts contracted but not yet provided	1,656	995

28. Related party transactions

a. Staff members

Some members of Council have children at College and some are members of the Sports Centre. In both instances Council members pay normal fees.

Staff members may receive fee remission and discounted membership to the Sports Centre at an agreed rate.

b. The Incorporated Guild of Cheltenham Ladies' College

The Incorporated Guild of Cheltenham Ladies' College is connected to The Cheltenham Ladies' College because a Director of Guild is also a member of College Council and another Director of Guild is married to a member of College Council. During the year College awarded £34,000 (2017: £34,000) to Guild so that it can continue its operations. College incurred expenditure of £1,544 (2017: £1,174) which was recharged to Guild. During the year Guild donated £960 (2017: £10,960) to College for Awards for pupils and also an unrestricted donation. There was £Nil due to College from Guild at College's year end (2017: £10,000).

c. Friends of Cheltenham Ladies' College in Hong Kong Limited

Friends of Cheltenham Ladies' College in Hong Kong Limited (Friends of CLC in Hong Kong), registered in Hong Kong, is connected to College because a Director and Member of Friends of CLC in Hong Kong is also a member of College Council. During the year College received £21,269 (2017: £Nil) in unrestricted donations from Friends of CLC in Hong Kong.

29. Subsidiaries

a. CLC Services Limited

CLC Services Limited, company number 02721621, incorporated in England and Wales, registered office Bayshill Road, Cheltenham, Gloucestershire GL50 3EP, is a wholly owned subsidiary of College. CLC Services Limited had turnover of £1,881,024 (2017: £1,671,788), gross profit of £226,805 (2017: £256,605) and a profit after tax of £90,147 (2017: £175,717) for the year ended 31 July 2018.

The company leases the Sports Centre from College for £210,000 (2017: £210,000). College also recharges CLC Services Limited for use of its facilities for events and lettings, and recharges of staff and other costs incurred on behalf of the company, during the year these amounted to £1,027,832 (2016: £511,394).

CLC Services Limited charges College for its use of the Sports Centre; during the year the charge amounted to £382,585 (2017: £305,952). CLC Services Limited also recharges for all other costs incurred on behalf of College and these amounted to £2,800 (2017: £21,377).

At the year end CLC Services Limited owed College £914,128 (2017: £484,640) and College owed CLC Services Limited £563,720 (2017: £99,359). At the year end the company had shareholder funds of £166,000 (2017: £166,000).

b. CLC Sports Services Limited

CLC Sports Services Limited, company number 04375298, incorporated in England and Wales, registered office Bayshill Road, Cheltenham, Gloucestershire GL50 3EP, is a wholly owned subsidiary of College. During the year ended 31 July 2017 the company sold the synthetic pitch to College for £60,000. During the financial year the company was dormant and the company gifted £Nil to College (2017: £119,976). At the year end CLC Sports Services Limited owed College £62,341 (2017: £119,976). At the year end the company had shareholder funds of £Nil (2017: £Nil). On 23 November 2018 CLC Sport Services was formally struck-off from the register at Companies House.

29. Subsidiaries (continued)

c. CLC Parabola Limited

CLC Parabola Limited, company number 07594999, incorporated in England and Wales, registered office Bayshill Road, Cheltenham, Gloucestershire GL50 3EP, is a wholly owned subsidiary of College. The company was setup to build a new residential boarding house which was sold to College in the year ended 31 July 2015. During the financial year the company was dormant and the company gifted £Nil to College (2017: £318,000). At the year end CLC Parabola Limited owed College £719 (2017: £Nil). At the year end the company had shareholder funds of £1,620 (2017: £1,620). On 23 November 2018 CLC Parabola Limited was formally struck-off from the register at Companies House.

30. College only total funds

College's own results for the year included in the Consolidated Statement of Financial Activities were:

	2018 £'000	2017 £'000
Income and Endowments from:		
Charitable activities		
Fee income	27,977	26,289
Ancillary trading income	1,991	1,661
Other income	214	43
Voluntary sources		
Donations and legacies	1,439	1,913
Other trading activities		
Non-ancillary trading income	300	285
Investments		
Investment income and interest	274	247
Total income and endowments	32,195	30,438
Expenditure on:		
Raising funds		
Fundraising	206	446
Financing costs	14	24
Investment management costs	8	6
	228	476
Charitable activities	29,207	27,299
Total expenditure	29,435	27,775
Net incoming funds from operations before investment gains or losses	2,760	2,663
Net gains on investments	172	362
Net income	2,932	3,025
Actuarial (losses)/gains on defined benefit pension schemes	(13)	77
Net movement in funds	2,919	3,102
Reconciliation of funds:		
Total funds brought forward	59,619	56,517
Total funds carried forward	62,538	59,619

31. Consolidated Statement of Financial Activities – Comparative figures by fund type for the year ended 31 July 2017

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Total 2017 £'000
Income and Endowments from:				
Charitable activities				
Fee income	26,289	-	-	26,289
Ancillary trading income	1,663	-	-	1,663
Other income	43	-	-	43
Voluntary sources				
Donations and legacies	472	832	-	1,304
Other trading activities				
Non-ancillary trading income	1,203	-	-	1,203
Investments				
Investment income and interest	34	34	179	247
Total income and endowments	29,704	866	179	30,749
Expenditure on:				
Raising funds				
Fundraising	446	-	-	446
Non-ancillary trading	1,095	-	-	1,095
Financing costs	24	-	-	24
Investment management costs	-	-	6	6
	1,565	-	6	1,571
Charitable activities	26,631	320	-	26,951
Total expenditure	28,196	320	6	28,522
Net incoming funds from operations before investment gains or losses	1,508	546	173	2,227
Net gains on investments	-	55	307	362
Net income	1,508	601	480	2,589
Transfers between funds	(1,379)	(21)	1,400	-
Total return transfers between funds	-	124	(124)	-
Actuarial gains on defined benefit pension schemes	77	-	-	77
Net movement in funds	206	704	1,756	2,666
Reconciliation of funds:				
Total funds brought forward	50,496	1,578	4,418	56,492
Total funds carried forward	50,702	2,282	6,174	59,158

32. Funds for year ended 31 July 2017

	Balance 1 August 2016 £'000	Income £'000	Total Return Transfers £'000	Expenditure £'000	Other (losses)/ gains £'000	Other Transfers £'000	Balance 31 July 2017 £'000
ENDOWMENT FUNDS	4,418	179	(124)	(6)	307	1,400	6,174
RESTRICTED FUNDS							
Income from Endowment Funds:							
The Bursaries Fund	-	-	85	(85)	-	-	-
The Leaving Exhibitions Fund	29	-	8	(9)	-	-	28
Vera Morpott Hounslow Fund	-	-	6	(4)	-	-	2
Beale Memorial Fund	9	-	3	-	-	-	12
Overseas Foundation	9	-	3	-	-	-	12
Holt Foundation	-	-	5	(5)	-	-	-
Vicky Tuck Scholarship Fund	23	-	12	(8)	-	-	27
Others	-	-	2	(2)	-	-	-
	70	-	124	(113)	-	-	81
Other restricted funds:							
Bursaries	899	103	-	(167)	55	(10)	880
Morgan Legacy	110	-	-	(24)	-	-	86
Perman Bursary	12	-	-	(14)	-	2	-
Health and Fitness Centre	394	744	-	-	-	12	1,150
Others	93	19	-	(2)	-	(25)	85
	1,508	866	-	(207)	55	(21)	2,201
Total Restricted Funds	1,578	866	124	(320)	55	(21)	2,282
UNRESTRICTED FUNDS							
Designated Funds							
Bursaries	15	5	-	(20)	-	-	-
Health and Fitness Centre	779	111	-	-	-	-	890
Other	-	45	-	-	-	(27)	18
Unrestricted Funds	50,011	29,195	-	(27,425)	-	(1,352)	50,429
Pension deficit	(284)	37	-	(4)	77	-	(174)
Total Unrestricted Charity Funds	50,521	29,393	-	(27,449)	77	(1,379)	51,163
Total Charity Funds	56,517	30,438	-	(27,775)	439	-	59,619
Unrestricted Funds – subsidiaries	(25)	311	-	(747)	-	-	(461)
Total Funds - Group	56,492	30,749	-	(28,522)	439	-	59,158