

Fettes College

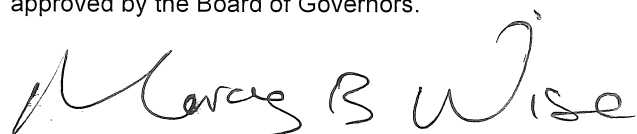
Annual Report & Financial Statement

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 2021

This and the forty-five pages following form the Financial Statements of The Governors of the Fettes Trust for the year ended 31 August 2021 as approved by the Board of Governors.

A handwritten signature in black ink, reading "Mary B Wise". The signature is written in a cursive style, with the first letter of each word being capitalized and prominent.

The Right Hon Lady Wise
Chair 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 2020 to the date of approval of these Financial Statements:

Name	Appointed by
Mr I M Osborne (resigned 30 th June 2021)	Co-opted
Mr B A I Dingwall CBE (OF) (passed 3 rd August 2021)	Co-opted
The Hon Lady Wise (Chair from 1 st July 2021)	Senators of Her Majesty's College of Justice
Mr E M Young (OF) (resigned 30 th June 2021)	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 (resigned 30 th June 2021)	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) (Deputy Chair from 1 st Sept 2021)	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 Sept 2020)

(OF designates Old Fettesians)

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

The Finance Committee

E M Young (Convener, resigned 30th June 2021)
Mrs I A Keith (Convener from 1st July 2021)
B R Aird
H W D Bruce-Watt WS
I M Osborne (resigned 30th June 2021)
W Sinclair
Lady Wise
R Leckie

The Preparatory School Committee

H W D Bruce-Watt WS (Convener)
I M Osborne (resigned 30th June 2021)
P D Hunter
Professor Angela E Thomas

The Risk Management Committee

Ms E McAreavey (Convener)
A W D McLean QC (resigned 30th June 21)
Ms L S Paterson

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

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 2021

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 have been reviewing the existing structure of the Trust, with a view to modernising it and thus enabling it to 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 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 may also attend external courses relevant to the School and its operation or to its compliance with current regulatory requirements. Specifically in relation to safeguarding, and in accordance with the National Guidelines for Child Protection in Scotland (2021), the Governors undergo child protection training annually. 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 end of the Financial Year in question.

The former Deputy Chair of the Trust, B A I Dingwall, CBE, passed away on 3rd August 2021. He will be sorely missed and remembered fondly by the Governors of the Fettes Trust and the community as a whole. Mr R M Leckie took over as Deputy Chair from 1st September 2021.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

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

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, individual Governors and sub-committees and its advisers. The Chair of the Board during the year was Mr I M Osborne.

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. With effect from 1st September 2021, the Executive Committee has been replaced by the Finance Committee whose remit remains broadly similar to that of the Executive Committee but with a narrower emphasis on financial oversight.

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.

The Risk Management Committee, comprising a Convener and at least 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 Nominations Committee, comprising a Convener and three other Governors, meets termly to assess the skillsets of the Board, identify gaps and plan for succession. The Academic Committee, comprising a Convener and three further Governors, with the academic leadership teams of both College and Prep School meet 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.

All of the aforementioned sub-committees of the Board have and report against formal terms or reference determined by the Board as a whole.

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 Senior Deputy Head, 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/Finance, Risk Management Academic and Nominations 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.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2021

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

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.

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 are being adequately managed. The key risks facing a school like Fettes are predominantly 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.

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. A Head of Security assumes responsibility for the day to day monitoring of the Fettes campus.

The health and safety of everyone at Fettes, including visitors, is of paramount importance to the Governors. A full-time Health and Safety Officer is employed to ensure that activities are carried out in a safe manner. The Health and Safety Officer consults 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, encourages community engagement and enables School staff to take active roles in charitable endeavours.

Strategic Aims

The ongoing aim is to maintain exceptional educational standards and facilities, as well as preserving the assets of the Trust, and to develop facilities and services to meet current and future demands. This has resulted in the Governors determining a new governance model which will meet the challenges and demands of an increasingly complex regulatory, political and socio-economic world.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

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

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 whilst enhancing the 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 its objectives

The Governors believe that, within the constraints imposed by the onset of the global pandemic, Covid-19, these objectives have been achieved successfully during the year.

Public Benefit

Returning from the Covid-19 lockdown and operating within varying levels of restriction has significantly impacted the ease with which the School and its students could further planned projects, fundraising and community engagement. The School has continued to establish and develop relationships with local agencies, however, and found innovative ways to continue service remotely through online channels.

The bond with the FetLor Youth club continues to grow through shared use of assets and resources with young people from both working together on a variety of projects, including gardening and FetLor renovations, climbing wall instructor lessons, use of the new Low Ropes Course at Fettes and young person interaction and mentoring.

Fettes continues to run the Fettes Kickstart bursary and works with five local primary schools to identify candidates who would benefit from a Fettes education despite not having 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 and wellbeing guides specifically for home learning which are free to access for all.

During lockdown, Fettes provided 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. During the pandemic the School continued to invite representatives from local Edinburgh high schools to participate in its careers programme in a virtual capacity. Fettes hosted in excess of 120 pupils from local high schools alongside the School's own Lower Sixth pupils to inform them about potential pathways once they leave school. The theme for the two-part Careers Day was 'How to shape your future, build interpersonal skills and fill your time productively'. This included an online panel event, keynote speeches and insights from younger Old Fettesians on their transition to University and their higher education journey. The Careers Day content was shared and made public. In addition, the Fettes Career Partnership Programme organised mock interviews for Oxbridge candidates from Edinburgh High Schools and targeted support for candidates from Boroughmuir High School, Broughton High School, Currie Community High School, Drummond Community High School, Firrhill High School, James Gillespie's High School, Portobello High School, The Royal High School and Trinity Academy.

The annual Fettes 4th Form Language Leaders' visit to local primary schools to assist with language learning was cancelled this year with every expectation that the project will restart next year.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2021

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

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 local community sports clubs, Lacrosse Scotland, Scottish Cricket and Scottish Hockey

Community Engagement

During lockdown, Fettes staff and students continued to help their communities by offering sewing groups 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 newest venture has been a relationship built by two Old Fettesians who set up the Edinburgh chapter of 'Opportutoring'. This is a Lower Sixth service option where teams of four Fettes students, sixteen in total, teach English to refugees online. The training and selection has taken place this year with the first live lesson due to take place in January 2022.

The Art department maintained its work with Artlink; during 2020-21, our Artist in Residence and studio technician both worked with individuals outside school and in the department during holidays. As restrictions began to lift, the department explored ways in which it could offer support and resources to those young people and adults with disabilities of all kinds, who can benefit from art-based activities. This year the department engaged with the community by offering time and skilled support rather than the previous studio-based workshop experiences.

The School's connection with Craigroyston Primary through Place2Be was suspended due to Covid restrictions, but both schools and the charity have maintained a constant dialogue and the intention is to revive the project as soon as possible.

The Young Philanthropy Initiative runs in schools across Scotland every year. The Wood Foundation, founded by the oil entrepreneur Sir Ian Wood, provides £3,000 to each school. Students compete for this award on behalf of their chosen charity. Despite the obvious challenges of engaging with their chosen charities and the early close for the Summer, the majority of Fifth Form groups did submit presentations to bid for the award. The panel of judges was impressed, as always, by the range of social issues that young Fettesians are interested in: homelessness, loneliness, disability, poverty, mental health and it was hard to pick a winner. Nevertheless, one group's approach did perhaps stand out and secured the award for TalkTime Scotland – a small charity that offers free counselling to young people who are physically disabled.

Charitable Fundraising

For reasons already stated, fundraising during the year was difficult but there were some notable successes. In particular, a substantial quantity of Harvest produce was collected and delivered to the storage facilities of Edinburgh City Mission's food banks and, whilst it is not possible to put a monetary value on the collection, the School understands that the Fettes contribution was, as it always is, a significant one in the running of this operation.

There was no Rock Trust Sleep Out in 2020, which is typically an important moment in the Fettes fundraising calendar. The event was, however, resurrected for 2021.

During the year, the School held three student-led Own Clothes Days, raising a total of over £1,400 for Show the Red Card to Racism, the Edinburgh Rape Crisis Centre and, linked to the School's Mental Health Awareness Week, Young Minds Charity.

The high point perhaps of the School's fundraising efforts is usually the Annual Charity Run but, for obvious reasons, the event was cancelled for the second year running. However, in February, the Sports Department launched the Fit in February challenge, one element of which was a 5k run. By then, it was clear that there would be no Annual Charity Run in 2021 and, consequently, the decision was made to turn the 5k run into a fundraiser which raised £6,448 for the Basics Banks of Edinburgh City Mission.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2021

RECORD OF ACHIEVEMENTS AND PERFORMANCE

Pupil numbers and inclusion

During the year, the School offered primary and secondary education to boys (411) and girls (380) between the ages of 7 and 18. The School educated 791 pupils (2020 : 758) of whom 452 were boarders (2020 : 413) and 339 were day pupils (2020 : 345). The ratio of academic staff to pupils was at a healthy 1:7 during the year (2020 : 1:7). The pupil population was drawn 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 £2,678,882 (2020 : £2,320,698) were granted in the year representing 12.3% (2020 : 11.7%) of gross fees. Means tested bursaries amounted to 71% (2020 : 68%), non-means tested scholarships to 8% (2020 : 8%) and other remissions, including sibling remissions, to 21% (2020 : 25%) of the total.

80 pupils (2020 : 71) or 10% (2020 : 9%) of the School roll received means tested bursary assistance during the year, amounting to £1,902,641 (2020 : £1,574,992). 55 pupils or 69% of means tested award holders received awards to a value in excess of 60% of the relevant fee, and 42 of these received awards to a value at least 80% of the relevant fee, including 31 on a 100% remission.

The proportion of bursary and scholarship remissions financed by restricted funds was 5.4% with the remaining 94.6% funded from unrestricted, general funds. The policy of the Governors is that bursaries may be 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 some of which are in decline nationally). In terms of IB results, the average score was 39.4 points and thirty one of the sixty one pupils scored 40+ points and forty four secured 38 or more points out of 45. Five pupils achieved maximum 45 points.

A Level grades were determined using Teacher Assessed Grades (TAGs) and Heads of Department were assiduous in their attention to detail of announcements from various examination boards to ensure that a fair and robust process was designed to assess every student. The A*-B pass rate for those taking A Levels in 2021, the key indicator of success, was an impressive 88%. This was a very strong A Level cohort and 33% of all results were A*, the grade which aims to provide stretch and challenge for the most able pupils.

GCSE results were also strong. It was the third year when all subjects were using the 9-1 grades. 33% were 9s and 62% were 9 or 8. 81% of all grades were 9-7 (the equivalent of A*-A in previous years). The 99% pass rate was very pleasing with five pupils achieving straight 9s and 26 receiving 8 or above.

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 also impressive, 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. An Oxbridge interview evening for pupils from local schools was also organised. Pupils from local schools were also invited to the virtual 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.

We continue to believe that the combination of IB and A Levels offers the best possible set of options for senior students, and that the College's results demonstrate that it is clearly fulfilling its academic goals.

The College is currently undergoing its IB Five Year Evaluation and will follow any recommendations arising therefrom. This year's focus is on teaching and contact time for each of the Higher and Standard Level subjects.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

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

Other achievements

Numerous pupil societies continue 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 nature of that support has at times been different given the restrictions but imaginative nevertheless.

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 early part of the academic year and subsequently by engagement with and contribution to webinars and other video meetings and presentations. As ever, the numerous contributions from pupils, staff and outside speakers that enliven the proceedings and bring sections of the whole School community together have continued as much as possible but sadly not on a daily basis this year.

Sport

At Fettes College sport and exercise play a major role in the life of the School. A culture of activity around campus is always evident. Over time, the School has replaced compulsion with a culture whereby students want to be involved in activities as they recognise the long-term health benefits. These benefits are not all physical of course and students are only too well aware of the importance a games programme has on their mental wellbeing.

The inclusive nature of the School's games programme allows students more choice when it comes to their mode of exercise. 'Core' sports remain but opportunities for all to explore new activities are significant and this freedom of expression adds to the sense of enjoyment and achievement students feel when they participate, up to three times a week. The aim of any games and activity programme is to instil a lifelong love of sport and activity.

The Autumn term 2020 started with students returning after six months of isolation and summer holidays; mindful of the difficulties those brought, the games department launched the term with a hybrid summer/winter blend of sports and activities with the onus on getting the students back to enjoying activity and team participation as soon as possible, initially without the pressure of preparing for external fixtures.

It was evident that enthusiasm for competitive sport had not dwindled and the School did eventually manage to play some local block fixtures (without spectators), particularly in the hockey club for both the girls and the boys. The rugby season was almost completely lost, however.

The Spring term saw the School and the wider community enter lockdown once again and, building on the success of the Autumn term, the School launched 'Fettes Fit' and delivered 'live' sports sessions to the younger students twice a week. The 'Fit in February' competition against Strathallan School encouraged over 1,000 members of the wider 'Fettes Community' to take part.

Coming at the end of a mixed year, the Summer term had a sense of normality that everyone enjoyed: good weather, competitive fixtures and the strong emergence of girls' cricket. Despite the obvious challenges of the year, sport is once again in a strong place with a varied programme and the Governors consider it to be a fundamental part of the education and wellbeing of the students at Fettes.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (cont'd)

For the year ended 31 August 2021

RECORD OF ACHIEVEMENTS AND PERFORMANCE (cont'd)

Art

This year saw the largest cohort of Art students since the opening of Salvesen Art Wing in the Spens Building. The results were excellent and well deserved for the 5th Form GCSE cohort as well as the Upper 6th A level, which also saw the highest number of leavers securing places at University to study Art, Design or Architecture. IB results were also very strong.

Reflecting on the virtual learning and teaching which dominated so much of the year, there were some very positive lessons learned. Firstly, the School's digital resources for learning improved dramatically and one-to-one online tutorials were often more focussed and useful. Secondly, the department was pleasantly surprised by the range of sources and ideas that senior art students explored while in lockdown, influenced perhaps by their various backgrounds and environments, all which informed their later work in the Spring term lockdown.

Drama

The Drama department aims to maintain a high profile both within the School and beyond. It typically holds four 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 also collaborates with the Music department regularly on musical theatre. This year's output included naturalistic theatre, multi-cast narrative theatre, musical theatre, physical theatre and despite the challenges of lockdown, the first Fettes Film; a production of *Much Ado About Nothing*. Students embraced the different style of screen acting and the process of film making. Theatre continues to be a significant route for tertiary education, with Fettesians going on to study both Drama and technical theatre.

Music

The opportunity to showcase the School's musical creativity was inevitably curtailed this year with just one live performance over the period. The string ensemble was able to rehearse in the Autumn Term, whilst the School was open, but sadly the same was not true of the wind and brass players or of the singers, including the Chapel Choir. More positively, all of the instrumental teaching successfully went ahead online, with students and teachers once again adapting successfully to a new platform for learning. The department is very much looking forward to more positive, creative months ahead, and to grappling with the rebuilding process which is now under way. The new year has started more positively and the Governors look forward to an increasing number of live performances which the musicians so welcome.

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 typically 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, although this year's camps were cancelled, around 40 Cadets are expected to attend Barry Buddon in July 2022.

Over the last 12 months the contingent has continued to see disruption to many external opportunities that are no longer achievable within current restrictions. Covid-19 has inevitably brought challenges to the CCF; overnight training and visits to external events have changed format. Nevertheless, the contingent has built and developed new strong links with local Regular British Army units; Scottish Northern Irish Yeomanry, 3 RIFLES and 105 Royal Artillery. These links have provided Fettes CCF with welcome support for key training events.

Cadet numbers in the CCF are at an all time high with Fettes CCF being one of the largest contingents within the 51X catchment area (Scotland and Northern Ireland). The percentage of students transitioning from the compulsory Fourth Form in voluntary service is now over 50%. Whilst this puts pressure on the staff:student ratio, the introduction of a new staff member, Head of Army Section, in 2022 will be very welcomed.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

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 around 100 pupils taking piping or drumming lessons each week from four instructors. It is very important that the School maintains a high calibre of instruction to encourage and enthuse pupils by example and, in that vein, Fettes is fortunate to count among its staff two members of the twice World Championship winning band, Inveraray and District Pipe Band, in which they participate alongside their school commitments. That team was further bolstered this year by the appointment of a new instructor who currently plays for one of the top Grade 1 bands in the world – St Lawrence O'Toole. She will be key to building the School's Tenor and Bass provision while maintaining world class instruction.

With Covid-19 limiting rehearsals and both competitive and concert performances, there has been a shift away from learning specific performance repertoire and instead taken time to broaden pupils' musical horizons. Issuing new material each week has immersed pipers and drummers in great music from both traditional and modern sources.

An important part of piping and drumming at Fettes is the ability to offer help to pupils, financially or otherwise and a recent donation will shortly be directed to one or more pipers that need their own set of bagpipes and who otherwise would not be able to afford this significant outlay.

Care and welfare of students

Fettes College continues to prioritise and to take great pride in the high standard of pastoral care that it offers to all of its students. The care and welfare of our students is of fundamental importance and GIRFEC (Getting It Right For Every Child) principles are embedded into all areas of safeguarding in the School. 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.

Management of Coronavirus (Covid-19)

The health, safety and wellbeing of everyone in the Fettes community has remained the Governors' priority in the past year and the School has ensured that students access a high standard of pastoral care and academic support throughout this challenging period. 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. The process of undertaking PCR testing of all boarders to ensure their safe return to Fettes has been a welcome addition to the other school-specific Covid-19 safety mitigations which are still in place. Although there have been a number of positive cases throughout the latter part of the year, the management of isolation periods for boarders was not too disruptive and case transmission has been largely contained.

The Care Inspectorate completed its final inspection visit of the School's quarantine arrangements in August for red-list international students and feedback regarding the safety, care and wellbeing of students was very positive. At present, isolation may be required for students returning to school in January 2022. Contingency plans are in place to manage any further changes in travel restrictions which may be introduced.

Child Protection

The Scottish Government has now published the revised National Guidelines for Child Protection in Scotland (2021) and the School's Safeguarding Team is reviewing all policies to ensure they are compliant with any changes. It is now a requirement that all staff and governors undergo Child Protection training on an annual basis. This system was previously in place at Fettes College for teaching staff but has now been extended to include operational staff and Governors.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

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

Equality, Diversity & Inclusion

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.

Following the whole-school survey, for students and staff, which the Fettes Equality Group conducted in May 2021, key action points were identified as part of this year's school strategy plan:

- a uniform review consultation process
- the review of existing provision for social spaces
- the creation of a Student Council to promote student voice
- a PSE and tutorial programme review
- a curriculum review
- regular equality and inclusion training for School Prefects, other student leadership teams and staff
- the ongoing promotion of equality, diversity and inclusion in everything we do
- going into partnership with professional EDI organisations that can both help us further develop our framework for change and audit that progress
- a review of our transition programme for new students to facilitate integration and ensure ED&I needs are fully anticipated

To continue providing further opportunities for inclusion, Governors are committed to creating a learning, working and social environment that is nurturing, accessible and balanced through its structures, practices and attitudes. The Governors fully recognise this is a journey that has no final destination but instead is a process of ongoing evolution. Underpinning all of that is understanding that staff need to be accountable and always make space to listen in a way that assures our young people know they are being heard.

Mental Health – Additional Support

There has been a notable increase nationally in mental health issues within young people over the past two years, and Fettes has had to put additional support in place for students where there have been significant concerns.

In addition to the strong pastoral support offered by staff in boarding houses and the Medical Centre, the School now offers a range of part-time counselling services including a Life Coach, School Counsellor and three Clinical Psychologists. The School also works closely with other external support services in Edinburgh, such as behavioural therapy and private psychiatry practices.

The Mental Health Ambassadors student peer-support system is now in its second year and supplements the excellent work done by the well-established adult-staffed Listening Team. In addition, Fettes continues to deliver the student-led Mentors in Violence Prevention programme and later this year some senior students will join the Bold Voices Ambassadors Programme working towards ending gendered violence amongst young people. The School is also engaging with a provider of a simple online platform for students to anonymously report anything from bullying to a mental health concern.

Scottish Child Abuse Inquiry

The Scottish Child Abuse Inquiry (SCAI) was set up in 2016 to investigate historic abuse of children in any residential care setting in Scotland. Its remit covers the period from 1932 to 2014. For the purposes of the Inquiry, boarding schools fall within the definition of institutions which care for children and so Fettes, in common with other selected boarding schools in Scotland, has willingly assisted the Inquiry. Fettes fully supports the aims of the Inquiry to give victims an opportunity to disclose their experience and for the school to listen and learn from the mistakes of the past. Throughout the process, Fettes has been collaborative, engaged, open and honest, supplying all information requested. Fettes has, following its first submission earlier in 2021, issued a full and unreserved apology to anyone who suffered abuse at Fettes.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

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

Business plans and related developments

The Trust is a charity and is non-profit making. All surpluses are applied to ongoing investment in the fabric of the school, further facilities development 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. The prudent approach taken in the year to expenditure has, of necessity, delayed some capital investment. A notable exception, however, was the reorganisation of existing and the creation of new space within Craigleith to accommodate the increased demand for boarding within the School. The Governors are mindful of their obligations as custodians of the school to place sustainability at the forefront of any initiative or development and were pleased to identify an accommodation solution which is drawn entirely from locally sourced sustainable timber.

The Governors are in the process of finalising their strategic vision for the School which is underpinned by a substantial facilities development programme and envisages several new facilities and ventures, two priorities of which are a newly constructed STEM building and a very significant rolling programme of boarding house and pupil welfare improvements. Unfortunately, the programme of some of these improvements has had to be postponed following an intensive process of cost cutting measures while the School was shut. The improved and increased accommodation provision in Craigleith had already commenced and will therefore be completed in time for the end of the calendar year.

In keeping with the Craigleith accommodation solution, the Governors continue to place great emphasis on minimising the environmental impact of the school and its operations. To that end, all new construction and refurbishment projects are being designed with sustainability in mind. 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 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 further afield. 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 staff and members have shown remarkable imagination and resilience throughout year. The swimming pool and fitness studio continued to see constant use whilst fitness classes from both modern studios are streamed to members wherever they may be. The responsible approach taken by the management of the Club to focus on member safety as well as fitness options, particularly as restrictions eased further in September, was favourably commented on by members, new and old. There has been a marked increase in membership interest and levels in the later months of the year. The Governors are extremely grateful to the Westwoods staff for their commitment and generosity of spirit.

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.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2021

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

Fettes College Guangzhou

Fettes College Guangzhou (FCG), a purpose-built school in southern China that bears the Fettes name but is not owned by the Governors of the Fettes Trust, has completed its first year of operation with a school roll of 130 (Kindergarten to Grade 8). A well-funded aggressive marketing campaign is in place but the rate of admissions remains low. Founding Head, Marco Longmore, completed his 2-year contract and was succeeded by Senior Deputy Head, Joel Worrall, thereby providing continuity of leadership.

Boarding and pastoral care are integral elements of a Fettesian ethos. Over 50% of FCG students board and House spirit is developing strongly. Sports Day and Field Week are other identifiable features of the home school.

Campus construction was completed in summer 2021 with ongoing fit-out as required. The campus boasts superb facilities and is an authentic representation of the blended living and learning environment of Fettes College, Edinburgh. The campus design was recognised by the British Chamber of Commerce in China in their annual School Awards, with international architects, Broadway Malyan, short-listed as finalists.

Significant reforms to the regulatory environment governing private education in China have come into effect, presenting challenges for the entire sector. The changes affect areas of curriculum, staffing and commercial activity. China's zero-tolerance Covid strategy has also had a negative impact on the recruitment and retention of international staff and limited the involvement of Fettes College representatives. Experts predict an expat exodus across China at the end of the academic year. As a consequence of all of this and in line with common business practice, Fettes' ongoing presence in China remains under constant review by the Governors.

Special dispensation has been granted for a single person visit in early 2022 to provide liaison support as well as quality assurance and inspection.

FINANCIAL REVIEW

Results for the year

The total income of the Trust for the year to 31 August 2021 amounted to £20,715,792 compared with £18,835,400 in 2020. This included £932,727 of donation and similar income (2020: £416,221), over which the Trust has no direct control. Incoming resources from core charitable activities excluding Coronavirus Job Retention Scheme income, primarily fee income, amounted to £19,173,964 (2020: £17,451,300), whilst investment income was £217,653 (2020: £308,619) and income under gift aid from subsidiaries was £nil (2020: £nil).

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 £18,604,608 (2020: £18,368,759), and the largest component of costs remained staffing which at £12,336,168 (2020: £12,068,352) constituted 66% (2020: 66%) of the total.

Net income for the year before investment gains was £2,111,184 (2020: £466,641).

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. 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 was managed during the year on behalf of the Trust by Rathbones. Since the year end, and following a thorough review of the options and the long term ambitions for the Combined Investment Fund, management of the fund was awarded to CCLA and the process of transferring holdings is now complete.

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT *(cont'd)*

For the year ended 31 August 2021

FINANCIAL REVIEW *(cont'd)*

Results for the year *(cont'd)*

During the year the Combined Investment Fund increased in value by £1,237,108 from gains on investments (2020: decreased £537,064) and increased by £750,000 (2020: £145,000) from new donations. The total fund increased to £11,066,222 (2020: £9,039,780), an increase of 22.4% (2020 decreased 3.8%) in the year and generated income after expenses of £114,048 (2020: £165,342) or 1.5% (2020: 2.0%). The total yield was 17.2% (2020: -4.6%).

Fettes Enterprises owns and 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 £466,222 (2020: loss £501,125). No Gift Aid payments were claimed by the Trust during the year (2020: £nil) (note 23).

The consolidated statement of financial activities and the consolidated balance sheet on pages 25 and 26 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 2021 the Trust's Unrestricted Fund reserve amounted to £15,635,117 (2020: £14,293,215) (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 2021 the funds represented £9,625,137 (2020: £7,859,955) of Permanent Endowment Fund reserves and £1,441,084 of Restricted Fund reserves (2020: £1,199,827) (note 17) 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 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 2021 were £2,606,425 (2020: £1,881,111).

THE GOVERNORS OF THE FETTES TRUST

GOVERNORS' REPORT (*cont'd*)

For the year ended 31 August 2021

FINANCIAL REVIEW (*cont'd*)

Reserves policy (*cont'd*)

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 pupils.

The Governors are currently finalising their strategic vision for the School which will seek to maintain, *inter alia*, academic and pastoral excellence. Underpinning some of that vision is a substantial facilities and infrastructure development programme which adds to or improves resources within STEM teaching, wellbeing and Prep School music and science teaching to name but a few.

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 2022. 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 need to be taken to mitigate such an impact: such measures might include, but not be limited to, maximising fee income, reviewing the current arrangements for teachers' pensions, opening a consultation and looking at options, 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, Senior Deputy 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 2021

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



The Rt Hon Lady Wise
Chair of the Board of Governors

Date:

18/03/22

**INDEPENDENT AUDITOR'S REPORT
TO THE GOVERNORS OF THE FETTES TRUST
FOR THE YEAR ENDED 31 AUGUST 2021**

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 2021 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 2021 and of the group's and parent charity's incoming resources and application of resources, 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Governors' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Governors' Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE GOVERNORS OF THE FETTES TRUST
FOR THE YEAR ENDED 31 AUGUST 2021**

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 on page 18, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the 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.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the trust, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified included FRS 102 and the Charities SORP, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

We gained an understanding of how the trust is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the trust's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE GOVERNORS OF THE FETTES TRUST
FOR THE YEAR ENDED 31 AUGUST 2021**

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the trust's procurement of legal and professional fees;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report

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.



Date: 31 March 2022

**Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor**

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 2021

	Notes	Un- restricted	Permanent endowment	Restricted	2021 Total	2020 Total (as restated)
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	4	146,528	750,000	36,199	932,727	416,221
Other trading activities	4/23	2	-	-	2	2
Investments	4/10	38,959	-	178,694	217,653	308,619
Charitable activities	4/5	19,565,410	-	-	19,565,410	18,110,558
Total income and endowments		19,750,899	750,000	214,893	20,715,792	18,835,400
Expenditure on:						
Investment management costs	6	-	-	42,169	42,169	23,435
Charitable activities	6/7	18,191,431	-	150,297	18,341,728	18,345,088
Governance costs	6	217,566	-	3,145	220,711	-
Other	6	-	-	-	-	236
Total expenditure		18,408,997	-	195,611	18,604,608	18,368,759
Net income before net gains/(losses) on investments		1,341,902	750,000	19,282	2,111,184	466,641
Net gains / (losses) on investments		-	1,015,182	221,926	1,237,108	(537,064)
Net income before transfers		1,341,902	1,765,182	241,208	3,348,292	(70,423)
Net movement in funds		1,341,902	1,765,182	241,208	3,348,292	(70,423)
Reconciliation of funds						
Fund balances at 1 September 2020		14,293,215	7,859,955	1,206,148	23,359,318	23,429,741
Fund balances at 31 August 2021		15,635,117	9,625,137	1,447,356	26,707,610	23,359,318
		=====	=====	=====	=====	=====

The notes on pages 28 to 45 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

BALANCE SHEET

As at 31 August 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	9	22,372,781	22,844,925
Investments	10	12,809,394	11,285,670
		<u>35,182,175</u>	<u>34,130,595</u>
Current assets			
Debtors	11	1,361,120	1,042,758
Bank and cash		7,013,909	5,742,928
		<u>8,375,029</u>	<u>6,785,686</u>
Creditors: amounts falling due within one year	12	<u>(7,371,089)</u>	<u>(7,073,615)</u>
Net current assets / (liabilities)		<u>1,003,940</u>	<u>(287,929)</u>
Total assets less current liabilities		<u>36,186,115</u>	<u>33,842,666</u>
Creditors: amounts falling due after more than one year	13	<u>(9,478,505)</u>	<u>(10,483,348)</u>
		<u>26,707,610</u>	<u>23,359,318</u>
Funds			
Restricted funds		1,447,356	1,206,148
Permanent endowment funds		9,625,137	7,859,955
Unrestricted funds		15,635,117	14,293,215
	17	<u>26,707,610</u>	<u>23,359,318</u>

On behalf of The Governors of the Fettes Trust

Melanie B Wise

The Right Hon Lady Wise
Chair of the Board of Governors

Date: 18/03/22

The notes on pages 28 to 45 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

STATEMENT OF CASHFLOWS

For the year ended 31 August 2021

	Notes	2021 £	2020 £
Net cash inflow from operating activities	18	3,518,325	1,917,824
Investing activities			
Investment income		198,653	275,590
Payments to acquire fixed assets		(908,654)	(487,756)
Net cash to investment managers		(300,000)	(145,000)
Net cash outflow from investing activities		(1,010,001)	(357,166)
		2,508,324	1,560,658
Financing activities			
Loan repayments		(998,551)	(962,689)
Bank loan/hire purchase interest		(238,792)	(299,921)
Commutation payments received/(refunded)		-	42,616
Net cash outflow from financing activities		(1,237,343)	(1,219,994)
Increase/(decrease) in cash and cash equivalents		1,270,981	340,664
Cash and cash equivalents at start of reporting period		5,742,928	5,402,264
Cash and cash equivalents at end of reporting period		7,013,909	5,742,928

Cash and cash equivalents were all cash at bank.

Analysis of changes in net debt

	At 1 Sept 2020 £	Cashflows £	Other non-cash changes £	At 31 Aug 2021 £
Bank and cash	5,742,928	1,270,981	-	7,013,909
Loans falling due within 1 year	(1,003,654)	998,551	(1,019,141)	(1,024,244)
Loans falling due after 1 year	(8,688,640)	-	1,019,141	(7,669,499)
Total	(3,949,366)	2,269,532	-	(1,679,834)

The notes on pages 28 to 45 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

GROUP STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2021

	Notes	Un- restricted *	Permanent endowment	Restricted	2021 Total	2020 Total (as restated)
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	4	146,528	750,000	36,199	932,727	591,427
Other trading activities	4	1,004,364	-	-	1,004,364	1,078,903
Investments	4/10	19,964	-	151,403	171,367	241,141
Charitable activities	4/5	19,565,410	-	-	19,565,410	18,110,558
		-----	-----	-----	-----	-----
Total income and endowments		20,736,266	750,000	187,602	21,673,868	20,022,029
		-----	-----	-----	-----	-----
Expenditure on:						
Trading activities	6	1,509,392	-	-	1,509,392	1,776,284
Investment management costs	6	-	-	42,169	42,169	23,435
Charitable activities	6/7	18,106,336	-	150,297	18,256,633	18,256,558
Governance costs	6	217,566	-	3,145	220,711	-
Other	6	-	-	-	-	236
		-----	-----	-----	-----	-----
Total expenditure		19,833,294	-	195,611	20,028,905	20,056,513
		-----	-----	-----	-----	-----
Net income before net gains/(losses) on investments		902,972	750,000	(8,009)	1,644,963	(34,484)
		-----	-----	-----	-----	-----
Net gains / (losses) on investments		-	1,015,182	221,926	1,237,108	(537,064)
		-----	-----	-----	-----	-----
Net income before transfers		902,972	1,765,182	312,917	2,882,071	(571,548)
		-----	-----	-----	-----	-----
Transfers between funds		(27,291)	-	27,291	-	-
		-----	-----	-----	-----	-----
Net movement in funds		875,681	1,765,182	24,208	2,882,071	(571,548)
		-----	-----	-----	-----	-----
Reconciliation of funds						
Fund balances at 1 September 2020		13,272,702	7,859,955	1,206,148	22,338,805	22,910,353
		-----	-----	-----	-----	-----
Fund balances at 31 August 2021		14,148,383	9,625,137	1,447,356	25,220,876	22,338,805
		=====	=====	=====	=====	=====

* Including retained equity in non-charitable subsidiaries

The notes on pages 28 to 45 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

GROUP BALANCE SHEET

As at 31 August 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	9	25,761,415	26,366,983
Investments	10	8,018,753	6,515,029
		-----	-----
		33,780,168	32,882,012
		-----	-----
Current assets			
Stock		213,386	204,426
Debtors	11	1,454,676	1,123,024
Bank and cash		7,168,741	5,806,766
		-----	-----
		8,836,803	7,134,216
		-----	-----
Creditors: amounts falling due within one year	12	(7,917,590)	(7,194,075)
		-----	-----
Net current assets		919,213	(59,859)
		-----	-----
Total assets less current liabilities		34,699,381	32,822,153
		-----	-----
Creditors: amounts falling due after more than one year	13	(9,478,505)	(10,483,348)
		-----	-----
		25,220,876	22,338,805
		=====	=====
Funds			
Restricted funds		1,447,356	1,206,148
Permanent endowment funds		9,625,137	7,859,955
Unrestricted funds		14,148,383	13,272,702
		-----	-----
	17	25,220,876	22,338,805
		=====	=====

On behalf of the Governors of the Fettes Trust



The Right Hon Lady Wise
Chair of the Board of Governors
Date:

18 / 03 / 22

The notes on pages 28 to 45 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2021

	Notes	2021 £	2020 £
Net cash inflow from operating activities	18	3,663,562	1,925,353
Investing activities			
Investment income	171,367	241,141	
Payments to acquire fixed assets	(934,979)	(551,028)	
Net cash to investment managers	(300,000)	(145,000)	
Net cash outflow from investing activities		(1,063,612)	(454,887)
		2,599,950	1,470,466
Financing activities			
Loan repayments	(998,551)	(962,689)	
Bank loan/hire purchase interest	(238,792)	(299,921)	
Commutation payments received/(refunded)	-	42,616	
Net cash outflow from financing activities		(1,237,343)	(1,219,994)
Increase/(decrease) in cash and cash equivalents		1,361,975	250,472
Cash and cash equivalents at start of reporting period		5,806,766	5,556,294
Cash and cash equivalents at end of reporting period		7,168,741	5,806,766

Cash and cash equivalents were all cash at bank.

Analysis of changes in net debt

	At 1 Sept 2020 £	Cashflows £	Other non-cash changes £	At 31 Aug 2021 £
Bank and cash	5,806,766	1,361,975	-	7,168,741
Loans falling due within 1 year	(1,003,654)	998,551	(1,019,141)	(1,024,244)
Loans falling due after 1 year	(8,688,640)	-	1,019,141	(7,669,499)
Total	(3,885,528)	2,360,526	-	(1,525,002)

The notes on pages 28 to 45 form part of these financial statements

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 August 2021

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 2021 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 2021.

The financial statements of Fettes Active Limited (formerly known as Fettes College Limited), a subsidiary of the Trust, are not consolidated as that company has been dormant throughout its financial years ended 31 August 2021 and 2020 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 parent charity and its subsidiaries have 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 2021

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 2021

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 2021

1. Accounting policies (*cont'd*)

Grant income

Income from Government grants which have performance conditions attached, including the Coronavirus Job Retention Scheme, are recognised as unrestricted income from charitable activities by the Trust when entitlement to the receipt is probable.

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 £121,556 (2020: £224,477).

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

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 £1,620,000 (2020: £1,601,000).

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 2021

4. Income

	2021		2020	
	Trust	Group	Trust	Group
	£	£	(as restated)	(as restated)
	£	£	£	£
Donations and grants	932,727	932,727	416,221	591,427
Trading activities (group is subsidiary income)	2	1,004,364	2	1,078,903
Investment income (interest, dividends and gift aid)	217,653	171,367	308,619	241,141
Charitable activities	19,565,410	19,173,964	18,110,558	18,110,558
	-----	-----	-----	-----
	20,715,792	21,673,868	18,835,400	20,022,029
	=====	=====	=====	=====

Trust and Group:

All amounts included above were attributable to unrestricted funds except for £750,000 (2020: £145,000) of donations which related to a permanent endowment and £36,199 (2020: £21,221) of donations which were restricted. Within Trust investment income £178,694 (2020: £221,491) was restricted. Within Group investment income £151,403 (2020: £185,530) was restricted.

Comparative amounts have been restated to reclassify £659,258 of Coronavirus Job retention Scheme grant income to income from charitable activities instead of donations and endowments.

5. Income from charitable activities

Trust and Group	2021	2020
	£	(as restated)
	£	£
School fees	21,848,919	19,736,945
<u>Less:</u> Bursaries, scholarships and other remissions	(2,678,882)	(2,320,698)
	-----	-----
Net fee income	19,170,037	17,416,247
Other ancillary activities	3,927	35,053
Grant income	391,446	659,258
	-----	-----
	19,565,410	18,110,558
	=====	=====

All income related to unrestricted funds (2020: all)

Comparative amounts have been restated to reclassify £659,258 of Coronavirus Job retention Scheme grant income to income from charitable activities instead of donations and endowments.

6. Analysis of total expenditure

	2021		2020	
	Trust	Group	Trust	Group
	£	£	£	£
Trading activities (subsidiary expenditure)	-	1,509,392	-	1,776,284
Investment management costs	42,169	42,169	23,435	23,435
Charitable activities (note 7)	18,341,728	18,256,633	18,345,088	18,256,558
Governance costs	220,711	220,711	-	-
Other	-	-	236	236
	-----	-----	-----	-----
	18,604,608	20,028,905	18,368,759	20,056,513
	=====	=====	=====	=====

Trust and Group:

All amounts included above were attributable to unrestricted funds except for £42,169 (2020: £23,435) of investment management costs, £150,297 (2020: £189,673) of charitable activities, and £3,145 (2020: £nil) of governance costs which were restricted.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

7. Expenditure on charitable activities

	2021		2020	
	Trust £	Group £	Trust £	Group £
Teaching	9,151,898	8,894,861	9,268,982	9,189,596
Welfare	3,018,442	3,011,842	2,745,648	2,736,503
Premises	3,223,464	3,223,464	3,112,201	3,112,201
Support cost of schooling	1,675,009	1,675,009	1,603,691	1,603,691
Depreciation net of loss/(gain) on sale of assets	1,192,818	1,192,818	1,298,190	1,298,190
Bank interest	258,638	258,638	316,377	316,377
	18,341,728	18,256,633	18,345,088	18,256,558
	=====	=====	=====	=====

Support costs of schooling largely represent administration costs of £1,126,901 (2020: £1,006,382) and sales and marketing costs of £328,569 (2020: £352,499), and have been allocated to the single charitable activity of the Group and Trust.

	2021		2020	
	Trust £	Group £	Trust £	Group £
Auditor's remuneration				
Audit	18,000	30,500	16,000	22,250
Tax	-	5,000	-	3,500
Other services	4,000	5,000	3,750	5,000
	22,000	40,500	19,750	30,750
	=====	=====	=====	=====

8. Staff costs

	2021		2020	
	Trust £	Group £	Trust £	Group £
Wages and salaries	9,771,342	10,393,036	9,550,657	10,273,254
Social security costs	1,045,595	1,091,377	1,015,259	1,062,774
Pension costs	1,519,231	1,553,844	1,502,436	1,541,569
	12,336,168	13,038,257	12,068,352	12,877,597
	=====	=====	=====	=====

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

		2021	2020
Trust	- average number	313	311
Subsidiaries	- average number	56	56
		369	367
		=====	=====

THE GOVERNORS OF THE FETTES TRUST

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

For the year ended 31 August 2021

8. Staff costs *(cont'd)*

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

	2021	2020
Between £60,000 and £70,000	19	17
Between £70,000 and £80,000	5	1
Between £80,000 and £90,000	2	3
Between £90,000 and £100,000	1	-
Between £100,000 and £110,000	-	1
Between £110,000 and £120,000	1	-
Between £120,000 and £130,000	-	1
Between £130,000 and £140,000	1	-

Total pension contributions for the twenty nine staff members earning £60,000 or more were £440,566. 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 £nil (2020: £15,261).

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

9. Tangible fixed assets

Cost	College Premises & Equipment £	Preparatory School Premises & Equipment £	Residential Premises & Equipment £	Vehicles and machinery £	Trust Total £	Subsidiary Premises & Equipment £	Group Total £
At 1 September 2020	14,895,962	5,177,179	22,639,846	469,147	43,182,134	5,954,884	49,137,018
Additions	58,003	156,960	505,710	-	720,673	26,324	746,997
Disposals	-	-	-	-	-	(3,393)	(3,393)
At 31 August 2021	14,953,965	5,334,139	23,145,556	469,147	43,902,807	5,977,815	49,880,622
Depreciation							
At 1 September 2020	7,782,428	2,814,719	9,386,382	353,680	20,337,209	2,432,826	22,770,035
Charge for period	600,802	75,516	462,987	53,512	1,192,817	157,712	1,350,529
Disposals	-	-	-	-	-	(1,357)	(1,357)
At 31 August 2021	8,383,230	2,890,235	9,849,369	407,192	21,530,026	2,589,181	24,119,207
Net book value							
At 31 August 2021	6,570,735	2,443,904	13,296,187	61,955	22,372,781	3,388,634	25,761,415
At 31 August 2020	7,113,534	2,362,460	13,253,464	115,467	22,844,925	3,522,058	26,366,983

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 £3,362,764 (2020: £3,480,454).

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 2021

10. Investments

	2021		2020	
	Trust £	Group £	Trust £	Group £
Market value at 1 September 2020	11,012,783	6,242,142	10,712,561	5,972,920
Additions	1,000,990	1,000,990	3,785,478	3,785,478
Disposals	(452,582)	(452,582)	(3,472,228)	(3,472,228)
Change in unrealised gains	1,218,781	1,198,781	(13,028)	(44,028)
	12,779,972	7,989,331	11,012,783	6,242,142
Cash awaiting investment	29,422	29,422	272,887	272,887
Market value at 31 August 2021	12,809,394	8,018,753	11,285,670	6,515,029
	=====	=====	=====	=====

	2021		2020	
	Trust £	Group £	Trust £	Group £
Loan to subsidiary – secured	2,480,639	-	2,480,639	-
Loan to subsidiary – unsecured	1,620,000	-	1,601,000	-
Listed investments	7,689,231	7,689,231	6,241,042	6,242,042
Cash awaiting investment	29,422	29,422	272,887	272,887
Unlisted investments	690,102	100	690,102	100
CCLA Investment – foundation endowment	300,000	300,000	-	-
	12,809,394	8,018,753	11,285,670	6,515,029
	=====	=====	=====	=====

Investments in individual entities held at 31 August 2021 which are over 5% of total investments consisted solely of investments in and loans to subsidiaries.

Income from investments

	2021		2020	
	Trust £	Group £	Trust £	Group £
Bank interest	19,959	19,964	55,128	55,611
Listed investments	151,403	151,403	185,530	185,530
Loans to subsidiary – secured	27,291	-	35,961	-
Loans to subsidiary – unsecured	19,000	-	32,000	-
	217,653	171,367	308,619	241,141
	=====	=====	=====	=====

Fettes Active Limited

The Trust holds the whole issued share capital of £100 of Fettes Active Limited (formerly Fettes College Limited), a company incorporated in Scotland. The company had £100 net assets at 31 August 2021.

The financial statements of Fettes Active Limited are made up to 31 August and the company has been dormant during the year. Fettes Active 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 2021

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 £941,784 (2020: £1,037,012), a loss before tax of £351,379 (2020: £354,566), and net liabilities of £643,070 (2020: £291,694) 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 (2020: £nil), a loss before tax of £116,140 (2020: £146,562), and net liabilities of £79,641 (2019: £36,499 of net assets). FIL had turnover of £172,837 (2019: £131,614) to match expenditure of £172,837 (2019: £131,614).

The company has issued secured debenture loan notes of £2,480,639 (2020: £2,480,639) to the Combined Investment Fund and unsecured loans of £1,620,000 (2020: £1,601,000) 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 £1,620,000 (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

	2021		2020	
	Trust £	Group £	Trust £	Group £
Trade debtors	150,462	195,025	71,296	94,644
Due from subsidiaries and associated undertakings	238,781	-	12,802	-
Sundry debtors and prepayments	971,877	1,259,651	958,660	1,028,380
	1,361,120	1,454,676	1,042,758	1,123,024
	=====	=====	=====	=====

12. Creditors due within one year

	2021		2020	
	Trust £	Group £	Trust £	Group £
Bank loans (see note 14)	1,024,244	1,024,244	1,003,654	1,003,654
Due to subsidiaries and associated undertakings	68,099	-	139,041	-
Trade creditors	195,023	267,307	514,728	594,645
Taxes and social security costs	263,926	315,003	247,322	273,934
Other creditors	891,559	1,221,537	848,970	875,312
Accruals	521,384	638,682	458,083	522,418
Deferred income (see note 15)	4,407,484	4,450,817	3,861,817	3,924,112
	7,371,089	7,917,590	7,073,615	7,194,075
	=====	=====	=====	=====

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

13. Creditors due in more than one year

	2021		2020	
	Trust £	Group £	Trust £	Group £
Bank loans (see note 14)	7,669,499	7,669,499	8,688,640	8,688,640
Other creditors	1,522,155	1,522,155	1,434,996	1,434,665
Deferred income (see note 15)	286,851	286,851	359,712	360,043
	=====	=====	=====	=====
	9,478,505	9,478,505	10,483,348	10,483,348
	=====	=====	=====	=====

14. Bank loans

	2021		2020	
	Trust £	Group £	Trust £	Group £
Due within one year	1,024,244	1,024,244	1,003,654	1,003,654
Due in one to two years	1,076,783	1,076,783	1,032,059	1,032,059
Due in two to five years	3,700,263	3,700,263	3,322,388	3,322,388
Due in over five years	2,892,453	2,892,453	4,334,193	4,334,193
	=====	=====	=====	=====
	8,693,743	8,693,743	9,692,294	9,692,294
	=====	=====	=====	=====

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.

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

	2021		2020	
	Trust £	Group £	Trust £	Group £
Balance at 1 September 2020	4,221,529	4,284,155	4,191,856	4,257,631
Income deferred in year	4,694,335	4,737,668	3,645,513	3,707,808
Amounts released from previous year	(4,221,529)	(4,284,155)	(3,615,840)	(3,681,284)
	=====	=====	=====	=====
Balance at 31 August 2021	4,694,335	4,737,668	4,221,529	4,284,155
	=====	=====	=====	=====

Deferred income consists of fees that have been paid in advance of the school term to which they relate.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

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 2021

	Fair value through income and expenditure £	Amortised cost Loans and receivables £	Non-derivative financial liabilities £	Total £
<u>Assets</u>				
Investments	8,018,753	-	-	8,018,753
Cash and cash equivalents	-	7,168,741	-	7,168,741
Trade and other debtors	262,353	195,025	-	457,378
<u>Liabilities</u>				
Loans	-	-	(8,693,743)	(8,693,743)
Trade and other creditors	-	-	(2,947,800)	(2,947,800)
	<u>8,281,106</u>	<u>7,363,766</u>	<u>(11,641,543)</u>	<u>4,003,329</u>

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>

Fair Value

Listed investments and the interest rate cap derivative financial instrument referred to in note 14 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 2021

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.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

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

Opening balances at 1 September 2020

Income

Expenditure

Gains and losses

Transfers

Closing balances at 31 August 2021

Represented by:

Fixed assets

Tangible fixed assets (note 9)

Investments (note 10)

Net current assets/(liabilities)

Total assets less current liabilities

Creditors: amounts falling due after more than one year

	Unrestricted		Permanent Endowment Combined Investment Fund	Bursaries/ Scholarships		Restricted		TOTAL
	Fees in Advance	General Fund	Total Unrestricted	£	£	Other	Capital	£
	£	£	£	£	£	£	£	£
Opening balances at 1 September 2020	5,620	14,287,595	14,293,215	7,859,955	1,199,827	6,321	-	23,359,318
Income	4,942	19,745,957	19,750,899	750,000	173,720	41,173	-	20,715,792
Expenditure	(520)	(18,408,477)	(18,408,997)	-	(154,389)	(41,222)	-	(18,604,608)
Gains and losses	-	-	-	1,015,182	221,926	-	-	1,237,108
Transfers	-	-	-	-	-	-	-	-
Closing balances at 31 August 2021	10,042	15,625,075	15,635,117	9,625,137	1,441,084	6,272	-	26,707,610
Represented by:								
Fixed assets								
Tangible fixed assets (note 9)	-	22,372,781	22,372,781	-	-	-	-	22,372,781
Investments (note 10)	-	2,310,102	2,310,102	9,113,023	1,386,269	-	-	12,809,394
Net current assets/(liabilities)	296,893	24,682,883	24,682,883	9,113,023	1,386,269	6,272	-	35,182,175
		133,846	430,739	512,114	54,815		-	1,003,940
Total assets less current liabilities	296,893	24,816,729	25,113,622	9,625,137	1,441,084	6,272	-	36,186,115
Creditors: amounts falling due after more than one year	(286,851)	(9,191,654)	(9,478,505)	-	-	-	-	(9,478,505)
	10,042	15,625,075	15,635,117	9,625,137	1,441,084	6,272	-	26,707,610

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 £359,712 (2020: £428,233); 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 2021

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

	Unrestricted			Permanent Endowment	Restricted		
	Unrestricted Funds	Retained Equity in Unrestricted Subsidiaries	Total Funds	Combined Investment Fund	Other	Capital	Total Restricted
	£	£	£	£	£	£	£
Opening balances at 1 September 2020	13,527,894	(255,192)	13,272,702	7,859,955	6,321	-	1,206,148
Income	19,731,897	1,004,369	20,736,266	750,000	41,173	-	187,602
Expenditure	(18,323,902)	(1,509,393)	(19,833,295)	-	(41,222)	-	(195,611)
Transfers	(85,093)	57,802	(27,291)	-	-	-	27,291
Gains and losses	-	-	-	1,015,182	-	-	221,926
Closing balances at 31 August 2021	14,850,796	(702,414)	14,148,382	9,625,137	6,272	-	1,447,356
Represented by:							
Fixed assets							
Tangible fixed assets (note 9)	23,280,776	-	23,280,776	2,480,639	-	-	-
Investments (note 10)	100	-	100	6,632,384	-	-	1,386,269
Net current assets/(liabilities)	23,280,876	-	23,280,876	9,113,023	-	-	1,386,269
	1,048,426	(702,414)	346,012	512,116	6,272	-	61,085
Total assets less current liabilities	24,329,302	(702,414)	23,626,888	9,175,139	6,272	-	1,447,356
Creditors: amounts falling due after more than one year	(9,478,505)	-	(9,478,505)	-	-	-	-
	14,850,797	(702,414)	14,148,383	9,625,137	6,272	-	1,447,356

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 £359,712 (2020: £428,233); 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 2021

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

	2021		2020	
	Trust £	Group £	Trust £	Group £
Net income/(expenditure) for year	2,111,184	1,644,962	466,641	(34,484)
Depreciation charges	1,192,818	1,350,529	1,298,190	1,455,692
(Gain)/loss on disposal of fixed assets	-	2,037	-	-
Transfer to/(from) bad debt provision	(7,004)	(7,004)	116,009	116,009
Decrease/(increase) in stock	-	(8,960)	-	6,971
Decrease/(Increase) in debtors	(311,358)	(324,648)	444,462	200,936
Increase/(decrease) in creditors	479,161	906,835	(398,780)	121,449
Investment income receivable	(217,653)	(171,367)	(308,619)	(241,141)
CIF Capital Expenses	32,386	32,386	-	-
Bank loan interest payable	238,792	238,792	299,921	299,921
	=====	=====	=====	=====
	3,518,325	3,663,562	1,917,824	1,925,353

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 £1,280,365 (2020: £1,270,693) 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 £160,036 (2020: £154,743) and this was paid over in September 2021. In addition, employee AVC contributions for August 2021 amounting to £10,648 (2020: £9,554), were paid over in September 2021.

The pension cost for the period for non-teaching staff was £238,866 (2020: £231,743) 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 2021 of £32,398 (2020: £31,488) were due to be paid to the group stakeholder pension scheme at the year end and this was paid over in September 2021.

THE GOVERNORS OF THE FETTES TRUST

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the year ended 31 August 2021

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

	2021		2020	
	Trust £	Group £	Trust £	Group £
Within one year	548,639	566,034	513,724	543,538
Between two and five years	2,162,400	2,162,400	1,928,039	1,944,727
Over five years	3,151,698	3,151,698	3,278,400	3,278,400
	-----	-----	-----	-----
	5,862,737	5,880,132	5,720,163	5,766,665
	=====	=====	=====	=====

21. Commitments

The Trust had capital commitments at 31 August 2021 of £nil (2020: £nil). Fettes Enterprises Limited and Fettes Centre for Language & Culture Limited and Fettes International Limited had capital commitments at 31 August 2021 of £nil (2020: £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 £1,433,333 (2020: £1,783,333).

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 £676,897 (2020: £615,238) 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 (2020: £63,475) and sold goods to the Trust amounting to £38,639 (2020: £35,634), 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 was due £237,935 to the Trust (2020: £139,041 due by the Trust).

Fettes Centre for Language & Culture Limited was due £423 (2020: £16,035) to the Trust at the year end.

Fettes International Limited is owed £7,233 (2020: £3,233) by the Trust at the year end.