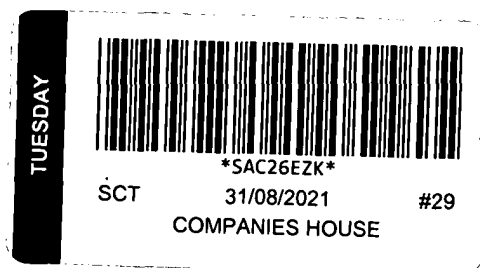


Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
Registered Charity No. SC037867

Gordonstoun Schools Limited

Trustees' Report and Consolidated Financial Statements

For the year ended 31 August 2020



Gordonstoun Schools Limited
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Reference and Administrative Details

Warden	HRH The Princess Royal
Trustees	Dr C. Eve Poole (Chair) Mr Robert Bacon (Vice-Chair) Mr David White Mr Richard Marsham (Resigned 5 October 2020) Mr George Grunebaum Ms Victoria Ayre Mr Russell Kew Mr Ruairaidh Thomas Mr A. Gregg S. Davies Mr Alastair Stewart Mr Dermot Shortt (Resigned 24 March 2020) Mr Adam Williams Ms Faith Ingabire Keza (Appointed 6 October 2019) Mr Alexander Adam (Appointed 6 October 2019) Ms Lorraine Davidson (Appointed 5 October 2020) Mrs Anne Pollock (Resigned 6 October 2019) Mrs Sophie Kueffer (Resigned 6 October 2019)
School Executive	Ms Lisa Kerr, Principal Ms Pamela Muir, Bursar and Company Secretary Mr Titus Edge, Headmaster (Resigned 31 August 2020)
Charity number	SC037867
Company number	00288105
Principal address	Gordonstoun School Elgin IV30 5RF
Registered office	24 King William Street London EC4R 9AT
Auditor	Johnston Carmichael LLP Clava House Cradlehall Business Park Inverness IV2 5GH
Solicitor	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Bank	Bank of Scotland 90 High Street Elgin IV30 1BJ

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**Trustees' Report (Including Strategic Report)
For the Year ended 31 August 2020**

Introduction: letter from our Chair

The year started with the acid test for any school: our inspection by Education Scotland. Having not had an educational inspection since 2009, the school had been preparing for some time, and it was a wonderful opportunity to showcase what we do, as well as to garner valuable feedback on how best to improve. The Board was extremely proud that the Inspectors reported so positively, describing our current approach to child protection as sector leading, and finding that 'the Board of Governors has demonstrated innovative thinking in determining the leadership and strategic direction of the school.'

When I met with the Inspection team during the process to hear their preliminary impressions, they were particularly impressed with our Principal and Bursar, described in their report as 'outstanding,' and said they had also been impressed by the depth and consistency of the Gordonstoun message, no matter who they spoke to on campus. We are keeping in touch with the Inspection team to pass on some of the innovations they recommended we share, both in the independent sector and beyond. The Principal's recent appointment as Secretary of HMC Scotland and the Bursar's membership of the SCIS Governing Board ensure we are well networked in Scotland and beyond.

It turns out that this boost was very necessary for staff morale, given what followed, as the reality of living in a Covid-19 world started to emerge during February and March. The Board shifted to weekly Board Executive meetings in March, as the school navigated the first attempts to keep the virus at bay, then the safe return home of the children to many countries worldwide, and the pivot to an online mode for teaching during the summer term.

The government's subsequent announcement of the Furlough scheme provided some relief, and many staff, including the Senior Leadership Team, generously offered salary sacrifices. We remain extremely humbled by, and grateful to, our incredible staff, who immediately stepped up in February and have had little respite since, working long hours, often in changed roles and in new ways, during this time of unprecedented crisis.

We also took the view as a Board that everyone was suffering from the financial repercussions, so made an early decision to reduce our fees for the Summer term, given that we were unable to provide boarding facilities. We are grateful that in spite of their personal circumstances so many parents were able to pay promptly and in full, which greatly helped our planning at a crucial time. The subsequent loss of income, and the cancellation of the Summer School, necessitated a radical restructure in order to reduce our overheads, and we remain extremely grateful for the superlative leadership of the process by the Principal and the SLT, and for those who took voluntary redundancy in order to save the jobs of others.

While we would not have wanted to make these changes under such pressure, we had already started a process of structural review, and this accelerated delivery of the new model will enable us to focus our resources where they can best impact pupil outcomes. We are confident that the school is emerging stronger than ever before and better able to deliver for all our young people.

In last year's accounts I noted our solid progress in the journey to stabilise our balance sheet and return the school to robust financial health. Before Covid, we had reached a sustainable operating position, and had turned our sights to a range of more strategic projects. In particular, this improved position allowed us last year, and this to year, to designate funds for the first stage of our Masterplan and to invest in our Moray campus for the current and future student cohort. It is extremely fortunate that this groundwork had already been laid, because it put us in the strongest possible position to respond to the Covid-19 pandemic. There is still acute uncertainty in our operating environment, but the Board is confident that with the prudent decisions already made, and with such a strong leadership team, we are well placed to navigate the waters ahead. It has been a year like no other. Our founder gave us the motto *Plus Est En Vous*, and this year it has been truly tested. I would like to pay tribute to my fellow trustees for their generosity and wisdom as we have all rallied round to protect the school we love so much, as well as to the staff, parents, alumni and other members of the Gordonstoun family, who have been so ready to help us in our hour of need.

It feels apposite that whenever our students open the school hymnbook in Chapel, they are greeted with these words, penned by my predecessor Sir Iain Tennant on imagining what our founder Kurt Hahn might have said to a Gordonstoun student leaving the school:

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Trustees' Report (Including Strategic Report - continued)
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Introduction: letter from our Chair (continued)

"Face the days that lie ahead with a spirit of adventure, compassion, honesty and confidence. Brave the stormy seas that are bound to confront you, determined to sail your ship on to the quiet waters that lie ahead. Help those whom you may find in trouble and steer clear of the whirlpools of destruction which you will meet on your voyage through life. Be not afraid of who you are, what you are or where you are, but cling implicitly to the Truth as taught in the religion of your following. If you do all these things, you will be 'of service'. If you are 'of service' you will make others happy and you will be happy too."

C. Eve Poole, Chairman of Governors

Our objectives

History

For the last 86 years, Gordonstoun has been an educational pioneer. In a relatively short period of time it has become recognised the world over as a leader in developing young people with strength of character, the ability to lead others through difficult times and the tenacity to keep going when others back down.

Gordonstoun students live in a close-knit community that is one third Scottish, one third from the rest of the UK and one third from the rest of the world, so they live and work alongside others from more than forty countries. Consequently, our students are diverse in culture, faith, aptitude and background and we take pride in our global community and the opportunity it brings to develop a deep and accepting understanding of people from all walks of life and all nations.

Gordonstoun is one of the UK's last remaining full boarding schools, co-educational and dedicated to delivering an ethos which stretches, challenges, nurtures and develops every child in our care, so that they grow into all that they can be.

The Gordonstoun motto "plus est en vous" (there is more in you) is as relevant today as it was when Dr Kurt Hahn, a visionary German educationalist and founder of Gordonstoun, created it.

He believed that young people flourish when their horizons are broadened beyond just their academic potential. Dr Hahn set out to develop in them the qualities of compassion, honesty, initiative, a thirst for adventure and a sense of service to others. His intention was not just to prepare his students for exams, but also for life. Gordonstoun today remains at the vanguard of developments in character education, combining inspiring classroom learning with exciting and richly varied out of classroom learning experiences.

All students at Gordonstoun take part in our world beating outdoor education and sail training programme. In addition, they participate in team and individual sports and an ambitious performing arts programme.

From Year 11 onwards, students join one of the school's nine services. By taking part in service our young people develop resilience, a sense of responsibility and gain skills which are transferable to every aspect of their lives.

Our young people also develop an understanding and respect for the wider world. Research conducted on our alumni by Edinburgh University showed that many years after students had left Gordonstoun, the passion for helping others and the resilience they had developed through being of service had carried over to their adult lives.

Charitable objectives

Gordonstoun's charitable object is primarily to provide at Gordonstoun, Elgin in the County of Moray and at such other schools in the UK and internationally as may from time to time be determined, education in all its branches.

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Trustees' Report (Including Strategic Report - continued)
For the Year ended 31 August 2020

Our objectives (continued)

Strategic Objectives

Our vision is of Gordonstoun as the world leader in character education, continually building on the pioneering approach of our founder Kurt Hahn.

Our main strategic objective is to inspire our diverse range of students to derive maximum achievement and enrichment from our unique educational ethos. We will achieve this by:

- Supporting and developing our skilled and dedicated staff
- Operating sustainably so we can invest in continual improvement
- Building strong relationships with our stakeholders
- Advocating the importance of our education offer
- Providing outstanding academic leadership and pastoral care

The report below shows how we are delivering our charitable objects and strategic objectives.

Senior School

Gordonstoun's uniquely broad curriculum encourages each student to fulfil their potential academically, as any good school should. But our approach to character education also broadens their horizons and encourages the development of qualities of compassion, responsibility and resilience.

Gordonstoun follows the English GCSE and A-Level curriculum with an increasing range of BTECs also offered and students go on to Universities and Colleges the world over to study a diverse range of subjects. This year's destinations included History at Cambridge, Medicine at Aberdeen, Business at Esade Business School in Barcelona, Electronic Engineering at New York University and Geography and Economics at the London School of Economics.

The school's stunning location in the North of Scotland provides the backdrop for Gordonstoun's world beating outdoor education programme.

Through expeditions and sail training voyages, students gain experience in leadership and team building. Their outlook is broadened and their ability to consider the needs of others developed. They also gain resilience and life skills which complement the school's commitment to academic excellence.

Active engagement in service to the local community comprises a core part of Gordonstoun's curriculum for all Year groups, and from Year 11 each student also commits to one of the school's services which include its own Fire and Coastguard units.

The Summer Term saw the Senior School move to online learning with an extensive range of academic lessons taught live on-screen and the school's broader curriculum recreated in a bespoke website 'My Gordonstoun Life'. The swiftly implemented digital transition saw students engaged in their learning from all around the world, and House spirit kept alive through virtual 'brews'.

Junior School

The Junior School underwent a change of Head in January 2020 as Robert McVean left Gordonstoun after nineteen successful years. The new Head, Josh Holtby, arrived from a position as Deputy Head at Brentwood School, a large 4-18 independent school just outside London.

The change in leadership was a smooth transition and the essentials of the school remain the same, in that it follows the English National Curriculum with influences from the Scottish Curriculum for Excellence. A rigorous and ambitious curriculum in the classroom is complemented by a commitment to a broader holistic experience of music, sport and drama, underpinned by Gordonstoun's emphasis on character development through outdoor learning.

Boarding levels at the Junior School remained consistent at approximately a third of the school, and these boarders are recruited from a broad range of countries across the world.

As the Covid-19 crisis struck, the Junior School was able to successfully mirror the Online Learning Programme of the Senior School and provide a comprehensive range of teacher led and pupil led online lessons using the Google Classroom suite of apps, supplemented by a bespoke website for all the broader curriculum subjects and to retain the strong sense of community within the school.

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Our activities to achieve our objectives (continued)

As the school moves into the new academic year there is already a programme of change being implemented to modernise and evolve the Junior School and numbers remain relatively strong.

International Summer School

The Gordonstoun International Summer School (GISS) was forced to cancel the courses scheduled for July and August 2020 due to the global pandemic. GISS has been providing a safe and happy environment for students aged 8-16 from over 35 countries, to come together to learn, have fun and make friends for more than forty years and it looks forward to being able to operate again soon. The vast majority of the families who had signed up for the 2020 courses said they would like their children to take part in a future course.

Active Revision

The Covid 19 situation also led to the cancellation of the popular Easter Active Revision course which is designed to help students prepare for GCSE, A Level, National 5 and Higher exams. This remains a popular programme for students in the run up to external exams and the School will look to reinstate this service when the Covid 19 restrictions allow.

Enhancing our curriculum

The school has carried out a comprehensive review of the curriculum and we are in the process of rolling out the planned improvements including adopting a whole school approach to ensuring high standards of literacy and numeracy through appointed coordinators in each area.

Gordonstoun follows the English GCSE and A-level curriculum which leads to gold standard qualifications which are highly regarded around the world. The school has broadened its academic pathways and now offers some BTEC and applied subjects for those students who prefer a more practical form of study.

Gordonstoun founder Kurt Hahn's philosophy is as import to the school now as it was when it first opened in 1934. Employers today are looking to recruit leaders who excel not just in the classroom but who demonstrate resilience, compassion, leadership and internationalism, all key components of a Gordonstoun education.

Gordonstoun students are awarded the prestigious Gordonstoun Diploma which records their achievement across the curriculum during their time at the school. Staff award grades of: Distinction, Merit, Pass, or "Not Achieved", according to the students' commitment and approach in the four principal areas of the curriculum: Academic Learning; Outdoor Learning; Arts, Culture and Sport; and Citizenship and Service, all of which are central to the vision of Gordonstoun's Founder Kurt Hahn and remain integral to the Gordonstoun experience.

The students, with support from their tutors, record their individual achievements in each area and these are published along with their grades in an annual transcript for parents and students. At the end of Year 13, students will be awarded their final Gordonstoun Diploma certificate.

Pastoral care

Gordonstoun was described as 'outstanding' and 'sector leading' in a report published by inspectors from Education Scotland in December 2019. Following a three day visit, the inspectors said the *"comprehensive systems, policies and procedures to keep the school community safe are monitored rigorously by pastoral leaders and are a model of best practice and result in sector leading pastoral care."*

The wellbeing and protection of children and young people is at the heart of everything we do at Gordonstoun. For the children and young people who study here we are a home from home providing a safe, friendly and welcoming environment, in a stunning 200 acre woodland campus where we endeavour to allow them to thrive as individuals

Students at Gordonstoun are supported round the clock by our pastoral staff. The HM (Housemistress or Housemaster) is responsible for the happiness and safety of the students in their care, and they live within the boarding house with their families making the houses a happy home from home environment.

Assistant HMs also live in the House and, during the day, each House has a Matron who helps to provide the highest level of support and care for the students. Our Healthcare Centre is staffed with well-trained Healthcare Assistants, qualified nurses and counsellors to support the physical and mental health of the students.

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Our activities to achieve our objectives (continued)

The Key Stage Leaders, each with a team of House-based tutors, have oversight of each student in regards to their pastoral and academic progression, success and concerns. These teams also arrange social activities which are regarded as the highlight of the week, ranging from BBQs to trips to the beach and small group social gatherings. The Key stage leaders are also an additional source of guidance and advice.

Each student has an allocated Tutor with whom they meet at least twice per week to discuss their academic progress and who provides regular advice and support.

Every member of staff is trained in child protection with key pastoral leaders all trained to level 4. Early intervention and wellbeing review meetings are used regularly to ensure the safety and wellbeing of students. This is centred on the Scottish Government's SHANARRI wellbeing indicators which ensure that each child is Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included.

Our students can also draw support from the school Chaplain. Gordonstoun is one of the few remaining schools in Britain which holds a chapel service each morning bringing the whole school together for reflection and shared endeavour. This continued throughout the lockdown period as an online service to ensure students remained connected to the School structure and to each other. Chapel provides an opportunity to strengthen our community through the sharing of ideas, information and inspiration before classes begin. The small but perfectly formed Michael Kirk was the original chapel for the Gordonstoun estate and it is set a little apart from the main school. This tiny Kirk plays an integral part in the school's spiritual life, as a place of real retreat from what has always been a busy school day.

Community benefit

Service in general and services to the local community in particular are core to the Gordonstoun philosophy. Gordonstoun students and staff continue to provide service as an essential part of the school's curriculum.

Students provide a range of services to the local community including volunteering at care homes and at Riding for the Disabled Associations, leading a broad range of fundraising activities and providing qualified coast guard, first aid and lifeguard support.

During the summer term and the onset of the Covid 19 pandemic, the school used its design and technology expertise to help provide hundreds of PPE face visors for local health care staff. Staff worked with the local Moray Makerspace to provide equipment in the early days of the coronavirus outbreak when supplies of PPE were badly needed.

Our Dialogue Society has gone from strength to strength since it was established four years ago. Last year in organised a 'Learning to Listen' symposium for children all over the UK.

In September 2019, in an event which was described as 'sector leading' by HM inspectors, the school ran its inaugural Dialogue Symposium 'Learning to Listen'. Pupils from every part of Britain were invited to the event, including children living in some of the most deprived neighbourhoods in the country. They were urged not to follow the example set by politicians during Brexit but, instead, to develop better listening and understanding skills in order to negotiate successfully. The event was led by a Gordonstoun teacher who is a former member of a UN peacekeeping mission and specialist in conflict resolution. It attracted significant media attention and we are in discussions with other schools about how to ensure as many students as possible benefit from this experience.

Music, art and performing arts

Music is part of the DNA of Gordonstoun— traditional and modern, solo and orchestral, Scottish and international. The high number of instrumentalists in the school, including every student in Years 4, 5 and 6, means there are many concert opportunities for all age groups and last year those occasions were as varied as ever.

On the very first weekend of the year, the school pipe band was invited to the prestigious Braemar Gathering for the first time. On a glorious sunny day, and at the band's first attempt, it did the school proud and won Best Band. Her Majesty the Queen made the winning presentation and awarded the band with His Majesty the Duke of Edinburgh's personal colours to be carried by the Pipe Master. It was a wonderful day.

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Our activities to achieve our objectives (continued)

Just as the band was winning this honour, so auditions were taking place for an Autumn Term production of Footloose. For all involved this took an entire term of hard work, and just before Christmas there were three great performances. A highlight of the spring term was the annual Dance show – Let's Dance – which featured performances by dancers from Year 9 to 13 including work by GY Dance, the Gordonstoun Dance Company.

The Junior School staged a series of dance and drama productions as part of the academic curriculum. Recent musicals have included Bugsy Malone, Annie, The Lion King and Alice in Wonderland and Aladdin. These ensemble shows give pupils the opportunity to take to the stage and experience Ogstoun Theatre, Gordonstoun's state of the art Performing Arts Centre.

The Spring Term saw a group of Junior School musicians on a six-day tour in Germany, and the pipe band competed again, this time at the Scottish Schools Pipe Band Championships. Backed by a rhythm section of saxes and brass, the band prepared a freestyle presentation of Flower of Scotland (written by former pupil Roy Williamson) merged with the Gordonstoun school song. The introduction was performed by pipers in three keys, possibly the first pipe band ever to use chromatic harmony. The judges rewarded them with first prize in the Junior B category.

The Spring term closed with two high-spirited Junior School productions of Aladdin, a cheering end just a few days before lockdown restrictions were imposed.

The highlight for the art department was the summer exhibition featuring a display of the students' high quality exam work. This was presented digitally and was thus enjoyed by even more parents than would normally have been able to attend. Two members of the sixth form also competed for the prestigious Caledonian Club Art Prize in Belgravia, London where their work was enjoyed by many club members, amongst them several OGs!

Broader Curriculum

At Gordonstoun Outdoor Education isn't considered an extra -curricular activity but a core part of a Gordonstoun education. Our students engage with outdoor education as soon as they arrive; in the first week of every autumn term students are up in the mountains on an exped learning how to work as a team in the outdoors. All students participate in sail training on the Moray Firth, which our founder Kurt Hahn described as his best schoolmaster.

Gordonstoun's outdoor education programme is recognised as one of the best in the world. All students take part in challenging experiences including overnight expeditions in remote mountainous areas to navigating the School's yacht on week long voyages.

As well as opportunities to play rugby, hockey, netball, football, cross country, swimming, squash, basketball, table tennis, volleyball, badminton and athletics, students enjoyed opportunities to play golf, go horse-riding, and use the climbing wall.

Alongside our programme of outdoor adventures which form part of the curriculum, mountaineering trips and sailing expeditions are built into the school calendar and, because of our location in the Highlands, we offer skiing in the winter months.

In December 2019, ten of our students travelled to Canada to take part in the Canada Cup Ski and Board Festival, competing against schools including Eton, Harrow, Wellington and the British International School of Chicago, and winning several silver medals in slalom races. Skiing continued in the Spring Term and Gordonstoun participated in the Scottish Schools Ski Association Races, the first time these races have managed to run in three years. A comprehensive programme of winter mountaineering and climbing trips was also offered.

Because of this wide selection of sporting activities at school, the students have the chance to discover a sport that they enjoy which might not be one of the primary team sports, but still provide them with an opportunity to shine.

The Autumn Term saw a significant amount of activity in the climbing wall. This included a number of students participating in the Climb Scotland competition with one student qualifying for the finals. The Outdoor and Adventure Learning Department also hosted another successful and well attended inter house climbing competition with a number of Houses sharing the honours. Students also participated in advanced climbing sessions developing their skills to be confident lead climbers. Gordonstoun continued to offer the National Indoor Climbing Award Scheme awards.

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**Trustees' Report (Including Strategic Report - continued)
For the Year ended 31 August 2020**

Our activities to achieve our objectives (continued)

Our sail training voyages also allow every student to gain invaluable experience in being both leaders and team players as they learn to sail around Scotland's challenging waters and stunning scenery.

An extensive and comprehensive programme of expeditions and activities continued throughout the school year. Students enjoyed a wide variety of activities including: mountain biking, kayaking, bushcraft and sailing before the Covid 19 restrictions came into force. Sadly, the term of online learning meant the cancellation of an extensive range of expeditions and sail training voyages. It was, however, heartening to note that the Gordonstoun spirit inspired many to organise their own adventures when restrictions were lifted over the summer, including a group of parents and Year 8s who recreated the infamous 'Cape Wrath' expedition traditionally undertaken by pupils who are about to leave the Junior School.

Over the course of the year Gordonstoun also organised a number of staff training courses and events including Outdoor First Aid and Mountain Lowland Leader Training and Assessment courses.

Financial support for students in need

From the school's foundation, when princes learned alongside the children of local fishing families, social diversity has been a central tenet of Gordonstoun's unique approach. The ability to build relationships with people from all backgrounds and to value individuals for their differences, is a key component of character education. However, unlike many of the large public schools in the UK, Gordonstoun does not have a wealthy endowment fund. Each year we spend a large proportion of our income on bursarial support in order to generate this powerful educational impact, and to increase access to our school in line with our charitable objectives.

In 2019/20, 19% of our income was spent on bursarial support and 168 of our 542 students, almost a third, received some form of bursarial support. 23 students paid less than 10% of the fees. Particular support was extended during the period of online learning, with all parents offered the opportunity to pay lower fees, additional bursaries offered and payment plans put in place for those whose incomes had been hit especially hard during the pandemic.

International expansion

After several years of careful planning, during the year Gordonstoun announced significant overseas franchise developments. A multi school agreement was reached with the Hampton Group in October 2019 to establish Gordonstoun Schools in China. The location of the first campus is yet to be announced and our partners, Hampton Group are currently involved in land purchase negotiations.

We also announced a Gordonstoun School will be built in Nova Scotia, a Canadian province with historic links to the School. A consortium led by Canadian businessman Edward Farren, will develop a campus in Annapolis County, where pupils will be able to benefit from an education based on Gordonstoun's world leading approach. The proposed Gordonstoun Nova Scotia campus lies between the sea and the hills, mirroring the countryside setting of Gordonstoun in Scotland.

Given the level of interest in Gordonstoun's ethos, it is not surprising that we continue to be approached by numerous potential investors, and we remain committed to exploring ways our unique ethos can be reflected in different parts of the world. However, we are adopting a cautious approach and selecting our partners carefully.

Ultimately, it is our intention that revenues gained from partnering to build Gordonstoun schools overseas will enable us to develop our campus and to build our bursary funds so that, to an even greater extent, financial means will not be a barrier to receiving a Gordonstoun education.

Student Academic Results

Gordonstoun selects students on the basis of their potential to benefit from the school's educational philosophy rather than on existing academic attainment levels.

The School's founder described the waters of the Moray Firth, where students learn to sail, as his greatest school master. Gordonstoun believes that success outside the classroom helps build confidence within the classroom, as well as equipping our students for the resilience they will need in their lives beyond school.

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Financial Review (including strategic report)

We are also academically ambitious for every student at the School and our exam results this year were particularly pleasing.

More than one third of A level results were the gold standard A*-A and at GCSE almost half of the results were the equivalent of A*-A (grades 7-9).

SUMMARY OF FINANCIAL PERFORMANCE

The financial impact of Covid

As a result of Covid 19, we sadly had no students on campus between March and August. Gordonstoun staff worked during their Easter holidays to create an online learning platform and ran online lessons during the summer 2020 term. The Gordonstoun International Summer School was cancelled. The School utilised the support available through the government furlough scheme for staff who were not essential for online learning, pastoral support, or for the maintenance of campus, core administration or income generation. All staff who were not furloughed took pay cuts of between 20% and 50% or worked longer hours than their contracts required.

Parents were offered reduced fees for the summer term, although some paid the full fee in order to support those families in greatest financial need. Many parents delayed their payments due to the financial impact of Covid 19 on their own financial circumstances and many others requested and were awarded bursaries.

Recognising the inevitable longer term economic impact of the pandemic, the School carried out a restructure and cost cutting exercise during June 2020. This will reduce costs by approximately £1.5m, representing around 10% of our expenditure. Redundancies from this process cost £650k. This prudent approach allowed the Governors to implement a fee freeze for the 2020-21 academic year, in further support of our families.

The school relies on new admissions for over a third of its income each year. Admissions visits halted in March 2020 and as a result of this the school opening in September 2020 will have 40 fewer students than planned in February 2020. The marketing work done in recent years, combined with extensive digital campaigns during the summer meant that, compared with other schools, admissions have been strong in the context of an extremely challenging environment.

Additional deep cleaning of all buildings took place during the summer, meaning that many staff who were furloughed from April to June were back at work in July and August, despite there being no students in school.

Getting students back to school in the autumn was a significant issue and a dedicated team of four liaised with parents to arrange and rearrange travel. Frequent changes to quarantine rules meant that some families had to rearrange flights four times. 52 of our students had to quarantine on their arrival based on existing quarantine regulations and we have had to run an additional quarantine programme for students arriving.

The Scottish Government issued many hundreds of pages of guidance on re-opening schools in the context of Covid 19 and the Senior Leadership Team worked through the summer holidays to turn this into bespoke guidance that suits the Gordonstoun education and facilities. We introduced four additional days of training for all staff at the beginning of term to turn this guidance into practice. In the meantime, the guidance has changed and will continue to do so, meaning that sometimes weeks of work becomes irrelevant as we move onto new guidance based on the latest scientific advice.

Many physical changes have had to be made to campus to meet this guidance, for example, additional portacabin toilet and shower blocks, additional handwashing sinks installed in foyers, perspex screens in the refectory and in the classrooms of vulnerable teachers. Additional cleaning equipment and PPE has had to be purchased, including face coverings for all staff and very high volumes of hand sanitiser and sanitising wipes. Any shared equipment, including school desks, has to be wiped down before use. Fogging machines have been purchased for use in the refectory and on the school's sail training yacht, and in bedrooms or the healthcare centre in the case of an outbreak.

The School took out a £2m CBILS loan in September 2020 in order to provide a buffer for the financial impact of the pandemic during the year and the risks in the coming year.

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**Trustees' Report (Including Strategic Report - continued)
For the Year ended 31 August 2020**

Financial Review (including strategic report) (continued)

Once the Covid 19 crisis is over, it is likely that the School will return to pre-covid growth levels, adding roughly 10 new students each year. Admissions have been strong in the context of an extremely challenging environment. We think this is because of our relative isolation, continuing relatively low infection rates and our location in a politically stable country with a very healthy environment (the highlands of Scotland) with a healthy outdoor curriculum. We have seen an increase in interest from the USA.

Taking this into account, our predicted EBITDA and cash position in the next 5 years are expected to recover strongly, allowing us to continue with our campus masterplan, work on which was temporarily paused during the year. The Governors have continued to prioritise the importance of improving the core facilities on campus, designating funds in the current (and previous) financial years to enable the advancement of the Masterplan as soon as possible in order to benefit current and future students.

Financial summary of the year

The consolidated accounts present the financial performance for the Group as a whole, the School and the Trading Companies, with the impact of any activity between those entities eliminated.

Income for the year is £16,186k, which is £292k higher than 2018/19, primarily as a result of fee increases, increased student numbers and franchise agreements. Expenditure for the year is £15,139k, which is £5k higher than 2018/19, primarily related to savings from furloughing staff and freezing expenditure in the Summer term due to Covid offset by the increase in the bad debt provision.

Overall, the net income for the year is £1,047k, which is £287k higher than in 2018/19, primarily for the reasons described above. Stripping out the income received from the Prince Philip Gordonstoun Foundation Limited in previous years, and the income received from the sale of land in 2017/18 and 2018/19, the underlying surplus has grown in 2019/20, compared to a underlying surplus in 2018/19 and underlying deficits in previous years. This is the result of franchise income from the international subsidiaries, combined with sustained efforts to increase student numbers and to achieve value for money in our operating costs.

The Group's net asset position has increased by £1,035k to £13,129k, reflecting the generated surplus for the year. Investment in tangible fixed assets was £146k (2018/19: £202k). The main additions in the year were new grounds equipment, roofing and upgrades to heating and IT. £196k previously capitalised architect fees for proposed capital projects have been written off during the year. Cash has increased by £1,547k to £4,894k due to fees received in advance as prepaid fees for the 2020/21 Autumn term due to the timing of year end. Creditors due within one year has decreased by £267k due to a decrease in prepaid fees for the Autumn 2020 term (£752k) and decrease in bank loan (£79k), partially offset by increase in accruals (mainly deferred VAT and PAYE)(£378k), deferred income for GISS (£293k), redundancy accrual (£58k) and other movements.

The Governors do not have a target for free reserves, although they do have a policy to strengthen reserves by making annual surpluses, and by continuing the school's fundraising campaign. Surpluses are applied in furtherance of the Group's charitable aims. In recent years, this has been achieved by spending considerable sums on improvements to premises and equipment, but always ensuring that educational needs are met by being properly funded. Use is made of bank loan and bank overdraft facilities. Bank loans have been used to help finance major capital expenditure. Bank overdraft facilities have been used to meet seasonal working capital requirements and for smaller capital projects. The Governors are aware that it is operating with "net current liabilities". The Governors note that, notwithstanding the classification of all long-term prepaid fees and pupil deposits as current liabilities (as described in note 18), there is no realistic probability of all prepaid fees being repaid within one year.

The Governors have noted that there is a surplus of £382k on the closed final salary scheme for non-teaching staff, as measured under FRS 102 (2019: surplus of £690k). This asset is not included in the balance sheet because it is not considered to be recoverable.

Risks and uncertainties

Central to the Governors' business planning process is the identification of the principal risks and uncertainties that face the organisation. Detailed consideration of risks is delegated to the Board's committees and school management as appropriate.

The most potentially significant risks currently identified by the Governors is the ongoing uncertainty caused by the Covid 19 global pandemic.

Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
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**Trustees' Report (Including Strategic Report - continued)
For the Year ended 31 August 2020**

Financial Review (including strategic report) (continued)

The School has worked with families to help them overcome travel issues and has transformed the campus to make it as safe as possible, introduced extra hygiene measures, established household "bubbles" to protect our young people and restricted movement on and off the campus. The School also invested in outdoor learning spaces to increase the enjoyment of our students' learning experience and to make the most of our 200 acre country campus.

The early months of the pandemic showed that our families appreciated the work which the School put into developing a high quality online learning offer and the benefit of their children living in a countryside community during a time of health concerns. As a result of the measures we put in place, student numbers held up better than expected. However, the School is acutely aware that the boarding school sector remains an uncertain environment.

In recent years, the Governors have managed the risk of general market decline with increased investment in marketing and admissions and we continued this approach following the Covid 19 outbreak. The School produced several high quality films focussing on the benefits of character education and outdoor learning and these attracted strong global interest and are likely to have been a significant factor in our students numbers holding up.

Meanwhile, the Governors have also responded decisively to the lower levels of income which resulted from the small reduction in student numbers, as a result of the pandemic by implementing a series of restructures which reduced costs whilst still ensuring a strong curricular experience and outstanding pastoral care.

Meanwhile, the school welcomed the establishment of the Scottish Child Abuse Inquiry now chaired by Lady Smith and is actively involved in providing the Inquiry with information to help it identify recommendations for looking after children in the future across the sector. Gordonstoun cares deeply about the survivors of non-recent abuse and has taken proactive action to encourage survivors to report abuse, as well as putting in place support for anyone who comes forward. The school has invested heavily in additional pastoral care in recent years, and a series of very good inspection reports have confirmed the strong Child Protection measures in place.

Structure, governance and management

The Charity is governed by its Memorandum and Articles of Association, adopted on 14 May 1934 and last altered February 2020.

Gordonstoun Schools Limited is a company limited by shares. The shares confer no economic rights, and are held on a non-beneficial basis by current Governors. The sole activity is the operation of Gordonstoun School, its Preparatory School, Senior School and Summer School. Surpluses cannot be distributed, and are reinvested in the development of the School, its infrastructure, staff and curriculum.

Aberlour House Limited was a separate institution until the 1999/2000 school year, when the boards of the two companies became the same. From September 2004, the junior school was fully integrated within Gordonstoun on campus and is now known as the Gordonstoun Junior School. The Junior, Senior and Summer Schools operate as one organisation, with a single Senior Leadership Team, so the attached financial statements deal with the combined results of all three activities.

The Trustees, who are also the Governors for the purposes of company law, and who served during the period from 01 September 2019 to the date the financial statements were approved, are shown under Legal and Administration Information.

The Governors seek to maintain a balance of interests, experience and aptitudes to match the school's charitable aims and activities. Governors are individuals of proven worth in their own field. They are recruited through the School's network of contacts and have been selected from a list of persons who are eligible, skilled, experienced, and available to attend meetings and to devote time to working for this particular educational charity.

During the year, Governors participated in a range of training at the School and elsewhere including Child Protection, GDPR and Equality and Diversity.

Structure, governance and management (continued)

There is no minimum or maximum tenure but it is envisaged that each Governor will serve for at least five years, subject to satisfactory contribution. There is no preferred retirement age for Governors. Each is given a tailored induction into their responsibilities, as appropriate to their prior experience and knowledge. One-third of the number of Governors must retire by rotation each year, and, if eligible, stand for re-appointment at the annual general meeting.

Governors may receive payment for out-of-pocket expenses, and the Chair is remunerated as noted below. All Governors are extremely generous with their time and expertise and many are additionally generous financial supporters of the School.

The Governors determine the strategy and policy of the School, and are legally responsible for the conduct of the charity. The Governors meet as a full Board for two days, three times a year, and are supported by the following committees, with responsibilities as noted:

Education Committee

Ensuring that the curricula (including the pastoral/boarding structure) deliver Gordonstoun's ethos and aims;

Finance and Estates Committee

Ensuring that the management of finances and of the built and natural environment supports the delivery of Gordonstoun's ethos and aims;

Development Committee

Ensuring that the management of all aspects of development at Gordonstoun supports future delivery of Gordonstoun's ethos and aims;

Audit and Risk Committee

Ensuring that the management of risk and audit supports the delivery of Gordonstoun's ethos and aims;

Remuneration and Nomination Committee

Convened from time to time to oversee the remuneration of the School Executive and to oversee the appointment of a Board position.

Board Executive Committee

To ensure that the Governors, its committees and the School Executive function effectively in support of the School.

The committees meet before every board meeting, and their numbers include Governors, members of the School Executive and members of staff. The Governors receive a report from the Chairman of each committee at every meeting, review routine decisions made by the committees, and make major decisions based upon the recommendations of the appropriate committee. Together the Governors and committees review all aspects of operations.

In addition to these committees, a Board-led steering group was created in order to oversee the School's full and active participation in the Scottish Child Abuse Inquiry and another to lead on international activity.

Management

Day to day management is delegated to the School Executive, all of whom are appointed by the Board. Since 2017, the school Executive comprised three people led by the Principal, with the Bursar and the Headmaster. During the year the Headmaster resigned to take up, from August 2020, The Headship of St Paul's School in Sao Paulo, Brazil. As a result, a restructure was implemented with the formal School Executive reverting to the previous model of Principal and Bursar. The School Executive meets daily in term time to make dynamic decisions affecting the day to day running of the School and, in its daily functioning capacity, includes the Head of Senior School (a new post to which long-serving member of staff, former Deputy Head and former Director of International Development, Richard Devey was appointed) and Head of Junior School, Josh Holtby.

The Five-Year Strategic Plan is updated annually to provide focus on the initiatives for the year. This, in turn, is cascaded into the annual School Development Plan which sets out a detailed plan of improvements to be made within the School. Progress is reviewed at regular intervals and formally reported back to the Governors.

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**Trustees' Report (Including Strategic Report - continued)
For the Year ended 31 August 2020**

Structure, governance and management (continued)

A committee of senior management, the Senior Leadership Team, meets weekly during term time to discuss school-wide issues and improvements. Separate committees meet on a regular basis to discuss academic, pastoral, operational and development matters.

Employees are kept informed by means of termly training sessions, regular staff meetings, regular updates from the Principal and by the publication of minutes of some internal committees. Regular staff consultation sessions on topical matters take place and this provides an opportunity for sharing of ideas; the more formal Staff Forum deals with concerns and consultations. There are regular opportunities for staff and Governors to meet.

Structure and relationships

The School has a number of wholly owned subsidiaries.

The first, Gordonstoun Trading Limited is a non-charitable company, the vehicle for trading activities including the school shop. It donates its entire profit to the School each year. In 2019/20, the school shop closed and £96k of stock was written off, resulting in Gordonstoun Trading Limited reporting a loss of £60k for the year.. The second, Gordonstoun International Limited, was set up in February 2018 in order to carry out international expansion and has a number of wholly owned subsidiaries, constituted in order to carry out international expansions in specific regions:

- Gordonstoun International China Limited
- Gordonstoun International Nova Scotia Limited
- Gordonstoun International AP Limited

Gordonstoun International India Limited and Gordonstoun International Hong Kong Limited were struck off in April 2020.

The Prince Philip Gordonstoun Foundation Limited is a separate charitable company, limited by guarantee, with its own Board. David White and Eve Poole are trustees. In 2020, Richard Marsham took over as the Chair of Trustees for the Foundation as he stepped down from the Board of Gordonstoun Schools Limited. The Foundation exists to promote education of the type carried out at Gordonstoun. It has received donations, over many years, given with the specific purpose of providing financial assistance in the form of scholarships and bursaries to students at Gordonstoun. The Foundation is not controlled by Gordonstoun Schools Limited.

Pay policy for senior staff

A Remuneration and Nominations Committee of the board is responsible for recommending movements in pay levels for key staff, taking into account market comparators, achievements and inflation.

Future Plans: Letter from our Principal

It is often the case that the leader of a school will reflect back on a year as being one like no other. But there is no question that the 2019/20 school year was the most tumultuous in our history.

The year began on a high with strong student numbers, an outstanding inspection report, the announcement of the Schools' first international franchising agreement, our sector-leading Dialogue Symposium and the School Pipe Band being presented with the Best Band award by Her Majesty The Queen at the Braemar Gathering. No-one could have foreseen that, by the end of the Spring term, the world would be coping with a global pandemic, which would force the closure of the campus for the Summer term.

That our staff worked so effectively to transform our school, in a handful of weeks, from a countryside campus into an online School, educating hundreds of students around the globe, speaks much of the Gordonstoun spirit. The digital revolution was swift, and encompassed not just academics, but also the famous broader curriculum and pastoral care. Now in our second lockdown, we have improved our provision again, and have shown a relentless commitment to continual improvement.

2019-20 was not just a year of challenge but one of real change too. During the summer term we carried out a significant restructure to help us improve further our educational and pastoral offer. As a result, some colleagues left us on a voluntary redundancy basis; we thank them for their years of service and wish them well for the future.

Our new structure gives us additional provision in key areas like tutoring and student wellbeing counselling. New roles also allow greater focus on whole school strategies to support literacy and numeracy skills. Crucially we have a strengthened team of middle leaders and they are driving an ongoing cycle of self-evaluation and improvement.

The strong student numbers at the start of the 2020-21 academic year further underlined the attractiveness of the core Gordonstoun offer and cause us to reflect on where our future focus should be. The changes we have implemented give us firm academic foundations, and we are now turning our attention to how to be 'even more Gordonstoun'. Changes to our sail training programme, the introduction of a Year 9 watersports programme and reviewing our expedition programme are just the start. A renewed focus on service to others will include our students supporting the NHS in future months, as it recovers and rebuilds after the pandemic.

Crucially, the designation of funds by Governors for the Masterplan, for the second year in a row, mean that we have now appointed a Project Manager to oversee the building of our first new classrooms, which we hope will be used by students in the 2022-23 academic year.

Such investment can only progress if we continue to generate reliable surpluses from our Senior, Junior and Summer Schools, as well as by generating new streams of income, including from our overseas projects. The continued support of donors will also be crucial, and we are investing in additional resources within our fundraising team to support philanthropic giving.

If anyone has suggested at the start of the academic year that we would face the closure of our campus, quarantining, social distancing and a new world of online learning and would have emerged stronger as a result, I would have dismissed it out of hand but I can honestly say the School, its staff and students are more resilient, more resourceful and more united than ever before.

Lisa Kerr, Principal

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Trustees' Report (Including Strategic Report - continued)
For the Year ended 31 August 2020

Statement of Trustees' responsibilities

The Trustees (who are also the directors of Gordonstoun Schools Limited for the purpose of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and parent charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and parent charitable company for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent charitable company will continue in operation; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and parent charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the group and parent charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the group's and parent charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Johnston Carmichael LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

The Trustees' report was approved by the Board of Trustees.



.....
Dr C. Eve Poole

On behalf of the board

Dated: 25 February 2021

Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
Registered Charity No. SC037867

Independent auditor's report to the Members and Trustees of Gordonstoun Schools Limited

Opinion

We have audited the financial statements of Gordonstoun Schools Limited (the "parent charitable company") and its subsidiaries (the "group") for the year ended 31 August 2020 which comprise the Group and Company Statement of Financial Activities, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 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 parent charitable company's affairs as at 31 August 2020 and of the group's and the parent charitable company's incoming resources and application of resources, including group's and parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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Independent auditor's report to the Members and Trustees of Gordonstoun Schools Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (including the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with the applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulation 2006 require us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees responsibilities as set out on page 16, the Trustees, (who are also the directors of Gordonstoun Schools Limited for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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Independent auditor's report to the Members and Trustees of Gordonstoun Schools Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

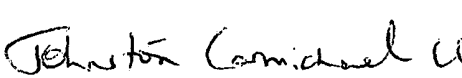
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Scott Jeffrey (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP,
Statutory Auditor

26 February 2021

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Johnston Carmichael LLP
Clava House
Cradlehall Business Park
Invermess
IV2 5GH

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Gordonstoun Schools Limited
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Consolidated Statement of Financial Activities for the year ended 31 August 2020
(incorporating the income and expenditure account)

	Notes	Designated Unrestricted Funds £	General Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
<u>Income and Endowments from:</u>						
Donations and legacies	3	-	1,360,892	37,693	1,398,585	183,742
Charitable activities	4	-	13,865,859	-	13,865,859	15,156,886
Other trading activities	5	-	920,255	-	920,255	329,478
Investments	6	-	1,629	-	1,629	229
Other	7	-	-	-	-	223,765
Total income and endowments		-	16,148,635	37,693	16,186,328	15,894,100
<u>Expenditure on:</u>						
Charitable activities	8a	-	14,556,942	40,443	14,597,385	14,796,162
Raising funds		-	497,410	-	497,410	272,805
Financing and other costs	12	-	44,546	-	44,546	64,911
Total expenditure		-	15,098,898	40,443	15,139,341	15,133,878
Net income / (expenditure) for the year		-	1,049,737	(2,750)	1,046,987	760,222
Gross transfers between funds	25	900,000	(899,800)	(200)	-	-
Net income / (expenditure) after transfers		900,000	149,937	(2,950)	1,046,987	760,222
<u>Other recognised gains and losses</u>						
Actuarial loss on defined benefit scheme	22	-	(12,000)	-	(12,000)	(22,000)
Net movements in funds		900,000	137,937	(2,950)	1,034,987	738,222
<u>Reconciliation of funds</u>						
Fund balances at 1 September 2019		500,000	7,137,715	4,456,564	12,094,279	11,356,057
Fund balances at 31 August 2020		1,400,000	7,275,652	4,453,614	13,129,266	12,094,279

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Gordonstoun Schools Limited
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Registered Charity No. SC037867

Company Statement of Financial Activities for the year ended 31 August 2020
(incorporating the income and expenditure account)

	Notes	Designated Unrestricted Funds £	General Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
<u>Income and Endowments from:</u>						
Donations and legacies	3	-	2,236,279	37,693	2,273,972	205,631
Charitable activities	4	-	13,865,859	-	13,865,859	15,156,886
Other trading activities	5	-	40,068	-	40,068	71,407
Investments	6	-	1,629	-	1,629	229
Other	7	-	-	-	-	223,765
Total income and endowments		-	16,143,835	37,693	16,181,528	15,657,918
<u>Expenditure on:</u>						
Charitable activities	8b	-	14,553,435	40,443	14,593,878	14,793,248
Raising funds		-	315,712	-	315,712	154,358
Financing and other costs	12	-	44,546	-	44,546	64,911
Total expenditure		-	14,913,693	40,443	14,954,136	15,012,517
Net Income / (expenditure) for the year		-	1,230,142	(2,750)	1,227,392	645,401
Gross transfers between funds	25	900,000	(899,800)	(200)	-	-
Net Income / (expenditure) after transfers		900,000	330,342	(2,950)	1,227,392	645,401
Other recognised gains and losses						
Actuarial loss on defined benefit pension scheme	22	-	(12,000)	-	(12,000)	(22,000)
Net movements in funds		900,000	318,342	(2,950)	1,215,392	623,401
Reconciliation of funds						
Fund balances at 1 September 2019		500,000	7,022,894	4,456,564	11,979,458	11,356,057
Fund balances at 31 August 2020		1,400,000	7,341,236	4,453,614	13,194,850	11,979,458

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
Registered Charity No. SC037867

Consolidated Balance Sheet as at 31 August 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	13		16,056,544		16,681,827
Current assets					
Stocks	15	105,413		298,615	
Debtors	16	1,112,688		1,262,634	
Cash at bank and in hand		4,894,477		3,347,280	
			6,112,578		4,908,529
Creditors: amounts falling due within one year	18	(7,086,539)		(7,351,488)	
Net current liabilities			(973,961)		(2,442,959)
Total assets less current liabilities			15,082,583		14,238,868
Creditors: amounts falling due after more than one year	19	(1,774,322)		(1,942,867)	
Provisions for liabilities	20	(178,872)		(201,599)	
Net assets			13,129,389		12,094,402
The funds of the charity:					
Restricted funds	25		4,453,614		4,456,564
<u>Unrestricted funds</u>					
General unrestricted funds		7,275,652		7,137,715	
Designated unrestricted funds	24	1,400,000		500,000	
Share capital	23	123		123	
			8,675,775		7,637,838
			13,129,389		12,094,402

The financial statements were approved by the Trustees on 25 February 2021

Dr C. Eve Poole
Trustee



Company Registration No. 00288105

Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
Registered Charity No. SC037867

Company Balance Sheet as at 31 August 2020

	Notes	£	2020 £	2019 £
Fixed assets				
Tangible assets	13		16,056,544	16,681,827
Current assets				
Stocks	15	105,413		153,038
Debtors	16	1,995,249		1,453,372
Cash at bank and in hand		4,064,622		3,152,346
		6,165,284		4,758,756
Creditors: amounts falling due within one year	18	(7,073,661)		(7,316,536)
Net current liabilities			(908,377)	(2,557,780)
Total assets less current liabilities			15,148,167	14,124,047
Creditors: amounts falling due after more than one year	19		(1,774,322)	(1,942,867)
Provisions for liabilities	20		(178,872)	(201,599)
Net assets			13,194,973	11,979,581
The funds of the charity:				
Restricted funds	25		4,453,614	4,456,564
<u>Unrestricted funds</u>				
General unrestricted funds		7,341,236		7,022,894
Designated unrestricted funds	24	1,400,000		500,000
Share capital	23	123		123
			8,741,359	7,523,017
			13,194,973	11,979,581

The financial statements were approved by the Trustees on 25 February 2021

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Dr C. Eve Poole
Trustee



Company Registration No. 00288105

Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
Registered Charity No. SC037867

Consolidated Cash Flow Statement
For the year ended 31 August 2020.

	Notes	£	2020 £	£	2019 £
Cashflow from operating activities					
Net cash provided by operating activities	29		1,947,145		143,516
Cashflows from investing activities					
Purchase of tangible fixed assets		(146,184)		(97,151)	
Proceeds on disposal of tangible assets		-		233,789	
Interest received		1,629		229	
Net cash used in investing activities			(144,555)		136,867
Financing activities					
Repayment of bank loans		(247,498)		(382,881)	
Payment of obligations under finance leases		(7,895)		(14,614)	
Net cash (used in) provided by financial activities			(255,393)		(397,495)
Net (decrease) / increase in cash and cash equivalents			1,547,197		(117,112)
Cash and cash equivalents at beginning of year	30		3,347,280		3,464,392
Cash and cash equivalents at the end of the year			<u>4,894,477</u>		<u>3,347,280</u>
Relating to:					
Bank balances and short term deposits			<u>4,894,477</u>		<u>3,347,280</u>

1 Accounting policies

Company information

Gordonstoun Schools Limited is a private company limited by shares incorporated in England and Wales. The registered office is c/o Veale Wasbrough Vizards, 24 King William Street, London, EC4R 9AT. The principal place of business address is Gordonstoun School, Elgin, IV30 5RF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006.

The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared on the historical cost convention, modified to include retirement benefit obligations at fair value. The principal accounting policies adopted are set out below.

The group financial statements incorporate the financial statements of the parent charitable company and its subsidiary undertakings for the year ended 31 August 2020. Unless otherwise stated, the acquisition method of accounting has been adopted.

The parent charitable company is a qualifying entity for the purposes of FRS 102 and has taken exemptions in its individual financial statements from the disclosure requirements of Section 7 'Statement of Cash Flows', Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues'.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The Trustees have used various sources of information including the preparation of detailed budgets and scenario analysis for the next two financial periods, expected pupil role changes and current market conditions to come to their conclusion on the basis of accounting. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Furthermore, the Trustees have authorised the Company to take out a £2,000,000 CBILS loan for the purpose of providing a buffer of financial resources to meet any further immediate fallout from the Covid 19 pandemic. At the time of approval of these financial statement this loan remains undrawn.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds form part of unrestricted funds and reflect amounts set aside by the Trustees for specific purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1 Accounting policies (continued)

1.4 Income

Income from charitable activities comprise school fees and ancillary income receivable in the period for the academic year. School fees are stated after deducting bursaries, scholarships, and remissions.

Income from donations and legacies is recognised when the entitlement to the income is probable. Donations subject to specific wishes of the donors are allocated to the relevant restricted funds. Donations receivable for the general purposes of the School are credited to unrestricted funds. Government grant income is recognised in the period to which it relates.

For legacies, income is recognised when the School has entitlement and the amount can be reliably measured. This is generally the earlier of the School being notified of an impending distribution or the legacy being received. On occasion legacies will be notified to the School however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is recognised when the amount becomes reliably measurable.

Income from other trading activities is recognised on a receivable basis.

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category and include any irrecoverable VAT.

Costs of raising funds are those costs incurred in attracting campaign income, and those incurred in trading activities that raise funds.

Charitable activities includes expenditure associated with meeting the School's primary objectives and includes the teaching, welfare, premises and support costs relating to these activities.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1.5% to 15% on cost
Plant, furnishings, equipment and sail training vessel	5% to 20% on cost
Motor vehicles and boats	25% reducing balance

Assets under construction are not depreciated until they are available for use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

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

1.8 Fixed asset investments

Investments in subsidiary undertakings are initially measured at cost and subsequently measured at cost less any provision for impairment.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

1 Accounting policies (continued)

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Retirement benefits to most teaching staff are provided by the Scottish Teachers' Superannuation Scheme and are funded by contributions of 23% from the employer and employee rates based on salary bands.

A defined benefit scheme for other staff was closed to new entrants and further accruals for years of service in July 2002. Contributions are made to this scheme, under actuarial advice, to maintain the scheme's ability to pay current and future pensions. Following closure of the defined benefit scheme a separate defined contribution scheme was opened for non-teaching staff. The employer contributes 5% of salary and employees contribute 4%. All employer contributions to the open schemes are treated as expenses when paid.

The closed defined benefit scheme is accounted for under the requirements of FRS 102. Pension plan assets are measured using market values. Pension plan liabilities are measured using the projected unit method and discounted by the yield available on long-dated, high quality corporate bonds. Any increase in the present value of the liabilities of the defined benefit pension plan expected to arise from employee service in the period is recognised as staff costs within the statement of financial activities. The expected return on the plan's assets and the increase during the period in the present value of the plan's liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised in the statement of financial activities.

The pension liability for former employees who took early retirement in prior years is accounted for under the requirement of FRS 102. The assumptions used to determine the future liability are those from the closed defined benefit scheme, as these are the best estimate.

1 Accounting policies (continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease, transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to expenditure on a straight-line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

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

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

Critical judgements

Depreciation rates

Depreciation is calculated to write off the cost of assets over their estimated useful life as well as taking account of their estimated residual value. Management estimate the useful life and residual value of each asset based on expected usage and resale value. Details of the depreciation charged in the year are in note 13.

Bad debt provision

Management judges the recoverability of debtors and makes a provision where the debt is not expected to be recovered. Total trade debtors at the year end are outlined in note 16.

Defined benefit pension liability

As discussed in note 22, management make use of an expert to estimate pension liabilities.

3 Donations and legacies			<i>Group</i>
	Unrestricted funds £	Restricted funds £	Total 2020 £
Donations and gifts	365,859	37,693	403,552
Grant income	995,033	-	995,033
	<u>1,360,892</u>	<u>37,693</u>	<u>1,398,585</u>

During the year government grant funding was received under the Job Retention Scheme.

			<i>Company</i>
	Unrestricted funds £	Restricted funds £	Total 2020 £
Donations and gifts	1,241,246	37,693	1,278,939
Grant income	995,033	-	995,033
	<u>2,236,279</u>	<u>37,693</u>	<u>2,273,972</u>

During the year government grant funding was received under the Job Retention Scheme.

			<i>Group</i>
	Unrestricted funds £	Restricted funds £	Total 2019 £
Donations and gifts	170,260	13,482	183,742

			<i>Company</i>
	Unrestricted funds £	Restricted funds £	Total 2019 £
Donations and gifts	192,149	13,482	205,631

4 Charitable activities

	<i>Group and company</i>	
	2020	2019
	£	£
Fees receivable	13,611,267	14,856,878
Miscellaneous chargeable income	254,592	300,008
	<u>13,865,859</u>	<u>15,156,886</u>

Fees receivable comprises the amount receivable for continuing school services supplied by the school during the year. All services arise in the United Kingdom. Fees receivable include the following:

	<i>Group and company</i>	
	2020	2019
	£	£
Full fees receivable	16,872,308	17,823,323
Scholarships and grants	<u>(3,261,041)</u>	<u>(2,966,445)</u>
	<u>13,611,267</u>	<u>14,856,878</u>

Scholarships and grants include restricted resources expended of £6,200 (2019 - £15,000). All income from charitable activities in the current and prior year was unrestricted.

5 Other trading activities	2020 £	Group 2019 £	2020 £	Company 2019 £
Franchise, charter, rental and Miscellaneous income	802,546	188,192	40,068	71,407
School shop sales	117,709	141,286	-	-
	<u>920,255</u>	<u>329,478</u>	<u>40,068</u>	<u>71,407</u>

All income from other trading activities in the current and prior year was unrestricted.

A summary of the trading results and assets and liabilities of the subsidiaries are shown below:

	Gordonstoun Trading Limited £	Gordonstoun International Limited £	Gordonstoun International Nova Scotia Limited £	Gordonstoun International China Limited £
				2020
Gross Income	119,503	104,911	255,684	500,000
Expenditure	(185,003)	(92)	(320,669)	(449,916)
Profit	(65,500)	104,819	(64,985)	50,084
Dividend	-			(99,911)
Gift Aid		(104,819)		
Retained	(65,500)	-	(64,985)	(49,827)
Assets	4,385	4,908	320,653	499,910
Liabilities	(69,885)	(4,989)	(320,652)	(499,908)
Funds	(65,500)	(81)	1	2
				2019
Gross Income	143,086	-	64,985	50,000
Expenditure	(121,197)	(82)	-	(82)
Profit	21,889	(82)	64,985	49,918
Gift Aid	(21,889)			
Retained	-	(82)	64,985	49,918
Assets	173,856	1,759	64,986	99,911
Liabilities	(173,856)	(1,840)	-	(49,992)
Funds	-	(81)	64,986	49,919

The wholly owned trading subsidiary Gordonstoun Trading Limited is incorporated in Scotland (company number SC138154) and distributes all of its profits to the charity under the gift aid scheme.

The wholly owned trading subsidiary Gordonstoun International Limited is incorporated in England and Wales (company number 11190713) and has a year end of 28 February 2020.

The wholly owned trading subsidiary Gordonstoun International China Limited is incorporated in England and Wales (company number 11353637) and has a year end of 31 August 2020.

The wholly owned trading subsidiary Gordonstoun International Nova Scotia Limited is incorporated in England and Wales (company number 11350888) and has a year end of 31 August 2020.

6 Income from investments

	2020 £	Group 2019 £	2020 £	Company 2019 £
Interest receivable	1,629	229	1,629	229

All income from investments in the current and prior year was unrestricted.

7 Other

	Group and Company 2020 £	2019 £
Sale of assets	-	223,765

All other income in the current and prior year was unrestricted.

8a Charitable Activities

	Teaching £	Welfare £	Premises £	Support & Governance £	Total 2020 £	Total 2019 £
Staff costs	6,452,888	1,237,853	452,271	-	8,143,012	8,264,946
Depreciation and impairment	-	-	560,768	-	560,768	716,918
Other	1,332,826	688,685	1,485,435	-	3,506,946	3,602,828
	7,785,714	1,926,538	2,498,474	-	12,210,726	12,584,692
Share of support costs (see note 9a)	-	-	-	2,348,915	2,348,915	2,184,561
Share of governance costs (see note 9a)	-	-	-	37,744	37,744	26,909
Total	7,785,714	1,926,538	2,498,474	2,386,659	14,597,385	14,796,162

Analysis by funds 2020

Unrestricted funds	7,785,714	1,926,538	2,458,031	2,386,659	14,556,942
Restricted funds	-	-	40,443	-	40,443
	7,785,714	1,926,538	2,498,474	2,386,659	14,597,385

Analysis by funds 2019

Unrestricted funds	7,808,597	2,257,428	2,477,398	2,211,470	14,754,893
Restricted funds	-	-	41,269	-	41,269
	7,808,597	2,257,428	2,518,667	2,211,470	14,796,162

8b Charitable Activities

					Company	
	Teaching £	Welfare £	Premises £	Support & Governance £	Total 2020 £	Total 2019 £
Staff costs	6,452,888	1,237,853	452,271	-	8,143,012	8,264,946
Depreciation and impairment	-	-	560,768	-	560,768	716,918
Other	1,332,826	688,685	1,485,435	-	3,506,946	3,602,828
	<u>7,785,714</u>	<u>1,926,538</u>	<u>2,498,474</u>	<u>-</u>	<u>12,210,726</u>	<u>12,584,692</u>
Share of support costs (see note 9b)	-	-	-	2,348,713	2,348,713	2,184,397
Share of governance costs (see note 9b)	-	-	-	34,439	34,439	24,159
Total	<u>7,785,714</u>	<u>1,926,538</u>	<u>2,498,474</u>	<u>2,383,152</u>	<u>14,593,878</u>	<u>14,793,248</u>

Analysis by funds 2020

Unrestricted funds	7,785,714	1,926,538	2,458,031	2,383,152	14,553,435
Restricted funds	-	-	40,443	-	40,443
	<u>7,785,714</u>	<u>1,926,538</u>	<u>2,498,474</u>	<u>2,323,232</u>	<u>14,593,878</u>

Analysis by funds 2019

Unrestricted funds	7,808,597	2,257,428	2,477,398	2,208,556	14,751,979
Restricted funds	-	-	41,269	-	41,269
	<u>7,808,597</u>	<u>2,257,428</u>	<u>2,518,667</u>	<u>2,208,556</u>	<u>14,793,248</u>

9a Support Costs

	Support Costs £	Governance costs £	2020 £	2019 £	Basis of allocation
Staff costs	917,252	-	917,252	869,246	Direct
Other support costs	1,431,461	-	1,431,461	1,315,315	Direct
Audit fees	-	37,744	37,744	26,909	Direct
Total	<u>2,348,713</u>	<u>37,744</u>	<u>2,386,457</u>	<u>2,211,470</u>	

9b Support Costs

	Support Costs £	Governance costs £	2020 £	2019 £	Basis of allocation
Staff costs	917,252	-	917,252	869,246	Direct
Other support costs	1,431,461	-	1,431,461	1,315,151	Direct
Audit fees	-	34,439	34,439	24,159	Direct
Total	<u>2,348,713</u>	<u>34,439</u>	<u>2,383,152</u>	<u>2,208,556</u>	

10 Trustees

During the year 8 directors received reimbursement of travel expenses for governors' meetings of £6,141 (2019 - 7 directors received £7,863). During the year the directors made donations to the school of £49,128 (2019 - £nil). During the financial year Dr. C. Eve Poole received remuneration of £20,087 (2019 £nil) in her role as Chair of the Gordonstoun Board of Governors, in accordance with the provision included within the governing document.

11a Employees

Group

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Teaching	117	127
Teaching support	56	58
Refectory and domestic	84	102
Maintenance and grounds	16	14
Administration	30	26
	<u>303</u>	<u>327</u>

Employee Costs

	£	£
Wages and salaries	7,954,625	7,680,750
Social security costs	726,189	712,113
Other pension costs	1,065,566	837,485
	<u>9,746,380</u>	<u>9,230,348</u>

During the year, the average number employed in full time equivalent terms was 258 (2019 - 260).

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,000 - £70,000	3	5
£70,001 - £80,000	-	4
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1
£130,001 - £140,000	-	-

11b Employees

Number of employees

The average monthly number of employees during the year was:

	<i>Company</i>	
	2020	2019
	Number	Number
Teaching	117	127
Teaching support	56	58
Refectory and domestic	84	102
Maintenance and grounds	16	14
Administration	30	26
	<u>303</u>	<u>327</u>

Employee Costs

	£	£
Wages and salaries	7,946,530	7,666,950
Social security costs	726,189	712,113
Other pension costs	1,065,566	837,485
	<u>9,738,285</u>	<u>9,216,548</u>

During the year, the average number employed in full time equivalent terms was 258 (2019 - 260).

The number of employees whose annual remuneration was £60,000 or more were:

	2020	2019
	Number	Number
£60,000 - £70,000	3	5
£70,001 - £80,000	-	4
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1
£130,001 - £140,000	-	-

12 Financing and other costs

	2020	Group	2020	Company
	£	2019	£	2019
		£		£
Bank interest	79,273	94,395	79,273	94,395
Net interest income on former employees' pension (note 22)	(22,727)	(7,484)	(22,727)	(7,484)
Net interest income on defined benefit pension (note 22)	(12,000)	(22,000)	(12,000)	(22,000)
	<u>44,546</u>	<u>64,911</u>	<u>44,546</u>	<u>64,911</u>

13 Tangible Fixed Assets

<i>Group and Company</i>	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2019	21,749,735	186,971	6,815,224	1,711,240	30,463,170
Additions	30,100	-	56,644	59,440	146,184
Disposals	(9,073)	(186,971)	-	(107,953)	(303,997)
At 31 August 2020	<u>21,770,762</u>	<u>-</u>	<u>6,871,868</u>	<u>1,662,727</u>	<u>30,305,357</u>
Depreciation and impairment					
At 1 September 2019	6,280,713	-	6,086,642	1,413,988	13,781,343
Depreciation charged in the year	404,648	-	150,749	5,371	560,768
Eliminated in respect of disposals	-	-	-	(93,298)	(93,298)
At 31 August 2020	<u>6,685,361</u>	<u>-</u>	<u>6,237,391</u>	<u>1,326,061</u>	<u>14,248,813</u>
Carrying amount					
At 31 August 2020	<u>15,085,401</u>	<u>-</u>	<u>634,477</u>	<u>336,666</u>	<u>16,056,544</u>
At 31 August 2019	<u>15,469,022</u>	<u>186,971</u>	<u>728,582</u>	<u>297,252</u>	<u>16,681,827</u>

14 Fixed Asset Investments

The charity holds an investment in its subsidiary undertaking, Gordonstoun Trading Limited, at a value of £nil (2019 - £nil). As the subsidiary company distributes its annual surplus to the charity as gift aid, it has no net assets of its own, and consequently the cost of the investment has been fully provided against.

Gordonstoun Trading Limited is registered in Scotland and the nature of the business is school trading activities. Gordonstoun Schools Limited owns 100% of the share capital and voting rights.

Further details of Gordonstoun Trading's activities for the year are included in note 5.

The charity holds an investment in a subsidiary undertaking, Gordonstoun International Limited, at a value of £nil. As the subsidiary company distributes its annual surplus to the charity as gift aid, it has no net assets of its own, and consequently the cost of the investment has been fully provided against.

Gordonstoun International Limited is registered in England and Wales the nature of the business school is franchise activities. Gordonstoun Schools Limited owns 100% of the share capital and voting rights.

Further details of Gordonstoun International and its subsidiaries activities for the year are included in note 5.

The charity holds an indirect investment in a subsidiary undertaking, Gordonstoun International China Limited at a value of £nil. As the subsidiary company distributes its annual surplus to the charity as a gift aid, it has no net assets of its own, and consequently the cost of the investment has been fully provided against.

Gordonstoun International China Limited is registered in England and Wales, the nature of the business is school franchise activities.

The charity holds an indirect investment in a subsidiary undertaking, Gordonstoun International Nova Scotia Limited, at a value of £nil.

Gordonstoun International Nova Scotia Limited is registered in England and Wales, the nature of the business is school franchise.

The charity holds an indirect investment in a subsidiary undertaking, Gordonstoun IAP Limited, at a value of £nil. The subsidiary is dormant.

Gordonstoun IAP Limited is registered in England and Wales, the nature of the business is school franchise.

The charity holds an indirect investment in a subsidiary undertaking, Gordonstoun International Hong Kong Limited, at a value of £nil. The subsidiary is dormant. The company was struck off on 6 October 2020.

Gordonstoun International Hong Kong Limited is registered in England and Wales, the nature of the business is school franchise activities.

The charity holds an investment in a subsidiary undertaking, Gordonstoun International India Limited, at a value of £nil. The subsidiary is dormant. The company was struck off on 6 October 2020.

Gordonstoun International India Limited is registered in England and Wales, the nature of the business is school franchise activities.

15 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Stores	105,413	298,615	105,413	153,038

16 Debtors

	2020	Group 2019	2020	Company 2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	614,535	719,904	614,535	719,904
Amounts owed from subsidiary undertakings	-	-	882,559	190,736
Other debtors	100,052	87,455	100,054	87,457
Prepayments and accrued income	398,101	455,275	398,101	455,275
	<u>1,112,688</u>	<u>1,262,634</u>	<u>1,995,249</u>	<u>1,453,372</u>

17 Loans and overdrafts

	Group and Company	
	2020	2019
	£	£
Not wholly repayable within five years: £2,000,000 bank loan at 3.27%. Repayable in monthly instalments of £19,566 (including interest) commencing 6 August 2012.	508,648	652,214
Not wholly repayable within five years: £2,000,000 bank loan at 3.8%. Repayable in monthly instalments of £20,059 (including interest) commencing October 2017.	<u>1,583,711</u>	<u>1,687,643</u>
Total bank loans	<u>2,092,359</u>	<u>2,339,857</u>
Payable within one year	318,037	363,990
Payable after one year	<u>1,1774,322</u>	<u>1,942,867</u>
Total bank loans	<u>2,092,359</u>	<u>2,339,857</u>
Amounts included above which fall due after five years:		
Payable by instalments	<u>627,738</u>	<u>717,110</u>

All bank borrowings are secured by a debenture over the entire undertaking and assets.

18 Creditors: amounts falling due within one year

	2020	Group	2020	Company
	£	2019	£	2019
		£		£
Loans and overdrafts	318,037	396,990	318,037	396,990
Obligations under finance leases	1,347	9,242	1,347	9,242
Other taxation and social security	337,947	195,698	329,654	191,687
Trade creditors	242,856	232,549	242,856	232,549
Pupil deposits	1,818,578	1,711,346	1,818,578	1,711,346
Fees prepaid	3,270,880	4,022,906	3,270,880	4,022,906
Other creditors	379,006	442,916	378,071	415,605
Accruals and deferred income	717,888	339,841	714,238	336,211
	<u>7,086,539</u>	<u>7,351,488</u>	<u>7,073,661</u>	<u>7,316,536</u>

The bank overdrafts are secured by a bond and floating charge over all of the group's assets. There is a corporate guarantee between Gordonstoun Schools Limited and Gordonstoun Trading Limited.

19 Creditors: amounts falling due after more than one year

		Group and Company	2019
	Notes	2020	£
		£	£
Loans and overdrafts	17	1,774,322	1,942,867

20 Provisions for liabilities

		Group and Company	2019
	Notes	2020	£
		£	£
Retirement benefit obligations	22	178,872	201,599

21 Financial instruments

The following table sets out the Group's classification and carrying amount for each type of non-derivative financial asset and liability.

	Amortised cost Loans and receivables £	Non-derivative financial liabilities £	Total £
2020			
Assets			
Cash and cash equivalents	4,894,477	-	4,894,477
Trade and other debtors	714,587	-	714,587
Liabilities			
Bank loans and overdrafts	-	(2,092,359)	(2,092,359)
Finance leases	-	(1,347)	(1,347)
Trade and other creditors	-	(3,158,328)	(3,158,328)
	<u>5,609,064</u>	<u>(5,252,034)</u>	<u>357,030</u>
2019			
Assets			
Cash and cash equivalents	3,347,280	-	3,347,280
Trade and other debtors	807,359	-	807,359
Liabilities			
Bank loans and overdrafts	-	(2,339,857)	(2,339,857)
Finance leases	-	(9,242)	(9,242)
Trade and other creditors	-	(2,726,652)	(2,726,652)
	<u>4,154,639</u>	<u>(5,075,751)</u>	<u>(921,112)</u>

22 Retirement benefit schemes

The school participates in two defined benefit pension schemes: the Scottish Teachers' Superannuation Scheme ("STSS") and the Gordonstoun School Retirement Benefit Scheme ("GSRBS").

Scottish Teachers' Superannuation Scheme ("STSS")

This is a multi-employer defined benefit scheme. The school is unable to identify its share of the underlying assets and liabilities for the STSS on a consistent and reliable basis. This scheme has therefore been treated as a defined contribution scheme and contributions are recognised as an expense as they become payable.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme actuaries at a level to meet the costs of pensions as they accrue.

Gordonstoun School Retirement Benefit Scheme

A defined benefit scheme for other staff, known as the Gordonstoun School Retirement Benefit Scheme ("GSRBS"), was closed to new entrants and further accruals for years of service in July 2002. Contributions are made to this scheme, under actuarial advice, to maintain the scheme's ability to pay current and future pensions. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The contributions are determined by the qualified actuary on the basis of triennial valuations using the projected unit method. The company contributed £nil in the year ended 31 August 2020 (2019 - £nil).

The valuation used for FRS 102 disclosures has been based on the most recent actuarial valuation at 1 January 2019 and updated by a qualified actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 August 2020. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying Pensions published brokers' forecasts to each category of scheme assets.

The retirement benefit pension scheme asset has not been recognised on the balance sheet as it is not considered recoverable.

22 Retirement benefit Schemes (continued)

Gordonstoun School Retirement Benefit Scheme (continued)

The assets and liabilities of the GSRBS at 31 August are:

	2020 £	2019 £
Fair value of scheme assets	6,530,000	6,901,000
Present value of scheme liabilities	(6,148,000)	(6,211,000)
Unrecognised surplus	(382,000)	(690,000)
	<u> </u>	<u> </u>

The amounts recognised in the statement of financial activities for the year are analysed as follows:

	2020 £	2019 £
Net interest income on plan assets	12,000	22,000
Net actuarial loss arising from non-recognition of surplus	(12,000)	(22,000)
	<u> </u>	<u> </u>

Changes in the present value of the defined benefit obligations are analysed as follows:

	2020 £	2019 £
At 1 September 2019	6,211,000	5,408,000
Interest cost	110,000	143,000
Benefits paid	(249,000)	(253,000)
Actuarial (gains)/losses	76,000	913,000
	<u> </u>	<u> </u>
At 31 August 2020	6,148,000	6,211,000

Changes in the fair value of the defined benefit plan assets are analysed as follows:

	2020 £	2019 £
At 1 September 2019	6,901,000	6,233,000
Interest on assets	122,000	165,000
Benefits paid	(249,000)	(253,000)
Return on assets less interest	(244,000)	756,000
	<u> </u>	<u> </u>
At 31 August 2020	6,530,000	6,901,000
	<u> </u>	<u> </u>
Actual return on scheme assets	(122,000)	921,000

22 Retirement benefit Schemes (Continued)

The key assumptions used in calculating the present value of the defined benefit obligations are:

	2020 %	2019 %
Discount rate	1.80	1.80
Expected rate of increase of pensions in payment	3.45	3.55
Inflation assumption (RPI)	3.45	3.55
Revaluation in deferment	3.45	3.55

On 31 August 2020, there was a surplus of £382,000 (2019 - £690,000) in the scheme. There is no scope for Gordonstoun Schools Limited to recoup the surplus, therefore no pension asset has been recognised in respect of the scheme.

Defined contribution scheme

Following closure of the GSRBS, a separate defined contribution scheme was opened for non-teaching staff. The employer contributes 5% of salary and the employee contributes 4%. All employer contributions to the scheme are recognised as costs when paid.

Former employees' pension

Additional pension payments are being made to four former employees of the company who have taken early retirement. A liability, representing the value of the future payments to be made to these employees, is recognised on the balance sheet. The assumptions used in calculating the liability are the same as those used in calculating the value of the defined benefit scheme.

The amounts included in the balance sheet arising from the charity's obligations in respect of the former employees' pension are as follows:

	2020 £	2019 £
Present value of defined benefit obligations	178,872	201,599

23 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
2,460 Ordinary shares of 5p each	123	123

24 Unrestricted Designated Funds

During the year ended 31 August 2020 the Trustees agreed to transfer £900,000 (2019: £500,000) from general unrestricted funds to an unrestricted designated fund. The purpose of the designated fund is to cover expenditure on future capital projects, in particular the campus masterplan which is due to commence in the 2021/22 financial year.

25 Restricted Funds

The income funds of the charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Balance at 1 September 2019	Incoming resources	Resources expended	Transfers	Balance at 31 August 2020
	£	£	£	£	£
Lilton scholarship	150,000				150,000
Performing Arts Centre	400,217		(8,004)		392,213
Sports Centre	1,587,981		(31,760)		1,556,221
Building developments	267,506				267,506
Boarding houses	33,966		(679)		33,287
De Laszlo bursary	14,902	20,000			34,902
Billy Butlin scholarship	184,838				184,838
Robert F Boyd Scholarship	61,330	11,991			73,321
Edith Wolfson scholarship	329,388				329,388
Wolfson bursary	165,305				165,305
Duchy of Cornwall	94,966				94,966
Llandinam scholarship	341,445				341,445
Simon Roberts memorial	21,198				21,198
Neil Wylie music scholarship	72,147	702			72,849
Susan Lachmann memorial	9,855		(200)		9,655
Heath Jary Sheridan Patterson	721,520				721,520
Other		5,000			5,000
	<u>4,456,564</u>	<u>37,693</u>	<u>(40,643)</u>	<u>-</u>	<u>4,453,614</u>

The income funds above are restricted in their use by the terms of the donation or bequest. With the exception of the Lilton Scholarship, which was endowed by former student Matthew Tawse, the scholarship, bursary and award funds were gifted by The Prince Philip Gordonstoun Foundation Limited.

Transfers from restricted funds represents bursary and scholarship awards originally made out of unrestricted funds, now allocated to restricted funds.

During the year there was an award of £6,000 using Lilton Scholarship funds, subsequently £6,000 was transferred from unrestricted funds to the Lilton Scholarship to maintain the fund at £150,000.

25 Restricted funds (continued)

Details of Restrictions

Lilton scholarship	To provide sports scholarships
Performing Arts Centre	Donations to fund the building of Ogstoun Theatre
Sports Centre	Donations to fund the reconstruction of the sports centre
Building developments & boarding houses	Donations in support of building developments
De Laszlo bursary	Scholarships or bursaries for needy children
Billy Butlin scholarship	For children from the Channel Islands
Robert F Boyd Scholarship	For children of serving firemen
Edith Wolfson scholarship	For students of all-round promise
Wolfson bursary	For students of all-round promise
Duchy of Cornwall	A 6 th form scholarship for children from Cornwall, or children of Duchy employees
Llandinam scholarship	For residents of mid-Wales
Simon Roberts memorial	To be awarded to student mountaineers
Neil Wylie music scholarship	A junior school music scholarship
Susan Lachmann memorial award	To be awarded to music students
Heath Jary Sheridan Patterson	Bursaries for the sons and daughters of currently serving Royal Navy and British Merchant Navy personnel
Other	To be used for putting greens and benches

26 Analysis of net assets between funds

	Unrestricted £	Restricted £	2020 Total £ Group
Fund balances at 31 August 2020 are represented by:			
Tangible assets	14,074,823	1,981,721	16,056,544
Current assets (liabilities)	(3,445,854)	2,471,893	(973,961)
Provisions and creditors due after more than one year	(1,953,194)	-	(1,953,194)
	<u>8,675,775</u>	<u>4,453,614</u>	<u>13,129,389</u>
			Company
Fund balances at 31 August 2020 are represented by:			
Tangible assets	14,074,823	1,981,721	16,056,544
Current assets (liabilities)	(3,380,270)	2,471,893	(908,377)
Provisions and creditors due after more than one year	(1,953,194)	-	(1,953,194)
	<u>8,741,359</u>	<u>4,453,614</u>	<u>13,194,973</u>
			2019 Group
Fund balances at 31 August 2019 are represented by:			
Tangible assets	14,659,663	2,022,164	16,681,827
Current assets (liabilities)	(4,877,359)	2,434,400	(2,442,959)
Provisions and creditors due after more than one year	(2,144,466)	-	(2,144,466)
	<u>7,637,838</u>	<u>4,456,564</u>	<u>12,094,402</u>
			Company
Fund balances at 31 August 2019 are represented by:			
Tangible assets	14,659,663	2,022,164	16,681,827
Current assets (liabilities)	(4,992,180)	2,434,400	(2,557,780)
Provisions and creditors due after more than one year	(2,144,466)	-	(2,144,466)
	<u>7,523,017</u>	<u>4,456,564</u>	<u>11,979,581</u>

27 Operating lease commitments

At the reporting date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group and Company	
	2020	2019
	£	£
Within one year	6,744	1,405
Between two and five years	-	-
	<u>6,744</u>	<u>1,405</u>

Gordonstoun Schools Limited
Registered No. 00288105 (England and Wales)
Registered Charity No. SC037867
Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

28 Related party transactions

Remuneration of key management personnel

The key management personnel of the charity comprise the Principal and Bursar.

	Group and Company	
	2020	2019
	£	£
Aggregate compensation	274,223	260,016

These amounts include gross salaries, employer national insurance and employer pension contributions, and taxable benefits in kind.

29 Net cash provided by (used in) operating activities

	2020	2019
	£	£
Net income for the reporting period (as per the statement of financial activities)	1,034,987	738,222
Adjustments for:		
Investment income	(1,629)	(229)
(Profit) / Loss on disposal of tangible fixed assets	352,948	(223,526)
Depreciation and impairment of tangible fixed assets	560,768	716,918
Movements in working capital:		
(Increase) / Decrease in stocks	193,202	(56,356)
Decrease / (Increase) in debtors	149,946	(312,548)
(Decrease) / Increase in creditors	(320,350)	(711,481)
(Decrease) / Increase in provisions	(22,727)	(7,484)
Cash provided by/(used in) operations	1,947,145	143,516

30 Analysis of changes in net debt

	At 1 September 2019	Cash flows	Other non-cash changes	Group At 31 August 2020
	£	£	£	£
Cash and cash equivalents				
Cash	3,347,280	1,547,197	-	4,894,477
	3,347,280	1,547,197	-	4,894,477
Borrowings				
Debt due within one year	396,990	(247,498)	168,545	318,037
Debt due after one year	1,942,867	-	(168,545)	1,774,322
	2,339,857	(247,498)	-	2,092,359
Total	1,007,423	1,794,695	-	2,802,118