



Fettes College

Annual Report & Financial Statement

The Governors of the Fettes Trust (Fettes College) is a registered Scottish Charity, No. SC017489 and as such we produce an annual report which include details of our aims and objectives, achievements and performance as well as a full financial review.

Responsibility – Chairman of the Board of Governors

THE GOVERNORS OF THE FETTES TRUST

REPORT and FINANCIAL STATEMENTS

For the year ended 31 August 2020

This and the forty-three pages following form the Financial Statements of The Governors of the Fettes Trust for the year ended 31 August 2020 as approved by the Board of Governors.



I M Osborne
Chairman of the Board of Governors

THE GOVERNORS OF THE FETTES TRUST

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THE GOVERNORS OF THE FETTES TRUST

ADMINISTRATIVE AND LEGAL INFORMATION

Governors

The following persons served as Governors during the period from 1 September 2019 to the date of approval of these Financial Statements:

Name	Appointed by
Mr I M Osborne	Co-opted
Mr B A I Dingwall CBE (OF) (Deputy Chair to 31 Aug 2020)	Co-opted
The Hon Lady Wise (Deputy Chair from 1 Sept 2020)	Senators of Her Majesty's College of Justice
Mr E M Young (OF)	Old Fettesian Association
Mr H W D Bruce-Watt WS (OF)	Society of Writers to Her Majesty's Signet
Mr A W D McLean QC	Faculty of Advocates
Councillor G Barrie	The City of Edinburgh Council
Professor A E Thomas OBE	Royal College of Physicians of Edinburgh
Mr R Leckie (OF)	Old Fettesian Association (from 1 Sept 2020)
Mr B R Aird	Co-opted
Mrs I A Keith	Co-opted
Mr J C Lang (OF)	Co-opted
Ms L S Paterson	Co-opted
Mr W Sinclair	Co-opted
Mr P D Hunter	Co-opted
Ms E McAreavey	Co-opted
Mrs E L Goodburn (OF)	Co-opted (from 1 Oct 2020)

(OF designates Old Fettesians)

The Standing Committees of the Board of Governors during the same period included the following Governors:-

The Executive Committee

E M Young (Convener)
B R Aird
H W D Bruce-Watt WS
Mrs I A Keith (from 25th September 2019)
IM Osborne
W Sinclair
Lady Wise (from 25th September 2019)

The Preparatory School Committee

H W D Bruce-Watt WS (Convener)
I M Osborne
P D Hunter
Professor Angela E Thomas

The Risk Management Committee

A W D McLean QC (Convener)
Ms L S Paterson
Ms E McAreavey

THE GOVERNORS OF THE FETTES TRUST

ADMINISTRATIVE AND LEGAL INFORMATION *(cont'd)*

Buildings Committee

W Sinclair (Convener)

E M Young

A E H Salvesen CBE (by Invitation)

A A McCreath (by Invitation)

Clerk to The Governors of the Fettes Trust

C K Oliver OBE WS

Head

Mrs H F Harrison

Bursar

P J F Worlledge ACA

Registered Address

Fettes College

Carrington Road

Edinburgh

EH4 1QX

Place of Business

Fettes College

Carrington Road

Edinburgh

EH4 1QX

Auditor

Johnston Carmichael LLP

7-11 Melville Street

Edinburgh

EH3 7PE

Bankers

Bank of Scotland

43 Comely Bank

Edinburgh

EH4 1AF

Solicitors

Anderson Strathern LLP

1 Rutland Court

Edinburgh

EH3 8EY

Investment Managers

Rathbone Brothers plc

George House

50 George Square

Glasgow

G2 1EH

Scottish Charity Number

SC017489

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT

For the year ended 31 August 2020

REFERENCE AND ADMINISTRATIVE INFORMATION

The governing body, The Governors of the Fettes Trust ("the Trust"), is a body corporate originally established under the Educational Endowments (Scotland) Act, 1882 and continued as a body corporate by various Schemes under the Education (Scotland) Acts (as amended) culminating in The Fettes College Scheme 2008 ("the Fettes Scheme") under and in terms of the Charities and Trustee Investment (Scotland) Act 2005.

The Trust is a registered Scottish charity (No. SC017489). The governing body is obliged under the Fettes Scheme to maintain and develop Fettes College ("Fettes" or "the School") as a school for boarding and day pupils. Details of the Governors, who are Trustees for the purpose of charity law, senior managers, advisers, and the principal address of the Trust are listed on pages 2 and 3 of this report.

This report and the attached financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102 ("SORP (FRS 102)") and with current statutory requirements.

As part of its ongoing review of governance, the Governors of the Fettes Trust have been reviewing the existing structure of the Trust, with a view to taking steps to modernise and thus better fulfil its charitable purposes. As a result of that review, the Governors have resolved to alter the legal form of the Trust from the existing body corporate, to a charitable Company Limited by Guarantee ("CLG"). The Governors of the Fettes Trust are of the view that a charitable CLG will provide the Trust with a more robust and flexible structure going forward. The intention is that there will be no departure from the Trust's existing charitable purposes as a consequence of this change. The CLG will continue to use the Trust's funds and assets for the provision and advancement of education. The Fettes Scheme will form the basis of the new CLG's Articles of Association, with some updates incorporated therein.

The Head during the year was Mrs Helen Harrison.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board comprises up to nine elected governors and not more than eleven co-opted governors. The elected governors consist of up to one person elected by each of the:

- a) Senators of Her Majesty's College of Justice;
- b) The City of Edinburgh Council, as the Local Education Authority;
- c) University Court of the University of Edinburgh;
- d) Faculty of Advocates;
- e) Society of Writers to Her Majesty's Signet;
- f) Royal College of Physicians of Edinburgh;
- g) The Master's Court of the Company of Merchants of The City of Edinburgh;
- h) Edinburgh Chamber of Commerce; and
- i) Old Fettesian Association from among former pupils of Fettes College.

Governors are elected or co-opted as appropriate to provide a range of skills required to enable the Trust to fulfil its object of providing education to young people.

New Governors are inducted by briefings from the Clerk to the Governors, by initial meetings with senior management and subsequent regular visits to Fettes which includes both the Senior School for pupils between the ages of 13 and 18 and the Preparatory School for pupils between the ages of 7 and 13 ("the Prep School"). Governors are encouraged to take a specific interest in, and reporting responsibility for, one or more of the School's activities or facilities (in which they might have a particular interest or expertise). Governors are expected to attend all Board meetings and will also attend external courses relevant to the School and its operation or to its compliance with current regulatory requirements. The Governors conduct a process of self-assessment from time to time and this informs the Board as a whole as to any gaps in knowledge, skills or experience deemed necessary for the proper operation of the Board of Governors. Steps are then taken to remedy this through the co-option process of recruiting new Governors. Governor appointments and retirements are arranged to coincide with the last meeting of the Academic year.

Organisational Management

The Governors have overall responsibility for ensuring that Fettes provides the best possible education for its pupils, for determining the aims and objectives of the School in that context and for determining the policies and strategies that will best support and protect those aims and objectives. The Board meets four times a year to consider reports on the performance of the School and issues affecting it, from senior management, from individual Governors and sub-committees and from its advisers. The Chairman of the Board during the year was Michael Osborne.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (*cont'd*)

Organisational Management (*cont'd*)

In addition, an Executive Committee of Governors comprising a subset of the Board meets up to ten times a year. The Executive Committee reports to the Board and is responsible, *inter alia*, for overseeing the financial and operational activities of the School and the Trust's trading subsidiaries and for supporting and assisting, where necessary, the management of the School and, in particular, the Head, the Bursar and the Head of the Prep School. The Executive Committee consists of a Convener and at least four other Governors elected from the members of the Board.

The Preparatory School Committee consists of a Convener and at least three other Governors elected from time to time from among members of the Board. It has the power to co-opt other members from within or outside the Board and meets four times a year to consider and monitor the workings of the Prep School and to safeguard its interests within the overall strategy and objectives agreed by the main Board and Executive Committee for the School as a whole.

In addition to the Board and the two other Committees above, three further sub committees have been set up with specific responsibilities: the Risk Management Committee, comprising a convener and two other Governors, meets termly to recognise and consider risks possibly affecting either the School or the Trust and to assist the Board with the procedures necessary to control and manage risks, governance issues and other matters delegated to it from time to time by the Board. The Safeguarding Committee, comprising a convener and one other Governor, meets the pastoral leadership team termly to consider best practice, any specific wellbeing or safeguarding cases of note and other possible areas of concern or improvement around the School's overall approach to safeguarding. Finally, the Academic Committee, comprising a convener and up to three further Governors, meets the academic leadership team once a term to monitor the School's academic performance and to consider future objectives to ensure both the curriculum and teaching meet current demands and parental expectations.

The powers and responsibilities of the Committees referred to above are set out in the document "The Structure of Governance" adopted by the Governors.

The day to day management of the School is undertaken by the Head and the other members of the Senior Leadership Team, which includes the Head of the Preparatory School, the Deputy Head (Academic), the Deputy Head (Pastoral) and the Bursar, all of whom regularly attend and report to the main Board and other Committees, together with other School managers as required. The Clerk to the Governors attends and minutes the Board meetings and Executive and Risk Management Committee meetings.

Group Structure and Relationships

The Trust owns a trading subsidiary, Fettes Enterprises Limited ("Fettes Enterprises") which in turn has two wholly owned trading subsidiaries, Fettes Centre for Language & Culture Limited and Fettes International Limited. The activities and trading performance of these subsidiaries are discussed below. The board of directors of the trading subsidiaries comprise at least two Governors elected by the Board.

The Fettes Foundation is a separately registered charity (number SC028350), the aims of which are to support the education, health and well-being of pupils at Fettes by raising funds for investment in facilities and bursaries or by providing other direct financial aid to the School and its pupils. The Fettes Foundation is operationally independent and has its own Board of Trustees, some of whom are also Governors.

Risk Management

The Board is responsible for the management of risks faced by the Trust and its subsidiaries. Detailed consideration of risk is delegated to the Risk Management Committee, the Senior Management Team and the boards of the trading subsidiaries, with the Bursar acting as the co-ordinator between the groups. Risks are identified and assessed and controls established. Whilst these controls are reviewed throughout the year, a formal review of the Trust's risk management processes is conducted on an annual basis. The key controls used by the charity include:

- formal agendas for, and minuting of, all Board and Committee activity;
- detailed terms of reference for the Committees;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies; and
- clear authorisation and approval levels for all expenditure.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT *(cont'd)*

Risk Management *(cont'd)*

Through the risk management processes established by the Trust, the Governors are satisfied that the major risks are identified and have been adequately assessed and mitigated, where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed. The key risks facing a school like Fettes are typically financial, regulatory or performance based which can in turn be broken down into pupil numbers, cost control, compliance, safeguarding and quality of staffing amongst others. The Governors place huge emphasis on ensuring steps are taken by management to market the School to potential parents appropriately, to recruit and train exceptional staff and to ensure compliance is uppermost in all the School's operations.

The current economic and political climate in the UK raises the possibility of targeted pupil numbers not being achieved and, whilst Governors have seen no sign of any downturn in pupil numbers, the School continues to monitor levels of enquiries and registrations from existing and new sources of pupils and will react as necessary to direct focussed effort when and wherever required.

The security of the School's pupils and staff is of the utmost importance and the Governors have taken and continue to take significant steps to ensure the campus and buildings are secure and safe; to that end a Head of Security assumes responsibility for the day to day monitoring needs of the Fettes campus.

The health and safety of everyone at Fettes, including visitors, is of paramount importance to the Governors, and a full-time Health and Safety Officer is employed to ensure that activities are carried out in a safe manner in consultation with a Governor with specific responsibility for health and safety.

The care and welfare of students at Fettes is equally paramount to the Governors and their approach to this responsibility is covered in more detail later in this report. Underpinning the importance Governors attach to this matter is the appointment of two Governors with specific responsibility for Safeguarding, one of whom works closely with the pastoral team and Deputy Head in the Senior School and the other with the Prep School in discharging the School's responsibilities.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The charitable purpose of the School is the advancement of education. It provides public benefit, improves community engagement and enables School staff to take active roles in charitable endeavours.

Strategic Aims

The ongoing aim is to maintain educational standards and facilities, as well as the general assets of the Trust, and to develop new facilities and services to meet current and future demands as they arise. This has required the Governors to determine a new business strategy to deliver those facilities and services which will meet the challenges and demands of an increasingly complex regulatory, political and socio-economic world, and that exercise is currently underway.

Objectives for the Year

The Trust's objectives for the year were to:

- maintain the educational standards offered to the pupils and assist them in achieving their potential within a caring and happy environment;
- recruit new pupils and maintain the level of the pupil roll achieved in recent times without compromising the basic boarding school ethos of Fettes;
- fully expend available funds for bursaries for those from less financially well off backgrounds;
- promote the School and its activities to a wider audience and engage with its local community as far as practicable;
- maintain the environment and infrastructure of the School, its landmark building, its grounds and facilities;
- continue to implement the College Improvement Plan for the School to meet its future needs and challenges;
- meet all statutory obligations placed upon the Trust and its activities; and
- exercise due diligence in the management of the Trust's finances whilst meeting the objectives.

The Governors believe these objectives have been achieved successfully during the year.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2020

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES *(cont'd)*

Public Benefit

The lockdown during the COVID-19 pandemic and the ensuing restrictions significantly impacted planned projects, fundraising and community engagement, however throughout lockdown, students and staff continued to support their local communities in a variety of ways.

The bond with FetLor Youth club was strengthened during the lockdown period due to Scrان Academy utilising the Fettes College kitchens. Alongside staff and Old Fettesians volunteers, the Catering Manager and Executive Chef produced over 31,000 delicious and nutritious meals for the people of Edinburgh. The work of Scrان Academy was vital to the people of Edinburgh during lockdown and the School was delighted to partner with them to serve the community.

Fettes continues to run the Fettes Kickstart bursary and works with 5 local primary schools to find candidates to receive a Fettes education even if they do not have the financial means to do so.

Fettes staff collated and created a list of free educational resources for all young people in Scotland whatever curricula they were studying and promoted it on social media and via their website. Fettes also released home study guides and wellbeing guides specifically for home learning and free to access for all.

During Lockdown, Fettes offered free parking to NHS workers at the Western General Hospital helping to minimise their risk of infection by reducing the need to rely on public transport.

Fettes continues to provide high levels of access and support to local communities, which benefit a variety of children's groups, educational institutions and individuals. Focussing on long-term and regular engagement, the School remains home to clubs including the Nigel Short Chess Society and Captivate Drama. Both clubs offer learning and entertainment to more than 50 children from across Edinburgh on a weekly basis for no fee, although the pandemic has impacted attendance this year.

Annual educational events also increase the level of public engagement amongst local primary and secondary schools. An example of this is Careers Day where over 120 pupils from local high schools joined Fettes' Lower Sixth pupils to inform them about potential pathways once they leave school including workshops, keynote speeches and industry experts sharing their knowledge. All students attended the Higher Education Fair at Fettes with 48 representative organisations including universities, gap year organisations, Graduate Apprenticeship schemes and volunteer organisations too. Fettes 4th Form Language Leaders visited local primary schools to assist with language learning. Oxbridge assistance in the form of additional lessons and interview practice and Art lessons for local students continue.

The School continues to promote public benefit by offering the use of its many sporting facilities to local groups and schools. The sports pitches are utilised several times by a number of beneficiaries including Lacrosse Scotland, Scottish Cricket, Scottish Hockey and local sports clubs.

Community Engagement

Service is an integral part of life at Fettes including a vast range of outreach community projects at home and abroad. This includes; volunteering on the wards in Western General Hospital, helping at the Sick Kids Foundation, administration services for Scottish Love in Action, working with Rock Trust, Social Bite, Shelter Scotland, Street Soccer Scotland, With Kids, Pilton Youth Children's Project, companionship & carol singing at Cramond Residence, piano playing for residents at Strachan House Nursing Home and various international organisations including Amnesty International.

During lockdown, Fettes staff and students continued to help their communities including sewing and donating medical scrubs, delivering food and medicine for those in need, donating and making PPE and safety equipment, baking for elderly neighbours, collecting food parcels and delivering via foodbanks.

The School continues to develop its relationship with Craigroyston Primary school through the Place2Be mentoring programme. In this Fettes recognises the benefits not only to the younger pupils involved but the importance of this experience for its own students. The 25 Lower 6th participants are trained by the charity to carry out the mentoring role and the younger children are delighted with their older role models. There is no doubt that our students offer support and positive reinforcement to them as they approach their transition from primary to secondary school. The participants once again hosted the group on a visit to Fettes where they worked with their partners in a variety of art and sporting activities.

The Art Department continues to work with Artlink, the charity which offers Art-based opportunities for young people and adults with disabilities of all kinds.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2020

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES *(cont'd)*

Community Engagement *(cont'd)*

Fettes also continues to participate in the annual Youth and Philanthropy Initiative, which encourages students to champion local, grass-roots charities, and enables the winning team to donate £3,000 to their chosen organisation. Students are encouraged to establish a long-term relationship with the charity so that, among other things, they see the results of their fundraising.

Fundraising

There have been numerous fundraising events, taking various forms over the last year and although major plans were once again disrupted due to lockdown and the ongoing restrictions in place, fundraising continued apace. Both the Senior and Prep Schools have been very active in this regard with "Own Clothes" days, charity runs, ceilidhs, carol singing, coffee mornings, bake sales, retiring collections (taken up after several of our Chapel services earlier in the year prior to the lockdown), abseiling and sleep-outs. The school is also actively involved in the Poppy Appeal for Poppy Scotland.

The most significant single annual fundraising event is normally the Charity Run held in March which was sadly cancelled due to COVID. Other fundraising highlights included the £4,000 raised for the Rock Trust at the sleep-out in November. The Prep School raised £1,442 for Macmillan Cancer Support and £1,166 for Combat Stress & ABF Soldiers' Charity at a joint Carol Service at Canongate Kirk.

Other fundraising initiatives that took place throughout lockdown included one of our Matrons doing a virtual climb of Mount Kilimanjaro, completing the climb in 7 days walking up and down the front steps of the College for 3 hours a day to make the total height of Kilimanjaro (5,892m/19,331ft). She raised over £1,200 in support of those fighting Covid-19. A Fettes Housemaster rowed a million metres for the NHS Lothian Covid appeal raising over £3,100. Two pupils raised an impressive £6,300 in 'Lifting the NHS' with a self-set challenge lifting 1.4 million kg in the 31 days of May which equated to 1kg for every NHS worker in the UK.

RECORD OF ACHIEVEMENTS AND PERFORMANCE

Pupil numbers and inclusion

During the year, the School offered primary and secondary education to boys (386) and girls (372) between the ages of 7 and 18. The School educated 758 pupils (2019: 766) of whom 413 were boarders (2019: 414) and 345 were day pupils (2019: 352). The ratio of academic staff to pupils was at a healthy 1:7 during the year (2019: 1:7). The pupil population was drawn mainly from Scotland and the rest of the UK (75%), ex pats (15%) and foreign nationals (10%) from over forty overseas countries.

Bursaries, scholarships and other remissions totalling £2,320,698 (2019: £2,448,331) were granted in the year representing 11.7% (2019: 11.7%) of gross fees. Means tested bursaries amounted to 68% (2019: 69%), non-means tested scholarships to 8% (2019: 9%) and other remissions, including sibling remissions, to 24% (2019: 22%) of the total.

71 pupils (2019: 70) or 9% (2019: 9%) of the School roll received means tested bursary assistance during the year, amounting to £1,574,992 (2019: £1,698,019). 47 pupils or 6% of means tested award holders received awards to a value in excess of 60% of the relevant fee, and 38 of these received awards to a value at least 80% of the relevant fee, including 28 on a 100% remission.

The proportion of bursary and scholarship remissions financed by restricted funds was 9.4% with the remaining 90.6% funded from unrestricted, general funds. The policy of the Governors is that bursaries are awarded to anyone who satisfies the standard entrance criteria but availability is necessarily limited because of the restricted funds available and the not inconsiderable burden laid on the general funds by such awards.

Academic achievements

The School continues to achieve strong academic results and takes pride in the range of subjects studied by its pupils (including the classical, science and language subjects that are in decline nationally). In terms of IB results, the average score was 38.5 points and with 23 of the 55 pupils scoring 40+ points and 44 scoring 36+ points out of 45, these were very good results indeed. One pupil achieved 45 points. The A*-B pass rate for those taking A Levels in 2020, the key indicator of success, was an impressive 90%. This was a very strong A Level cohort and 27% of all results were A*, the grade which aims to provide stretch and challenge for the most able pupils. The GCSE results were excellent. It was the second year when all subjects were using the new 9-1 grades. 30% were 9s and 56% were 9 or 8. 77% of all grades were 9-7 (the equivalent of A*-A in previous years). The 100% pass rate of was very pleasing with 5 pupils achieving straight 9s and 47 having nothing lower than a 7.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2020

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES *(cont'd)*

Academic achievements *(cont'd)*

Of more significance are the value-added results which give an indication of how well pupils are taught rather than just their ability. The School has been a regular participant in the ALIS Project which is administered by Durham University and which measures added value scores for a large proportion of schools in the UK. This year's A Level and IB results placed Fettes high in the results of all schools taking part in the scheme. The value-added results for GCSE were excellent, although there is no overall school ranking.

Members of the academic staff continued to undertake voluntary work in a number of associations promoting and developing their particular subjects. The School has also given free tuition to pupils from maintained schools where a particular subject such as German or Russian is not offered and organises an Oxbridge interview evening for pupils from local schools. Pupils from local schools are also invited to the Lower Sixth Form Careers Day and other events organised by departments. The School regularly acts as a centre for pupils outside the School wishing to be entered for exams administered by the English examination boards. The School is also the only SAT/ACT testing centre in Central Scotland and outside pupils who wish to gain admission to American universities can choose to sit these tests at Fettes.

The Governors continue to believe that the combination of IB and A Levels offers the best possible set of options for senior pupil study and that the School's results demonstrate that it is clearly fulfilling its academic goals.

Other achievements

The numerous pupil societies continued to thrive at Fettes during the year, providing a lively and informed environment for pupils to develop their debating skills, their interest in politics, science, the arts and humanities, Christian fellowship and a host of individual and group activities.

As already mentioned, outside Service continues to provide a platform for pupils and staff to support the local community, including assisting in local care homes, missions, hospitals, conservation trusts and schools, providing support for the elderly, the infirm and the less fortunate.

The School's inclusive and ecumenical Christian tradition is nowhere better exemplified than in the strength of attendance by pupils, including many of different faiths, at Chapel services throughout the year and the numerous contributions from pupils, staff and outside speakers that enliven the proceedings and bring the whole School community together on a daily basis.

Sport

Sport is central to all that Fettes has to offer and whilst individual success is a cause for celebration, Fettes holds the concept of sport for all at its core. This is no better demonstrated than in the School's achieved desire to field 2 or 3 teams at all age levels in all major sports with strong participation in a host of other less mainstream sports, including netball, sailing, squash, golf and shooting to name but a few. Personal success is of course celebrated and, this year, Fettes supported several pupils who competed individually in their chosen sport at National level and others who represented the East District of Scotland at various age levels in Lacrosse, Cricket, Hockey and Rugby.

Despite individual achievements, teamwork remains an important life lesson and team sports at all levels and ages, whether mainstream or otherwise, achieved in their own particular sphere significant successes over the year with much for them to be proud of.

Overall, the Governors consider the significant breadth of sport at Fettes to be a strength of the School and one they continue to support and encourage.

Mr Mark Appleton was appointed during the Spring Term to assume the role of Director of Sport from September. The Governors are delighted with his appointment and look forward to seeing him lead Sport at Fettes in the years ahead.

The onset of Covid-19 inevitable had a significant impact on the summer term sports programme but the department was innovative in keeping the pupils and Fettes community fit during the learning from home programme, including the launch of "FettesFit" – providing daily sport and activity sessions for all to take part in. Particular highlights were the training sessions that guest sportsmen and women provided which injected a level of professionalism from their chosen sports. The Strava FettesCommunity150 page set a target for each member of the community to run or walk 150km during the lockdown period, collectively reaching Fettes Guangzhou in China and showed the Fettes community spirit at its best.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2020

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES *(cont'd)*

Art

The first two terms of the academic year were highly productive and much enhanced by the presence of our new Artist in Residence whose practice in filmmaking, puppetry and animation brought new ideas to the department. She also worked in the Prep school as part of an initiative to enhance connections between the two departments and that has worked well. Learning from Home during the Summer term brought particular challenges to the art department, not least that of maintaining creative activity while not having access to usual resources. Working with digital media, previously a specialist art form explored by a minority of pupils, became the norm and all have benefited significantly from exploring this exciting new area of practice. Over the period, new skills acquired, and different approaches adopted, have delivered some very positive outcomes.

Drama

The Drama Department maintains a high profile both within the School and beyond. It holds five major co-curricular productions per year as well as up to twenty shows as part of the assessment for the various qualifications offered. In addition, pupils are encouraged to work with professional companies, with several appearing in film, theatre and television work. The Department collaborates with the Music Department regularly on musical theatre and recently worked with the Art Department on design for *Antigone*. This year's output included Naturalistic Theatre, multi-cast Narrative theatre, Greek theatre; *Antigone*, Shakespeare, Physical Theatre and despite the challenges of lockdown, a virtual Gang show performed remotely by our Third Form. Theatre continues to be a significant route for tertiary education, with Fettesians going on to study both Drama and Technical Theatre.

Music

The music programme ran very much as usual during the period from September to March, with regular concerts both inside and out of School. The Autumn Concert was one such example, showcasing the Choirs, the large instrumental ensembles and the very best of the school's Chamber Music programme. Some notable highlights were The Brass Ensemble's glittering Gabrielli Conzonas and a superb two-piano Shostakovich Concertino from two music scholars. The Chapel Choir's Bruckner Motets and excerpts from Haydn's 'The Creation' featured in the second half and, less than a month later, the Carol Services were typically superb.

The entire Spring Term was spent preparing Mozart's Requiem and Grieg's Piano Concerto and, whilst the Spring Concert was cancelled due to the lockdown, the pupils certainly learned much from the preparations of those two monumental works, but perhaps more from losing them forty-eight hours before the performance. The annual Piano and Instrumental Competitions did take place before the school closed and offered two evenings of extremely high-quality performances which impressed the event's external adjudicators immensely. The school hosted only one session of ABRSM and Trinity Examinations during the year (Covid putting paid to the second one) and the results were superb, reflecting the amazing input of the school's team of Instrumental Instructors. During the summer-term lockdown period of home-learning, Coffee Concerts continued apace, virtually, and those 'classroom' experiences taught the department much about what blended learning might look and feel like in the future, should Covid-19 persist. It was particularly sad for the department not to be able to bid farewell in person to the musicians at the top of the School, who have provided so much talent over the past few years but plans are under way to remedy that.

Combined Cadet Force

The CCF at Fettes offers pupils the opportunity to experience, in a controlled and safe environment, some of the rigours, discipline and enjoyment of British Army training. The Contingent is led by experienced and enthusiastic staff members but with increased emphasis on pupil involvement and responsibility. Specifically, Senior Cadets arrange internal promotional courses for junior Cadets throughout the year and interview their successors for the SNCO HQ positions. Meanwhile, they demonstrate their command ability by planning and implementing both the in-school CCF overnight exercise and field day, a complex full day of exercises, and weekly Platoon training, all of which provide deep-rooted leadership experience.

In July there are centralised summer camps for the Army section offering a concentrated week of key developmental areas of the CCF syllabus: shooting, overnight exercises, adventurous training and a challenging setting for junior leadership. The summer camps are voluntary and around 30 Cadets are likely to attend Barry Buddon in July 2021.

Over the last 12 months the Contingent has seen an upsurge in CCF staff from internal Fettes staff and external volunteers, referred to as Cadet Force Adult Volunteers. One of the many advantages of this uptake is the ability to assign staff to specific year groups allowing for continuity in the Cadet experience. COVID has inevitably brought challenges to the CCF; overnight training and visits to external events have been stopped and, whilst detrimental to the overall training programme, it is anticipated that any gaps in training will be covered over the next year.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2020

RECORD OF ACHIEVEMENTS AND PERFORMANCE *(cont'd)*

Piping and Drumming

Pipes and Drums remain a central part of life at Fettes and the department remains strong with over 100 pupils taking piping or drumming lessons each week from 4 instructors. It is very important that the School maintains a high calibre of instruction so as to encourage and enthuse pupils by example and, in that vein, Fettes is fortunate to count among its staff 2 members of the twice World Championship winning band, Inverary and District Pipe Band, in which they participate alongside their school commitments.

The 1912 concert each year celebrates the inauguration of the Fettes Pipes and Drums Society in that year and, this year, brought a refreshed programme featuring the song "Going Home" from the hit movie "Local Hero". The concert showcased in an imaginative way all the work that the staff and pupils put into the band's development and raised the standard yet further for future pipers and drummers to aspire to.

Competitive success was most welcome in the Spring Term. Fettes entered two bands in the Scottish Schools Pipe Band Championships, securing 1st place in the Junior A category for the 3rd year in a row. Another measure of a successful year was the CCF Scottish Schools Competition where the 'A' Pipe Band retained the Junior Category for the third consecutive year and again improved their Senior performance to take 5th overall. While competitive playing is not the main aim of the piping and drumming structure, it gives a good marker as to the standard being produced and is an opportunity for constructive feedback from experienced Pipe Band judges.

Sadly plans to perform in Guangzhou at the invitation of Bright Scholar, Fettes Guangzhou's partners were put on hold due to the Covid-19 Pandemic but, nevertheless, notwithstanding a lack of performance opportunities on the horizon the pupils and staff continue to motivate themselves with the pursuit of excellence and enjoyment.

Care and welfare of pupils

Fettes College continues to take great pride in the high standard of pastoral care that it offers to all of its pupils. The care and welfare of the pupils is of fundamental importance and GIRFEC (Getting It Right For Every Child) principles are embedded into all areas of School life. The Pastoral Leadership Teams in both the Senior School and the Prep School work closely with the designated Safeguarding Governors to ensure that current legislation is adhered to and best practice is followed in all areas of boarding school life.

Safeguarding Audit

As part of the School's Framework for Consultation this year, independent safeguarding experts were asked to lead an external Safeguarding Audit and to consult fully with pupils, parents and staff on all aspects of pastoral care and safeguarding practices. A detailed report was produced from this consultation and the Pastoral Leadership teams have now followed up on the areas for further development arising from this feedback.

The safeguarding auditors reported that Fettes is "excellent and sector-leading" for the care and support of the pupils and the quality of leadership in managing safeguarding and wellbeing concerns. The report stated that the staff's efforts to keep young people safe and well were very successful. The pupils they spoke to are "generally very happy, feel safe and proud of their school" and everyone has a source of support and guidance if they need it. Across both schools, numerous examples were given of excellent care and support given to pupils and students by boarding staff. Parents value the very high standards in boarding and feel that their child is safe and well cared for whilst also being challenged by a varied range of activities.

The report praised the exceptional commitment of the Chair of the Board of Governors and the Safeguarding Governors who have been trained to the highest level in child protection and who take their responsibilities very seriously. The Governors and staff acknowledge that the wellbeing of all pupils at Fettes is fundamentally important and believe the work being undertaken throughout the school supports that aim.

The auditors commented that a school wide ethos that prioritises safeguarding and child protection was very evident. This permeates the practice of the whole school community and is central to self-evaluation and improvement activities. They highlighted the considerable strengths of the Personal Social Education (PSE) Curriculum in the College, where there is effective, progressive teaching and learning in giving pupils knowledge and skills to keep themselves safe and build resilience.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2020

RECORD OF ACHIEVEMENTS AND PERFORMANCE (*cont'd*)

Care and welfare of pupils (*cont'd*)

Response to Coronavirus (Covid-19) Pandemic

The Coronavirus (Covid-19) outbreak and subsequent "lockdown" affected the whole school community and the Pastoral team worked to support pupils, parents and staff with Learning from Home throughout the summer term. Considerable work was also done to prepare safely for the return to school in September, to offer additional support to pupils and parents, who were understandably anxious about their return, and to accommodate international pupils for the

quarantine period before the start of term. Staff have worked exceptionally hard to look after each individual pupil and to manage the group isolations in House which have become a necessary part of school life.

Ensuring the safety and wellbeing of everyone both at Fettes and in the wider community has been the priority this term and the leadership team has consulted throughout with Health Protection Scotland and the Care Inspectorate to ensure the School is following all guidance and minimising risk, whilst also offering the best possible experience of school life for students. Despite the challenges of recent restrictions, weekend activities have included a creative programme of social events and Outdoor Pursuits for the different year groups and the pupils make the most of these opportunities.

Equality, Diversity and Inclusion Policy

Fettes College aims to nurture the individual while fostering a happy, well-ordered and caring community. The aims of the School clearly state that it is committed to providing equal opportunities to all of its students and staff and to establishing a safe, inclusive, equitable and welcoming environment for all members of the community. All students ought to feel that they belong to the School, are safe, equally valued and are offered the best education.

The Governors are committed to promoting and celebrating a positive, diverse and inclusive culture in which all staff and students are valued and supported, in order that everyone can thrive and meet their full potential. Specifically, the Governors are committed to addressing any language or behaviour that denigrates, labels or stereotypes students on the basis of their real or perceived differences connected to the nine protected characteristics, as set out in the Equality Act 2010. No language or behaviour that incites prejudice, discrimination, bullying or harassment is tolerated.

The School's Tutorial Programme continues to be a fundamentally important part of the care of the pupils and the strands have been adapted to ensure that the needs of the pupils returning to school are met. The PSE programme is extensive and formulated through consultation with the pupils: the "Stand Up, Stand Out" PSE week is one recent initiative which has had the pupil body at the core of the process. This is part of the ongoing consultation with pupils and the wider Fettes community to ensure a considered approach to issues of equality, diversity, and inclusion within the School.

Business plans and related developments

The Trust is a charity and is non-profit making. All surpluses are applied to ongoing investments or the repayment of loans for the benefit of the Trust's primary purpose. Its trading subsidiaries are run commercially with the objective that their profits should be donated to the Trust for the benefit of the School.

Following the significant investment in teaching facilities in recent years, the Governors are determined that Fettes should be the employer of choice for aspiring teachers and, to that end, turned their attention this year to extending the improvement of teaching facilities to Science. Whilst the draft masterplan envisages several new facilities and ventures, one of which is a newly constructed STEM building, there was an immediate need for improved provision within the existing science teaching facilities and the Governors determined to make this a priority alongside the rolling programme of boarding house and pupil welfare improvements. Unfortunately, many of the latter improvements had to be postponed following an intensive process of cost cutting measures while the School was shut. The improved provision in the science block had already commenced and was therefore completed in time for the end of the Academic year.

The Governors continue to place great emphasis on minimising the environmental impact of the school and its operations. To that end, the campus-wide steam heating system was finally removed during the year and each building's heating needs are being considered on an individual basis. The School has already had significant success with the installation of ground source heat pump systems into new developments and is in the process of considering air source heat pumps and related technology in some locations to support existing services.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2020

RECORD OF ACHIEVEMENTS AND PERFORMANCE (*cont'd*)

Business plans and related developments (*cont'd*)

The trading subsidiaries, Fettes Enterprises and Fettes Centre for Language & Culture Limited ("FCLC"), have faced several challenges during the year. Specifically, FCLC was unable to offer its usual international summer school experience and Fettes the Venue, the division charged with generating income from School assets during the holidays for accommodation, weddings and sports camps, has been similarly restricted in its ambition by the effects of the pandemic. Ordinarily, all of these activities widen access by the public to the facilities at Fettes and raise the profile of the School in its local community and overseas. By using School assets in parallel with School activities during term time or which would otherwise be unused during the holidays, these subsidiaries make a valuable contribution to the School. Westwoods Health Club has been similarly affected during the lockdown but the staff and members have shown remarkable imagination and resilience over the latter part of the year and the swimming pool and fitness studio continue to see constant use whilst fitness classes from both modern studios are streamed to members wherever they may be. In keeping with its status as a club for its members, staff made regular contact with those members who found it difficult or impossible to get out because of shielding and offered a friendly voice and offers to deliver provisions. The governors are extremely grateful to the staff for their commitment and generosity of spirit.

During the year, good progress has been made towards the fulfilment of the plan to open Fettes Guangzhou, a purpose-built school in Southern China that bears the Fettes name and adopts the ethos and name of Fettes College, Edinburgh. On 1st September 2020 Fettes College Guangzhou (FCG) welcomed its founding 53 pupils (including 14 boarders), almost exactly the same number as had arrived at Fettes 150 years earlier.

Bright Scholar originally approached the Governors because of the reputation Fettes has for providing a world-class, all-round education to its pupils, something they wish to emulate. Bright Scholar currently runs 51 independent schools in China and so their expertise and understanding of the importance of education is undisputed. The Governors of the Fettes Trust believe that this partnership will be transformational with significant financial benefits resulting from Fettes Guangzhou. Profits from the collaboration will significantly grow the Endowment Fund year-on-year, thus ensuring the financial future of Fettes (including substantial bursarial support for future generations). This project will be pivotal in ensuring that the philanthropic vision of Sir William Fettes continues.

Following a disruption to construction and recruitment of staff and pupils, largely caused by Covid-19, the decision was made to adopt a phased-opening model: the Early Years School, Primary School and Primary Boarding Houses (Iona and Arran) opened in September 2020; the Swimming Pool and Library opened in October 2020; and the rest of the campus is due to be delivered in phases up to June 2021.

A 7-strong expat Senior Leadership Team is currently in situ working alongside their Chinese counterparts, many of whom have moved from other Bright Scholar schools, under the leadership of Marco Longmore, the inaugural headmaster of Fettes Guangzhou. Fettes International Limited, wholly owned by the Trust's subsidiary, Fettes Enterprises Limited, will oversee the strategic direction and operation of the school in China.

The Governors have continued to support and strengthen relations between the School and its former pupils, parents and other supporters. The Old Fettesian Association is thriving, and the Trust continues to develop its links with the Association. The Governors are particularly grateful to The Fettes Foundation, a separately registered charity, which raises substantial sums to help with new facilities at the School and donate funds for bursaries, renewal of facilities and numerous other activities.

FINANCIAL REVIEW

Results for the year

The total income of the Trust for the year to 31 August 2020 amounted to £18,835,400 compared with £20,763,351 in 2019. This included £1,075,479 of donation and similar income (2019: £1,888,284), over which the Trust has no direct control. Incoming resources from core charitable activities, primarily fee income, amounted to £17,451,300 (2019: £18,515,252) whilst investment income was £308,619 (2019: £309,154) and income under gift aid from subsidiaries was £nil (2019: £50,659).

Investments in a portfolio of listed equities and bonds and a secured loan to the trading subsidiary, Fettes Enterprises, together form the Combined Investment Fund. Income arising from the Combined Investment Fund is generally restricted to providing bursaries and scholarships to pupils attending the School (note 3).

Total expenditure amounted to £18,368,759 (2019: £19,109,575), and the largest component of costs remained staffing which at £12,068,352 (2019: £11,739,199) constituted 66% (2019: 61%) of the total.

Net income for the year before investment losses was £466,641 (2019: £1,653,776).

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2020

FINANCIAL REVIEW (*cont'd*)

The Combined Investment Fund's investment policy is considered and monitored annually by the Governors and a sub-committee comprising a Governor, the Bursar and the Finance Manager meets quarterly with the Investment Manager to discuss factors, both internal and external, which should be brought to the attention of or may be of interest to the wider Board of Governors. At present, the investment policy is to maximise total return in pursuit of both income and capital growth. In light of ongoing economic uncertainty, the Governors recently took the decision to reaffirm their approach to risk as defined by a portfolio focussed to a greater degree on equities with a proportion invested in fixed interest. Whilst the investment horizon contemplated by the Governors is long term, a reference point for performance has nevertheless been adopted, namely 80% FTSE All Share index and 20% British Government Fixed Interest index, and the CIF's performance over the last year has substantially outperformed the chosen reference point.

The Trust invests any monies not immediately required for current purposes in a combination of immediate cash and interest-bearing cash funds. The investment of restricted funds in equities and bonds is managed on behalf of the Trust by Rathbones.

During the year the Combined Investment Fund decreased in value by £537,064 from losses on investments (2019: decreased £170,571) and increased by £145,000 (2019: £1,684,000) from new donations. The total fund decreased to £9,059,780 (2019: £9,422,180), a decrease of 13.8% (2019: increased 19.1%) in the year and generated income after expenses of £165,342 (2019: £199,932) or 2.0% (2019: 2.5%). The total yield was -4.6% (2019: 0.4%).

Fettes Enterprises continued to manage the Westwoods sports centre, retail, events management and letting divisions. These divisions and Fettes Enterprises' wholly owned trading subsidiary, Fettes Centre for Language & Culture Limited, were impacted by Covid-19 which resulted in trading restrictions and cancellations and a trading loss of £501,125 (2019 - £32,018). No Gift Aid payments were made to the Trust during the year (2019 - £50,659) (note 23).

The consolidated statement of financial activities and the consolidated balance sheet on pages 21 and 22 of the accounts bring together the activities of the Trust and Fettes Enterprises along with its subsidiaries Fettes Centre for Language & Culture Limited and Fettes International Limited, all of the subsidiaries being audited by the Trust's auditor.

Reserves policy

The reserves of the Trust are held for the furtherance of its charitable objects as described above. Through their budgeting and financial planning processes, the Governors seek to ensure that the School's operating commitments are met in full and that sufficient cash is generated to permit continuing investment in facilities to support the educational objectives of the Trust.

At 31 August 2020 the Trust's Unrestricted Fund reserve amounted to £14,293,215 (2019: £14,001,178) (note 17) and is represented in the main by the fixed assets of the School and its investment in the Westwoods sports centre.

The funds of the Combined Investment Fund are restricted by the provisions of the donors' gifts and the purpose of each of these funds is described in Note 3. At 31 August 2020 the funds represented £7,859,955 (2019: £8,145,001) of Permanent Endowment Fund reserves and £1,199,827 of Restricted Fund reserves (2019: £1,277,180) (note 14) and is represented by listed investments and investment in the Westwoods sports centre.

The Group holds three broad categories of funds: endowment funds, where the capital element of the funds is generally held in perpetuity and the income is used for the purposes laid out by the donor; restricted funds, where the capital and interest are used for the purposes laid out by the donor; and unrestricted funds, which are used to fulfil the aims and objectives of the School.

The Group's policy on all restricted funds (endowed or otherwise) is to keep a separate record of donations, grants and other sources of fund-raising where restrictions are imposed that are narrower than the School's overall objectives.

All endowed funds are held within the Combined Investment Fund. The Fettes Foundation runs general and specific fund-raising programmes for the benefit of the Trust, and separate endowed and restricted funds are set up as appropriate following these appeals. The focus is on raising funds, not only for specific capital projects (each project will have its own target), but also to increase the level of funds held within the Combined Investment Fund available for bursaries for those who would benefit from a Fettes education but whose parents or guardians cannot afford the full School fees.

Incoming resources have been used during the year for their intended purpose as detailed in these Financial Statements.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2020

Reserves policy (*cont'd*)

The Governors consider that access to liquidity is a priority, and that the School can, with reasonable accuracy, predict its income level for at least a period of a year. Fees are received in advance of each term and used to fund the expenses of that term, the repayment of loans and capital expenditure. The Governors have set a minimum desirable level for liquid assets (defined as cash at bank and in hand and bonds with a maturity of less than one year but excluding fees received in advance) of £1m. Liquid assets at 31 August 2020 were £1,881,111 (2019: £1,809,874).

The Governors believe that the level of reserves, restricted and unrestricted, is adequate to cover the purposes for which they are intended. The Group's reserves policy is reviewed annually, and the Governors consider it appropriate for the financial statements to be prepared on a going concern basis.

FUTURE PLANS

The School continues to go from strength to strength and demand for places remains strong. The main priorities for the coming year include ensuring the School provides appropriate facilities for the all-round education of its many pupils.

Furthermore, it remains one of the Governors' core aims to maintain the levels of financial assistance available to students otherwise unable to attend the School; and consideration is being given to the many ways in which the School's endowment fund, so important to the long-term provision of such assistance, can be enhanced to assist in this regard.

The Governors continue to place significant emphasis on delivering the financial targets of the Trust. Meeting financial targets will require careful management of fees and costs, the continued promotion of excellence in education and of the School and its activities generally to the parent body and to the local, national and international community.

The Governors are keenly aware of the challenges presented by the continued uncertain political and economic outlook and by the ongoing global Covid-19 pandemic and will monitor the situation carefully, taking appropriate contingency action in the event that economic conditions so dictate. The Governors are particularly aware of the likely impact of the UK-wide reaction to Covid-19 on both the School and the parent body. Although the proposed removal of the mandatory charitable business rates relief was delayed, it will nevertheless take effect from 1st April 2021. This change and the uncertainty relating to the pandemic will impose a significant burden on the finances of the School and the Governors must consider what measures can and must be taken to mitigate such an impact: such measures might include, but not be limited to, maximising fee income, reviewing alternatives to the teachers' pension scheme, reducing other costs and controlling bursary expenditure. The Governors continue to believe strongly in the public benefit provided by the School and regard it as of importance that the Trust maintains its status as a not for profit charity.

Key management personnel

Key management personnel include the Head, Deputy Head (Academic), Deputy Head (Pastoral), Prep Headmaster and Bursar. The Governors set the pay at rates which they believe are competitive within the Independent Schools sector and make use of benchmarking reporting to achieve this.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2020

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors 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).

The law applicable to charities in Scotland requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Trust and of the incoming resources and application of resources of the Trust for that period. In preparing the financial statements the Governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of The Fettes College Scheme 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**On behalf of
The Governors of the Fettes Trust**



I M Osborne
Chairman of the Board of Governors

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE GOVERNORS OF THE FETTES TRUST
FOR THE YEAR ENDED 31 AUGUST 2020**

Opinion

We have audited the financial statements of The Governors of the Fettes Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Group and Parent Charity Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group and Parent Charity Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 August 2020 and of the group's and parent charity's income and receipt of endowment and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the 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 group and parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE GOVERNORS OF THE FETTES TRUST

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of governors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE GOVERNORS OF THE FETTES TRUST

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

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

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

Use of our report

This report is made solely to the charity's governors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's governors as a body, for our audit work, for this report, or for the opinions we have formed.



Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor

9 March 2021

7-11 Melville Street
Edinburgh
EH3 7PE

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

THE GOVERNORS OF THE FETTES TRUST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2020

	Notes	Un- restricted £	Permanent endowment £	Restricted £	2020 Total £	2019 Total £
Income and endowments from:						
Donations and legacies	4	909,258	145,000	21,221	1,075,479	1,888,284
Other trading activities	4/23	2	-	-	2	2
Investments	4/10	87,128	-	221,491	308,619	359,813
Charitable activities	4/5	17,451,300	-	-	17,451,300	18,515,252
Other	4	-	-	-	-	-
		-----	-----	-----	-----	-----
Total income and endowments		18,447,688	145,000	242,712	18,835,400	20,763,351
		-----	-----	-----	-----	-----
Expenditure on:						
Investment management costs	6	-	-	23,435	23,435	20,669
Charitable activities	6/7	18,155,415	-	189,673	18,345,088	19,074,605
Other	6	236	-	-	236	14,301
		-----	-----	-----	-----	-----
Total expenditure		18,155,651	-	213,108	18,368,759	19,109,575
		-----	-----	-----	-----	-----
Net income before net gains/(losses) on investments		292,037	145,000	29,604	466,641	1,653,776
Net (losses) / gains on investments		-	(430,046)	(107,018)	(537,064)	(170,570)
		-----	-----	-----	-----	-----
Net income before transfers		292,037	(285,046)	(77,414)	(70,423)	1,483,206
Transfers between funds	17	-	-	-	-	-
		-----	-----	-----	-----	-----
Net movement in funds		292,037	(285,046)	(77,414)	(70,423)	1,483,206
Reconciliation of funds						
Fund balances at 1 September 2019		14,001,178	8,145,001	1,283,562	23,429,741	21,946,535
		-----	-----	-----	-----	-----
Fund balances at 31 August 2020		14,293,215	7,859,955	1,206,148	23,359,318	23,429,741
		=====	=====	=====	=====	=====

The notes on pages 24 to 41 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

BALANCE SHEET

As at 31 August 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible fixed assets	9	22,844,925	23,579,873
Investments	10	11,285,670	11,645,219
		<u>34,130,595</u>	<u>35,225,092</u>
Current assets			
Debtors	11	1,042,758	1,603,229
Bank and cash		5,742,928	5,402,264
		<u>6,785,686</u>	<u>7,005,493</u>
Creditors: amounts falling due within one year	12	<u>(7,073,615)</u>	<u>(7,104,166)</u>
Net current assets / (liabilities)		<u>(287,929)</u>	<u>(98,673)</u>
Total assets less current liabilities		<u>33,842,666</u>	<u>35,126,419</u>
Creditors: amounts falling due after more than one year	13	<u>(10,483,348)</u>	<u>(11,696,678)</u>
		<u>23,359,318</u>	<u>23,429,741</u>
		<u>=====</u>	<u>=====</u>
Funds			
Restricted funds		1,206,148	1,283,562
Permanent endowment funds		7,859,955	8,145,001
Unrestricted funds		14,293,215	14,001,178
	17	<u>23,359,318</u>	<u>23,429,741</u>
		<u>=====</u>	<u>=====</u>

On behalf of The Governors of the Fettes Trust



I M Osborne
Chairman of the Board of Governors

The notes on pages 24 to 41 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

STATEMENT OF CASHFLOWS

For the year ended 31 August 2020

	Notes	2020 £	2019 £
Net cash inflow from operating activities	18	1,917,824	1,219,282
Investing activities			
Investment income		275,590	332,813
Receipts from the sale of assets		-	-
Payments to acquire fixed assets		(487,756)	(650,643)
Net cash to investment managers		(145,000)	(1,683,152)
Net cash outflow from investing activities		(357,166)	(2,000,982)
		1,560,658	(781,700)
Financing activities			
Hire purchase repayments		-	(52,806)
Loan repayments		(962,689)	(944,250)
Bank loan/hire purchase interest		(299,921)	(346,501)
Commutation payments received/(refunded)		42,616	820,287
Net cash outflow from financing activities		(1,219,994)	(523,270)
Increase/(decrease) in cash and cash equivalents		340,664	(1,304,970)
Cash and cash equivalents at start of reporting period		5,402,264	6,707,234
Cash and cash equivalents at end of reporting period		5,742,928	5,402,264

Cash and cash equivalents were all cash at bank.

Analysis of changes in net debt

	At 1 Sept 2019 £	Cashflows £	Other non-cash changes £	At 31 Aug 2020 £
Bank and cash	5,402,264	340,664	-	5,742,928
Loans falling due within 1 year	(953,092)	962,689	(1,013,251)	(1,003,654)
Loans falling due after 1 year	(9,701,891)		1,013,251	(8,688,640)
Total	(5,252,719)	1,303,353	-	(3,949,366)

The notes on pages 24 to 41 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

GROUP STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2020

	Notes	Un- restricted *	Permanent endowment	Restricted	2020 Total	2019 Total
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	4	1,084,464	145,000	21,221	1,250,685	1,888,284
Other trading activities	4	1,078,903	-	-	1,078,903	2,156,540
Investments	4/10	55,611	-	185,530	241,141	240,087
Charitable activities	4/5	17,451,300	-	-	17,451,300	18,515,252
Other	4	-	-	-	-	-
		-----	-----	-----	-----	-----
Total income and endowments		19,670,278	145,000	206,751	20,022,029	22,800,163
		-----	-----	-----	-----	-----
Expenditure on:						
Trading activities	6	1,776,284	-	-	1,776,284	2,100,911
Investment management costs	6	-	-	23,435	23,435	20,669
Charitable activities	6/7	18,066,885	-	189,673	18,256,558	18,957,560
Other	6	236	-	-	236	41,207
		-----	-----	-----	-----	-----
Total expenditure		19,843,405	-	213,108	20,056,513	21,120,347
		-----	-----	-----	-----	-----
Net income before net gains/(losses) on investments		(173,127)	145,000	(6,357)	(34,484)	1,679,816
Net (losses)/gains on investments		-	(430,046)	(107,018)	(537,064)	(170,570)
		-----	-----	-----	-----	-----
Net income before transfers		(173,127)	(285,046)	(113,375)	(571,548)	1,509,246
Transfers between funds	17	(35,961)	-	35,961	-	-
		-----	-----	-----	-----	-----
Net movement in funds		(209,088)	(285,046)	(77,414)	(571,548)	1,509,246
Reconciliation of funds						
Fund balances at 1 September 2019		13,481,790	8,145,001	1,283,562	22,910,353	21,401,107
		-----	-----	-----	-----	-----
Fund balances at 31 August 2020		13,272,702	7,859,955	1,206,148	22,338,805	22,910,353
		=====	=====	=====	=====	=====

* Including retained equity in non-charitable subsidiaries

The notes on pages 24 to 41 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

GROUP BALANCE SHEET

As at 31 August 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible fixed assets	9	26,366,983	27,196,161
Investments	10	6,515,029	6,905,578
		<u>32,882,012</u>	<u>34,101,739</u>
Current assets			
Stock		204,426	211,397
Debtors	11	1,123,024	1,620,858
Bank and cash		5,806,766	5,556,294
		<u>7,134,216</u>	<u>7,388,549</u>
Creditors: amounts falling due within one year	12	(7,194,075)	(6,882,926)
Net current assets		<u>(59,859)</u>	<u>505,623</u>
Total assets less current liabilities		32,822,153	34,607,362
Creditors: amounts falling due after more than one year	13	(10,483,348)	(11,697,009)
		<u>22,338,805</u>	<u>22,910,353</u>
Funds			
Restricted funds		1,206,148	1,283,562
Permanent endowment funds		7,859,955	8,145,001
Unrestricted funds		13,272,702	13,481,790
	17	<u>22,338,805</u>	<u>22,910,353</u>

On behalf of the Governors of the Fettes Trust



I M Osborne
Chairman of the Board of Governors

THE GOVERNORS OF THE FETTES TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2020

	Notes	£	2020 £	£	2019 £
Net cash inflow from operating activities	18		1,925,353		1,179,586
Investing activities					
Investment income		241,141		240,087	
Receipts from the sale of assets		-		-	
Payments to acquire fixed assets		(551,028)		(682,678)	
Net cash to investment managers		(145,000)		(1,683,152)	
		-----		-----	
Net cash outflow from investing activities			(454,887)		(2,125,743)
			-----		-----
					(946,157)
Financing activities					
Hire purchase repayments		-		(52,806)	
Loan repayments		(962,689)		(944,250)	
Bank loan/hire purchase interest		(299,921)		(346,501)	
Commutation payments received/(refunded)		42,616		820,287	
		-----		-----	
Net cash outflow from financing activities			(1,219,994)		(523,270)
			-----		-----
Increase/(decrease) in cash and cash equivalents			250,472		(1,469,427)
Cash and cash equivalents at start of reporting period			5,556,294		7,025,721
			-----		-----
Cash and cash equivalents at end of reporting period			5,806,766		5,556,294
			=====		=====

Cash and cash equivalents were all cash at bank.

Analysis of changes in net debt

	At 1 Sept 2019 £	Cashflows £	Other non-cash changes £	At 31 Aug 2020 £
Bank and cash	5,556,294	250,472	-	5,806,766
Loans falling due within 1 year	(953,092)	962,689	(1,013,251)	(1,003,654)
Loans falling due after 1 year	(9,701,891)	-	1,013,251	(8,688,640)
	-----	-----	-----	-----
Total	(5,098,689)	1,213,161	-	(3,885,528)
	=====	=====	=====	=====

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 August 2020

1. Accounting policies

Charity information

The Trust is a registered Scottish Charity (No. SC017489). The governing body, The Governors of the Fettes Trust ("the Trust"), is a body corporate originally established under the Educational Endowments (Scotland) Act, 1882 and continued as a body corporate by various Schemes under the Education (Scotland) Acts (as amended) culminating in The Fettes College Scheme 2008 ("the Fettes Scheme") under and in terms of the Charities and Trustee Investment (Scotland) Act 2005. The registered office is Fettes College, Carrington Road, Edinburgh, EH4 1QX.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified for fair value as appropriate, and are in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"), *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) ("SORP (FRS 102")*. The financial statements have also been prepared in accordance with the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005.

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

The accounts are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest pound.

Consolidation

The consolidated financial statements consolidate the financial statements for the year ended 31 August 2020 of the Trust, its wholly owned subsidiary, Fettes Enterprises Limited, and that company's wholly owned subsidiaries Fettes Centre for Language & Culture Limited and Fettes International Limited. The financial statements of the subsidiaries have been prepared to 31 August 2020.

The financial statements of Fettes College Limited, a subsidiary of the Trust are not consolidated as that company has been dormant throughout its financial years ended 31 August 2020 and 2019 and is immaterial.

The financial statements of The Fettes Foundation are not consolidated as it is a separate charity not directly under the control of the Trust.

Going concern

The Group has been affected significantly by the coronavirus pandemic, with facilities being closed as a result of lockdown measures that were implemented in the UK. The Governors have prepared sensitised cash flow forecasts taking account of reduced income, reduced costs, and government support and expect to have sufficient liquid funds available. The Governors are therefore confident that the Group has the financial resources to allow it to remain able to meet its liabilities and continue in operational existence for a period of at least twelve months from the approval of these financial statements. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Pension arrangements

The Trust participates in the Scottish Teachers' Superannuation Scheme which provides benefits based on final pensionable pay. The scheme is a multi-employer defined benefit scheme which, in common with other Government pension schemes, is unfunded in that there is no earmarked fund of assets underlying the scheme. The Trust is unable to identify its share of the underlying liabilities of the scheme and therefore accounts for the contributions to the scheme as if it were a defined contribution scheme. Non-teaching staff are entitled to join a separate defined contribution scheme, the assets of which are held separately from those of the Trust. Pension costs are charged to the statement of financial activities in the year to which they relate (see note 19).

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (*cont'd*)

For the year ended 31 August 2020

1. Accounting policies (*cont'd*)

Fixed assets and depreciation

Fixed assets are initially recorded at cost. Major improvements works are capitalised. Expenditure on individual assets costing less than £5,000 may be expensed. Depreciation is not provided on land but is provided on all other fixed assets and expenditure incurred on the school buildings at rates calculated to write off the cost less estimated residual value evenly over the life of each asset as follows:

Expenditure incurred on buildings	- 2% to 5%
Vehicles, plant and machinery	- 10 and 20%
Boarding house furniture and fittings, sports facilities, pianos	- 10%
Kitchen equipment	- 15%
Computer equipment	- 20%

Assets in the course of construction are not depreciated until they have been completed and are available for use.

Impairment of fixed assets

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income and expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

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

Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including derivative financial instruments, investments in equity instruments which are not subsidiaries, associates, or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (*cont'd*)

For the year ended 31 August 2020

1. Accounting policies (*cont'd*)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in income and expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income and expenditure.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

Operating leases

Rentals payable under plant and machinery operating leases are charged to expenditure on a straight-line basis over the lease term.

Income from charitable activities

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

Deferred income

Fees received for which entitlement falls in future periods are deferred and are recognised as income in the period to which they relate. Deposits held in respect of pupils are presented as either current or non-current liabilities on the basis of an estimate of the timing of the settlement of the obligation.

Investments and investment income

Unlisted investments are stated at cost. Listed investments are stated at fair value which is based on market value at the reporting date. Gains or losses on sale of investments and unrealised gains or losses on the revaluation of investments are credited or charged to the Statement of Financial Activities. Deposit interest and other investment income is shown gross of recoverable tax and is accrued where applicable.

Donations and legacies

Income from donations and legacies is recognised by the Trust when the entitlement to the receipt is probable. Donations subject to specific wishes of the donors are allocated to the relevant restricted funds, or to endowment funds where the amount is required to be held as permanent capital. Donations receivable for the general purposes of the Trust are credited to unrestricted funds.

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

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

1. Accounting policies (cont'd)

Income from trading activities

Income from trading activities represents subsidiary income from joining and membership fees and charges for the provision of services to members and their guests including hall letting, catering and sales of goods. Membership fees are apportioned across the period to which they relate and the unexpired portion of fees at the balance sheet date is included in deferred income. Turnover also represents sales from the Fettes Shop and fees receivable arising from the activities of Fettes the Venue.

It also includes amounts earned during the period in respect of the provision of language and cultural courses and reimbursement of expenditure relating to the set-up of a school in China.

Expenditure

The Trust is not registered for VAT purposes and Trust expenditure is therefore inclusive of VAT where appropriate. Fettes Enterprises Limited is registered for VAT. The activities of FCLC are exempt from VAT and therefore that company is not registered for VAT. Fettes International Limited is not registered for VAT.

Expenditure is included in the Statement of Financial Activities on an accruals basis and is allocated as:

- Raising funds - those associated with generating income;
- Charitable activities includes expenditure associated with meeting the Trust's primary objectives and includes the direct costs, the support costs relating to these activities and governance costs which comprise the costs of complying with constitutional and statutory requirements such as the cost of external audit, legal advice and tax advice, and the provision of the governance infrastructure.

All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities.

Tax

The Trust is recognised as a charity by HMRC and no charge for taxation arises on its charitable activities.

2. Critical accounting estimates and judgements

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

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

The following judgements or estimation uncertainties have a significant effect on amounts recognised in the financial statements:

Depreciation rates

Depreciation is calculated to fully write off the cost of assets over their estimated useful life. Management estimate the useful life of each asset. Details of the depreciation charged in the period are in note 9.

Bad debt provision

Management judges the recoverability of debtors and makes a provision where the debt is not expected to be recovered. Full provision has been made for such debts and the bad debt provision at the year-end was £224,477 (2019: £108,468).

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

2. Critical accounting estimates and judgements (cont'd)

Discounting of loan stock

Management has recognised non-current assets, which constitute a financing transaction, at the present value of future cash flows, discounted at 1% over base rate, being the market rate of interest for an equivalent debt instrument. Determining the market rate of interest is a judgement made by management. The carrying value of the loan stock at the year-end was £1,601,000 (2019: £1,569,000).

3. Trust funds

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Trust. Restricted funds are subject to specific conditions by donors as to how they may be used. The uses of the restricted funds are set out in note 17.

Fund	Purpose
Combined Investment Fund	
Dr A B Flett's Bequest Fund	}
Fullarton Conn Memorial Scholarship Fund	}
Captain H S H Wallace's Fund	}
Knox-Cunningham Bequest Scholarship Fund	}
Mitchell Watson Scholarship Fund	}
Agnes M Pagan Scholarship Fund	}
Chenevix-Trench Memorial Scholarship Fund	}
Crawford Music Scholarship Fund	}
Todd Scholarship Fund	}
Joannides Scholarship Fund	}
Peter Crombie Foundation Bequest Fund	}
Lloyds Fettesian Scholarship	}
Robin Adam Bursary	}
V A McLean Legacy	}
The Late Dr AC Hay's Open Scholarship Fund	}
The Palgrave-Brown All Rounder Award	}
Foundation Endowment	}
The Camerons Acknowledgement	}
The Spens Bursary	}
Leaving Awards Fund	To fund scholarships tenable at Universities and Further Education Establishments and, at the discretion of the Governors, to fund Foundation Awards, Open Scholarships and Continuation Scholarships.
Prize Fund	To fund the award of prizes at the discretion of the Governors.
Dr Ashcroft's Fund	To be used at the discretion of the Governors.
Children of Officers Scholarship Fund	To be used to fund scholarships or otherwise at the discretion of the Governors.
Falconer Fund	To contribute towards the upkeep of the library.
Selwyn Lloyd Memorial Library Fund	To contribute towards the upkeep of the library.
Whiteside Cottage Endowment Fund	To contribute towards the cost of outward bound projects.
Foundation Supplementation Fund	To supplement the General Fund in the award of Foundation Scholarships.
Kick Start Fund	To be used to fund bursaries for deserving local partner primary school pupils from low income families

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

4. Income and endowments

	2020		2019	
	Trust £	Group £	Trust £	Group £
Donations and grants	1,075,479	1,250,685	1,888,284	1,888,284
Trading activities (group is subsidiary income)	2	1,078,903	2	2,156,540
Investment income (interest, dividends and gift aid)	308,619	241,141	359,813	240,087
Charitable activities	17,451,300	17,451,300	18,515,252	18,515,252
Other	-	-	-	-
	-----	-----	-----	-----
	18,835,400	20,022,029	20,763,351	22,800,163
	=====	=====	=====	=====

Trust:

All amounts included above were attributable to unrestricted funds except for £145,000 (2019: £400,000) of donations which related to a permanent endowment and £21,221 (2019: £1,561,725) of donations which were restricted. Within investment income £221,491 (2019: £223,411) was restricted. Included within unrestricted donations and grants are government grants received of £659,258 (2019: £nil).

Group:

All amounts included above were attributable to unrestricted funds except for £145,000 (2019: £400,000) of donations which related to a permanent endowment and £21,221 (2019: £1,388,284) of donations which were restricted. Within investment income £185,530 (2019: £180,030) was restricted. Included within unrestricted donations above are government grants received of £834,464 (2019: £nil).

5. Income from charitable activities

Trust and Group	2020 £	2019 £
School fees	19,736,945	20,935,194
<u>Less:</u> Bursaries, scholarships and other remissions	(2,320,698)	(2,448,331)
	-----	-----
Net fee income	17,416,247	18,486,863
Other ancillary activities	35,053	28,389
	-----	-----
	17,451,300	18,515,252
	=====	=====

All income related to unrestricted funds (2020: all)

6. Analysis of total expenditure

	2020		2019	
	Trust £	Group £	Trust £	Group £
Trading activities (subsidiary expenditure)	-	1,776,284	-	2,100,911
Investment management costs	23,435	23,435	20,669	20,669
Charitable activities (note 7)	18,345,088	18,256,558	19,074,605	18,957,560
Other	236	236	14,301	41,207
	-----	-----	-----	-----
	18,368,759	20,056,513	19,109,575	21,120,347
	=====	=====	=====	=====

Trust and group:

All amounts included above were attributable to unrestricted funds except for £23,435 (2019: £20,669) of investment management costs and £189,673 (2019: £257,136) of charitable activities which were restricted.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

7. Expenditure on charitable activities

	2020		2019	
	Trust £	Group £	Trust £	Group £
Teaching	9,268,982	9,189,596	9,273,319	9,174,202
Welfare	2,745,648	2,736,503	3,146,704	3,128,776
Premises	3,112,201	3,112,201	3,458,732	3,458,732
Support cost of schooling	1,603,691	1,603,691	1,458,203	1,458,203
Depreciation net of loss/(gain) on sale of assets	1,298,190	1,298,190	1,303,850	1,303,850
Bank interest	316,377	316,377	433,797	433,797
	-----	-----	-----	-----
	18,345,088	18,256,558	19,074,605	18,957,560
	=====	=====	=====	=====

Support costs of schooling largely represent administration costs of £1,006,382 (2019: £939,552) and sales and marketing costs of £352,499 (2019: £399,448).

	2020		2019	
	Trust £	Group £	Trust £	Group £
Auditor's remuneration				
Audit	16,000	22,250	14,250	21,250
Tax	-	3,500	-	3,250
Other services	3,750	5,000	3,500	4,750
	-----	-----	-----	-----
	19,750	30,750	17,750	29,250
	=====	=====	=====	=====

8. Staff costs

	2020		2019	
	Trust £	Group £	Trust £	Group £
Wages and salaries	9,550,657	10,273,254	9,574,352	10,428,129
Social security costs	1,015,259	1,062,774	1,028,869	1,085,802
Pension costs	1,502,436	1,541,569	1,135,978	1,172,287
	-----	-----	-----	-----
	12,068,352	12,877,597	11,739,199	12,686,218
	=====	=====	=====	=====

The average monthly number of employees (including those employed on an occasional basis) during the year was:-

		2020	2019
Trust	- average number	311	294
Subsidiaries	- average number	56	59
		-----	-----
		367	353
		=====	=====

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS *(cont'd)*

For the year ended 31 August 2020

8. Staff costs *(cont'd)*

The number of employees whose employee benefits were above £60,000 for the year were:-

	2020	2019
Between £60,000 and £70,000	17	11
Between £70,000 and £80,000	1	-
Between £80,000 and £90,000	3	2
Between £90,000 and £100,000	-	1
Between £100,000 and £110,000	1	1
Between £120,000 and £130,000	1	-
Between £350,000 and £360,000	-	1

Total pension contributions for the twenty three staff members earning £60,000 or more were £345,238. One of these schemes is the multi-employer defined benefit scheme which is treated as a defined contribution scheme (note 19). The total value of termination payments made to staff in the year were £15,261 (2019: £262,800).

No Governor received any remuneration in the year (2019: £nil). One Governor received reimbursement of travel expenses of £182 in the year in relation to an ongoing significant development project. In the prior year three Governors received reimbursement of travel expenses of £16,832 in relation to an ongoing significant development project and one Governor received reimbursement for training costs of £164.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

9. Tangible fixed assets

	College Premises & Equipment £	Preparatory School Premises & Equipment £	Residential Premises & Equipment £	Vehicles and machinery £	Trust Total £	Subsidiary Premises & Equipment £	Group Total £
Cost							
At 1 September 2019	14,357,817	5,177,179	22,624,949	458,947	42,618,892	5,891,612	48,510,504
Additions	538,145	-	14,897	10,200	563,242	63,272	626,514
Disposals	-	-	-	-	-	-	-
At 31 August 2020	14,895,962	5,177,179	22,639,846	469,147	43,182,134	5,954,884	49,137,018
Depreciation							
At 1 September 2019	7,109,336	2,739,203	8,898,099	292,381	19,039,019	2,275,324	21,314,343
Charge for period	673,092	75,516	488,283	61,299	1,298,190	157,502	1,455,692
Disposals	-	-	-	-	-	-	-
At 31 August 2020	7,782,428	2,814,719	9,386,382	353,680	20,337,209	2,432,826	22,770,035
Net book value							
At 31 August 2020	7,113,534	2,362,460	13,253,464	115,467	22,844,925	3,522,058	26,366,983
At 31 August 2019	7,248,481	2,437,976	13,726,850	166,566	23,579,873	3,616,288	27,196,161

The Governors have granted a standard security over the site of the sports club built by Fettes Enterprises Limited to the group's bankers. At the year-end the carrying value was £3,480,454 (2019: £3,598,677).

The Governors have considered the market value of land and buildings held and are satisfied that the market values are significantly in excess of the carrying values shown above.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

10. Investments

	2020		2019	
	Trust	Group	Trust	Group
	£	£	£	£
Market value at 1 September 2019	10,712,561	5,972,920	10,077,503	5,364,862
Additions	3,785,478	3,785,478	1,359,773	1,359,773
Disposals	(3,472,228)	(3,472,228)	(683,817)	(683,817)
Change in unrealised gains	(13,028)	(44,028)	(40,898)	(67,898)
	-----	-----	-----	-----
Cash awaiting investment	11,012,783	6,242,142	10,712,561	5,972,920
	272,887	272,887	932,658	932,658
	-----	-----	-----	-----
Market value at 31 August 2020	11,285,670	6,515,029	11,645,219	6,905,578
	=====	=====	=====	=====

	2020		2019	
	Trust	Group	Trust	Group
	£	£	£	£
Loan to subsidiary – secured	2,480,639	-	2,480,639	-
Loan to subsidiary – unsecured	1,601,000	-	1,569,000	-
Listed investments	6,241,042	6,242,042	5,972,820	5,972,820
Cash awaiting investment	272,887	272,887	932,658	932,658
Unlisted investments	690,102	100	690,102	100
	-----	-----	-----	-----
	11,285,670	6,515,029	11,645,219	6,905,578
	=====	=====	=====	=====

Investments in individual entities held at 31 August 2020 which are over 5% of total investments consisted solely of investments in and loans to subsidiaries.

Income from investments

	2020		2019	
	Trust	Group	Trust	Group
	£	£	£	£
Bank interest	55,128	55,611	58,713	60,057
Listed investments	185,530	185,530	180,030	180,030
Loans to subsidiary – secured	35,961	-	43,411	-
Loans to subsidiary – unsecured	32,000	-	27,000	-
Gift aid from subsidiaries	-	-	50,659	-
	-----	-----	-----	-----
	308,619	241,141	359,813	240,087
	=====	=====	=====	=====

Fettes College Limited

The Trust holds the whole issued share capital of £100 of Fettes College Limited (formerly Fettes (2006) Limited), a company incorporated in Scotland. The company had no net assets as at 31 August 2020.

The financial statements of Fettes College Limited are made up to 31 August and the company has been dormant during the year. Fettes College Limited is being retained as a dormant company for the foreseeable future.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

10. Investments (cont'd)

Fettes Enterprises Limited

The Trust owns the whole issued share capital of £2 of Fettes Enterprises Limited (the "company"), a company incorporated in Scotland. The financial statements of the company are made up to 31 August and the company's principal activities are the management of Westwoods Health Club, Fettes the Venue and the Fettes Shop. The company has a wholly owned subsidiary, Fettes Centre for Language & Culture Limited ("FCLC"), a company incorporated in Scotland, which provides English language and Scottish culture courses. The company also has a wholly owned subsidiary, Fettes International Limited ("FIL"), which works in partnership with Bright Scholar to build and run Fettes China.

The company had turnover of £1,037,012 (2019: £1,696,376), a loss before tax of £354,566 (2019: £65,286), and net liabilities of £291,694 (2019: £62,872 net assets) and the ongoing support of the company is, in the view of the Governors, justified by its long-term trading outlook for it as a business and the company provides excellent indoor sporting facilities for the School. FCLC had turnover of £nil (2019: £533,221), a loss before tax of £146,562 (2019: profit £118,233), and net assets of £36,499 (2019: £183,061). FIL had turnover of £131,614 (2019: £43,987) to match expenditure of £131,614 (2019: £43,987).

The company has issued secured debenture loan notes of £2,480,639 (2019: £2,480,639) to the Combined Investment Fund and unsecured loans of £1,601,000 (2019: £1,569,000) are due to the Trust General Fund. The company has granted second ranking standard security to the Trust. The Combined Investment Fund loan is repayable by June 2021 unless otherwise agreed and bears interest at 1% over base rate. The loan for £1,601,000 (representing loan notes donated by the Fettes Foundation) is interest free and is repayable by June 2021 unless otherwise agreed. This loan is included in the financial statements at the present value of future cash flows discounted at the market rate of interest for a similar debt instrument.

A cross guarantee has been granted to the Bank of Scotland involving the Trust and the company.

11. Debtors

	2020		2019	
	Trust £	Group £	Trust £	Group £
Trade debtors	71,296	94,644	363,175	411,589
Due from subsidiaries and associated undertakings	12,802	-	67,506	-
Sundry debtors and prepayments	958,660	1,028,380	1,172,548	1,209,268
	=====	=====	=====	=====
	1,042,758	1,123,024	1,603,229	1,620,857
	=====	=====	=====	=====

12. Creditors due within one year

	2020		2019	
	Trust £	Group £	Trust £	Group £
Bank loans (see note 14)	1,003,654	1,003,654	953,092	953,092
Due to subsidiaries and associated undertakings	139,041	-	586,598	-
Trade creditors	514,728	594,645	493,906	576,265
Taxes and social security costs	247,322	273,934	258,262	358,299
Other creditors	848,970	875,312	821,948	826,425
Accruals	458,083	522,418	397,970	511,011
Deferred income (see note 15)	3,861,817	3,924,112	3,592,390	3,657,834
	=====	=====	=====	=====
	7,073,615	7,194,075	7,104,166	6,882,926
	=====	=====	=====	=====

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

13. Creditors due in more than one year

	2020		2019	
	Trust £	Group £	Trust £	Group £
Bank loans (see note 14)	8,688,640	8,688,640	9,701,891	9,701,891
Other creditors	1,434,996	1,434,665	1,395,321	1,395,321
Deferred income (see note 15)	359,712	360,043	599,466	599,797
	-----	-----	-----	-----
	10,483,348	10,483,348	11,696,678	11,697,009
	=====	=====	=====	=====

14. Bank loans

	2020		2019	
	Trust £	Group £	Trust £	Group £
Due within one year	1,003,654	1,003,654	953,092	953,092
Due in one to two years	1,032,059	1,032,059	981,655	981,655
Due in two to five years	3,322,388	3,322,388	3,184,117	3,184,117
Due in over five years	4,334,193	4,334,193	5,536,119	5,536,119
	-----	-----	-----	-----
	9,692,294	9,692,294	10,654,983	10,654,983
	=====	=====	=====	=====

Bank loans to the Trust from Bank of Scotland bear interest at 1% or 1.84% over either the Bank of Scotland base rate or rates which have been fixed over periods ranging from five to fifteen years. They are repayable in either monthly instalments over ten years and seventeen years or monthly instalments over fifteen years after a five year interest only period which expired in 2012.

The Bank of Scotland holds a bond and floating charge over the assets of Fettes Enterprises Limited and holds standard securities over the sports centre site and various residential properties. The bank holds a Letter of Negative Pledge from the Governors, undertaking not to grant to third parties, unless permitted by the bank, further security over the assets of the Trust. In addition a cross-guarantee between the Trust and Fettes Enterprises Limited exists.

Included within debtors are loan arrangement fees of £43,944 (2019: £49,956).

As a hedge against rising interest rates, the Trust has entered into an interest rate cap with a cap rate of 1% (BoE base rate) on a notional amount of £4m from 31/01/2018 to 31/01/2022 and a notional amount of £2m from 31/01/2022 to 30/01/2026.

15. Deferred income

	2020		2019	
	Trust £	Group £	Trust £	Group £
Balance at 1 September 2019	4,191,856	4,257,631	5,097,585	5,151,966
Income deferred in year	3,645,513	3,707,808	4,000,746	4,065,409
Amounts released from previous year	(3,615,840)	(3,681,284)	(4,906,475)	(4,959,744)
	-----	-----	-----	-----
Balance at 31 August 2020	4,221,529	4,284,155	4,191,856	4,257,631
	=====	=====	=====	=====

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

16. Financial instruments

Categories of financial assets and financial liabilities

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

Group

At 31 August 2020

	Fair value through income and expenditure £	Amortised cost Loans and receivables £	Non-derivative financial liabilities £	Total £
<u>Assets</u>				
Investments	6,515,029	-	-	6,515,029
Cash and cash equivalents	-	5,806,766	-	5,806,766
Trade and other debtors	62,983	94,644	-	157,627
<u>Liabilities</u>				
Loans	-	-	(9,692,294)	(9,692,294)
Trade and other creditors	-	-	(2,258,679)	(2,258,679)
	<u>6,578,012</u>	<u>5,901,410</u>	<u>(11,950,973)</u>	<u>528,449</u>

At 31 August 2019

	Fair value through income and expenditure £	Amortised cost Loans and receivables £	Non-derivative financial liabilities £	Total £
<u>Assets</u>				
Investments	6,905,578	-	-	6,905,578
Cash and cash equivalents	-	5,556,294	-	5,556,294
Trade and other debtors	79,439	411,589	-	491,028
<u>Liabilities</u>				
Loans	-	-	(10,654,983)	(10,654,983)
Trade and other creditors	-	-	(3,171,089)	(3,171,089)
	<u>6,985,017</u>	<u>5,967,883</u>	<u>(13,826,072)</u>	<u>(873,172)</u>

Fair Value

Listed investments are held at fair value through income and expenditure. Fair value is determined by reference to quoted market prices in active markets and is not subject to any valuation techniques.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS *(cont'd)*

For the year ended 31 August 2020

16. Financial instruments (cont'd)

Financial risk management

The Trust has exposure to the following risks arising from financial instruments measured at fair value through income and expenditure:

Credit risk

Credit risk is the risk of financial loss to the Trust if a counterparty to a financial instrument fails to meet its contractual obligations. The Trust's exposure to this risk is mainly due to the element of its investment portfolio that is invested in fixed interest instruments.

The Trust's policy for fixed interest investments, outwith the Group, is to ensure that they are actively managed by external professional investment managers, who report quarterly to the Executive Committee.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, will affect the Trust's income or the value of its investment holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Trust's policy is to ensure that its investment portfolio is diversified and actively managed by external professional investment managers, who report quarterly to the Executive Committee.

NOTES to the FINANCIAL STATEMENTS (cont'd)

17. i) Trust funds and analysis of assets and liabilities between funds

Notes

(a) Fees paid to the College, funded by the Fees in Advance Scheme and which are included in fee income in the General Fund, were £428,233 (2019: £209,064); a corresponding reduction is reflected in liabilities in the balance sheet of the Fees in Advance Scheme.

(b) Individual elements of the permanent endowment funds are detailed at note 3. Of the restricted funds, the bursaries and scholarships fund represents amounts received towards student awards; the other fund represents amounts awarded to fund pupil trips and similar activities; and the capital fund represents amounts received to fund specific capital projects.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

17. ii) Group funds and analysis of assets and liabilities between funds

	Unrestricted		Permanent Endowment Combined Investment Fund	Restricted		
	Unrestricted Funds Subsidiaries	Retained Equity in Unrestricted Funds	Total Funds	Other	Capital Restricted	Total Restricted
	£	£	£	£	£	£
Opening balances at 1 September 2019	13,286,858	194,932	13,481,790	1,277,180	-	1,283,562
Income	18,416,169	1,254,109	19,670,278	178,661	-	206,751
Expenditure	(18,067,121)	(1,776,284)	(19,843,405)	(184,957)	-	(213,108)
Loss on investments	-	-	-	(107,018)	-	(107,018)
Transfers	(108,012)	72,051	(35,961)	35,961	-	35,961
	=====	=====	=====	=====	=====	=====
Closing balances at 31 August 2020	13,527,894	(255,192)	13,272,702	1,199,827	-	1,206,148
	=====	=====	=====	=====	=====	=====
Represented by:						
Fixed assets						
Tangible fixed assets (note 9)	23,887,344	-	23,887,344	-	-	-
Investments (note 10)	100	-	100	1,170,162	-	1,170,162
	=====	=====	=====	=====	=====	=====
Net current assets/(liabilities)	23,887,444	-	23,887,444	1,170,162	-	1,170,162
	123,467	(254,861)	(131,394)	29,665	-	35,986
	=====	=====	=====	=====	=====	=====
Total assets less current liabilities	24,010,911	(254,861)	23,756,050	1,199,827	-	1,206,148
Creditors: amounts falling due after more than one year	(10,483,017)	(331)	(10,483,348)	6,321	-	-
	=====	=====	=====	=====	=====	=====
	13,527,894	(255,192)	13,272,702	1,199,827	-	1,206,148
	=====	=====	=====	=====	=====	=====

Notes

- (a) Fees paid to the College, funded by the Fees in Advance Scheme and which are included in fee income in the General Fund, were £428,233 (2019: £209,064); a corresponding reduction is reflected in liabilities in the balance sheet of the Fees in Advance Scheme.
- (b) Individual elements of the permanent endowment funds are detailed at note 3. Of the restricted funds, the bursaries and scholarships fund represents amounts received towards student awards; the other fund represents amounts awarded to fund pupil trips and similar activities; and the capital fund represents amounts received to fund specific capital projects.
- (c) Transfers from unrestricted retained equity in subsidiaries to restricted bursaries/scholarships funds are made to reflect the intercompany interest on the CIF loan stock that is otherwise eliminated on consolidation. Transfers from unrestricted funds to retained equity in subsidiaries relates to a consolidation adjustment for inter-company transactions.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

18. Reconciliation of net income to net cash flow from operating activities

	2020		2019	
	Trust £	Group £	Trust £	Group £
Net income/(expenditure) for year	466,641	(34,484)	1,653,776	1,679,816
Depreciation charges	1,298,190	1,455,692	1,303,850	1,455,604
(Gain)/loss on disposal of fixed assets	-	-	-	-
Transfer to/(from) bad debt provision	116,009	116,009	24,996	24,966
Decrease/(increase) in stock	-	6,971	-	(12,615)
Decrease/(Increase) in debtors	444,462	200,936	(42,022)	(118,897)
Increase/(decrease) in creditors	(398,780)	121,449	(1,708,006)	(1,955,732)
Investment income receivable	(308,619)	(241,141)	(359,813)	(240,087)
Bank loan interest payable	299,921	299,921	346,501	346,501
	-----	-----	-----	-----
	1,917,824	1,925,353	1,219,282	1,179,586
	=====	=====	=====	=====

19. Pensions

The Scottish Teachers Superannuation Scheme is a multi-employer defined benefit scheme which, in common with other Government pension schemes, is unfunded in that there is no earmarked fund of assets underlying the scheme. The Trust is unable to identify its share of the underlying liabilities of the scheme and therefore accounts for the contributions to the scheme as if it were a defined contribution scheme. The latest actuarial valuation was carried out at 31 March 2016. The results of this valuation were rolled forward to give a liability of £43.5 billion at 31 March 2020 (latest available).

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

Financial assumptions at 31 March 2020 (latest available):

Rate of return (discount rate) : 1.80%

Rate of return in excess of:

Earnings increases : -2.20%

Price increases : -0.50%

The cost recognised in the statement of financial activities is equal to the contributions payable to the scheme for the year. The employer made contributions of 23.0% from September 2019. Employee contributions range between 7.2% and 11.9%.

The pension cost for teaching staff for the period was £1,270,693 (2019: £916,985) and has been charged to the statement of financial activities. Employee and employer contributions for August 2020 due to be paid to the scheme after the year end amounted to £154,743 (2019: £122,177) and this was paid over in September 2020. In addition, employee AVC contributions for August 2020 amounting to £9,554 (2019: £9,681), were paid over in September 2020.

The pension cost for the period for non-teaching staff was £231,743 (2019: £218,993) for the Trust and has been charged to the statement of financial activities being contributions to a group stakeholder pension scheme and other personal pension plans. Employee or employer contributions for August 2020 of £31,488 (2019: £31,306) were due to be paid to the group stakeholder pension scheme at the year end and this was paid over in September 2020.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2020

20. Operating leases

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

	2020		2019	
	Trust	Group	Trust	Group
	£	£	£	£
Within one year	513,724	543,538	551,490	581,802
Between two and five years	1,928,039	1,944,727	1,961,762	2,007,557
Over five years	3,278,400	3,278,400	3,758,400	3,758,400
	-----	-----	-----	-----
	5,720,163	5,766,665	6,271,652	6,347,759
	=====	=====	=====	=====

21. Commitments

The Trust had capital commitments at 31 August 2020 of £nil (2019: £45,000). Fettes Enterprises Limited and Fettes Centre for Language & Culture Limited and Fettes International Limited had capital commitments at 31 August 2020 of £nil (2019: £nil).

22. Contingent liability

The Trust has granted a guarantee to Bank of Scotland for a loan advanced by the bank to The Fettes Foundation. At the year end the maximum liability under this guarantee was £1,783,333 (2019: £1,883,333).

23. Related party disclosures

Where any of the Governors are parents of pupils at the School they have arms-length transactions in relation to payment of school fees.

The total staff costs relating to key management personnel were £615,238 (2019: £968,377) for both the Trust and Group.

During the year Fettes Enterprises Limited charged the Trust for the use of the company's sports facilities and this amounted to £63,475 (2019: £63,475) and sold goods to the Trust amounting to £35,634 (2019: £63,957), all figures including VAT. Fettes Enterprises Limited is leasing land from the Trust for 25 years at £1 per annum. The lease agreement obliged Fettes Enterprises Limited to develop a sports facility. During the year Fettes Enterprises Limited has also made a Gift Aid payment to the Trust of £nil (2019: £nil) and £139,041 (2019: £580,216) was due by the Trust at the year end.

Fettes Centre for Language & Culture Limited has accrued Gift Aid payments to the Trust of £nil (2019: £50,659) and £16,035 (2019: £67,506) was due to the Trust at the year end.

Fettes International Limited is owed £3,233 (2019: £6,382) by the Trust at the year end.