

Registered number: 06113565
Charity number: 1120608



THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

Reference and Administrative Details

Registered Charity Number:	1120608
Registered Company Number:	06113565
Principal and registered office:	Union Road, Cambridge, CB2 1HF
Auditors:	Peters Elworthy & Moore Salisbury House, Station Road, Cambridge, CB1 2LA
Bankers:	Lloyds Bank Plc 3 Sidney Street, Cambridge, CB2 3BU
Investment Advisors:	Smith & Williamson 25 Moorgate, London, EC2R 6AY
Insurance Brokers:	Erskin Murray 1 Penman Way, Grove Park, Leicester, LE19 1SY

Directors and Trustees:

The Directors of this charitable company (the Charity) are its Trustees and Governors for the purposes of charity law and throughout this report are collectively referred to as the Governors. The Governors serving during the year and since the year end were as follows:

Nominated by:

Co-opted	Dr G Sutherland	(resigned March 2018)
Newnham College	Dr C Barlow	
Co-opted	Dr V Christou	
Co-opted	Mr J Dix	
Co-opted	Prof R Foale	
Co-opted	Mr D Gill	(appointed June 2018)
Co-opted	Mrs B Gillespie	(appointed September 2018)
Co-opted	Dr G Johnson	
St John's College	Prof C Jiggins	
Co-opted	Mr R Lee	(resigned November 2017)
Co-opted	Mr G Lockhart	(appointed September 2018)
Co-opted	Dr D Needham	
Co-opted	Mrs S Oliver	(appointed September 2018)
Co-opted	Mrs K Ollerenshaw	
Co-opted	Mrs A Powell	
Girton College	Dr H Shercliff	
Co-opted	Dr J Tasioulas	
Co-opted	Mr S Töpel	
Gonville & Caius College	Dr M Ellefson	
Co-opted	Dr A Thomas	
Co-opted	Mr D Walker	
Co-opted	Prof G Ward	(resigned June 2018)

Principal:	Miss P Kelleher
Bursar and Company Secretary:	Mrs J Neild

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors, as Trustees and Directors of The Stephen Perse Foundation, are pleased to present their annual report together with the audited financial statements of the Charity for the year 1 September 2017 to 31 August 2018.

The Governors confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES: Charitable aims

The Stephen Perse Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association dated 6th February 2007. It is registered as a charity with the Charity Commission.

The object of the Charity, contained in the Memorandum of Association, is the advancement of education by the provision and conduct of the schools collectively known as The Stephen Perse Foundation (howsoever these shall be known from time to time) and by ancillary or incidental educational activities and any other associated activities for the benefit of the community as a whole. In meeting the charitable objectives, the Foundation's public benefit aim is to achieve the highest possible standard of education, independent of the State system.

The Stephen Perse Foundation aims to achieve these objects through the operation of schools in Cambridge and Saffron Walden for boys and girls aged between 3 and 18. These exceptional schools share a strong academic, creative and pastoral pedigree, and are today globally minded and digitally connected to meet the challenges of tomorrow's world.

The Stephen Perse Foundation is also a beacon for educational innovation and actively engages with local, national and global educators and students through our thought leadership and community and digital outreach programmes.

Through the provision of financial assistance, we can help those children who have the potential to benefit from the education we provide, but who do not have the means to afford it.

In the furtherance of these aims, the Governors of the Stephen Perse Foundation, as the Charity Governors, have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2011.

STRATEGIC REPORT: Review of activities and achievement: Part 1 - Widening access and public benefit

Financial Assistance

Our goal is to provide families in the East Anglian Region with access to education through ability, irrespective of family income. The Foundation offers means-tested financial assistance across the Foundation up to 100% of the fees in value and also scholastic awards based on academic, musical, sporting, dramatic or artistic ability. In addition, hardship funding is available to those pupils already attending a school within the Foundation whose parents are suffering temporary financial hardship. The Financial Assistance policy is published on the Foundation website.

In 2017/18 the Foundation awarded £853,605 (2016: £895,736) in financial assistance and scholarship awards to 203 pupils (2017: 192) with 12 students (2017: 8) receiving 100% of the fees in financial assistance. Nine

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(2017: 4) of these bursary holders were also in receipt of a scholarship. This amounted to 5.0% of gross fee income (2017: 5.6%). These awards were funded from restricted and unrestricted funds. The Governors are intent on expanding the level of financial assistance available and the Foundation is investigating ways to attract candidates for financial assistance and funding for these.

Digital Outreach

The Stephen Perse Foundation is at the forefront of the use of digital technology in education. We have developed our pedagogy to embrace technology as an important part of our learning toolkit. As a result, technology enhances our students' learning, helping them be creative, engaged and empowered, not only in lessons and while they attend school, but going forwards into future studies and careers.

The Foundation's suite of iBooks has grown considerably as we build our profile as digital pioneers within the education sector. In September 2017, we launched an updated series of Biology GCSE iBooks. These, as with all SPF iBooks, are all freely available to any subscriber and, as of October 2018, our iBooks have been downloaded over 304,000 times by students and teachers all over the world. In addition, the Foundation has continued to support the training of others in the wider teaching profession in the use of digital technology, attending and speaking at events such as the Apple Distinguished Schools conference.

Given the profile of the Foundation and our digital strategy, other schools both nationally and internationally are keen to visit and learn more about us. We welcome these visits and the opportunities they give to exchange ideas and help visiting schools explore their interests and ideas. We have also been visited by faculty members from universities in both the UK and around Europe, as well as by enterprises who want to learn from us. We regard such outreach work as an important strand in our contribution to public benefit.

The Foundation has a popular computing and robotics clubs, both of which are over-subscribed, reflecting just how much our students are future innovators, future creators and future change-makers. We have hosted many hackathons, in conjunction with local companies such as Hacklab. In the Spring Term 2018, we hosted a hackathon with Raspberry Pi, open to both our own students and to other local students. Students participate in different competitions and initiatives, including the Cyber Centurions cyber-security competition, the Raspberry Pi Pioneers Competition and more.

One of the more recent celebrations of digital outreach and technology has been Ada Lovelace Day, in October 2018. This event celebrated diversity, and achievement through adversity, in STEM and particularly in Computing. The Stephen Perse Foundation hosted a number of InspireMe talks, including from Dr Catherine Breslin from the Amazon Alexa speech recognition unit, held a cross-Foundation hackathon with Micro:Bits, a cipher-cracking hunt and more, with very positive feedback from staff, parents and students.

Our digital strategy for the future has as its focus three areas of activity to be supported by digital content and delivery: the improvement of the timing and quality of feedback, offering students support and extension beyond the classroom; the continuation of extension and enhancement of access to high quality content, made and/or curated by staff and students; the enhancement of student creativity, to help consolidate, structure and improve individual learning across the Foundation.

Community Outreach

As a Foundation, we co-operate with local charities and schools in our ongoing endeavours to widen public access to the schooling we provide in the area, to optimise the educational use of our cultural and sporting facilities and to awaken in our own pupils an awareness of the wider social context of the education they receive at school.

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The Stephen Perse Foundation Outreach Scheme (SteP Out)

The Stephen Perse Foundation Outreach Scheme (SteP Out) has been established in order to develop partnerships between the Stephen Perse Foundation and state primary and secondary schools in the area. Three statements of belief underlie the Scheme:

- excellence in education should be available to all
- contributing to the community through outreach is important to our students' well-being; and
- service in the community enables us to educate tomorrow's leaders about social responsibility

In 2017/18 efforts have focussed on developing maintained sector partnerships; on the Primary Partnership Programme and developing community collaborations for the benefit of students across Cambridge and East Anglia. In addition, Stephen Perse Staff act as leaders or advisors to a number of organisations involved in education or education reform.

The Stephen Perse Foundation is working directly with Maintained sector Academy Groups to form partnerships to improve outcomes for students and staff across Cambridge. Specifically, work during the year has focussed on the following relationships which will be consolidated, formalised and developed in 2018/19:

- North Cambridge Academy – a partnership with North Cambridge Academy has been agreed in principle and the two organisations are already working together to improve the outcomes for students in this setting and the wider catchment area.
- Morris Education Trust – a partnership with the Morris Education Trust is under discussion.
- CAM Academy Trust – opportunities to work with the CAM Academy Trust are under review.

The Foundation's Primary Partnership Programme is set up to develop stronger links with local primary schools by offering free stretch activities, which are funded by the Foundation. Our teachers and students visit schools and deliver fun workshops to challenge and inspire the more able pupils in Year 5 or Year 6. In 2017/18, approximately 72 Stephen Perse students from Years 9 to U6 have been involved in this programme. Art and science students in Years 12 and 13 have been engaged in a community art course; year 12 students were involved in a classics outreach project teaching classics to students in St Albans Primary School; 6th form students continued the reading mentoring scheme set up at St Alban's Primary School, which has been operating since 2015. Years 10 and 11 continue to be involved in a lunchtime volunteering scheme at St Paul's Primary School, Cambridge, for the fifth successful year, and St Paul's continues to run their Art club at our Visual Arts Centre.

In 2017/18, we continued to develop strong partnerships with other organisations in the Cambridge and surrounding areas to develop and enhance the curriculum for our pupils and develop an offering for the wider community. Partnerships forged in 2016/17 with Anglia Ruskin University, Cambridge United Community Trust and benecosMavericks Club have been further developed. The Art Department's relationship with St George's Care Home has continued to be strong. Our year 10 to 13 students have brought together the St Georges Care Home with St Paul's Primary School through art workshops. Every fortnight, throughout 2017/18, Senior School and 6th Form students have given music recitals in Michaelhouse chapel and performance space in Cambridge. As part of the partnership with benecosMavericks Netball club a workshop was held every holiday for students in the local community.

Stephen Perse staff hold many educational leadership and advisory roles through which they help to shape education across the world. In addition to the digital leadership roles described above, other organisational responsibilities include:

- Maintained sector Governors - The Principal is a Trustee of the CAM Academy Trust and a Curriculum Leader is Vice Chair of the Parkside Community College

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- The Bursar is a member of the Homerton College Audit Committee
- A Vice Principal is an ISI reporting inspector
- A number of teachers author textbooks and other resources supporting education globally
- A number of teachers act as examiners for GCSE, A-level and Pre-U

Stephen Perse In-House Course (SteP In)

In addition to our SteP Out scheme, SteP In is our community school programme, which we are looking to relaunch having completed the Union Road building project. The strategy for this is being reviewed and will include Continuing Professional Development courses for teachers and courses at weekends and evenings for local students and adults. In 2017/18, this was launched with a Science CPD event open to SPF and external science teachers on 4 June 2018. The programme was led by the SPF Physics department in conjunction with Jessica Rowson, from the Institute of Physics, with a session on gender and science education and a session from Alan Denton on the new approach to teaching energy, as well as a session from SPF staff on use of iPads in teaching.

Other outreach activities and community use of facilities

Hosted at Dame Bradbury's, the Dame Bee's Parent and Toddler Group, a free weekly playgroup meets weekly on Friday mornings. It offers parents with babies and toddlers from the local community a chance to join other parents for coffee, chat, play and crafts. Special events also took place throughout the year, bookable and free, including Toddler Yoga and Toddler Forest School. These events are open to the community.

The partnership with Anglia Ruskin University, has led to them making full use of the Sports facilities on the Union Road site. In addition, the following community organisations have made use of Foundation facilities during 2017/18: Accuro Playgroup; Ashdon Villa Football Club, Audley End & Littlebury Cricket Club; Cambridge City Hockey Club; Football Training 5-a-side football, Cambridge City Hockey Club, Cambridge Judo Club; Sports Fanatics Camp;; Yoga Emma Stevens; Raven Pure Rhythm; Royston & SW National Trust Association; Saffron Walden Judo Club; Sarah Clarke Performing Arts; Sarah Daily Netball Club; Wendens Ambo Cricket Club; Seward's End Cricket Club; Spartak Football Club; Thaxted Cricket Club; Wednesday Badminton Club; Zumba fitness - Luisa Curbelo; Mini Athletics - Kirk Bowers; Hacklab; Kaplan Test Prep; Demelza Fox Belly Dance School, Dodgeball Kidz, Sarah Clark Performing Arts

STRATEGIC REPORT: Review of activities and achievement Part 2 - The Foundation's exceptional schools

The constituent schools

The Stephen Perse Foundation is an innovator in education, inspiring pupils, teachers and governments across the globe with a vision for learning that prepares young people for the modern world. Students at the Stephen Perse Foundation excel, whether that is on the sports field, in the creative or performing arts, or academically.

In 2017/18, the Stephen Perse Foundation provided an exceptional education to 1,166 pupils (2016/17: 1,123 pupils) aged 3-19 across its schools:

- Stephen Perse Pre-Prep Schools, Cambridge and Madingley – boys and girls aged 3-7
- Dame Bradbury's School, Saffron Walden – boys and girls aged 3-11
- Stephen Perse Junior School, Cambridge – boys and girls aged 7-11
- Stephen Perse Senior School, Cambridge – boys and girls aged 11-16 (boys admitted in Year 7 from September 2017)
- Stephen Perse 6th Form College, Cambridge – boys and girls aged 16-19

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The schools of the Stephen Perse Foundation have once again had a very successful year.

Implementation of the diamond model structure

In September 2017, the Stephen Perse Foundation introduced the diamond model structure in the Senior School with boys joining year 7. This followed on from the successful introduction of boys into the Junior School, in September 2014.

The diamond model is a 21st century vision for single-sex learning that we believe is the best way for our students to learn and succeed, both in education and in life beyond. It offers the academic benefits of single-sex learning alongside all the social benefits of a co-educational school. It has been carefully planned to ensure all students experience the Stephen Perse Foundation curriculum in an inclusive and consistent way, regardless of the class they are in.

In the Stephen Perse Senior School diamond structure, pupils are taught in single sex teaching classes for all Year 7 and 8 lessons, mixing in pastoral tutor groups and for clubs and enrichment. From Year 9, single-sex teaching will apply to Maths, English, Science and Sports only, with all other subjects, clubs and enrichment being co-educational. Ability in mathematics is taken into consideration throughout. The boys have generally integrated well into the Senior School and the baseline testing indicates that the boys are academically of approximately the same level as the girls.

The demand for places in the Senior School for September 2017 was the largest in recent history and as a result, the size of the year 7 intake was expanded from a planned 100 to 120 pupils. Externally there was also a significant demand for places for boys, with more boys applying than girls. As the Junior School year moving up to the Senior School was an all girls' year this resulted in the first year of the diamond formation having 48 boys and 72 girls split into 5 classes. Applications for September 2018 continued to outstrip places available and 127 pupils joined year 7 in September 2018, with 55 boys and 72 girls (43:57 ratio). The introduction of boys has also been very successful in the Junior School, with a pupil ratio of 43% boys to 57% girls across the 4 year groups in September 2017 and 45% boys to 55% girls in September 2018.

Facilities development

The Union Road site development project was completed in February 2018. This was successfully managed on a live school site, and it was delivered on time and under budget, requiring only £8.6million of the available loan financing of £10million. The development has created an outstanding virtual and physical educational environment for our students and for the wider community. The new building includes Cambridge's first rooftop Multi-Use Games Area (MUGA), a Sport England standard four-court sports hall, nine dynamic classrooms and transformative learning and activity spaces.

Designed by Chadwick Dryer Clarke Studio, the new building has now won four awards:

- "Best Education Building in East Anglia" at the 2018 LABC Building Excellence Awards
- "Best New Building - Large" at the 2018 Cambridge Design and Conservation Awards
- A RIBA East Award 2018
- Architect of the Year at the 2018 Structural Timber Awards (Chadwick Dryer Clarke - The Stephen Perse Foundation Sports & Learning Building)

The building has received special mention for "excellence in acoustic engineering, enabling the creation of Cambridge's first rooftop sports pitch", and was shortlisted for two RICS East of England Awards. It has also been showcased as part of Open Cambridge and as part of the RIBA "Great British Buildings talks and tours" with architects, surveyors and other building professionals visiting the site in 2018.

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Plans for the development of a performing arts centre within the site are being reviewed by the Governors with a view to phasing the implementation of them over the next 4 years. This will maximise the opportunities created by the facilities, whilst minimising any building disruption to the school.

As a result of excess demand for early year's places across the Foundation, it was decided to expand provision at Dame Bradbury's School in Saffron Walden. As a result 'the beehive' was created. This is a building providing a calm yet stimulating and enabling learning environment for the Rising three's (busy bees) and Kindergarten. It provides ample space for them to learn through play and empowers the youngest children to follow their initiative and build a strong foundation across all areas of learning.

Curriculum development: Creative curriculum and approach to learning

Thinking Toolkit development in 3 to 11 schools

Our teaching leadership team for our 3 to 11 schools have developed a shared thinking toolkit that can now be used across schools to get our young learners actively thinking. By gently sowing the seeds of critical thinking and encouraging creative and reflective learning, we introduce and practice thinking skills from an early age. This new 'thinking toolkit' empowers our teachers to introduce big concepts in easy and consistent ways across our schools, capturing our young learners' imaginations and encouraging them to explore new ideas.

Thematic learning in 3 to 11 schools

Collaborative and thematic learning topics have been a great success in 2017/18, with joint termly topics, collaboration days and joint trips giving our young learners the scope to expand their learning and broaden their personal, social, emotional, physical and creative development. One example from October 2017 is 'Go Wild', a collaboration day for Year 5 across the Junior School and Dame Bradbury's, with the theme of outdoor learning. The day saw pupils make new friends, learn about native wildlife and plants and develop design skills away from the classroom. Year 4 from both schools enjoyed a collaborative 'Space Mission' day in March 2018, and Year 6 pupils experienced a World War 2 evacuation day together, and competed against one another in the 2018 Science Investigative Competition.

Another example of thematic learning in action is STEAM week at Dame Bradbury's in October 2017. Entitled 'Discover', it gave our pupils the opportunity to be innovators, creators and thinkers throughout the week in a variety of settings and environments.

Computational Thinking in 11-18 schools

Developing the students' ability to think is a critical part of the learning across the Foundation. Complementing other areas of the curriculum, Computational Thinking lessons, currently offered in year 7 and 8, and also reviewed and developed in year 10, develop skills such as problem-solving, creativity, breaking down tasks, resilience and much more. While these skills are often applied within the lessons themselves, as the students work on coding, developing problems and de-bugging, we place equal emphasis on applying these skills to any problem, whether in school or outside it, preparing our students for whatever the future might hold. These skills complement the Theory of Knowledge component undertaken by all students in the 6th Form.

Inspire and Guide programme

At each stage of their education, we offer our young people the support, inspiration and guidance they need to take their next steps. This includes time for self-reflection, skills development, real life stories, research and practical experience, with a firm focus on the future.

For our 6th Form and Year 11 students, the guidance programme is supplemented by visiting speakers who

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inspire them to think differently. Our speakers address the big subjects: technological, scientific, political, economic, historical, cultural, artistic, ecological and ethical. They are people who communicate the excitement of working in their field, whether that is business or cosmology, and share their ideas on motivation, leadership and teamwork. Some sessions provide practical, how-to advice; others challenge the accepted norm, provoking thought and encouraging debate. Speakers in 2017-18 included:

- Professor Simon Baron-Cohen, Director of the Autism Research Centre (ARC), Professor of Developmental Psychopathology and Fellow of Trinity College, Cambridge
- Dr Rowan Williams, Master of Magdalene College, Cambridge and former Archbishop of Canterbury
- Dr Victoria Bateman, Lecturer and Fellow in Economics at Gonville and Caius College, Cambridge
- Professor Keith Ward, Professorial Research Fellow, Heythrop College, London and former Regius Professor of Divinity, University of Oxford

For our GCSE students, the Inspire and Guide philosophy is realised through the non-examined curriculum - time every week dedicated to preparing students for a future beyond exams and qualifications, equipping them with a real breadth of skills and attributes. One aspect of this non-examined curriculum is the Inspire and Guide programme of Friday morning talks, with 2017/18 speakers including parents, alumni, governors and Stephen Perse staff.

For our younger pupils, this can take the form of guest talks - including weekly slots at Dame Bradbury's on Fridays - with visitors to our 3-11 pupils in 2017/18 including Julian Sedgwick, Polly Faber and Rebecca Bourne with Minnie Winnie, the first cloned dog and subject of many adventures in Rebecca's books.

Festival of Learning

The Foundation held the inaugural Festival of Learning on Friday 6 July 2018, celebrating our award-winning new building with a full day of activities that showcased what our transformative new facilities enable us to do that we could not do before in the heart of the city. Students of all ages - from Pre-Prep to 6th Form - got involved in diverse activities from hockey with Olympic reporter Sarah Juggins to mural painting with local Cambridge artist Benjamin Harris, and from Enigma coding to fencing and live motion drawing.

The morning saw Bridget Kendall MBE - alumna, journalist, and the first ever female Master of Peterhouse, Cambridge - join students to officially open the new building, whilst the evening saw parents and alumni join students for a showcase of the day's activities, having a go for themselves at everything from penalty shootouts on the rooftop pitch to scribbling on our write-on walls.

Sustainability and social responsibility

Social responsibility is key to learning at the Stephen Perse Foundation and is threaded throughout the curriculum. In 2017/18, the UN's 17 Sustainable Development Goals were introduced to pupils of all ages. One highlight was Bessie the bear, who stayed with pupils at Dame Bradbury's in May 2018 as part of the Traveling Teddy Bears project, to raise awareness of the UN's Sustainable Development Goals amongst our young learners. Another was CamMUN, the first ever high-school level Model United Nations event to be held in Cambridge.

CamMUN welcomed over 200 international participants aged 14-18 to tackle global issues through competitive debate, over a three-day conference at the Stephen Perse Foundation. With students travelling from Serbia and Turkey as well as from the Netherlands, France and Portugal to name a few, this international conference was conceived, crafted and executed solely by Stephen Perse Foundation 6th Form students. The MUN's conference theme 'Hostility Towards Globalisation' was carefully selected by the students, to fit the current political landscape and cater to different policy areas from the environment to human rights to defence. Debate topics included cyber terrorism, LGBT rights in the developing world, bee colony collapse disorder and corporate

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espionage. The 6th Form students, or Secretariat, who organised this conference spent almost a year preparing every aspect of the conference from the logistics of accommodation for all the domestic and international students attending, travel, debates set-up, policy areas, promotion, budget, design alongside normal University applications and A-Levels or International Baccalaureate. They will reap the rewards of this experience for years to come, as will the hundreds of students who joined in as participants in this historic event.

Academic achievement

In summer 2018, the Foundation achieved great success in public examinations reflecting both the hard work of our students and the superb teaching that encourages our students to think creatively and independently.

A Levels

Our students yet again secured excellent A Level results, with 27% of grades awarded at A*, 54% at A* or A, and 81% at A* to C. 37% of our students achieved 3 or more A* or A grades. We are pleased with individual subject areas too, with every student studying Visual Arts at A Level achieving an A*, and an impressive 15 A* grades awarded to Mathematics and Further Mathematics students.

IB

In 2018, 38% of our students achieved a score of 40 points or above (equivalent of 4 A*s at A-level), with a 36 point average score overall (equivalent to 3 A's at A-level). 80% of grades were awarded at Level 6 or 7.

GCSEs

It was another successful GCSE year at the Stephen Perse Foundation, with 57% of all grades awarded at A* (8-9) and 81% of all grades awarded at A* or A (7-9). Overall, 15% of our students achieved 10 or more A* (8-9) grades. All students achieved 5 A* to C grades including English and Mathematics.

University entrance

Our leaver destinations represent the best, most exciting opportunities the world has to offer. Our students achieve top results and go on to study at world-leading universities. Just as importantly, they are encouraged to pursue their personal goals and follow the path that is right for them. In 2018, 16% of our leavers took places at Oxbridge and 81% at other Russell Group universities. Subjects and destinations range from Law at Warwick to Electronic Engineering with Artificial Intelligence at Southampton, from Economics at Cambridge to Russian and Persian at Oxford, and from Chemistry with Molecular Physics at Imperial to Veterinary Science at Bristol. Three students also head overseas for their university studies, to Toronto, Stanford and Maastricht.

Creative and sporting achievements

The academic work rewarded by these examination and university entrance successes has been complemented by a great range of creative and sporting activities in all six schools over the year. This also highlights the cross-curricular collaborations taking place over the year.

Sport

Across the Foundation, sporting success is just as important as academic achievement. Our emphasis is on sportsmanship and fair play, as well as teamwork and hand-to-eye co-ordination. Sporting provision is balanced between stretching the best athletes and being inclusive.

As well as enjoying our own award-winning new building at Union Road with its rooftop pitch and Sport England standard sports hall, and making good use of our Latham Road playing field and boathouse, the Foundation

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uses Cambridge as its sporting campus. During the year this included the use of the playing fields at Gonville and Caius College, Fenner's indoor cricket school, St Eligius Street netball court, Kelsey Kerridge Sports Centre, the Wilberforce Road University Sports Ground athletics track and hockey pitch, The Leys swimming pool and Anglia Ruskin University sports science facilities and coaches.

Sport across the Senior School and 6th Form went from strength to strength this year. Some team highlights:

- U14 netball team were crowned County Champions this year, and U16 were runners up - both competed at Regional Finals
- U11 girl's hockey team finished runners up in the Plate competition at the IAPS National Finals, finishing a fantastic 12th in the Country.
- Stephen Perse Foundation came in 1st place in the Junior and Senior girls combined team event at the Bedfordia Cross Country Championships
- Dame Bradbury's hosted and won the Saffron Walden Indoor Athletics competition then came 12th out of 500 schools at the Indoor Athletics County Finals
- U11 netball team were crowned Regional Champions at the IAPS U11 Netball Tournament

We support our students to excel outside school as well as in their Foundation teams. As a result, we have an impressive roll call of sporting stars who perform at national, regional or county level in sports such as athletics, badminton, cricket, hockey, netball, show jumping, rowing, swimming and tennis. In 2017/18 around 10% of our 11-18 students participated in a diverse range of sports at county, regional, national and international level. Some individual highlights include:

- A student in Year 7 became National Champion in U13 1500m at the National Prep Schools Cross Country Championships
- A Senior Student took home a gold medal in the 4x200m freestyle relay, and a silver medal in the 800m freestyle event, at the Dutch Regional Swimming Championships
- A Senior School student represented the United Kingdom at the Irish International Tetrathlon event where her team was placed second overall
- Four Senior School students competed in the NSEA National Championships at Addington Manor
- A Senior School student qualified as a National Finalist in the British Shooting Schools Pistol Championships 2017/18
- Two Senior School students represented the East of England at the Junior Inter-regional Rowing Regatta at the National Watersports Centre in Nottingham, placing in the top 10 in the UK in their category
- A Senior School student qualified for the Scottish National Summer Swimming Championships in 8 events, and the British National Summer Swimming Championships

Music

This was another busy and successful musical year, with well over 30 different public performances taking place in a wide range of venues, including:

- Regular lunchtime concerts at Michaelhouse Chapel, Cambridge
- Regular Open Mic and Rock School performances
- Telemann 250th Anniversary Concert, October 2017
- Evensong at Ely Cathedral, November 2017
- Senior School Autumn Concert, November 2017
- Carol Service at Great St Mary's Church, December 2017
- Years 5 and 6 Performers' Platform at Junior School, January 2018
- Chamber Music Concert, February 2018
- GCSE Music Students' Concert, March 2018
- Dame Bradbury's Concert at Saffron Hall, March 2018

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- Spring Concert at West Road, March 2018
- Years 3 and 4 Performers' Platform at Junior School, March 2018
- Years 5 and 6 Soloists' Concert at Dame Bradbury's, May 2018
- Junior School Summer Concert at West Road, June 2018
- Jazz on a Summer's Evening, June 2018
- Pre-Prep concert at Dame Bradbury's, June 2018
- Pre-Prep Performers' Platform at Madingley, June 2018

Very large numbers of students continue to take part in musical activities each week, and our busy programme of concerts and events allowed them the opportunity to perform in concerts of many types throughout the year. Well over 100 students combined to give a spectacular choral and orchestral performance at the Spring Concert, which proved a worthy farewell performance for the retirement of Dr Gill Sutherland. Music in popular styles continues to flourish; the student-organised Open Mic concerts at lunchtime are a huge hit, and our new Rock School activity has attracted large numbers of students. Many of our older students represented the Foundation in a number of county and national ensembles and a number of students are members of the Junior departments at the London conservatoires. One student achieved particular success in qualifying as a finalist in the Royal Philharmonic Society competition for soloists who do not attend a specialist music school, and one student has successfully gained an Oxford choral scholarship.

Drama

Drama and Theatre continue to thrive and enjoy great success across the Foundation. We now have Drama and Theatre scholars from Years 9-13 who play a key role in productions, clubs and activities, as appropriate for their year group. We pride ourselves on our inclusivity and creativity, both of which are particularly evident in performances and productions but also through the wide range of backstage opportunities, tech clubs and acting clubs for all ages.

We continue to run regular optional theatre trips for our students, and we are proud of our strong relationships with alumni working in drama-related professions, with visits and workshops offered to Years 7 to 13 including a stage management workshop from alumna Anna Wills this year.

At the Junior School and Dame Bradbury's School this year, every child had the opportunity to speak, present and sometimes act through class assemblies, clubs and performances.

We also staged two IGCSE performance showcases for parents and friends this year, and ran a successful Year 9 Creative Arts Evening in January, showcasing performances and work from across the creative module programme in the curriculum.

Productions across the Foundation included:

- Moonlit Cabaret, October 2017 (6th Form) - organised by 6th Form students, with all proceeds given to Alzheimer's Research UK
- The Canterbury Tales, November 2017 (Years 11 to 13)
- Jeeves & Wooster and Six Dead Queens, November 2017 (6th Form)
- Ebenezer, December 2017 (Year 6 at Junior School)
- The Tempest, March 2018 (Years 9 and 10)
- Great Expectations, July 2018 (Years 7 and 8)
- Beowulf, July 2018 (Year 4 at Junior School)
- Pirates of the Curry Bean, March 2018 (Year 5 at Junior School)
- Nativity, December 2017 (Pre-Prep)

THE STEPHEN PERSE FOUNDATION
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Visual Arts

The Visual Arts department has continued to promote and develop creativity success across the Foundation this year. Our annual Summer Exhibitions of A Level, IB and GCSE Visual Arts work raised the profile of our talented students' work, with younger pupils visiting the exhibition at our Visual Arts Centre as part of their learning experiences. 6th Form artwork was also displayed at Michaelhouse Cafe in Cambridge for two weeks, in collaboration with the Protein Data Bank and the European Bioinformatics Institute, to showcase art inspired by the building blocks of life. At Dame Bradbury's, the annual Summer Exhibition at Bridge End Gardens in Saffron Walden was themed #offbeatonrhythm, showcasing work by every child at Dame B's responding to the theme of rhythm.

FUTURE PLANS AND POST BALANCE SHEET EVENTS

The Governors intend to continue with the current strategy of the Foundation of extending the reach of the Stephen Perse Foundation to ensure that the quality and relevance of the education offered remains exceptional and is extended to all those able to benefit from it.

Merger with Cambridge Centre for Sixth Form Studies

As part of that strategy, on 4 September 2018 the Cambridge Centre for Sixth Form Studies (CCSS) became the seventh school of the Stephen Perse Foundation. CCSS is a small charitable sixth form college for overseas and UK students, operating from two teaching buildings located centrally in Cambridge with boarding facilities for 130 students across the city. As CCSS is a charity this collaboration took the form of a merger, whereby the management of and all of the assets and liabilities of CCSS passed to the Stephen Perse Foundation.

The SPF and CCSS share a similar vision and ethos and CCSS joining the SPF presents enhanced strategic, educational and commercial opportunities for both organisations. Specifically, the merger with CCSS will allow the Stephen Perse Foundation to access boarding and thus extend its reach beyond East Anglia and to a more diverse range of students. The larger sixth form cohort across both colleges will enable the already excellent extracurricular, enrichment and guidance opportunities to be enhanced.

In 2018/19 CCSS will be integrated into the organisational structure of the SPF, whilst retaining a separate brand identity, and the plan to take advantage of the strategic, educational and commercial opportunities will be implemented.

Strategic development and other plans

There has been a significant shift in the economic and political challenges facing the independent schools sector over 2017/18. The Foundation's strategy was conceived to enable it to maintain the exceptional education offered by the Foundation in increasingly uncertain times and it has put the Foundation in an excellent position to weather any future challenges. The strategic plan for the Foundation is being reviewed to capitalise on opportunities presenting themselves and this strategy includes plans for the development of the commercial, digital, curriculum and community engagement strategies, building on the success of endeavours to date. Other educational and operational plans have been included in the section of this report to which they relate.

THE STEPHEN PERSE FOUNDATION
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW

Financial results

The Foundation's net income before depreciation, gains on the defined benefit pension scheme and other gains and losses amounted to £1,945,565 (2017: £2,260,188).

After adjustment for depreciation and amortisation of £975,961 (2017: £840,358) and gains on the pension scheme and the interest rate swap of £1,000,374 (2017: £1,941,896) net movement in funds as shown in the Statement of Financial Activities amounted to a positive movement of £1,969,978 (2017: £3,361,726).

The gains on the pension scheme arose because of the change in the actuarial assumptions used to value the defined benefit scheme, principally the expected mortality rates and the discount rate.

The gains on the interest rate swap again arose because of the assumptions underlying the valuation of the swap at 31 August 2018 and because of the amortisation of the underlying swap cost. In 2016, the interest rate swaps were novated to Lloyds Bank and restructured to extend the hedging and give a significantly improved cash flow in the short and longer term. However, although the underlying interest cost remains constant this has introduced increased volatility into the valuation of the swaps.

The majority of the Foundation's income is derived from school fees – these amounted to £16,370,176 in the year to 31 August 2018 (2017: £15,199,377) after deducting financial assistance of £853,605 (2017: £895,736).

All expenditure in the year under review arises from the operation of the Foundation Schools and in carrying out the educational objectives of the Foundation. The Financial Statements illustrate how the funds have been applied.

Investment powers and policy

Under the Articles of Association, the Charity has the power to invest in funds in any manner, but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification. Specifically,

- The school invests in securities, properties and cash instruments in accordance with charity regulations currently in force.
- The investment policy is determined by the Governing Body on the advice of the Investment Committee.
- Implementation of the policy is the responsibility of the Investment Committee.
- The Investment Committee is made up of Governors of the School, the Bursar, and external members with appropriate professional expertise.
- The Investment Committee meets as a minimum three times a year and reports annually to the Governing Body.
- The equities are managed on a discretionary mandate by Smith and Williamson.
- The current investment objective is a balance between longer term growth and current income, with a medium risk profile.
- The portfolio's performance is benchmarked against a tailored benchmark made up of:
- 42.5% MSCI UK Investable Market (IMI); 32.5% MSCI All Country World ex UK (ACWI); 7.5% Markit iBoxx GBP Gilts; 7.5% Markit iBoxx GBP Corporates; 5.0% Markit iBoxx GBP Inflation Linked; 5.0% 3 Month Libor +3% (Alternatives).

Investment risk is managed through the investment committee. Due diligence on the fund manager is carried out at least once every three years to ensure that the organisation's control processes are in place and

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

reasonable. The fund manager produces quarterly performance reports for the committee.

The Foundation had realised and unrealised gains on investment and dividend income of £95,512 (2017: £186,843). £495k was transferred from the portfolio in 2017 to fund the Union Road Building project.

Reserves policy

The Governors, through the Finance and General Purposes Committee, regularly review the finances, budgets and spend against budget as part of the effective stewardship of the Foundation.

At the balance sheet date, the Foundation had funds totalling £15,528,606 (2017: £13,558,628) of which Unrestricted Funds amounted to £13,887,390 (2017: £11,896,341), Restricted Funds amounted to £158,299 (2017: £158,299) and Endowed Funds amounted to £1,482,917 (2017: £1,503,988).

Restricted Funds

Restricted Funds reserves are separately identified and their use is restricted in accordance with the wishes of the original donors. These are detailed in note 19. Such funds are maintained as part of the Foundation's investment portfolio.

Details of the endowed funds are shown in note 19 and are made up of a permanent endowment fund representing the Dame Bradbury's Land Charity and the endowed bursary funds.

Unrestricted Funds

Unrestricted Funds comprise the designated fixed asset fund and the general funds.

At 31 August 2018, the unrestricted funds, including the designated fixed assets fund and pension reserve amounted to £13,887,390 (2017: £11,896,341).

The Pension reserve comprises the pension liability recognised by the Governors existing in the Cambridgeshire Local Government Pension Scheme for non-teaching staff – see note 24 of the accounts. The Governors are satisfied that existing cash flows are sufficient to meet any anticipated increases in costs. The Pension liability has been reported in the accounts in accordance with FRS102 Section 28. For our non-teaching and support staff we also offer a defined contribution scheme which is operated by The Pensions Trust.

Free reserves

On the basis of the definition of free reserves in the Charities SORP, the free reserves of the Foundation, being the unrestricted fund excluding that part represented by the fixed asset fund and the pension reserve, show a positive balance of £1,095,562 (2017: £1,147,140). Although the Governors believe that, given the strength of the Foundation's balance sheet, stable operating cash flow and future strategic plans, there is no need to hold a significant level of free reserves, the reserves are currently held to provide a contingency in the event of an economic downturn.

Fundraising

The Stephen Perse Foundation has not actively fundraised in 2017/18. We are very grateful to all those donors in the year and would like to thank the DC James Trust who continue to sponsor three students on 100% bursaries. The fundraising plans and activities of the SPF are overseen by the Governors' Development and External Relations subcommittee.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Capital projects and maintenance

Fixed asset additions totalled £1,797,321 in the year ended 31 August 2018 (2017: £9,526,084). These are detailed in note 13.

The main capital project in 2017/18 has been the completion of the Union Road development project described above.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governors, who are also the charity trustees, are responsible for the overall management and control of the Stephen Perse Foundation. They must hold at least two meetings per year, although typically the full Governing Body meets 4 times per year. The work of implementing most of their policies is carried out by members of the sub committees covering Finance and General Purposes, Personnel and Employment, Remuneration, Buildings, Development, Investments and Risk management. The Stephen Perse Foundation Company Secretary is responsible for co-ordinating the work of the Governors and their Committees, preparation of papers and accounts and the review of matters arising.

All trustees give of their time freely and no remuneration was paid in the year. Expenses amounting to £0 (2016: £22) were paid in 2017-18. Two Governors received benefit from a scholarship awarded to their child, these scholarships having been awarded on merit through a competitive process. No Governors received any benefit from means tested bursaries.

Key management personnel

The Governors consider that they, together with the Principal, Bursar and members of the Senior Leadership Team comprise the Key Management Personnel (see note 11 to the accounts). The Governors give of their time freely and the pay and remuneration of the Head and Senior Staff is set by the Remuneration Committee, ratified by the Finance Committee and is kept under annual review. A number of criteria are used in setting pay:

- Nature of the roles and responsibilities
- Competitor salaries in the region and nationally
- The sector average for comparable positions
- Trends in pay

The Governors have given delegated authority to the Principal to pay higher salaries for exceptional candidates where this is in the interest of the Foundation.

Organisational Management

The Governors determine the general policy of the Foundation. The day-to-day running of the Foundation is delegated to the Principal, supported by Senior Staff. The Principal undertakes the key leadership role of overseeing the educational, pastoral and administrative functions of the Foundation, in consultation with the Senior Leadership Team. For each school this is managed on a day-to-day basis by the Head of the School.

The day-to-day administration of all the schools is undertaken within policies and procedures approved by the Governors, which provide for only significant expenditure decisions and major capital projects to be referred to the Governors for prior approval.

The Principal oversees the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of non-teaching support staff. The Head and Bursar attend Governors' meetings.

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GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Other Relationships

The Principal is a member of the Head Masters' and Mistresses' Conference and the Heads of Dame Bradbury's School and the Stephen Perse Junior School are members of the Independent Association of Prep Schools. In addition, the Foundation is also a member of the Independent Schools Bursars Association and the Association of Governing Bodies in Independent Schools. Membership of these associations give opportunities to share expertise, knowledge and experience across the independent school sector. These organisations also permit appropriate representation to Government and regulators of the views of the sector.

Risk Management

The Governors are responsible for overseeing the risks faced by the Foundation. They have established a framework for the identification, recording and assessment of risks to which the Foundation is exposed. This is managed the Senior Leadership and overseen by the Governors' Risk Management Committee. Risks are identified, assessed and controls established throughout the year. A formal review of the Charity's risk management processes is undertaken on an annual basis. Risk is managed in accordance with the Charity Commission guidance under the headings:

- Financial
- Operational
- Governance and management
- Environmental/external factors
- Compliance (law and regulations)

The main risks that the Governors have identified and the plans to manage that risk are as follows:

- **Pupil numbers and fee income:** Because of the changing economic and political climate a risk of a reduction in pupil numbers exists. The risk of a significant reduction in fee income is being managed through the implementation of the current strategy, ensuring that the quality and relevance of the education offered remains exceptional and through minimising fee increases.
- **Teacher recruitment:** There is a national shortage of teachers. The Foundation is ensuring that it continues to recruit the best teachers, through review of its retention and recruitment strategies.
- **Changing educational and charitable requirements for independent schools:** The Foundation continues to review and update its educational and public benefit strategy to ensure that it meets the requirements.

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

GOVERNORS AND CHARITY TRUSTEES

Under the Articles of Association, the Governors may admit as a member of the Charity any individual or organisation approved by the Governors, who is interested in promoting the object of the Charity, consents to act as a Governor, applies in the form required by the Governors, and signs the register of members or consents in writing to become a member. There are currently 20 members each of whom agree to contribute £1 in the event of the Charity winding up.

Governor Appointment

The Directors of this charitable company are its trustees and Governors for the purposes of charity law and are appointed as follows:

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Four Governors are nominated:

- One by the Master, Fellows and Scholars of the College of Saint John the Evangelist in the University of Cambridge, Cambridge
- One by the Governing Body of Newnham College, Cambridge
- One by the Governing Body of Girton College, Cambridge
- One by the Governing Body of Gonville and Caius College, Cambridge

The Governors may by resolution co-opt up to 16 Governors such resolution to be passed at a meeting at which not less than 21 days' notice has been given. At each meeting the Governors consider the skills composition of the Governing Body and review applications for co-opted membership.

The Governors serve in office for a term of three years and thereafter may be appointed for a further two consecutive terms. A Governor who has served three consecutive terms in office may be reappointed for further periods of three years, but only by resolution of not less than two thirds of the Governors present and voting at the meeting. The Governors annually elect one of their number to be Chairman of the Governors and such person may be re-elected in subsequent years.

Governor Training

There is a comprehensive mandatory induction process for new Governors who are introduced into the workings of the Foundation initially at a meeting with the Chair of Governors, followed by a tour of the Foundation initiated by the Principal or Bursar.

All new Governors are provided with sufficient induction material to allow them to understand the charitable purpose, financial position and current issues. Induction material includes the Charity's Governing Document, in addition to the latest financial accounts with explanatory material where necessary and recent minutes of the Governing Body and the various sub-committees.

All Governors are encouraged to attend AGBIS Seminars for Governors on a variety of issues including financial management and accounts, investment and governance.

Auditors

The Auditors, Peters, Elworthy & Moore, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the next Annual General Meeting.

Concluding remarks and thanks

The Governors give thanks to all members of staff for their efforts in contributing to the successes detailed in this report. We also thank the many alumni, friends, volunteers and supporters of the Foundation who have given time to inspire Stephen Perse students and to assist in the Foundation's charitable activities.

At the March 2018 meeting of the Governors Dr Gill Sutherland stood down as chair of the Stephen Perse Foundation, a position she had held since 1998, having first become a governor in 1978. Dr Sutherland's leadership of the Foundation through a long and, at times, arduous period of change and transition was outstanding. The transformation of the physical estate, the modernisation of the curriculum with the introduction of IB and the diamond structure, and the current robust health and the preparedness for the future of the Stephen Perse family of schools, together are a testament to her vision and determination. We thank her for her exceptional contribution and wish her well for the future.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

GOVERNORS' RESPONSIBILITIES STATEMENT

The Governors (who are also directors of The Stephen Perse Foundation for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

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

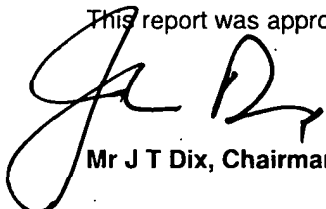
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Governors, on 29/11/18 and signed on their behalf by:



Mr J T Dix, Chairman

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STEPHEN PERSE FOUNDATION

OPINION

We have audited the financial statements of The Stephen Perse Foundation (the 'Foundation') for the year ended 31 August 2018 set out on pages 22 to 51. 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 charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STEPHEN PERSE FOUNDATION

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.

OPINION 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 Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STEPHEN PERSE FOUNDATION

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Judith Coplowe (Senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
18 December 2018

THE STEPHEN PERSE FOUNDATION
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**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	11,029	51,075	-	62,104	107,040
Charitable activities:	3					
Fee income		16,370,176	-	-	16,370,176	15,199,377
Other educational income		393,100	-	-	393,100	247,028
Other trading activities	4	49,938	-	-	49,938	30,497
Investments	5	37,938	-	-	37,938	41,050
TOTAL INCOME AND ENDOWMENTS		16,862,181	51,075	-	16,913,256	15,624,992
EXPENDITURE ON:						
Raising funds	6,7	44,419	-	-	44,419	69,413
Charitable activities	8	15,928,974	-	27,833	15,956,807	14,281,542
TOTAL EXPENDITURE		15,973,393	-	27,833	16,001,226	14,350,955
INCOME BEFORE INVESTMENT GAINS		888,788	51,075	(27,833)	912,030	1,274,037
Net gains on investments	14	57,574	-	-	57,574	145,793
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		946,362	51,075	(27,833)	969,604	1,419,830
Transfers between Funds	19	44,313	(51,075)	6,762	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		990,675	-	(21,071)	969,604	1,419,830
Gains on movement in liabilities	17	527,374	-	-	527,374	669,896
Actuarial gains on defined benefit pension schemes	24	473,000	-	-	473,000	1,272,000
NET MOVEMENT IN FUNDS		1,991,049	-	(21,071)	1,969,978	3,361,726
RECONCILIATION OF FUNDS:						
Total funds brought forward		11,896,341	158,299	1,503,988	13,558,628	10,196,902
TOTAL FUNDS CARRIED FORWARD		13,887,390	158,299	1,482,917	15,528,606	13,558,628

The notes on pages 26 to 51 form part of these financial statements.

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**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

		Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
	Note				
Income		16,862,181	51,075	16,913,256	15,624,992
Gains on investments		57,574	-	57,574	145,793
GROSS INCOME IN THE REPORTING PERIOD		16,919,755	51,075	16,970,830	15,770,785
Less: Total expenditure		15,973,393	-	15,973,393	14,350,955
NET INCOME FOR THE YEAR		946,362	51,075	997,437	1,419,830
NET INCOME FOR THE FINANCIAL YEAR	19	946,362	51,075	997,437	1,419,830

The notes on pages 26 to 51 form part of these financial statements.

THE STEPHEN PERSE FOUNDATION

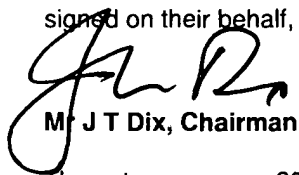
(A company limited by guarantee)

REGISTERED NUMBER: 06113565

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		33,002,457		32,181,097
Investments	14		1,622,280		1,481,463
			<u>34,624,737</u>		<u>33,662,560</u>
CURRENT ASSETS					
Debtors	15	810,894		603,802	
Cash at bank and in hand		2,098,876		1,079,413	
		<u>2,909,770</u>		<u>1,683,215</u>	
CREDITORS: amounts falling due within one year	16	(3,776,118)		(3,383,945)	
NET CURRENT LIABILITIES			<u>(866,348)</u>		<u>(1,700,730)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,758,389</u>		<u>31,961,830</u>
CREDITORS: amounts falling due after more than one year	17		<u>(17,856,783)</u>		<u>(17,630,202)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>15,901,606</u>		<u>14,331,628</u>
Defined benefit pension scheme liability	24		<u>(373,000)</u>		<u>(773,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>15,528,606</u>		<u>13,558,628</u>
CHARITY FUNDS					
Endowment funds	19		1,482,917		1,503,988
Restricted funds	19		158,299		158,299
Unrestricted funds	19		13,887,390		11,896,341
TOTAL FUNDS			<u>15,528,606</u>		<u>13,558,628</u>

The financial statements were approved and authorised for issue by the Governors on 29/11/2018 and signed on their behalf, by:


Mr J T Dix, Chairman

The notes on pages 26 to 51 form part of these financial statements.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	2,260,491	2,157,408
Cash flows from investing activities:			
Dividends, interest and rents from investments		37,938	45,432
Purchase of tangible fixed assets		(1,797,321)	(9,526,084)
Net movements in cash at investors		(83,243)	483,327
Net cash used in investing activities		(1,842,626)	(8,997,325)
Cash flows from financing activities:			
Repayments of borrowings		(450,000)	(447,750)
Cash inflows from new borrowing		1,500,000	7,250,000
Interest paid		(448,402)	(243,115)
Net cash provided by financing activities		601,598	6,559,135
Change in cash and cash equivalents in the year		1,019,463	(280,782)
Cash and cash equivalents brought forward		1,079,413	1,360,195
Cash and cash equivalents carried forward	22	2,098,876	1,079,413

The notes on pages 26 to 51 form part of these financial statements.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Stephen Perse Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The Foundation is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the Foundation being wound up, the liability in respect of the guarantee is limited to £1 per member of the Foundation.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Foundation and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Foundation for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are the permanent endowment of the Land Charity (see note 19) which the school is legally required to retain for the benefit of the school. Permanent endowment funds represent funds where the governors have no power to convert them into income and apply them as such without special permission from the Charity Commission.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the Foundation has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

Donations are recognised when the Foundation has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Fee income and charges for services and use of premises are accounted for in the period in which the service is provided. Fee income is stated after deducting allowances and bursaries funded from unrestricted funds, but include contributions received from restricted funds.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All expenditure is inclusive of irrecoverable VAT.

All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Apportionments are based on the estimated amounts attributable to that activity in the year. Estimated amounts are based on staff time or apportionment of overheads as appropriate.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land where the land value is distinguishable. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	1% (if includes an element of land) or 2% on cost
Building improvements	-	3.33% to 6.66% on cost
Leasehold	-	over period of lease
All weather pitch	-	10% on cost
Furniture	-	10% to 33% on cost
Computers and equipment	-	25% on cost
Motor vehicles	-	25% on cost

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Foundation anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

Basic financial instruments are initially recorded at transaction value and subsequently measured at their settlement value.

Derivatives, including interest rate swaps and forward exchange contracts, are not basic financial instruments.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair value of derivatives are recognised in the Statement of Financial Activities in direct cost, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Foundation. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.13 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

1.15 Pensions

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the charity in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The investments are measured at fair value for financial reporting purposes. Information about the valuation technique is included in accounting policy (1.7).

The present value of the interest rate swap is dependent on the valuation prepared by Lloyds bank

Critical areas of judgment:

Depreciation is charged annually based on the management's estimate of economic useful life of the asset per the accounting policies above.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Rent and room hire receivable	49,938	-	49,938	30,497
Net income from trading activities	49,938	-	49,938	30,497

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	37,938	-	37,938	41,050
Total 2017	41,050	-	41,050	

6. COSTS OF RAISING FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Staff	23,703	-	23,703	48,540
Other	9,800	-	9,800	8,508
	33,503	-	33,503	57,048
Total 2017	57,048	-	57,048	

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment management fees	10,916	-	10,916	12,365
Total 2017	12,365	-	12,365	

8. EXPENDITURE ON CHARITABLE ACTIVITIES

	Staff costs £	Premises £	Other £	2018 £	2017 £
Direct costs	9,078,339	2,153,620	2,088,629	13,320,588	12,078,447
Support costs	1,366,782	-	1,269,437	2,636,219	2,203,095
Total	10,445,121	2,153,620	3,358,066	15,956,807	14,281,542

In 2017, staff costs, premises costs and other costs amounted to £9,613,375, £1,872,583 and £2,795,584, respectively.

In both 2018 and 2017 all expenditure was attributable to unrestricted funds.

9. DIRECT COSTS

	Staff £	Other £	Depreciat- ion £	Total 2018 £	Total 2017 £
Teaching	8,247,592	695,547	215,194	9,158,333	8,560,190
Welfare	396,319	544,805	-	941,124	802,557
Premises	434,428	1,392,853	760,767	2,588,048	2,267,288
Grants and awards	-	151,075	-	151,075	165,295
Interest payable	-	482,008	-	482,008	283,117
	9,078,339	3,266,288	975,961	13,320,588	12,078,447
Total 2017	8,480,150	2,763,177	835,120	12,078,447	

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. SUPPORT COSTS

	Support £	Governance £	Total 2018 £	Total 2017 £
Staff costs	1,356,782	10,000	1,366,782	1,133,225
Legal and professional	96,136	13,180	109,316	153,567
Marketing	133,861	-	133,861	121,077
Telephone, printing and stationery	56,336	-	56,336	66,809
Recruitment	142,507	-	142,507	102,967
Technology costs	265,773	-	265,773	199,672
Lease payments	451,662	-	451,662	353,612
Depreciation	-	-	-	5,238
Sundry	109,982	-	109,982	66,928
	<u>2,613,039</u>	<u>23,180</u>	<u>2,636,219</u>	<u>2,203,095</u>
Total 2017	<u>2,179,933</u>	<u>23,162</u>	<u>2,203,095</u>	

11. ANALYSIS OF STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2018 £	2017 £
Wages and salaries	8,549,546	7,839,327
Social security costs	828,301	741,404
Other pension costs	1,090,977	1,081,184
Total	<u>10,468,824</u>	<u>9,661,915</u>

The average number of employees during the year, analysed by function was:

	2018 £	2017 £
Educational	224	206
Establishment and administration	76	89
Total	<u>300</u>	<u>295</u>

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. ANALYSIS OF STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL
(continued)

The average number of full time equivalent employees, analysed by function was:

	2018	2017
	£	£
Educational	176	156
Establishment and administration	55	59
Total	231	215

The number of higher paid employees was:

	2018	2017
	£	£
In the band £60,001-£70,000	2	2
In the band £70,001-£80,000	3	3
In the band £80,001-£90,000	1	1
In the band £90,001-£100,000	1	1
In the band £130,001-£140,000	-	1
In the band £140,001-£150,000	1	-

The key management personnel of the charity are the Governors together with the Senior Leadership Team, which comprises the Principal, the Bursar, the Deputy Bursars, the Director of HR, the Heads of Schools, the Director of Teaching and Learning and the Director of Digital Strategy.

The total employment remuneration and benefits, including employers' national insurance contributions and employers' pension contributions, of key management personnel were £1,001,937 (2017 - £1,006,938).

Governors' fees of £nil were paid in the year (2017 - £nil). Reimbursed expenses during the year amounted to £nil (2017 - £22).

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	975,961	840,358
Auditors' remuneration - audit	13,536	13,140
Auditors' remuneration - other services	3,120	840
Operating lease rentals	451,662	353,612
	<u>1,444,279</u>	<u>1,207,950</u>

Other services provided by the auditors include preparation of the statutory financial statements and review and certification of the Teachers' Pension return.

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Assets under Construct- ion £	Building improve- ments £	Plant, furniture and equipment £	Motor vehicles £	Total £
Cost						
At 1 September 2017	19,389,769	12,043,278	7,745,282	3,341,762	26,206	42,546,297
Additions	2,074	1,576,531	119,397	99,319	-	1,797,321
Disposals	-	-	-	-	(20,954)	(20,954)
Transfer between classes	12,730,174	(13,557,762)	624,993	202,595	-	-
At 31 August 2018	<u>32,122,017</u>	<u>62,047</u>	<u>8,489,672</u>	<u>3,643,676</u>	<u>5,252</u>	<u>44,322,664</u>
Depreciation						
At 1 September 2017	5,018,966	-	2,729,842	2,590,186	26,206	10,365,200
Charge for the year	511,501	-	249,266	215,194	-	975,961
On disposals	-	-	-	-	(20,954)	(20,954)
At 31 August 2018	<u>5,530,467</u>	<u>-</u>	<u>2,979,108</u>	<u>2,805,380</u>	<u>5,252</u>	<u>11,320,207</u>
Net book value						
At 31 August 2018	<u>26,591,550</u>	<u>62,047</u>	<u>5,510,564</u>	<u>838,296</u>	<u>-</u>	<u>33,002,457</u>
At 31 August 2017	<u>14,370,803</u>	<u>12,043,278</u>	<u>5,015,440</u>	<u>751,576</u>	<u>-</u>	<u>32,181,097</u>

Included in land and buildings is freehold land at cost of £400,000 (2017 - £400,000) which is not depreciated.

THE STEPHEN PERSE FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. FIXED ASSET INVESTMENTS

	Listed securities £	Uninvested cash £	Total £
Market value			
At 1 September 2017	1,481,463	-	1,481,463
Additions	294,766	-	294,766
Disposals (proceeds of £277,545)	(266,565)	-	(266,565)
Revaluations	46,594	-	46,594
Net cash movement	-	66,022	66,022
At 31 August 2018	<u>1,556,258</u>	<u>66,022</u>	<u>1,622,280</u>
Historical cost	<u>1,261,301</u>	<u>66,022</u>	<u>1,327,323</u>

Investments at market value comprise:

	UK £	Overseas £	2018 £	2017 £
Listed investments	1,069,911	486,347	1,556,258	1,481,463
Uninvested cash	66,022	-	66,022	-
Total market value	<u>1,135,933</u>	<u>486,347</u>	<u>1,622,280</u>	<u>1,481,463</u>

Valuation

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Foundation is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The objectives of the funds held by the Foundation are to provide long term growth by investing in a portfolio of other authorised funds, worldwide equities, fixed interest stocks, cash and money market instruments.

The investment managers will take a fundamental and value driven approach to the portfolio allocation, dependant on the relevant attractions of the world equity, fixed interest and currency markets. The fund will take an aggressive view of the stock market weightings in the portfolio, when compared to a neutral world market capitalisation.

The fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The policies are reviewed for managing these risks in order to follow and achieve the investment objective.

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. DEBTORS

	2018 £	2017 £
School fees	316,955	194,435
Other debtors	155,276	94,852
Prepayments	338,663	314,515
	<u>810,894</u>	<u>603,802</u>

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Bank loans	746,045	447,750
Other taxation and social security	347,203	318,377
Pupil deposits	44,100	50,100
School fees in advance	1,497,813	1,308,316
Other creditors	792,197	653,988
Accruals and deferred income	348,760	605,414
	<u>3,776,118</u>	<u>3,383,945</u>

17. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	15,951,517	15,197,562
Interest rate swap	1,905,266	2,432,640
	<u>17,856,783</u>	<u>17,630,202</u>

Included within the above are amounts falling due as follows:

	2018 £	2017 £
Between one and two years		
Bank loans	<u>845,477</u>	<u>745,250</u>
Between two and five years		
Bank loans	<u>2,536,432</u>	<u>2,535,750</u>
Over five years		
Bank loans	<u>12,569,608</u>	<u>11,916,562</u>

THE STEPHEN PERSE FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	2017 £
Repayable by instalments	<u>12,569,608</u>	<u>11,916,562</u>

At the year-end, the Foundation possessed two loans with Lloyds Bank Plc. These loans have a 20 year repayment profile, divided into loans of a 5 year term which will be refinanced at the end of each term.

The first loan amounted to £7,987,500 at the year-end and is repayable in 12 equal quarterly instalments of £112,500, with the balance of £637,500 being repayable in November 2021.

The second loan amounted to £8,800,000 at the year-end and is repayable from 28 February 2019 in 11 equal quarterly instalments of £100,000, with the balance of £7,700,000 being repayable in November 2021.

The interest rate on both loans is LIBOR+1.4%. Interest is payable on a quarterly basis at the same time as the principal payments.

Interest rate swap

In November 2007 and May 2008, the Foundation entered into three interest rate swaps to receive base rate and pay fixed interest of between 5.1% and 5.29%. The swaps were based on a total principal amount of £8,000,000.

These swaps were novated as part of the refinancing of the Foundation's bank loans and restructured to reduce annual interest cost.

The new arrangements were entered into on 27 May 2016, under which the Foundation receives LIBOR and pays 0.84% for the first two years and thereafter 2.97% until 27 May 2031.

The notional amount on which the swap is based was £13,659,375 for the first two years (until 27 May 2017). The notional amount was increased to £16,100,000 for the remaining period.

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18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	2,098,876	1,079,413
Financial assets measured at amortised cost	472,231	289,287
	<u>2,571,107</u>	<u>1,368,700</u>
Financial liabilities measured at fair value through income and expenditure	1,905,266	2,432,640
Financial liabilities measured at amortised cost	17,857,727	16,617,677
	<u>19,762,993</u>	<u>19,050,317</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets measured at amortised cost comprise school fee and other debtors.

Financial liabilities measured at fair value through income and expenditure comprise an interest rate swap.

Financial liabilities measured at amortised cost comprise bank loans, other tax and social security and other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
General reserve	885,134	48,967	(527,192)	(464,483)	57,574	-
Hardship fund	171,621	-	-	(171,621)	-	-
Fixed asset fund	10,770,625	-	(732,934)	2,599,763	527,374	13,164,828
	<u>11,827,380</u>	<u>48,967</u>	<u>(1,260,126)</u>	<u>1,963,659</u>	<u>584,948</u>	<u>13,164,828</u>
General funds						
Accumulated funds	68,961	16,813,214	(14,713,267)	(1,919,346)	473,000	722,562
Total Unrestricted funds	<u>11,896,341</u>	<u>16,862,181</u>	<u>(15,973,393)</u>	<u>44,313</u>	<u>1,057,948</u>	<u>13,887,390</u>
Endowment funds						
Permanent endowment funds	1,395,655	-	(27,833)	6,762	-	1,374,584
Bursary funds	108,333	-	-	-	-	108,333
	<u>1,503,988</u>	<u>-</u>	<u>(27,833)</u>	<u>6,762</u>	<u>-</u>	<u>1,482,917</u>
Restricted funds						
Bursary & outreach fund	51,535	51,075	-	(51,075)	-	51,535
Educational fund	57,228	-	-	-	-	57,228
Prize funds	3,766	-	-	-	-	3,766
Trust funds	45,770	-	-	-	-	45,770
	<u>158,299</u>	<u>51,075</u>	<u>-</u>	<u>(51,075)</u>	<u>-</u>	<u>158,299</u>
Total of funds	<u>13,558,628</u>	<u>16,913,256</u>	<u>(16,001,226)</u>	<u>-</u>	<u>1,057,948</u>	<u>15,528,606</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

DESIGNATED FUNDS

The general reserve fund represents sums set aside to provide for future development of the Foundation. The Hardship Fund comprises sums set aside to support current pupils whose families are experiencing short term hardship. The trustees have reviewed the requirement for such funds and have agreed that these may be met from accumulated funds. Accordingly the balance on these funds have been transferred to accumulated funds.

The property fund became the fixed asset fund in the year. The property funds represented the Foundation's operational freehold and leasehold properties and corresponded to the net book value of property related fixed assets, net of borrowings of £18,623,593 (2017 - £18,077,952) other than the fixed assets held in the endowment fund being £1,234,801 (2017 - £1,262,634). The fund now represents the net book value of all fixed assets less bank borrowings and those held in the endowment fund.

ENDOWMENT FUNDS

Endowment funds are the permanent endowment of the Land Charity (see accounting policy 1.17), which the school is legally required to retain for the benefit of the school. Permanent endowment funds represent funds where the trustees have no power to convert them into income and apply them as such without special authority from the Charity Commission.

The permanent endowment represents the value of the Dame Bradbury's School land and buildings existing in 1991 as re-valued in 1997 plus the proceeds of land sold less amounts borrowed and not yet repaid under Charity Commission orders authorising their use to carry out building work.

The income from endowed bursary funds provides bursaries to pupils.

RESTRICTED FUNDS

The bursary and outreach fund is to provide assistance towards school fees in cases of need or fund outreach projects. The transfer in the year represents school fees paid for by the fund.

The educational fund is to fund the purchase of educational resources.

The prize funds are to fund the provision of academic prizes.

The trust funds are to provide sixth form scholarships.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Designated funds						
General reserve	164,570	91,589	(312,530)	795,712	145,793	885,134
Hardship fund	170,096	1,525	-	-	-	171,621
Fixed asset fund	8,115,968	-	(615,860)	3,270,517	-	10,770,625
	<u>8,450,634</u>	<u>93,114</u>	<u>(928,390)</u>	<u>4,066,229</u>	<u>145,793</u>	<u>11,827,380</u>
General funds						
Accumulated funds	68,961	15,476,902	(13,422,495)	(3,996,303)	1,941,896	68,961
Total Unrestricted funds	<u>8,519,595</u>	<u>15,570,016</u>	<u>(14,350,885)</u>	<u>69,926</u>	<u>2,087,689</u>	<u>11,896,341</u>
Endowment funds						
Permanent endowment funds	1,416,726	-	-	(21,071)	-	1,395,655
Bursary funds	108,333	-	-	-	-	108,333
	<u>1,525,059</u>	<u>-</u>	<u>-</u>	<u>(21,071)</u>	<u>-</u>	<u>1,503,988</u>
Restricted funds						
Bursary & outreach fund	45,715	54,741	(66)	(48,855)	-	51,535
Educational fund	56,997	235	(4)	-	-	57,228
Prize funds	3,766	-	-	-	-	3,766
Trust funds	45,770	-	-	-	-	45,770
	<u>152,248</u>	<u>54,976</u>	<u>(70)</u>	<u>(48,855)</u>	<u>-</u>	<u>158,299</u>
Total of funds	<u>10,196,902</u>	<u>15,624,992</u>	<u>(14,350,955)</u>	<u>-</u>	<u>2,087,689</u>	<u>13,558,628</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Tangible fixed assets	31,767,656	-	1,234,801	33,002,457
Fixed asset investments	1,622,280	-	-	1,622,280
Current assets	2,503,355	158,299	248,116	2,909,770
Creditors due within one year	(4,571,573)	-	-	(4,571,573)
Creditors due in more than one year	(17,061,328)	-	-	(17,061,328)
Provisions for liabilities and charges	(373,000)	-	-	(373,000)
	<u>13,887,390</u>	<u>158,299</u>	<u>1,482,917</u>	<u>15,528,606</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Tangible fixed assets	30,918,463	-	1,262,634	32,181,097
Fixed asset investments	1,481,463	-	-	1,481,463
Current assets	1,283,562	158,299	241,354	1,683,215
Creditors due within one year	(3,383,945)	-	-	(3,383,945)
Creditors due in more than one year	(17,630,202)	-	-	(17,630,202)
Provisions for liabilities and charges	(773,000)	-	-	(773,000)
	<u>11,896,341</u>	<u>158,299</u>	<u>1,503,988</u>	<u>13,558,628</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	969,604	1,419,830
Adjustment for:		
Depreciation charges	975,961	840,358
Gain on investments	(57,574)	(145,793)
Dividends, interest and rents from investments	(37,938)	(41,050)
Increase in debtors	(207,092)	(132,116)
Increase/(decrease) in creditors	80,272	(91,638)
Interest payable	462,008	243,117
Defined benefit scheme expenses	73,000	116,000
Amortisation of loan setup fees	2,250	-
Decrease in long term deposits	-	(51,300)
Net cash provided by operating activities	2,260,491	2,157,408

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	2,098,876	1,079,413
Total	2,098,876	1,079,413

23. CAPITAL COMMITMENTS

At 31 August 2018 the Foundation had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	-	1,171,997

24. PENSION COMMITMENTS

Teaching staff

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £872,982 (2017: £851,556).

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Non-teaching staff

The Foundation contributes into five pension schemes for non-teaching staff: a defined benefit scheme (The Local Government Pension Scheme) and four defined contribution schemes. The defined benefit scheme has been closed to new employees of the Foundation.

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

Defined Contribution Schemes

The assets of the defined contribution schemes are administered by trustees in funds independent of the school. The pension costs charged in the financial statements relating to the schemes in the year was £144,992 (2017: £125,683).

Defined Benefit Scheme

The Foundation is one of several employing bodies included within the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2018 was £120,495 (2017 - £140,100) of which employer's contributions totalled £90,976 (2017 - £112,115) and employees' contributions totalled £29,519 (2017 - £27,945). The agreed contribution rates for future years are 24% for employers and between 5.5% and 9.9% for employees

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages) :

	2018	2017
Discount rate at 31 August	2.80 %	2.50 %
Future salary increases	2.70 %	2.70 %
Future pension increases	2.40 %	2.40 %

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Salary rate +0.5%	47,000	49,000
Discount rate -0.5%	452,000	456,000

The assets in the scheme and the expected rates of return were:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,263,000	2,918,000
Property	289,000	265,000
Cash	124,000	114,000
Bonds	454,000	493,000
Total market value of assets	<u>4,130,000</u>	<u>3,790,000</u>

The actual return on scheme assets was £206,000 (2017 - £134,000).

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	4,563,000	5,486,000
Interest cost	115,000	111,000
Employee contributions	30,000	28,000
Actuarial gains	(267,000)	(1,138,000)
Current service costs	146,000	168,000
Benefits paid	(84,000)	(92,000)
Closing defined benefit obligation	<u>4,503,000</u>	<u>4,563,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets were as follows:

	2018 £	2017 £
Opening fair value of scheme assets	3,790,000	3,557,000
Interest income on plan assets	95,000	71,000
Employer contributions	93,000	92,000
Actuarial gains and (losses)	206,000	134,000
Employee contributions	30,000	28,000
Benefits paid	(84,000)	(92,000)
	<u>4,130,000</u>	<u>3,790,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £473,000 (2017 - £1,272,000).

The Foundation expects to contribute £128,000 to its Defined benefit pension scheme in 2019.

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

	2018	2017
Equities	79.00 %	77.00 %
Bonds	11.00 %	13.00 %
Property	7.00 %	7.00 %
Cash	3.00 %	3.00 %

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018 £	2017 £
Defined benefit obligation	(4,503,000)	(4,563,000)
Scheme assets	4,130,000	3,790,000
Deficit	(373,000)	(773,000)
Experience adjustments on scheme liabilities	267,000	1,138,000
Experience adjustments on scheme assets	206,000	134,000

The current mortality assumptions include sufficient allowance for the future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2018 £	2017 £
Retiring today:		
Men	22	22
Women	24	24
Retiring in 20 years:		
Men	24	24
Women	26	27

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(146,000)	(168,000)
Employer contributions	93,000	92,000
Interest income	95,000	71,000
Interest cost	(115,000)	(111,000)
Total	(73,000)	(116,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Foundation's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Land and Buildings:		
Within 1 year	144,000	144,660
Between 1 and 5 years	576,000	584,640
After more than 5 years	864,000	1,023,120
Total	<u>1,584,000</u>	<u>1,752,420</u>
Other:		
Within 1 year	509,688	413,565
Between 1 and 5 years	610,654	566,542
Total	<u>1,120,342</u>	<u>980,107</u>

26. RELATED PARTY TRANSACTIONS

The Foundation's governors received no remuneration during 2018 (2017 - nil).

Three governors each received a £25 John Lewis voucher for acting as Oxbridge interviewers for the Foundation.

Governors with children at a school within the Foundation paid fees on the same terms as others attending the school.

Governors' liability insurance was paid during the year with cover of £2 million.

Material interest of governors

In the prior year Mr D Walker was an employee of Greenwoods Solicitors LLP who provided legal services to the Foundation of £4,471. The services were provided on a normal trading basis. Mr D Walker is no longer employed by Greenwoods Solicitors LLP.