

Fettes College

Annual Report & Financial Statement

Fettes College is a registered Scottish Charity, No SC051259 and as such we produce an annual report which includes details of our aims and objectives, achievements and performance as well as a full financial review.

Responsibility – Chair of the Board of Governors

Fettes College

**Report and Financial Statements
for the year ended 31 August 2023**

Scottish Charity number SC051259

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ADMINISTRATIVE AND LEGAL INFORMATION

Governors

The following persons served as Governors during the period from 1 September 2022 to the date of approval of these Financial Statements (OF designates Old Fettesian):

Name	Appointed by
The Rt Hon Lady Wise (Chair)	Senators of His Majesty's College of Justice
Mr R M Leckie (OF) (Deputy Chair)	Old Fettesian Association
Mr H W D Bruce-Watt (OF)	Society of Writers to His Majesty's Signet
Mr P L Gray KC	Faculty of Advocates
Professor A E Thomas OBE	Royal College of Physicians of Edinburgh
Mr B R Aird	Co-opted (Retired 30 th June 2023)
Mr G K Barrie	Co-opted
Mrs E L Goodburn (OF)	Co-opted
Mr P D Hunter	Co-opted
Mrs I A Keith	Co-opted
Mr J C Lang (OF)	Co-opted (Retired 30 th June 2023)
Ms E McAreavey	Co-opted (Retired 30 th June 2023)
Ms L S Paterson	Co-opted
Mr W Sinclair	Co-opted
Ms Elaine Logan	Co-opted (from 1 st September 2023)
Professor M Griffin	Co-opted (from 1 st September 2023)

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

The Finance Committee

Mrs I A Keith (Convener)
Mr B R Aird
Mr H W D Bruce-Watt
Mr R M Leckie
Mr W Sinclair
The Rt Hon Lady Wise

The Preparatory School Committee

Mr H W D Bruce-Watt WS (Convener)
Mr P D Hunter
Professor A E Thomas OBE

The Risk Management Committee

Ms E McAreavey (Convener - Retired 30th June 2023)
Mrs I A Keith (Convener - from 1st July 2023)
Mr G K Barrie
Mr K McDowell (by invitation)
Ms L S Paterson

Buildings Committee

Mr W Sinclair (Convener)
Mr J Beeton (by invitation)
Mrs C Pilz (by invitation)
Mr E M Young (by invitation)

Academic Committee

Mr P D Hunter (Convener)
Professor A E Thomas OBE
Ms E L Goodburn
The Rt Hon Lady Wise

Nominations Committee

Ms E L Goodburn (Convener)
The Rt Hon Lady Wise
Professor A E Thomas
Mr P L Gray KC

Company Secretary

Mr C K Oliver OBE

ADMINISTRATIVE AND LEGAL INFORMATION (cont'd)

Head

Mrs H F Harrison

Bursar

Mr P J F Worlledge

Registered Address

Fettes College
Carrington Road
Edinburgh
EH4 1QX

Place of Business

Fettes College
Carrington Road
Edinburgh
EH4 1QX

Auditor

Henderson Loggie LLP
11-15 Thistle Street
Edinburgh
EH2 1DF

Bankers

Bank of Scotland
43 Comely Bank
Edinburgh
EH4 1AF

Investment Managers

CCLA
One Angel Lane
London
EC4R 3AB

Scottish Charity Number

SC051259

Fettes College is a charitable Company Limited by Guarantee ("CLG"). The CLG, which is also a registered Scottish Charity (No. SC051259), uses its funds and assets for the provision and advancement of education. The directors are obliged under the articles to maintain and develop Fettes College ("Fettes" or "the School") as a school for boarding and day students. Details of the Directors, who are Trustees for the purpose of charity law and henceforth referred to as Governors in this report, senior managers, advisers, and the principal address of the CLG are listed on pages 2 and 3 of this report.

As part of its ongoing review of governance, the Governors had reviewed the previous structure of the original 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 resolved to alter the legal form of the Trust from the then body corporate entity to a CLG. The Governors were of the view that a charitable CLG provides a more robust, modern and flexible structure going forward. The intention was always that there would be no departure from the original Trust's existing charitable purposes as a consequence of this change which took place with effect from 1st September 2022.

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.

The Head during the year was Mrs Helen Harrison.

The Administrative and Legal Information on pages 2 – 3 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board comprises up to nine elected governors and a balance of co-opted governors, such that the total size of the Board may not exceed 14 governors. The elected governors are drawn from the following bodies, any of which may be invited to elect one person:

- a) Senators of His 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 His 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 students of Fettes College.

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

New Governors are inducted by briefings from the Company Secretary, by initial meetings with senior management and subsequent regular visits to Fettes which includes both the Senior School for students between the ages of 13 and 18 and the Preparatory School for students 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 Committee meetings, as appropriate, 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 usually arranged to coincide with the end of the Financial Year in question.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Management

The Governors have overall responsibility for ensuring that Fettes provides the best possible education for its students, 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 at least 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 the Right Honourable Lady Wise.

In addition, a Finance Committee of Governors comprising a subset of the Board meets up to ten times a year. The Finance Committee reports to the Board and is responsible, inter alia, for overseeing the financial and operational activities of the School and its 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 Finance Committee consists of a Convener and at least four other Governors elected from the members of the Board.

The Preparatory School Committee consists of a Convener and at least three other Governors elected from time to time from among members of the Board. It has the power to co-opt other members from within or outside the Board and meets four times a year to consider and monitor the workings of the Prep School and to safeguard its interests within the overall strategy and objectives agreed by the main Board and Finance 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 the School 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, along with the academic leadership teams of both College and Prep School, meets 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.

Two governors with specific responsibility for Safeguarding report regularly to the Board as a whole on matters involving Safeguarding within any part of the School community. The mechanism by which they are kept informed of relevant matters is covered in more detail below.

All of the aforementioned sub-committees of the Board have and report against formal terms of reference determined by the Board as a whole and have the authority to co-opt members not on the Board to supplement experience and expertise where appropriate.

KEY MANAGEMENT PERSONNEL

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 Company Secretary attends and minutes the Board meetings and Finance, Risk Management, Academic and Nominations Committee meetings.

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.

Group Structure and Relationships

Fettes College 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 boards 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 students at Fettes by raising funds for investment in facilities and bursaries or by providing other direct financial aid to the School and its students. The Fettes Foundation is operationally independent and has its own Board of Trustees, some of whom are also Governors.

STRATEGIC REPORT

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 School, 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 School's objectives for the year were to:

- uphold and build upon the educational standards offered to the students and assist them in achieving their potential within a caring and happy environment;
- recruit new students and maintain the level of the student roll achieved in recent times whilst enhancing the boarding school ethos of Fettes;
- fully expend available funds for bursaries to those for whom a Fettes education is not otherwise accessible;
- 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 School Improvement Plan for the School to meet its future needs and challenges;
- meet all statutory obligations placed upon the School and its activities; and
- exercise due diligence in the management of the School's finances whilst meeting its objectives.

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

Fettes' vision and strategy, entitled *Fettes Moving Forward: A place to live. A place to learn. A place to grow.* are founded on the four key strands of learning, wellbeing, the community and people, each of which is integral to the ongoing success and growth of the school. There are many parts to all of these strands, including the design of a curriculum for the future, further broadening engagement in and with the local community and a steadfast belief in promoting a full boarding ethos but central to each in some way is the improvement and/or development of facilities to allow the vision to be fully realised.

Public Benefit

The gradual lifting of prolonged pandemic restrictions coupled with a heightened concern for health in several quarters has in some areas had a prolonged impact on the extent to which the School and its students could deliver 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.

FetLor Youth Club is a charity which offers children and young people in the North of Edinburgh a safe place to develop their resilience and confidence, achieve their potential and enjoy a hot meal, even in times of challenge, hardship and real need. Up to 300 young people are welcomed to the Club each week and all activities and food are free of charge. Fettes' bond with the FetLor Youth Club continues to grow through shared use of assets and resources with young people both from working together on a variety of projects, including gardening and FetLor renovations, climbing wall instructor lessons, use of the Fettes Low Ropes leadership training course and mentoring. In addition, members of the Fettes Leadership Team play an active role in strategically driving FetLor forward and this year, the School has further developed its ties by sourcing, subsidising and supporting the provision of hot meals – currently 50 – 100 per day, to FetLor on three days each week. Additionally, any surplus food, milk, etc. is donated to FetLor at the start of the School holidays.

Fettes continues to run the Fettes Kickstart bursary programme and works pro-actively with five local primary schools and schools across Scotland to identify candidates who would benefit from a Fettes education despite not having the financial means otherwise to attend. This initiative sits alongside the core Fettes bursary awards scheme which is covered in more detail below and which seeks to offer financial support to any families who otherwise would not be able to afford the fees. The Kick-start bursary provides a fully funded boarding place for 11-year-old students and the School awards two each year. Kick-start has been in operation since 2018, initially for students within Edinburgh, and there are currently 12 Kick-start students at Fettes.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Public Benefit (continued)

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 Captivate Drama, the latter offering learning and entertainment to more than 50 children from across Edinburgh on a weekly basis for no fee, leading to regular public performances in the School's theatre. A new initiative this year was to offer the School's wardrobe facilities for Captivate Drama's 2023 Fringe show.

The School continued to involve and support students from local Edinburgh High Schools with its careers programme. Edinburgh High School students from Craigmount HS, Leith Academy, Queensferry HS, Boroughmuir HS, James Gillespie's and Drummond Community HS joined the Science Society lectures with Professor Mutapi (Biology) and with Professor Martin (Physics). They were also able to participate in the Sandy Gunn Aerospace Careers Programme. Participation in these sessions gave students in S4, S5 and S6 the opportunity to explore and engage with University academics and their scientific subjects of interest.

On Friday 10th February, 160 S5 students from Edinburgh High Schools, including Broughton HS, Firrhill HS, Portobello HS and Trinity Academy attended a Higher Education & Career Exploration Day. Over 50 stand holders exhibited in the morning, including 27 universities from across the UK, GAP year organisations and employers. In addition, attendees were able to meet experts from a range of professions and attend a series of talks on UCAS and on student finance. Alongside these events, 21 Oxbridge applicants from Balerno HS, Boroughmuir HS, Currie Community HS, Firrhill HS, James Gillespie's, Craigmount HS, St Thomas of Aquin's RC HS, The Royal High and Trinity HS undertook a practice interview along with feedback through the Fettes Career Partnership Programme. Students registered for an interview and supplied a copy of their Personal Statement. Academic members of the Fettes Teaching Staff, along with Parents and Old Fettesians questioned students on their statement, discussed broader topics and reading as well as previously unseen material. Students were provided with feedback to help them in their final preparation. Several students were offered ongoing advice and further interview practice.

The annual Fettes Fourth 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 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, local schools, Lacrosse Scotland, Scottish Cricket and Scottish Hockey.

Fettes continues to be heavily involved in volunteering and fundraising to support SuperTroop, an Edinburgh based charity set up to provide residential breaks and respite care for children with physical and learning disabilities. Each year, staff and students organise, run and host a week-long residential holiday for the SuperTroop children during July – this residential holiday facility is provided free of charge and involves transforming one of the Fettes boarding houses into an accessible residential location for the residents to enjoy. Fettes staff also provide all housekeeping and catering facilities throughout the week, work closely with the SuperTroop staff to run the activities programme and around two dozen students volunteer to provide 1:1 round the clock support to each of the SuperTroop children. To support the residential holiday, students raised over £10,000 through fundraising this year to pay for travel, admission to places such as Edinburgh Zoo, fun activities and art supplies for the 16 young people staying, with their peers, on the holiday. In addition, two members of Fettes staff volunteer as Trustees of SuperTroop and another fulfils the volunteer role of Finance Manager for the charity. SuperTroop is a charity very close to the hearts of everyone at Fettes and the Governors are proud of the relationship which has developed with such an important Scottish charity.

The notion of giving back and offering support to others is firmly embedded within the staff and student body alike and there are many examples, both in the wider community and beyond, of efforts made by Fettesians to support others. A typical example involves members of the teaching staff offering in this case weekly language teaching to pre-school children at a local nursery.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Community Engagement

In previous years, the Art Department has worked with a former artist in residence as well as contacts developed within Artlink to develop and offer art activities and access to facilities to adults and young people with a range of disabilities. The Artlink initiative has been particularly successful as the department had further developed relationships with several artists and facilitators within the organisation. It has proved more difficult to drive those initiatives forward this year for several reasons but the relationships remain and the department fully intends to capitalise on them in the future. The department also organised a half day art activity for the SuperTroop holiday makers this year which was staffed by two art teachers and assisted by an OF who is currently at Art College, bringing practical expertise and experience of working in community education settings. A new initiative started in the year was the gathering and organising of art materials and resources that the department no longer requires for distribution to charities and local primary schools and students have spent time building packs for distribution.

'Opportutoring', the service option of teaching English to refugees online, developed by Old Fettesians, was a success in its first year and continued into 2022/23. The Lower Sixth volunteers underwent the training and selection process and the first live lessons commenced in January 2023.

The School's connection with Craigroyston Primary through Place2Be was once again 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.

Two school days per year are typically assigned as "Volunteering Days" where almost all students venture into the local community to support ongoing projects and charities and this year the 'King's Coronation Big Help Out' added a further opportunity for the School community to get involved. Sustainability and environmental improvement were at the forefront of most activities this year and most still take place outside due to a lingering reluctance for large indoor groups. The School maintains strong links with Warriston Cemetery, various food banks (including the Cyrenians), local care homes (Queens Manor and Cramond Residence) and Ukrainian aid support (Newbridge). Students have developed strong relationships with green spaces within a walking distance of Fettes; Starbank Park, Inverleith Park, Corstorphine Hill and certain land agencies that handrail the cycle path. As mentioned above, FetLor Youth Club continues to be a vital connection to Fettes with initiatives such as Home Work Club, activity days and Summer experience weeks being organised.

The Young Philanthropy Initiative runs in schools across Scotland every year. The Wood Foundation, founded by the oil entrepreneur Sir Ian Wood, provides £2,500 to each school. Students compete for this award on behalf of their chosen charity and bid for £3,000. The key criteria are that the organisation must meet a social need and that there must be a business plan for the £3,000 of funding; £500 of that sum comes from Fettes. The panel of judges was impressed, as always, by the range of social issues in which young Fettesians are interested: homelessness, loneliness, disability, poverty, mental health. Any of the six finalists might have won but, in the end, one group's approach did stand out and secured the award for Mwamba, an advocate for women of African and other minority heritage, based in Leith. Mwamba helps people in their native language with education, careers advice, escape from domestic abuse and more. The team visited the charity, interviewed the founders and met some of those with whom the charity works. All of this – and the skills they learned about managing a team project – enabled them to speak passionately and persuasively, securing valuable funding.

Charitable Fundraising

As has been the case for the last ten years, Harvest produce was collected and delivered to the storage facilities of Edinburgh City Mission's food banks. It is not possible to put a monetary value on this collection but, as is always the case, the School makes a significant contribution to the ongoing operation of these food banks.

The whole school charity run this year raised over £15,000 across all the Houses and after last year's innovative addition of swimming, this year saw the introduction of erg skiing alongside rowing and a half marathon biathlon.

At the start of the Ukrainian refugee crisis, the Fettes community responded by donating large amounts of aid in the form of food, clothing, bedding, emergency medicines and toiletries. This was then processed with the help of Sixth Formers who volunteered in sorting, repackaging and labelling in English and Ukrainian 60 boxes and 50 bags of aid. These were delivered to transporters, co-ordinated by a local Ukrainian Society, which headed to Lviv and then to Kharkiv on 21st March.

Almost 500 Fettesians took part in what is fast becoming an annual event to raise significant funds for SuperTroop. Students worked in groups to continuously carry a large 100kg log up and down the West drive until finally resting it on the ground 24 hours later. The £20,000 raised comfortably paid for, amongst other things, every timetabled event during the week long SuperTroop holiday at Fettes in July.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Charitable Fundraising (continued)

There were more than a dozen other fundraisers during the year, with whole school events, such as 'own clothes' days, and a good number of smaller scale House events, including the ever popular bake sales. Fundraising highlights for the year included two events which, together, raised over £8,500 for the Teapot Trust. In addition, £900 was raised for the Mountain Bothies Association, £600 for Save the Elephants, £500 for the Edinburgh Rape Crisis Centre and over £6,000 towards a host of charities, including MIND, SCORE Scotland (which addresses racism), the Rock Trust and St Cuthbert's work with the Homeless.

SAFEGUARDING

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. To ensure that the Governors can effectively monitor, support and challenge the school and its pastoral management,

the Safeguarding Governors visit the school regularly and feedback any findings to the Safeguarding Committee and to the board each term.

The continued impact of Mental Health issues can be seen both nationally and at Fettes and a number of students continue to access the School's additional support services - life coaching, in-house counsellors and clinical psychologists. House staff are also integrally involved in supporting the students and some of the School's resident boarding staff have started to undertake supervision or reflective practice sessions. These can be very effective in reviewing professional practice and enhancing staff wellbeing; Governors are keen that the School takes a lead in establishing this provision initially for its own staff and then to share good practice with other schools and possible partner organisations in the future.

Some staffing changes this year are already contributing positively to enhance the care and welfare of our students; the new role of Head of Wellbeing is a welcome addition as the School continues with preparations for its new Wellbeing Centre and the Safeguarding Lead has now joined the Pastoral Leadership team.

The newly created Diversity, Equity & Inclusion ("DEI") team will allow the School to turn intent into action regarding the recommendations which were identified last year; the DEI lead has already started to review policies and processes and to introduce initiatives across all areas of school life and a number of students and staff are keen to engage with this important DEI work.

Aside from the day to day oversight of staff wellbeing monitored by the Pastoral Leadership Team, the School's employee assistance package, WeCare, offers a wide range of medical, counselling and general support and advice, both in person and virtually and is available to all staff, whether directly involved in the care of students or not.

Diversity, Equity & Inclusion

The Governors are committed to the School's principal aim of nurturing the individual while fostering a happy, well-ordered and caring community, as part of their ongoing aspiration for Fettes to be a school where everyone feels they belong and where they can be themselves. To that end, the Governors believe all members of the Fettes community, staff and students alike, have an individual responsibility to contribute positively to a tolerant, inclusive school society. This is supported by the excellent relationships between students and staff. Students are asked to pursue their own goals with enthusiasm but with respect for others; they are asked to treat others with empathy, understanding and tolerance.

Building on the initiatives which emerged from the May 2021 Fettes Equality Group survey, two members of the pastoral team completed the Boarding Schools' Association DEI Lead Certificate Programme, attending several online training days throughout the session, listening to experts in the field and sharing examples of good practice. It was encouraging for them to discover that several of the recommendations of good practice are already well established in the Fettes culture.

In early 2022, the School entered into a partnership with Inclusion Labs whose aim is to embed diversity, equity and inclusion into every young person's educational, cultural and personal development. There is now a Working Group of staff (operational and teaching) and students who will help lead this change and that group continues to meet on a regular basis.

SAFEGUARDING (continued)

Diversity, Equity & Inclusion (continued)

Now in its second year, the relationship with Inclusion Labs continues to develop. With their support, the School undertook a further survey regarding the journey Fettes has taken so far and it included Governors, parents, staff and students. The results were shared with the working group and the founder of Inclusion Labs, spoke to the group about the results and delivered some training and next steps through the MoSCoW prioritisation method - "must-have," "should-have," "could-have," and "won't-have (this time)." Following on from this a new DEI Lead and DEI Co-ordinator were appointed and started their work in September 2023.

Students and staff recently enjoyed hearing a former student coming to speak about their experiences at school, university and specifically playing sport. It was hugely impactful to all hearing about their experiences, both positive and negative, in each different area of life and how it is often the small things make all the difference. Equally powerful was the talk by Seonaid King, Seonaid is a London barrister who specialises in this growing area of law. Her work encompasses contentious and non-contentious advisory work and she has appeared as sole counsel at all levels up to the Court of Appeal. Her work includes day to day business issues, shareholder disputes, as well as litigation relating to sex, race, age, redundancy, mergers, employee rights, whistleblowing and equal pay. She has provided advice and representation for class actions brought by public sector claimants in equal pay claims and to individual employees in City employment.

Fettes continues to ensure it has a diverse, equal and inclusive community and this ambition has been further boosted with the new DEI lead and co-ordinator appointments.

The School's inclusive and ecumenical Christian tradition is nowhere better exemplified than in the strength of attendance by students, including many of different faiths, at Chapel services throughout the academic year. The numerous contributions from students, staff and outside speakers that enliven the proceedings and bring sections of the whole School community together have happily returned to pre-pandemic levels of frequency this year.

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, 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 and its second submission later in the same year, issued a full and unreserved apology to everyone who suffered abuse at Fettes.

It is anticipated that the Chair of the Inquiry, Lady Smith, will publish reports on each school on an individual basis and then a summary report on recommendations but no publication dates have been announced. The Inquiry has, to date, not published any recommendations.

RECORD OF ACHIEVEMENTS AND PERFORMANCE

Student numbers and inclusion

During the year, the School offered primary and secondary education to boys (412) and girls (368) between the ages of 7 and 18. The School educated 780 students (2022 : 803) of whom 465 were boarders (2022 : 471) and 315 were day students (2022 : 332). The ratio of academic staff to students was at a healthy 1:6 during the year (2022 : 1:6). The student population was drawn as to 70% from Scotland and the rest of the UK with 30% living overseas and over 30 countries represented in the student body.

Bursaries, scholarships and other remissions totalling £2,857,328 (2022 : £2,683,286) were granted in the year representing 11.4% (2022 : 11.3%) of gross fees. Means tested bursaries amounted to 73% (2022 : 74%), non-means tested scholarships to 9% (2022 : 8%) and other remissions, including sibling remissions, to 18% (2022 : 19%) of the total.

76 students (2022 : 82) or 10% (2022 : 10%) of the School roll received means tested bursary assistance during the year, amounting to £2,081,871 (2022 : £1,975,513). 52 students or 68% of means tested award holders received awards in excess of 60% of the relevant fee and 42 of these received awards of at least 80% of the relevant fee, including 28 on a 100% remission.

RECORD OF ACHIEVEMENTS AND PERFORMANCE (continued)

Student numbers and inclusion (continued)

The proportion of bursary and scholarship remissions financed by restricted funds was 5.1% with the remaining 94.9% 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's exam results in 2023 need to be evaluated through the unique national picture of English qualifications returning to 2019 grade thresholds with some subjects increasing grade boundaries even further and the specific academic characteristics of the Leavers of 2023.

A Level results in 2023 were somewhat lower than last year with 10% of grades at A* and 32% at A*/A compared to 16% and 42% in 2022. The same pattern was evident in the A*-B metric where performance dropped from 76% to 67%.

International Baccalaureate results were calculated using a different system and, perhaps for this reason, compared favourably with 2022: the IB average was 37 (the same as last year) with 27% of students exceeding 40 points, compared with 30% in 2022.

The set of results this year from the GCSE cohort were, however, particularly pleasing with 25% of all grades at 9, exceeding the 2019 outcome. The excellent outcomes at GCSE are supported by the Value-Added data for this phase, with students achieving over half a grade better (+0.6) on average relative to their underlying ability. This compares very favourably with similar schools, where anything above +0.4 is considered excellent. This suggests that teaching and learning at Fettes accounts for better-than-expected outcomes with a 95% confidence indicator.

University and Higher Education destinations remain competitive at the upper end; the proportion of students heading to Oxbridge and Russell Group destinations have remained consistent over the last few years with overseas routes, such as the US and Europe, becoming increasingly popular and accessible. In 2023, over 99% of students secured places at chosen universities with over 5% heading to highly competitive university destinations in the USA. It can be stated with a fair degree of certainty that Fettesians are securing university destinations on a consistent basis, that rank among the most competitive in the world.

Academic performance remains strong at Fettes. There is always room for improvement which continues to be addressed rigorously with the assistance of and input from Heads of Department.

Members of the academic staff continued to undertake voluntary work in a number of associations, promoting and developing their particular subject and all of them were involved in the Oxbridge interview evening for students from local, maintained schools. The School regularly acts as a centre for students outside the School wishing to be entered for exams administered by the English examination boards. The School is also an American College Testing (ACT) test centre and any students from the wider region who are applying to US and other international colleges and universities can choose to sit these tests at Fettes. In addition, whenever the School hosts US college information evenings run by travelling university admissions officers, students from school in Edinburgh and beyond are also invited.

The Senior Leadership Team and Governors 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.

Curriculum Changes

The School constantly reviews its curriculum to ensure that it facilitates the best possible outcomes for its students. In particular, the School engages regularly with universities and has used that dialogue to inform decisions around the most appropriate subject options for certain specialist undergraduate courses.

Mindful of their responsibilities to ensure students are prepared academically for an ever-changing environment for jobs and career choices, the Governors last year tasked the Academic Leadership Team to consider any gaps in the current curriculum offering. The outcome of that exercise and review was the recommendation and subsequent introduction of a new option into the Third Form and beyond: Engineering, Enterprise and Technology ("EET") is a course designed to fill a gap in the School's provision for design, innovation, technology and creativity. The creation of the new course took inspiration from other schools offering a similar course and the 2023 cohort of 3rd Formers and 4th Formers has enjoyed and benefited from the introduction of a course which provides flexibility and adds innovation to the School's curriculum.

RECORD OF ACHIEVEMENTS AND PERFORMANCE (continued)

Curriculum Changes (continued)

The School is committed to retaining and building on the what was learnt about digital teaching and learning during the pandemic. The use of technology in the classroom is important but there needs to be a balance between using technology to enhance the provision whilst ensuring that students are still prepared to complete handwritten exams. An example of successful application is to encourage students to use 'digital inking' on their devices, thus harnessing the technology without losing the manual dexterity needed for handwritten exams. Ultimately, the desire is to strike a healthy balance between the amount of screen time students are exposed to and giving them experience of handling tangible resources such as books and newspapers and developing the written for drawing diagrams, which are still required for public examinations.

Other achievements

Numerous student societies continued to thrive at Fettes during the year, providing a lively and informed environment for students to develop their debating skills, their interest in politics, science, the arts and humanities.

As already mentioned, volunteering continues to provide a platform for students 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 emphasis this year has been sustainability and supporting the environment with significant effort made to maintain or improve local green spaces and walkways.

Sport

Embedded as it is within the daily lives of all the students at Fettes, exercise and the sports programme in particular go from strength to strength each year. Sport and exercise play a major role in the life of the School and 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 an exercise programme has on their mental wellbeing.

The inclusive nature of the School's sports programme allows students more choice when it comes to their mode of exercise. 'Core' sports remain and expand all the time with girls' cricket and football now extremely popular and well supported but opportunities 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 and that is evident from the level of engagement witnessed day in, day out.

The quality of the facilities, having them all centred on one campus and access to internal and external coaches inspires the students to give of their all and nothing demonstrated the School's 'culture of activity' more than over 400 students taking part in both the Steeplechase and the Mile Relays and the entire school going out in force to participate or watch.

This has been another year of undoubted progress on the sports fields at Fettes. The highlights tell of five national titles and record levels of participation, however, there is much more to a successful games programme than results and participation and the level of interest, enthusiasm and support shown by every member of the community in their friends' achievements is humbling.

Lacrosse continues to fight for recognition in Scotland by comparison with its counterpart in England but it is a sport enjoyed by many Fettesians as the 1st X team secured its maiden win at the Lacrosse Scotland tournament and the first of Fettes' national titles for the year. Netball continues to grow under superb coaching and leadership and delivered the School's second national title at the Under-14 level, a result which bodes well for the future. Another highlight of the year was delivered by the Boys 1st XI Hockey team who defeated Strathallan in the Scottish Cup Final and the Under 15 Boys Hockey team followed them with a convincing win in the final of their Scottish Cup to win the School's 4th National title. The 1st VII competed at the prestigious Rugby School Invitation 7s tournament held at the start of the Easter holidays; the squad delivered a series of excellent performances against elite teams from around the world.

Increased participation in athletics at Fettes is certainly bucking the national trend and the plan for more competitive fixtures is already in place for next season. The cricket season saw almost entirely blue skies and the girls' and boys' teams performed well, none more so than the Under-14 teams who went undefeated. The final highlight of the year featured the Girls' 1st XI who retained their Scottish Cup with a thrilling 10 run victory over George Watson's College, the 5th national title. It was a fitting end on his retirement to Bruce Russell's legacy as Head of Cricket.

RECORD OF ACHIEVEMENTS AND PERFORMANCE (continued)

Sport (continued)

A summer tour to South Africa was eagerly anticipated by 65 lucky students with a major emphasis this time on raising funds for and volunteering at two local charities: GreenPop, an organisation working to restore ecosystems through forest restoration and Connect Sports Academy, a community based sports charity, based in the township of Khayelitsha, dedicated to providing access to resources and opportunities for disadvantaged young people. All of the students on tour learnt and gained much from the experience.

Art

With several new exhibitions planned and mounted during the year, including the GCSE and Upper Sixth Form Interim Exhibition, the exam candidates were able to test their ideas to a far greater extent than previously mid-way through the Autumn term. The early deadline imposed by this initiative helped them generate a momentum in the studio and allowed the audience an insight into research ideas, hinting at what might be on show in the Summer.

The lively 3rd Form Exhibition in January was also a new addition to the department's exhibition programme and was closely followed by the Lower Sixth Artist book exhibition in early February. Finally, the department celebrated the hard work and determination of the exam candidates in the End of Year Exhibition. A significant number of leavers gained offers and took up places at highly regarded and competitive colleges and universities to study Art, Design and Architecture.

Drama

The Drama Department aims to maintain a high profile both within the School and beyond. It holds several major co-curricular productions per year as well as up to fifteen curricular performances as part of the assessment for the various qualifications offered. Cross-curricular ventures included a theatre production workshop from the Royal Conservatoire of Scotland in conjunction with the music department and a Theatre in Education performance with the PSE department. The IGCSE, A-level and IB students had monologue workshops with a professional actor and, in addition, students are always encouraged to work with professional companies, with some appearing in film, theatre and television work.

With life returning to normal patterns after the pandemic, this year saw the return of House plays, with a successful production of the 'The 39 Steps' from Carrington and College West. Similarly, the Drama Department facilitated the first Lower Sixth Play for several years, with a team of actors and directors presenting a version of 'Macbeth', rewritten to centre around Lady Macbeth's views and experiences. The Middle School Play Festival took place again this year, with some imaginative adaptations of HP Lovecraft stories, using physical theatre and dramatic narration effectively. The main school production this year was Bertolt Brecht's 'The Resistible Rise of Arturo Ui', an ambitious production that involved over 50 students in a multimedia, epic theatre approach.

The appointment of a new theatre technician has expanded the School's in-house on and off stage support, enhancing the productions and benefitting the academic coursework pieces for GCSE and A-level Devised Drama presentations. Theatre continues to be a significant route for tertiary education with Fettesians going on to study both Drama and Technical Theatre.

Music

Following the Covid restrictions of the previous two years, it was back to normal with a full diary of music events and in-person concerts. The department delivered wonderfully varied, entertaining and moving programmes in the Autumn and Spring Concerts in St Cuthbert's and, of course, the whole College Carol Service in December. The Chapel Choir, back in regular Sunday Chapel service, received an invitation courtesy of the BBC to form part of the congregation for the BBC One Scotland Christmas Celebration (broadcast on Christmas Eve) recorded in St Mary's Cathedral and also performed Carol Singing for the residents of the Queen's Manor Nursing Home. A new initiative, 'St Giles'@6', is a concert in late April for the Chapel Choir and senior soloists to play to an appreciative audience—this is something the department hopes will become an annual event. Another innovation this year were two 'Open Mic' nights, held in the less formal setting of the Theatre and hence allowing for a more relaxed atmosphere and contemporary repertoire to be explored, whilst raising funds for Fetlor Youth Club. The final week of the year saw a superb Leavers' recital in the Canongate Kirk and Founder's Eve concert on the Queen's Lawn – much enjoyed by all, performers and audiences, alike. Instrumental teaching remains ever popular with the highest standards being on display in our Instrumental/Piano and Solo singing House Competitions.

RECORD OF ACHIEVEMENTS AND PERFORMANCE (continued)

Combined Cadet Force and Outdoor Pursuits

The CCF at Fettes offers students 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 student involvement and responsibility. Specifically, senior cadets arrange internal promotional courses for junior cadets throughout the year and interview their successors for the Senior NCO 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 the expectation is to have over 40 students attending in 2024.

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 Challenge", a non-uniformed activity that introduces Fourth Form students to the soft skills of leadership through the medium of Outdoor Pursuits, has proved a success. This has been quantified by seeing 85% of last

year's Fourth Form progressing voluntarily into the CCF in the Fifth Form. The Challenge is still led by CCF cadets who act as role models with a view to encouraging students to volunteer into the CCF at the start of Fifth Form. The Challenge continues to evolve, the training syllabus has been adapted and there has been an influx of Fettes staff who are very willing to support the Challenge.

Duke of Edinburgh Award Scheme

The School celebrates the Duke of Edinburgh Award Scheme and the Governors fully support the sense of personal responsibility and development it engenders. Almost the entire Third Form submits to the Bronze level with a significant proportion progressing to the Silver and Gold Award levels. This year, 26 students completed their Gold Award, culminating in a hiking expedition in Aviemore and a canoeing expedition on Loch Shiel.

In tandem with the Duke of Edinburgh Award scheme, the Third Form once again submersed themselves in a week long field and activity camp during which the students attempt activities and excursions not previously experienced and, at the same time, test their team, orienteering, problem solving and leadership skills with academic fieldwork in geographical and biological field study in a safe but challenging environment. Over 110 students benefited from the experience which has now changed venue to Drumshoreland House, Broxburn. The first year was successful but, as ever, the design and location of the week's event are under constant review.

The School entered a team to compete in the Scottish Islands Peak Race, a gruelling event run over two nights and three days, sailing 160 nautical miles and running 51 miles up and down the islands of Mull, Jura and Arran. Training commenced in September for a May race. Unfortunately, calm weather meant that all three schools in the Youth Class retired from the sailing race. Fettes was nevertheless second in the hill running and set a new school record of 3 hours and 38 mins for the 18-mile route on Mull.

Piping and Drumming

Pipes and Drums remain a central part of life at Fettes and the department remains strong with over 100 students taking piping and drumming lessons each week from four instructors.

The School's high calibre of instruction both encourages and enthuses the students. Leading by example, one of the School's piping instructors, Alasdair Henderson, has secured an invitation to the Glenfiddich Piping Championships at Blair Castle following his impressive win of the Gold Medal at the Argyllshire Gathering in Oban.

Future collaborations between the Music and Piping and Drumming departments are being enthusiastically developed, culminating this year in a showcase piece at the School's Autumn Concert. The departments look forward to future collaborations.

An important part of piping and drumming at Fettes is the ability to offer help to students, financially or otherwise, and a significant 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 substantial outlay.

RECORD OF ACHIEVEMENTS AND PERFORMANCE (continued)

Piping and Drumming (continued)

Recent focus has been on developing pipes and drums within the Prep School and, specifically, helping it realise its own identity and place in a performing context within the school. The introduction of group chanter lessons in the Prep School provides a popular and cost-effective way for parents and students to engage with the instrument initially, before moving into the one-to-one system. With the emphasis on fun, inclusion and mastering the basics, Governors are encouraged to see these students flourish both in the Prep setting and when they take the step up into the Senior School and the Senior Pipe Band.

Fettes College Guangzhou

Fettes College Guangzhou ("FCG"), a purpose-built school in southern China that bears the Fettes name, is owned by Country Garden Education Group, the founder of Country Garden Schools and the Governors have maintained their position that they are making no financial commitment to FCG or its development. Now in its fourth year of operation, FCG is led by two experienced co-Heads of College who have worked together for many years in some of China's top international and bilingual schools and are making excellent progress in developing all aspects of the school.

The superb facilities of the FCG campus support an ethos of blended living and learning which is the hallmark of Fettes.

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. Governors are in discussion with Bright Scholar and Country Garden about the impact of these changes on our association and expect to reach a conclusion in the forthcoming academic year.

FINANCIAL REVIEW

Business plans and related developments

The School is a charity and is non-profit making. Any 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 School's primary purpose. Its trading subsidiaries are run commercially with the objective that their profits should be donated to the School for the benefit of its students.

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 as well as school of choice for students and parents alike.

The Governors have recently finalised 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 new Science and Innovation building and a very significant rolling programme of boarding house and pupil welfare improvements. The first of these projects is the design and creation of a new purpose-built Wellbeing Centre to substantially enhance the medical, pastoral and wellbeing needs of the students.

The Governors are mindful of their obligations as custodians of the school to place sustainability at the forefront of any initiative or facilities developments and they 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 seen a significant upturn in business. Demand for places at FCLC was extremely high during 2023 and remains so for 2024. Fettes the Venue, the division charged with generating income from School assets during the holidays for accommodation, weddings and sports camps, was able to capitalise on a strong demand from schools, clubs and businesses requiring accommodation and facilities within Edinburgh. All of these activities widen public access to the facilities at Fettes and raise the profile of the School in its local community and further afield. By using School assets which would otherwise be unused during the holidays, these subsidiaries make a valuable contribution to the School. Westwoods Health Club has enjoyed a year of consolidation and has developed ambitious plans for the future, including placing a very significant emphasis on improving its environmental footprint in the knowledge that it is both a responsible approach and responding to members' views.

FINANCIAL REVIEW (continued)

Business plans and related developments (continued)

The Governors have continued to support and strengthen relations between the School and its former students, parents and other supporters. The Old Fettesian Association is thriving and the School 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.

Results for the year

The total income of the School for the year to 31 August 2023 amounted to £23,484,026 compared with £22,242,139 in 2022. This included £1,081,089 of donation and similar income (2022: £1,151,629), the timing and quantum of which the School has no direct control. Incoming resources from core charitable activities income, primarily fee income, amounted to £22,219,678 (2022: £20,988,182), whilst investment income was £183,257 (2022: £67,209).

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 students attending the School.

Total School expenditure amounted to £24,098,863 (2022: £21,024,848), and the largest component of costs remained staffing which at £13,912,346 (2022: £13,215,923) constituted 58% (2022: 63%) of the total.

Net deficit for the year before investment gains was £614,837 (2022: surplus of £1,217,291).

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 a co-opted external member with relevant experience 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 reinvest all income earned in pursuit of capital growth. The School 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 College in an OEIC fund by CCLA.

During the year the Combined Investment Fund increased by £642,616 (2022: increased by £102,942) due to gains on investments of £96,316 (2022: decreased £197,058) and donations of £546,300 (2022: £300,000).

At a consolidated level net deficit of £548,209 (2022: surplus of £1,168,221) is reported. Total consolidated fund balances were £26,265,888 (2022: £26,814,097).

The consolidated statement of financial activities and the consolidated balance sheet bring together the activities of the School 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 School's auditor.

Fettes Enterprises owns and continued to manage the Westwoods sports centre, retail, events management and letting and divisions reported a trading loss of £246,503 (2022: loss of £193,983). No Gift Aid payments were claimed by the School during the year (2021: £nil).

Reserves policy

The reserves of the School 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 School.

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

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.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

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 School 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 to support bursaries for those who would benefit from a Fettes education but whose parents or guardians cannot afford the full School fees.

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 the notes to the accounts. At 31 August 2023 the funds represented £10,319,574 (2022: £9,728,079) of Permanent Endowment Fund reserves and £1,415,837 of Restricted Fund reserves (2022: £1,704,835) and is represented by listed investments and investment in the Westwoods sports centre.

At 31 August 2023 the School's Unrestricted Fund reserve amounted to £15,428,366 (2022: £16,249,434) and is represented in the main by the fixed assets of the School and its investment in the Westwoods sports centre. After deduction of the amounts represented by tangible fixed assets the School's unrestricted fund reserve would be negative. This simply reflects the financing structure of the School.

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 2023 were £3,952,204 (2022: £1,703,346).

The School makes use of a revolving credit facility. This facility provides the School with the flexibility to draw cash as required while ensuring that only necessary levels of cash are borrowed from the facility at any one time.

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.

Risk Management

The Board is responsible for the management of risks faced by the School 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 School'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;
- papers distributed prior to all meetings;
- detailed terms of reference for the Committees;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- a Governors' annual strategy day;
- formal written policies; and
- clear authorisation and approval levels for all expenditure.

Through the risk management processes established by the School, 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 student 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 safeguarding and compliance is uppermost in all the School's operations.

Risk Management (continued)

The current economic and political climate in the UK raises the possibility of targeted student numbers not being achieved, that position being perhaps exacerbated by rising interest rates and unemployment, and, whilst Governors have seen no sign of any meaningful downturn in student numbers, the School continues to monitor levels of enquiries and registrations from existing and new sources of students.

The School participated and continues to participate in the Scottish Child Abuse Investigation and has been involved in a number of Civil Claims. To date, the School has settled seven claims, with a further nine in litigation. If any claim were to be successful, it is difficult to determine the financial extent to which the School could be liable.

The safety of the School's students 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 central 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 central 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. Those governors also attend the School's safeguarding committee whose membership comprises the pastoral leadership teams of both Senior and Prep Schools, the child protection co-ordinators and an independent child protection consultant.

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 students.

During the year, the Governors concluded their strategic vision for the School, *Fettes Moving Forward: A place to live. A place to learn. A place to grow.* Underpinning that vision is a strong statement that the size of the school is not to increase, that boarding remains central to the school's ethos and a substantial facilities and infrastructure development programme which adds to or improves resources within the teaching of Science and Innovation and wellbeing to name but a few.

This is therefore an exciting time for Fettes College as it embarks on the delivery of the Governors' new vision for the school, which includes a very significant and ambitious facilities development programme over the next five to seven years through a combination of new debt facilities, internal resources and philanthropy. A recently approved £21.5 million funding facility arranged through HSBC is now available to support those key projects.

Fettes College has now concluded a significant restructure of its constitution, originally established as a body corporate under statute in 1870. The new entity, a company limited by guarantee and also a charity, represents a much more modern approach to governance whilst retaining elements of the original Trust scheme under which it was originally created.

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 will monitor the situation carefully, taking appropriate contingency action in the event that economic conditions so dictate. Specifically, the Governors must consider what measures may need to be taken to mitigate these uncertainties: such measures may include, but not be limited to, maximising fee income, reviewing the current arrangements for teachers' pensions, 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.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are the trustees for the purposes of charity law and the directors for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the School and of the incoming resources and application of resources, including the income and expenditure, of the School 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 Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the School 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.

Statement of disclosure to auditor

In so far as the Governors are aware:

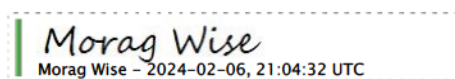
- there is no relevant audit information of which the School's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Henderson Loggie LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approval

The Governors' Report is approved by the Chair on behalf of the Board of Governors. The Governors also approve the Strategic Report, which is contained in the Governors' Report, in their capacity as company directors.


Morag Wise - 2024-02-06, 21:04:32 UTC

The Rt Hon Lady Wise
Chair of the Board of Governors

Date

Opinion

We have audited the financial statements of Fettes College ("the School") and its subsidiary companies (the group) for the year ended 31 August 2023 which comprise the Consolidated and School Statements of Financial Activities, the Group and School Balance Sheets, the Group and School Statements 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 School's affairs as at 31 August 2023 and of the group's and School's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 School in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the School'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 and the responsibilities of the Governors with respect to going concern are described in the relevant sections

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report and strategic report, which includes the directors' report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and trustees report which includes the directors' report has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Trustees and Members of Fettes College (cont.)

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 and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the Governors

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

In preparing the financial statements, the Governors are responsible for assessing the group's and the School'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 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 the Act and relevant regulations made or having effect thereunder.

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

Extent to which our procedures are 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: Health and Safety, employment law (including payroll and pension regulations), data protection and charity legislation.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

Independent Auditor's Report to Trustees and Members of Fettes College (cont'd)

Extent to which our procedures are capable of detecting irregularities including fraud (continued)

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

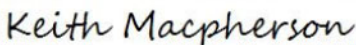
- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board meeting minutes;
- Reading correspondence with regulators including OSCR;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to depreciation rates and bad debt provisions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Use of our report

This report is made solely to the School'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 (as amended). Our audit work has been undertaken so that we might state to the Schools Governors as a body, 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 School and the School's Governors, as a body, for our audit work, for this report, or for the opinions we have formed.


Keith Macpherson – 2024-02-08, 09:48:16 UTC

Keith Macpherson (Senior Statutory Auditor)

For and on behalf of Henderson Loggie LLP
Chartered Accountants & Statutory Auditors

Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006
11-15 Thistle Street
Edinburgh
EH2 1DF

Consolidated statement of financial activities for the year ended 31 August 2023

	Note	Unrestricted £	Permanent Endowment £	Restricted £	Total 2023 £	Total 2022 £
Income and endowments from:						
Donations and legacies	3	18,833	546,300	515,956	1,081,089	1,151,629
Charitable activities	4	22,219,678	-	-	22,219,678	20,988,192
Other trading activities	5	2,970,939	-	-	2,970,939	2,472,220
Investments	6	64,391	-	-	64,391	26,588
Total income and endowments		25,273,841	546,300	515,956	26,336,097	24,638,619
Expenditure on:						
Raising funds – Investment management fee		-	-	-	-	7,625
Charitable activities	7	23,363,567	-	634,841	23,998,408	20,913,045
Trading activities		2,982,214	-	-	2,982,214	2,307,175
Total expenditure		26,345,781	-	634,841	26,980,622	23,227,845
Net (losses)/gains on investments		-	82,290	14,026	96,316	(242,553)
Net income before transfers		(1,071,940)	628,590	(104,859)	(548,209)	1,168,221
Transfer between funds		221,184	(37,095)	(184,089)	-	-
Net movement in funds		(850,756)	591,495	(288,948)	(548,209)	1,168,221
Reconciliation of funds						
Fund balances at 1 September 2022		15,381,183	9,728,079	1,704,835	26,814,097	25,645,876
Fund balances at 1 September 2023		14,530,427	10,319,574	1,415,887	26,265,888	26,814,097

Fettes College

School statement of financial activities for the year ended 31 August 2023

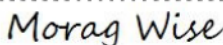
	Note	Unrestricted £	Permanent Endowment £	Restricted £	Total 2023 £	Total 2022 £
Income and endowments from:						
Donations and legacies	3	18,833	546,300	515,956	1,081,089	1,151,629
Charitable activities	4	22,219,678	-	-	22,219,678	20,988,182
Other trading activities	5	2	-	-	2	35,119
Investments	6	64,372	-	118,885	183,257	67,209
Total income and endowments		22,302,885	546,300	634,841	23,484,026	22,242,139
Expenditure on:						
Raising funds – Investment management fee		-	-	-	-	7,625
Charitable activities	7	23,464,022	-	634,841	24,098,863	21,017,223
Total expenditure		23,464,022	-	634,841	24,098,863	21,024,848
Net gains/(losses) on investments		-	82,290	14,026	96,316	(242,553)
Net income before transfers		(1,161,137)	628,590	14,026	(518,521)	974,738
Transfers		340,069	(37,095)	(302,974)	-	-
Net movement in funds		(821,068)	591,495	(288,948)	(518,521)	974,738
Reconciliation of funds						
Fund balances at 1 September 2022		16,249,434	9,728,079	1,704,835	27,682,348	26,707,610
Fund balances at 31 August 2023		15,428,366	10,319,574	1,415,887	27,163,827	27,682,348

Fettes College

Balance sheet at 31 August 2023

	Note	Group 2023 £	Group 2022 £	School 2023 £	School 2022 £
Fixed assets					
Tangible fixed assets	11	26,084,282	25,894,034	22,831,266	22,510,738
Investments	12	9,248,650	8,606,034	14,168,744	13,546,008
		<u>35,332,932</u>	<u>34,500,068</u>	<u>37,000,010</u>	<u>36,056,746</u>
Current assets					
Stock		226,648	201,693	-	-
Debtors	13	2,761,604	3,327,283	3,009,815	2,869,755
Cash at bank and on hand		4,327,698	1,808,578	3,952,204	1,703,346
		<u>7,315,950</u>	<u>5,337,554</u>	<u>6,962,019</u>	<u>4,573,101</u>
Creditors					
Amounts falling due within one year	14	(14,577,885)	(10,921,670)	(14,993,093)	(10,845,644)
		<u>(7,261,935)</u>	<u>(5,584,116)</u>	<u>(8,031,074)</u>	<u>(6,272,543)</u>
Net current (liabilities)					
		<u>(7,261,935)</u>	<u>(5,584,116)</u>	<u>(8,031,074)</u>	<u>(6,272,543)</u>
Total assets less current liabilities					
		<u>28,070,997</u>	<u>28,915,952</u>	<u>28,968,936</u>	<u>29,784,203</u>
Creditors					
Amounts falling due outwith one year	14	(1,805,109)	(2,101,855)	(1,805,109)	(2,101,855)
		<u>(1,805,109)</u>	<u>(2,101,855)</u>	<u>(1,805,109)</u>	<u>(2,101,855)</u>
Total net assets					
		<u>26,265,888</u>	<u>26,814,097</u>	<u>27,163,827</u>	<u>27,682,348</u>
Funds					
	18				
Restricted funds		1,415,887	1,704,835	1,415,887	1,704,835
Permanent endowment funds		10,319,574	9,728,079	10,319,574	9,728,079
Unrestricted funds		14,530,427	15,381,183	15,428,366	16,249,434
		<u>26,265,888</u>	<u>26,814,097</u>	<u>27,163,827</u>	<u>27,682,348</u>

These financial statements were approved by the Governors on were signed on their behalf by:


Morag Wise - 2024-02-06, 21:04:32 UTC

The Rt Hon Lady Wise
Chair of the Board of Governors

Date

Fettes College

Statement of cash flows for the year ended 31 August 2023

	Note	Group 2023 £	Group 2022 £	School 2023 £	School 2022 £
Net cash inflow from operating activities	19	3,132,517	4,127,065	2,804,632	4,127,281
Investing activities					
Investment income		64,391	26,588	64,372	67,209
Payments to acquire fixed assets		(1,851,455)	(1,460,962)	(1,810,193)	(1,302,866)
Proceeds on sale of fixed assets		14,500	-	11,000	-
Net cash transferred to investment managers		(546,300)	(750,000)	(546,300)	(899,333)
New investment in FEL - Technogym loan		-	-	19,880	-
Net cash outflow from investing activities		(2,318,864)	(2,184,374)	(2,261,241)	(2,134,990)
Financing activities					
Loan repayments		2,000,000	(7,193,743)	2,000,000	(7,193,743)
Bank loan/hire purchase interest		(294,533)	(109,111)	(294,533)	(109,111)
Net cash outflow from financing activities		1,705,467	(7,302,854)	1,705,467	(7,302,854)
(Decrease)/Increase in cash and cash equivalents		2,519,120	(5,360,163)	2,248,858	(5,310,563)
Cash and cash equivalents at start of period		1,808,578	7,168,741	1,703,346	7,013,909
Cash and cash equivalents at end of period		4,327,698	1,808,578	3,952,204	1,703,346

Cash and cash equivalents is represented by cash at bank.

1 Accounting policies

Charity information

Fettes College ("the School") is a registered Scottish Charity (No. SC017489) and was incorporated as a company (SC719759) on 13 January 2022. On 1 September 2022, Fettes College took on the activities of the former Governors of the Fettes Trusts, which was 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 Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005.

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

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

In accordance with paragraphs 27.12 and 27.13 of the Charities SORP, the transfer of activities from the previous Fettes Trust to Fettes College has been accounted for as a merger as it meets the requirements set out in the SORP, in particular that there was no change in beneficiary class, the purposes for which funds are held has not changed and the Governors constituting the trustee body had not changed as a result of the incorporation. As there was no activity in the Fettes Trust body prior to the merger on 1 September 2022, all comparative information and assets and liabilities relate to the Fettes Trust 2021/22 financial year.

Consolidation

The consolidated financial statements consolidate the financial statements for the year ended 31 August 2023 of the School, 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 2023.

The financial statements of Fettes Active Limited, a subsidiary of the School, are not consolidated as that company has been dormant throughout its financial years ended 31 August 2023 and 2022 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 School.

Going concern

While the Group and School report net current liabilities on the balance sheet, there is a significant revolving credit facility available. The Governors are therefore confident 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 Governors continue to adopt the going concern basis of accounting in preparing the financial statements.

Pension arrangements

The School 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 School 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 School. Pension costs are charged to the statement of financial activities in the year to which they relate.

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 School is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (continued)

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 School 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 School 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 School's balance sheet when the School 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.

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.

1 Accounting policies (continued)

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 School'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 School 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 School are credited to unrestricted funds.

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

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 School 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.

1 Accounting policies (continued)

Expenditure

The School is not registered for VAT purposes and School 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 School'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.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

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

Endowment funds represent those assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

Tax

The School 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 School'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.

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 £582,690 (2022: £206,724).

Notes to the financial statements for the year ended 31 August 2023

3	Income from donations and legacies (Group & School)	2023 £	2022 £
	Fettes Foundation	1,054,743	1,134,614
	Donations from individuals	26,346	17,015
		<u>1,081,089</u>	<u>1,151,629</u>

All amounts included above were attributable to unrestricted funds except for £546,000 (2022: £300,000) of donations which related to a permanent endowment and £515,956 (2022: £519,994) of donations which were restricted.

4	Income from charitable activities (Group & School)	2023 £	2022 £
	School fees	25,030,167	23,659,585
	Less: Bursaries, scholarships and other remissions	(2,857,332)	(2,683,288)
	Net fee income	<u>22,172,835</u>	<u>20,976,297</u>
	Other ancillary activities	46,843	11,885
	Grant income	-	-
	Net fee income	<u>22,219,678</u>	<u>20,988,182</u>
	All income related to unrestricted funds (2022: all)		

5	Income from other trading activities	2023 Group £	2022 Group £	2023 School £	2022 School £
	International school project	600,000	604,000	-	35,117
	Rent	1	1	2	2
	Sports facilities income	1,245,548	1,209,904	-	-
	Shop sales	305,983	333,726	-	-
	Venue hire	168,796	324,589	-	-
	Summer school	650,611	-	-	-
		<u>2,970,939</u>	<u>2,472,220</u>	<u>2</u>	<u>35,119</u>
		<u>2,970,939</u>	<u>2,472,220</u>	<u>2</u>	<u>35,119</u>
6	Income from investments	2023 Group £	2022 Group £	2023 School £	2022 School £
	Bank interest	64,391	17,091	57,715	17,079
	Listed investments	-	9,497	-	9,497
	Loans to subsidiary – secured	-	-	125,542	40,633
	Loans to subsidiary - unsecured	-	-	-	-
		<u>64,391</u>	<u>26,588</u>	<u>183,257</u>	<u>67,209</u>
		<u>64,391</u>	<u>26,588</u>	<u>183,257</u>	<u>67,209</u>
	Within School investment income £125,542 (2022: £50,130) was restricted. Within Group investment income £nil (2022: £9,497) was restricted.				
7	Expenditure on charitable activities	2023 Group £	2022 Group £	2023 School £	2022 School £
	Teaching	10,798,042	10,043,913	10,798,042	10,148,091
	Welfare	3,938,935	3,545,959	3,938,935	3,545,959
	Premises	4,470,726	3,679,566	4,470,726	3,679,566
	Support cost of schooling (note 8)	3,029,039	2,371,540	3,129,494	2,371,540
	Depreciation net of loss/(gain) on sale of assets	1,478,664	1,162,956	1,478,664	1,162,956
	Bank interest	283,002	109,111	283,002	109,111
		<u>23,998,408</u>	<u>20,913,045</u>	<u>24,098,863</u>	<u>21,017,223</u>
		<u>23,998,408</u>	<u>20,913,045</u>	<u>24,098,863</u>	<u>21,017,223</u>
8	Support costs	2023 Group £	2022 Group £	2023 School £	2022 School £
	Wages and salaries	1,318,163	1,188,901	1,318,163	1,188,901
	Advertising & Marketing	228,067	187,382	228,067	187,382
	Professional Fees	36,822	208,011	36,822	208,011
	Finance charges	5,868	219,629	5,868	219,629
	Office admin costs	56,158	158,715	156,613	158,715
	Bad debt provision	375,966	104,996	375,966	104,996
	Legal fees	525,000	86,106	525,000	86,106
	Governance costs – Audit & tax fee	20,320	22,800	20,320	22,800
	Governance costs – Legal fees	462,675	195,000	462,675	195,000
		<u>3,029,039</u>	<u>2,371,540</u>	<u>3,129,494</u>	<u>2,371,540</u>
		<u>3,029,039</u>	<u>2,371,540</u>	<u>3,129,494</u>	<u>2,371,540</u>

Notes to the financial statements for the year ended 31 August 2023

9	Fees paid to auditors	2023 Group £	2022 Group £	2023 School £	2022 School £
	Audit- School	20,320	22,800	20,320	22,800
	Audit- Subsidiaries	14,000	14,000	-	-
	Tax	3,850	3,500	-	-
		<u>38,170</u>	<u>40,300</u>	<u>20,320</u>	<u>22,800</u>

Fees in respect of subsidiaries are charged to expenditure on trading activities.

10	Staff costs	2023 Group £	2022 Group £	2023 School £	2022 School £
	Wages and salaries	11,909,518	11,245,072	10,999,434	10,394,661
	Social security costs	1,234,604	1,226,326	1,165,141	1,158,559
	Pension costs	1,807,824	1,721,384	1,747,771	1,662,703
		<u>14,951,946</u>	<u>14,192,782</u>	<u>13,912,346</u>	<u>13,215,923</u>

	2023 Group	2022 Group	2023 School	2022 School
Average number of employees	386	376	337	327

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

	2023	2022
Between £60,000 and £70,000	29	20
Between £70,000 and £80,000	8	5
Between £80,000 and £90,000	2	3
Between £90,000 and £100,000	2	-
Between £110,000 and £120,000	1	1
Between £130,000 and £140,000	-	1
Between £140,000 and £150,000	1	-

No remuneration or other benefits were paid to trustees in the year (2022: £nil)

11 Tangible fixed assets

	College Premises & Equipment £	Preparatory School Premises & Equipment £	Residential Premises & Equipment £	Vehicle and machinery £	School Total £	Subsidiary Premises & Equipment £	Group Total £
Cost							
At 1 September 2022	15,305,935	5,383,076	24,038,401	461,467	45,188,879	6,135,911	51,324,790
Additions	458,749	341,314	992,209	17,921	1,810,193	41,262	1,851,455
Disposals	-	(414,048)	-	(18,211)	(432,259)	(20,396)	(452,655)
At 31 August 2023	15,764,684	5,310,342	25,030,610	461,177	46,566,813	6,156,777	52,723,590
Depreciation							
At 1 September 2022	8,941,417	2,973,848	10,326,902	435,974	22,678,141	2,752,615	25,430,756
Charge for period	561,773	82,588	536,804	18,666	1,199,831	169,522	1,369,353
Disposals	-	(124,214)	-	(18,211)	(142,425)	(18,376)	(160,801)
At 31 August 2023	9,503,190	2,932,222	10,863,706	436,429	23,735,547	2,903,761	26,639,308
Net book value							
At 31 August 2023	6,261,494	2,378,120	14,166,904	24,748	22,831,266	3,253,016	26,084,282
At 31 August 2022	6,364,518	2,409,228	13,711,499	25,493	22,510,738	3,383,296	25,894,034

12 Investments

	2023 Group £	2022 Group £	2023 School £	2022 School £
Fair value at 1 September 2022	8,606,034	8,018,753	13,546,008	12,809,394
Additions	546,300	8,349,143	546,300	8,498,476
Proceeds on sale	-	(7,519,309)	(19,880)	(7,519,309)
Unrealised (losses)/gains	96,316	(242,553)	96,316	(242,553)
	9,248,650	8,606,034	14,168,744	13,546,008
Fair value at 31 August 2023	9,248,650	8,606,034	14,168,744	13,546,008
	2023 Group £	2022 Group £	2023 School £	2022 School £
Loan to subsidiary – secured	-	-	2,610,091	2,629,971
Unlisted investments	100	100	2,310,103	2,310,103
CCLA Investment	9,248,550	8,605,934	9,248,550	8,605,934
	9,248,650	8,606,034	14,168,744	13,546,008

Fettes Active Limited

The School 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 2023. 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.

Fettes Enterprises Limited

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

The company had turnover of £1,820,969 (2022: £1,612,807), a loss before tax of £246,503 (2022: £193,983), and net assets of £536,442 (2022: £782,945) 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 £650,609 (2022: £324,589), a profit before tax of £237,829 (2022: £38,566), and net assets (liabilities) of £196,754 (2022: (£41,075)). FIL had turnover of £600,000 (2022: £604,000), a profit (loss) before tax of (£21,014) (2022: £350,201), and net current assets of £754,188 (2022: £775,202).

The company has issued secured debenture loan notes of £2,610,091 (2022: £2,629,971) to the Combined Investment Fund and unsecured loans of £nil (2022: £nil) are due to the School General Fund. The company has granted second ranking standard security to the School. The Combined Investment Fund loan is repayable in full in June 2026 unless otherwise agreed and has interest at 1% over base rate. A cross guarantee has been granted to the Bank of Scotland involving the School and the company see note 15.

Notes to the financial statements for the year ended 31 August 2023

13 Debtors	2023 Group £	2022 Group £	2023 School £	2022 School £
Trade debtors	134,773	137,099	99,205	48,979
Due from subsidiaries	-	-	384,425	229,230
Sundry debtors and prepayments	2,626,831	3,190,184	2,526,185	2,591,546
	<u>2,761,604</u>	<u>3,327,283</u>	<u>3,009,815</u>	<u>2,869,755</u>

As a hedge against rising interest rates, the School 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 31/01/2023 and a notional amount of £2m from 31/01/2023 to 30/01/2026. At the year end the Swap was valued at £203,658 (2022; £180,753) and is included in sundry debtors.

14 Creditors due within one year	2023 Group £	2022 Group £	2023 School £	2022 School £
Trade creditors	1,345,003	899,269	1,223,072	792,582
Taxes and social security costs	377,899	368,745	297,558	291,499
Other creditors	1,293,946	1,273,805	1,078,574	950,942
Accruals	1,308,148	647,630	1,308,148	647,630
Deferred income	6,730,454	5,946,709	6,730,454	5,946,709
Due to subsidiaries	22,435	285,512	855,287	716,282
Bank loans	3,500,000	1,500,000	3,500,000	1,500,000
	<u>14,577,885</u>	<u>10,921,670</u>	<u>14,993,093</u>	<u>10,845,644</u>

Creditors due in more than one year

	2023 Group £	2022 Group £	2023 School £	2022 School £
Bank loans	-	-	-	-
Other creditors	1,519,775	1,812,096	1,519,775	1,812,096
Deferred income	285,334	289,759	285,334	289,759
	<u>1,805,109</u>	<u>2,101,855</u>	<u>1,805,109</u>	<u>2,101,855</u>

Notes to the financial statements for the year ended 31 August 2023

15	Bank loans	2023 Group £	2022 Group £	2023 School £	2022 School £
	Due within one year	3,500,000	1,500,00	3,500,000	1,500,00
		<u>3,500,000</u>	<u>1,500,000</u>	<u>3,500,000</u>	<u>1,500,000</u>

During the year the School drew down an additional £2m revolving credit facility from HSBC which is unsecured and attracts interest at 1.6% above the bank of England base rate.

The Bank of Scotland held a bond and floating charges over the assets of Fettes Enterprises Limited and held standard securities over the sports centre site and various residential properties. The bank held 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 School. In addition, a cross-guarantee between the School and Fettes Enterprises limited exists. These charges, pledges and guarantees were released in September 2022.

15	Deferred income	2023 Group £	2022 Group £	2023 School £	2022 School £
	Balance at 1 September 2022	6,236,468	4,737,668	6,236,468	4,694,335
	Income deferred in year	7,015,788	6,236,468	7,015,788	6,236,468
	Amounts released	(6,236,468)	(4,737,668)	(6,236,468)	(4,694,335)
	Balance at 31 August 2023	<u>7,015,788</u>	<u>6,236,468</u>	<u>7,015,788</u>	<u>6,236,468</u>

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

16	Financial assets held at fair value through net income	Group and School	
		2023	2022
		£	£
	Quoted investment portfolio	2,610,092	2,691,218
	Interest rate swap	203,658	180,753
		=====	=====

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.

Financial risk management

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

The School'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 School'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 School'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.

17 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 School 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.

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%.

Employee and employer contributions for August 2023 due to be paid to the scheme after the year end amounted to £183,113 (2022: £173,092) and this was paid over in September 2023. In addition, employee AVC contributions for August 2023 amounting to £3,460 (2022: £9,949), were paid over in September 2023.

The pension cost for the period for non-teaching staff 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 2023 of £38,585 (2022: £36,636) were due to be paid to the group stakeholder pension scheme at the year end and this was paid over in September 2023.

Notes to the financial statements for the year ended 31 August 2023

18 Funds

Group	Unrestricted Funds £	Permanent Endowment Combined Investment Fund £	ursaries/ Scholarships £	Other £	Capital £	Total Restricted £	Total £
Opening balances at 1 September 2022	15,381,183	9,728,079	1,397,461	307,374	-	1,704,835	26,814,097
Income	25,273,841	546,300	515,956	-	-	515,956	26,336,097
Expenditure	(26,345,781)	-	(634,841)	-	-	(634,841)	(26,980,622)
Gains and losses	-	82,290	14,026	-	-	14,026	96,316
Transfers	221,184	(37,095)	117,014	(301,153)	-	(184,089)	-
Closing balances at 31 August 2023	14,530,427	10,319,574	1,409,616	6,272	-	1,415,887	26,265,888

Group	Unrestricted Funds £	Permanent Endowment Combined Investment Fund £	ursaries/ Scholarships £	Other £	Capital £	Total Restricted £	Total £
Opening balances at 1 September 2021	14,573,383	9,625,137	1,441,084	6,272	-	1,447,356	25,645,876
Income	23,809,128	300,000	3,834	355,657	170,000	529,491	24,638,619
Expenditure	(23,130,695)	-	(42,595)	(54,555)	-	(97,150)	(23,227,845)
Gains and losses	-	(197,058)	(45,495)	-	-	(45,495)	(242,553)
Transfers	129,367	-	40,633	-	(170,000)	(129,367)	-
Closing balances at 31 August 2022	15,381,183	9,728,079	1,397,461	307,374	-	1,704,835	26,814,097

School	Unrestricted Funds £	Permanent Endowment Combined Investment Fund £	ursaries/ Scholarships £	Other £	Capital £	Total Restricted £	Total £
Opening balances at 1 September 2022	16,249,434	9,728,079	1,397,461	307,374	-	1,704,835	27,682,348
Income	22,302,885	546,300	634,841	-	-	634,841	23,484,026
Expenditure	(23,464,022)	-	(634,841)	-	-	(634,841)	(24,098,863)
Gains and losses	-	82,290	14,026	-	-	14,026	96,316
Transfers	340,069	(37,095)	(1,872)	(301,153)	-	(302,974)	-
Closing balances at 31 August 2023	15,428,366	10,319,574	1,409,615	6,272	-	1,415,887	27,163,827

School	Unrestricted Funds £	Permanent Endowment Combined Investment Fund £	Bursaries/ Scholarships £	Other £	Capital £	Total Restricted £	Total £
Opening balances at 1 September 2021	15,635,117	9,625,137	1,441,084	6,272	-	1,447,356	26,707,610
Income	21,372,015	300,000	44,467	355,657	170,000	570,124	22,242,139
Expenditure	(20,927,698)	-	(42,595)	(54,555)	-	(97,150)	(21,024,848)
Gains and losses	-	(197,058)	(45,495)	-	-	(45,495)	(242,553)
Transfers	170,000	-	-	-	(170,000)	(170,000)	-
Closing balances at 31 August 2022	16,249,434	9,728,079	1,397,461	307,374	-	1,704,835	27,682,348

18 Funds (continued)

The following Endowment funds are subject to specific conditions by donors that the capital must be maintained by the School. Restricted funds are subject to specific conditions by donors as to how they may be used.

Fund	Purpose
Combined Investment Fund	
Dr A B Flett's Bequest Fund	
Fullarton Conn Memorial Scholarship Fund	
Captain HSH Wallace's Fund	
Knox-Cunningham Bequest Scholarship Fund	To fund bursaries and scholarships tenable at Fettes College
Mitchell Watson Scholarship Fund	
Agnes M Pagan 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

19 Analysis of net assets by funds

2023 Group	Unrestricted £	Endowment £	Restricted £	Total £
Tangible Fixed assets	26,084,282	-	-	26,084,282
Investments	(2,486,810)	10,319,574	1,415,887	9,248,651
Current (liabilities)/assets	(7,261,936)	-	-	(7,261,936)
Creditors falling due in more than one year	(1,805,109)	-	-	(1,805,109)
	<u>14,530,427</u>	<u>10,319,574</u>	<u>1,415,887</u>	<u>26,265,888</u>
2022 Group	Unrestricted £	Endowment £	Restricted £	Total £
Fixed assets	25,894,034	-	-	25,894,034
Investments	(2,789,783)	9,690,982	1,704,835	8,606,034
Current (liabilities)/assets	(5,584,116)	-	-	(5,584,116)
Creditors falling due in more than one year	(2,101,855)	-	-	(2,101,855)
	<u>15,418,280</u>	<u>9,690,982</u>	<u>1,704,835</u>	<u>26,814,097</u>
2023 School	Unrestricted £	Endowment £	Restricted £	Total £
Fixed assets	22,831,266	-	-	22,831,266
Investments	2,439,555	10,319,574	1,409,615	14,168,744
Current (liabilities)/assets	(8,037,346)	-	6,272	(8,031,074)
Creditors falling due in more than one year	(1,805,109)	-	-	(1,805,109)
	<u>15,428,366</u>	<u>10,319,574</u>	<u>1,415,887</u>	<u>27,163,827</u>
2022 School	Unrestricted £	Endowment £	Restricted £	Total £
Fixed assets	22,510,738	-	-	22,510,738
Investments	2,150,191	9,690,982	1,704,835	13,546,008
Current (liabilities)/assets	(6,309,640)	37,097	-	(6,272,543)
Creditors falling due in more than one year	(2,101,855)	-	-	(2,101,855)
	<u>16,249,434</u>	<u>9,728,079</u>	<u>1,704,835</u>	<u>27,682,348</u>

Notes

- (a) 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.
- (a) 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.

20 Reconciliation of net income to net cash flow from operating activities

	2023 Group £	2022 Group £	2023 School £	2022 School £
Net income/(expenditure) for year	(548,209)	1,168,221	(518,521)	974,738
Unrealised gains/losses	(96,316)	242,553	(96,316)	242,553
Depreciation charges	1,369,353	1,326,389	1,199,831	1,162,955
(Gain)/loss on disposal of fixed assets	277,353	1,954	278,834	1,954
Decrease/(increase) in stock	(24,955)	11,693	-	-
Decrease/(increase) in debtors	565,679	(1,465,526)	(516,026)	(1,601,554)
Increase/(decrease) in creditors	1,359,470	2,746,173	1,850,703	3,291,648
Investment income received	(64,391)	(26,588)	(64,372)	(67,209)
Transfer to bad debt provision	-	-	375,966	-
Bank loan interest paid	294,533	109,111	294,533	109,111
Investment managers fee deducted from portfolio	-	13,085	-	13,085
	<u>3,132,517</u>	<u>4,127,065</u>	<u>2,804,632</u>	<u>4,127,281</u>

Analysis of changes in net debt

Group	At 1 Sept 2022 £	Cashflows £	At 31 Aug 2023 £
Bank and cash	1,808,578	2,519,120	4,327,698
Loans falling due within 1 year	(1,500,000)	(2,000,000)	(3,500,000)
Total	<u>308,578</u>	<u>519,120</u>	<u>827,698</u>
School	At 1 Sept 2022 £	Cashflows £	At 31 Aug 2023 £
Bank and cash	1,703,346	2,248,858	3,952,204
Loans falling due within 1 year	(1,500,000)	(2,000,000)	(3,500,000)
Total	<u>203,346</u>	<u>248,858</u>	<u>452,204</u>

21 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 follow:

	2023	2022	2023	2022
	Group	Group	School	School
	£	£	£	£
Within one year	13,080	2,352	13,080	2,352
Between two and five years	799,691	1,022,106	799,691	1,022,106
Over five years	2,260,968	2,911,529	2,260,968	2,911,529
	3,073,739	3,935,987	3,073,739	3,935,987

22 Contingent liability

As explained fully in the trustees report the School has received notification of claims for unspecified damages in respect of alleged historic abuse. If any claim was successful, it is difficult to determine the financial extent to which the School could be liable or the timings of any possible outflows.

The School 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 £nil (2022: £nil).

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.

During the year Fettes Enterprises Limited charged the School for the use of the company's sports facilities and this amounted to £79,954 (2022: £78,946) and sold goods to the School amounting to £40,815 (2022: £46,068), all figures including VAT. Fettes Enterprises Limited is leasing land from the School for 25 years at £1 per annum. The lease agreement obliged Fettes Enterprises Limited to develop a sports facility. At the year end Fettes Enterprises Limited was due £245,047 to the School (2022: £2,848,202 due by the School).

Fettes Centre for Language & Culture Limited was due £33,458 (2022: £11,022) to the School at the year end.

Fettes International Limited was due £105,920 (2022: £430,771 due by the School) to the School at the year end.