

Eastbourne College (Incorporated)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

Registered Charity No 307071
Company Registration No 115408

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

| Contents | Page |
|--|-------------|
| President, Vice-Presidents, Governors, Officers and Advisors | 2 |
| Chairman's Report | 4 |
| Annual Report of the Governors | 6 |
| Strategic Report | 17 |
| Statement of Governors' Responsibilities | 28 |
| Independent Auditor's Report | 30 |
| Consolidated Statement of Financial Activities | 33 |
| Consolidated and Charity Balance Sheets | 34 |
| Consolidated Statement of Cash Flows | 35 |
| Notes to the Financial Statements | 37-57 |

EASTBOURNE COLLEGE (INCORPORATED)
PRESIDENT, VICE-PRESIDENTS, GOVERNORS, OFFICERS AND ADVISORS

President

His Grace The Duke of Devonshire KCVO CBE DL

Vice-Presidents

The Earl of Burlington
General The Lord Richards of Herstmonceux GCB CBE DSO DL
Mr D Winn OBE MInstM

Chairman

Mr PAJ Broadley MA MSc FCA

Vice-Chairman

Mr JP Watmough LLB

Governors

Mr MT Barford MA FCA
Mr AJG Brown BSc
Mr CMP Bush MA
Mrs AC Coxen LLB
Mr RV Davidson-Houston BA
Mr CM Davies FRICS ACIArb
Mrs NL Eckert BA
Mr NJP Elliott BA
Mrs VJ Henley BA
Mrs CP Locher
Mr G Marsh MA
Dr RA McNeilly MBBS DCH MRCGP DOccMed MBA
Mr DL Meek LLB FCA
Ms C Radwan MA MSc
Mrs MJ Richards
Mr TS Richardson FRICS
Mr AM Robinson BA ACA
Mr JH Ryley BA AMP
Mrs HJ Toole MBA
Ms JA Wheeldon BA FCA

Headmasters

Eastbourne College: The Hon TNM Lawson MA
St Andrew's Prep: Mr GEB Jones BA MEd

Bursar and Clerk to the Governors

Mrs C Meade MA

EASTBOURNE COLLEGE (INCORPORATED)
PRESIDENT, VICE-PRESIDENTS, GOVERNORS, OFFICERS AND ADVISORS

Registered Office

Marlborough House, Old Wish Road, Eastbourne, East Sussex BN21 4JY

Investment Advisors

Charles Stanley & Co Limited, 25 Luke Street, London EC2A 4AR

Insurance Brokers

Marsh Limited, Capital House, 1-5 Perrymount Road, Haywards Heath, West Sussex RH16 3SY

Auditors

Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH

Bankers

Natwest Plc, 96 Terminus Road, Eastbourne, East Sussex BN21 3AA

Lloyds Bank Plc, 104 Terminus Road, Eastbourne, East Sussex BN21 2AH

Solicitors

DMH Stallard LLP, Gainsborough House, Peglar Way, Crawley, West Sussex RH11 7FZ

Surveyors

Strutt & Parker LLP, 201 High Street, Lewes, East Sussex BN7 2NR

EASTBOURNE COLLEGE (INCORPORATED)

CHAIRMAN'S REPORT

Chairman's report

I am pleased to introduce the Charity's Annual Report describing the activities of our two schools, Eastbourne College and St Andrew's Prep, over the year.

I want to begin by thanking my predecessor, Sir Kevin O'Donoghue. His years as Chairman were busy ones: our current Heads were appointed, the Goodwin Sports Hall at St Andrew's Prep was built and opened, and Project 150 at the College was started with its first phase, the Nugee Building, in use from January 2017.

Everything we do as a charity is for the benefit of those we educate and the Annual Report sets out the achievements of our approximately 1,000 pupils over the year. Whether in public exams or national competition, our pupils continue to show the value of the education we have long sought to provide.

The Charity plays an important role in the Eastbourne Schools Partnership (ESP), an organisation that brings together the maintained and independent schools in Eastbourne and the surrounding area. The activities of the ESP continue to expand and provide a range of opportunities for our pupils and teachers to work together with other schools to mutual benefit.

The College was established in 1867 'to provide a general education of the highest class'. Both schools strive to live up to that founding principle. We want to increase our ability to provide support to those pupils who cannot afford our full fees. During the year, 183 pupils received some assistance with their fees through means-tested bursaries. The Governors greatly appreciate the support of a number of charities, trusts and individuals who contribute to the fees of nineteen pupils. We also value the commitment of our Devonshire Society members who have promised to support the Charity in their wills. The Annual Report includes reference to a very substantial legacy from Mr James Groves, an Old Eastbournian, that will fund a new scholarship from September 2018. Mr Groves' generosity will help us permanently to support the education of a pupil who would otherwise be unable to attend the College.

The balance sheet of the Charity includes almost £50m of buildings used by the schools. These are conservatively valued at a depreciated historic cost. The balance sheet also includes about £5.4m of investments in endowed or restricted funds that support our scholarships and bursaries. The Charity's funds increased by £1.5m as a result of our educational activities, trading income and donations. All our funds are used to support the education we provide at the College and St Andrew's Prep.

The 2017/18 academic year will see the completion of the Winn Building, the second phase of Project 150. This project will have been nearly seven years in conception, design and construction. It completes what has been a 30-year plan to enhance the fabric and facilities of the College for the benefit of all pupils at our schools and for the wider public who use them. Its construction has been made possible now thanks to the over 800 supporters who have so far contributed to the fundraising campaign.

The Governors and Heads have begun work on a strategic plan for the next five years, building on the strength of what we do today and to ensure we continue to meet our founders' objective. I look forward to reporting on the outcome of this work next year.

EASTBOURNE COLLEGE (INCORPORATED)
CHAIRMAN'S REPORT

Finally, on behalf of the Governors, I thank Tom Lawson and Gareth Jones, our two Heads, and Carol Meade, our Bursar, and their respective staff for all of their efforts. I also thank everyone who supports the Charity, whether by current donation or future pledge. Without them all we would not be able to provide the education we do.

Philip Broadley
15 December 2017

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board of Governors presents its Annual Report for the year ended 31 August 2017 under the Charities Act 2011 and the Companies Act 2006 (including the Directors' Report and Strategic Report under the 2006 Act) together with the audited accounts for the year and confirms that the latter comply with the requirements of the Acts and the Charities Statement of Recommended Practice (SORP) 2015.

The Charity complies with best practice in the Charity Governance Code except in one respect. The current Board comprises 20 Governors which is greater than the recommended maximum of twelve. However, in the Governors' judgement, the current size of the Board is necessary given the size and complexity of the Charity and the Governors' statutory responsibilities for matters such as safeguarding.

1.1 The Charity's origins and terminology

Eastbourne College was founded in 1867 by a group of Eastbourne residents led by Dr Charles Hayman and with the patronage of the 7th Duke of Devonshire. It is constituted as a company limited by guarantee, registered in England No 115408 and is registered with the Charity Commission under Charity No 307071. Its Governors, executive officers, principal address and details of its professional advisors are listed on pages two and three.

St Andrew's School began life in 1877 as 'Meads' but its name was changed to St Andrew's School in 1882 by its founder, Revd Francis Souper. It remained as an independent preparatory school with its own governing body until 11 February 2010, when the assets and liabilities of St Andrew's School, Eastbourne were acquired by Eastbourne College (Incorporated).

Since the amalgamation, the enlarged group and its various constituents have been described as follows

'The Group' - Eastbourne College (Incorporated), (ECI), and its subsidiaries
'Charity'/'Charitable Company' - Eastbourne College (Incorporated)
'Board' - the Charity's Governing Body, the Board of Governors
'College' - Eastbourne College
'School' - St Andrew's Prep
'schools' - Eastbourne College and St Andrew's Prep.

1.2 Governing document

The Charity is governed via the Memorandum and Articles of Association of Eastbourne College (Incorporated), registered as Company No 115408, dating from incorporation on 22 April 1911 and last amended on 14 March 2014.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

1.3 Governing body

The Governing Body is generally known as the Board. Governors who have served on the Board from 1 September 2016 to the date of signing this Annual Report are shown below, and have served throughout the period, unless shown otherwise

| | |
|--|---------------------------|
| MT Barford MA FCA | |
| PAJ Broadley MA MSc FCA (Chairman) | |
| AJG Brown BSc | Appointed 8 December 2017 |
| CMP Bush MA | Appointed 10 March 2017 |
| Mrs AC Coxen LLB | |
| Dr CR Darley MD FRCP | Resigned 23 June 2017 |
| RV Davidson-Houston BA | |
| CM Davies FRICS ACI Arb | |
| Mrs NL Eckert BA | |
| Mr NJP Elliott BA | Appointed 10 March 2017 |
| Mrs VJ Henley BA | |
| Mrs CP Locher | |
| G Marsh MA | |
| Dr RA McNeilly MBBS DCH MRCP DOccMed MBA | |
| DL Meek LLB FCA | |
| General Sir Kevin O'Donoghue KCB CBE | Resigned 23 June 2017 |
| Ms C Radwan MA MSc | Appointed 8 December 2017 |
| Mrs MJ Richards | |
| TS Richardson FRICS | |
| AM Robinson BA ACA | |
| JH Ryley BA AMP | |
| Dr AM Spencer BA PhD | Resigned 23 June 2017 |
| Mrs HJ Toole MBA | |
| JP Watmough LLB (Vice-Chairman) | |
| Ms JA Wheeldon BA FCA | Appointed 8 December 2017 |

1.4 Recruitment, induction and training of Governors

Governors are appointed at a meeting of the Board on the basis of nominations received from the Nominations Committee, which regularly considers the range of skills, experience and diversity required by the Board and the Board's performance. The Nominations Committee reviews personal competence, specialist skills and availability before nominating for appointment. The Committee also carefully considers the length of service of Governors. Five current Governors have served over nine years, including the Chairman. The Nominations Committee

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

considers carefully the contribution and expertise these Governors bring to the Board and ensures that there is appropriate balance provided by those Governors appointed more recently.

Persons appointed to the Board during the course of a year are subject to re-election by members of the Company at the first annual general meeting following appointment. Thereafter one third of the Board is required to retire by rotation at each AGM. The first appointed, or longest serving since the last re-appointment, are the first to retire. Members retiring by rotation can be re-elected. Any Governor who has served for more than 15 years may be re-elected annually. New governors are inducted into the workings of the Charity, including the Board's policies and procedures, by the issue of appropriate documents, a personal briefing from the Bursar and placement on Independent Schools Council (ISC) briefing days on governance if required. They also visit the College and the School for a day's familiarisation and receive appropriate training on child protection and safeguarding and other training as required, including the AGBIS e-learning module for new governors.

1.5 Organisational management

The Board is accountable to the members of the Company who are its guarantors, and is responsible for the overall management and control of Eastbourne College (Incorporated) and normally meets four times a year. One meeting concentrates on the Charity's strategic challenges and opportunities, as well as trends in education in both the maintained and independent sectors. The Headmasters and Deputy Headmasters of both schools, together with the Bursar, attend all meetings of the Board. Governance is conducted with the assistance of appropriate committees, the principal committees being the Remuneration Committee, chaired by the Chairman; the Finance Committee and the Investment Committee, both chaired by Mr AM Robinson; the Nominations Committee, chaired by the Vice-Chairman; the Eastbourne College Committee, chaired by Mr DL Meek; the St Andrew's Prep Committee, chaired by Mrs NL Eckert; and the Property Committee, chaired by Mr CM Davies. The Board's policy is implemented via senior management teams at both the College and School, which are chaired by the relevant Headmaster. Key management personnel are considered to be the Headmaster of Eastbourne College, the Headmaster of St Andrew's Prep and the Bursar.

The Charity encourages all employees to be fully involved in the affairs of both schools and information and consultation committees for both teaching and support staff meet regularly to ensure efficient and constructive communication at all levels. Robust policies exist to fulfil the Charity's commitment to develop diversity of staffing across all disciplines through equal opportunity policies, training and practical action.

Remuneration is set by the Board, with the policy objective of providing appropriate incentives to encourage enhanced performance, recruitment and retention, and of rewarding fairly and responsibly contributions to the Charity's success.

The remuneration of key management personnel is set by the Remuneration Committee based on benchmarking, performance and target attainment.

The Charity aims to recruit, subject to experience, at the relevant point within its pay scale.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

Delivery of the Charity's vision and purpose is primarily dependent on key management personnel. Staff costs are the largest single element of its charitable expenditure.

1.6 Group structure and relationships

Since amalgamation, the College and the School continue to run independently with their own Headmasters but share some support services. The enlarged Charity is committed to providing choice regarding the selection of a senior school at 13 years and the College will continue to accept children from a wide range of schools.

The Charity has two wholly-owned, non-charitable subsidiaries, Eastbourne College Enterprises Limited and SACS (Eastbourne) Limited, whose activities and trading performance are set out below.

The Charity actively supports promotion of the highest standards in the independent schools sector through networking with other major schools and through membership of various associations which support the sector, including the ISC, the Boarding Schools Association (BSA); the Association of Governing Bodies of Independent Schools (AGBIS); and the Independent Schools' Bursars Association (ISBA). The Headmaster of the College is a member of the Headmasters' and Headmistresses' Conference (HMC). The Headmaster of the School is a member of the Independent Association of Prep Schools (IAPS).

The Charity also co-operates with many other charities, both local and national, in its efforts to optimise the educational use of its sporting and cultural facilities and to awaken in its pupils an awareness of the social context of the all-round education that is provided at both schools. The Charity also benefits from the generosity of a thriving network of Old Eastbournians, current and former parents and other friends of the College (collectively the Eastbournian Society), Old Androvians, Friends of St Andrew's Prep and other friends of the Charity, whose close support is greatly appreciated and gladly acknowledged.

2. PUBLIC BENEFIT

2.1 Charitable objects and summary

The charitable objects of Eastbourne College (Incorporated) within its Articles of Association are 'to carry on and conduct a College for the education of boys and girls; and to provide education of such type and in such manner as may from time to time be expedient for other persons.' These objects are central to all that the Governors do: they are read out at the start of all Board meetings and when the Eastbourne College and St Andrew's Prep Committees meet.

The Charity meets these objects through its principal activity of providing education to more than 1,000 children from the ages of nine months to 18 years. The Charity's aim continues to be to provide a first-class independent education to its pupils, through strong academic tuition and the development of wider artistic, social and sporting skills in all its pupils. It provides an environment where each pupil can develop her or his potential, building self-confidence and a desire to contribute to the wider community and go on to live fulfilled, positive and happy lives. The Charity

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

puts an emphasis on the nurturing of enduring values, confident that this will result in the successful attainment of a range of goals, and in young people who are equipped to work well with and for others. In addition to encouraging academic and co-curricular achievement, the Charity is committed to safeguarding and promoting the welfare of its pupils. The Charity's employees share this commitment. In particular, the College's primary stated aim is to equip children in a safe environment to lead happy, fulfilled lives. It provides a broad education that takes place in the classroom, the house, the assembly hall, on the games field and in the wider community. It operates on the basis of shared values: pursuit of excellence, participation, integrity, kindness, courtesy, and looking after others. It aims for all its pupils to enjoy learning. It encourages their creativity and inspires them to be ambitious and successful, including in public examinations. It provides an aspirational environment for pupils to experience success and enjoy their friends' successes.

In furtherance of these aims, the Governors consider that, as trustees of the Charity, they have had due regard to the Charity Commission's published guidance on public benefit required under the Charities Act 2011. The Governors are satisfied that the Charity's educational activity, undertaken in accordance with its objects, is for the public benefit. The policies of the Charity in relation to the provision of scholarships and means-tested bursaries, to the extent that resources permit, provide access to those unable to pay the full fees of the College and the School. Supporting education and providing facilities to other schools and to the wider community of Eastbourne, as discussed below, are further examples of the way the Charity benefits the public at large.

2.2 Public benefit

Eastbourne College was founded in 1867 by the people of Eastbourne with the assistance of the Duke of Devonshire, to provide education for the young people (in those days, boys) of Eastbourne. As the town's oldest school, the College continues to be at the heart of its town academically, in the creative arts, in charitable activity and in sport. St Andrew's Prep is similarly committed.

The Charity is committed to continuing and improving the provision of direct and indirect public benefit, in accordance with its objects.

2.3 Direct benefit

2.3.1 Savings to the state

The Governors believe it is an important point of principle that a record is maintained of the degree to which its commitment to educating more than 1,000 pupils relieves the state of the burden of funding the education of these pupils: at the College, given the published per capita funding per pupil for Key Stages 3 and 4, 537 pupils saved the Exchequer in the order of £2.3m; the School saved a further £844k. In addition, the Charity paid £3,607k of irrecoverable VAT during the year on its operational and capital expenditure. As a result of committed capital expenditure on Project 150 (described more fully in Section 4.2 below), it will pay a further £2m or so of irrecoverable VAT in the next year.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

2.3.2 Means-tested bursaries and other fee remission

The Charity operates a means-tested bursary scheme remitting up to 100 per cent of fees for able young people who would not otherwise be able to attend the two schools. Currently, 368 pupils across the two schools benefit from help with their fees through means-tested bursaries, scholarships and grants amounting to £2,490k this year. This provision is discussed further in Section 3.4. This year three pupils have been part of the SpringBoard scheme, a national charity whose objects are to allow young people from impoverished backgrounds to attend independent boarding schools. The SpringBoard Bursary Foundation and the Royal National Children's Foundation merged during the year and the College looks forward to working with the combined charity in the future.

In September 2015, the College supported two overseas pupils on substantial means-tested bursaries, one of whom was appointed Head of School for the 2016/17 academic year. The College has continued to support Peter Bibby scholars who are similarly funded by benefaction, on a programme which demands that they play full and involved roles in the College, while also being given first-class development of their cricketing skills. The programme is named after the late Peter Bibby who dedicated most of his life to developing young cricketers in Eastbourne. It is a very good example of the College working with local people, young and old, for the public good. The first Peter Bibby Award holder, who left in 2013, is now playing for Sussex County Cricket Club.

The Foundation and Development Office raises funds directly for means-tested bursaries by a number of different means

- building a legacy club (the Devonshire Society) which has known pledges from its 99 members of over £2.5m. Legacies are recognised when the Charity becomes entitled to the income, receipt is probable and the amount can be measured reliably, according to the wishes of the donors. Legacies are, in large part, used to fund bursaries that will enable young people who would otherwise be unable to enjoy the benefit of an education at the College. In the 2016/17 period, the Charity was informed of a legacy bequeathed by Mr James Groves, an Old Eastbournian, for the establishment of the Sevorg Award. The executors of the estate have informed the Charity that the value of the legacy will be in excess of £300k, although this has not been recognised in the current financial year. Since 2002, when the Devonshire Society was set up, the total amount of legacies received has been over £1.57m. One such legacy has funded the Trevor Pescud Award, an award established to provide the opportunity of a College education to local talented girl tennis players. The first beneficiary, who joined the College in September 2016, is proving to be an excellent ambassador for both the Award and the College
- raising, by its own activities, funds from events and donations from generous donors, which are applied to the bursary provision, eg the Peter Bibby Award above
- engaging in partnerships with trusts and individuals to enable means-tested bursarial support. Nineteen pupils currently benefit from such generosity.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

2.4 Indirect benefit

For many years, both the College and the School have benefited a cross-section of society by

- sharing facilities for the educational benefit of many young people who are not studying at either school
- sharing facilities for the educational benefit of all ages
- educating pupils by involving them actively in the education of others, both young and old
- educating pupils in the importance of serving others
- working with, and for, the wider Eastbourne town community and local region.

Examples of these are found below.

2.4.1 Partnership projects

The College has continued its leading involvement in the ESP during 2016/17. Having been one of the four founder members in 2013/14, during the course of this year the College has seen the ESP grow to 11 schools, with St Catherine's College being the most recent school to join. The partnership now comprises two independent schools, eight secondary schools for 11 to 16 year-olds and one sixth form college. In total, the schools between them account for almost 14,000 children from the Eastbourne area.

Described by the Chair of Ofsted as 'a shining example of schools working together' in October 2015, the ESP has remained true to its mission statement: 'by linking our resources, expertise, enthusiasm and commitment, we aim to develop projects and ideas that inspire, excite and offer creative opportunities for children and young people. In so doing we hope to enable our pupils and those from across the town to work together for mutual benefit and the benefit of others across our town.'

Highlights from 2016/17 include

- an inaugural meeting for ESP pupils with Eastbourne Borough Council senior executives including the Leader of the Council, the Chief Executive and Senior Planning Officer. Following Chatham House rules, pupils were able to contribute their thoughts about the future plans for the town
- another inaugural meeting with Caroline Ansell MP, where ESP pupils were given a private surgery in her offices, and allowed to ask questions about local and national issues, including the impact of government decisions on school budgets
- a two-day workshop for over 100 ESP musicians with the internationally acclaimed Arensky Chamber Orchestra. Having secured £15,000 Arts Council funding, the project allowed pupils to work closely with ACO musicians, culminating in a public showcase of a newly devised piece by pupils and professionals
- Christmas at the town's bandstand, where ESP musicians now perform on an annual basis
- the third annual writing and performance in the 21st century day, including talks by academics on Shakespeare and other writers, and a recital by performance poet Josh Idehen

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

- a performance of *Roll Over Atlantic*, a mixture of calypso and cabaret written and performed by John Agard, Queen's Gold Medal winning poet
- the second Tough Team Challenge day, specifically aimed at secondary schools' harder-to-reach children, where these children were given a variety of activities to develop teamwork and communication skills in mixed teams. Eastbourne College pupils and students from Sussex Downs College helped to manage the teams, and equipment was supplied by the College Combined Cadet Force (CCF) Department whose staff organised the day
- a Rambert residency and teacher inset early in the year, followed by a Rambert dance workshop and performance for Key Stage 3 pupils later in the year
- over 60 ESP pupils worked together to serve at the annual St Wilfrid's Charity Lunch, having received professional training beforehand. They served over 300 guests, and the lunch raised a record £51k for the hospice
- election hustings open to ESP pupils prior to the General Election
- annual summer lecture by Kheron Kenardo, on finding the hero inside yourself, to which children were invited, above all those again harder to reach
- an opportunity for all ESP teachers to attend a talk by Gary Wilson on helping boys achieve, and for sports coaches to attend an evening on improving team bonding
- the ESP being offered as a model of good practice at the annual partnership conference hosted at Eton College.

With the £2k raised from Classics for All, the College Head of Classics completed the first phase of research on the potential for classics at secondary and primary schools in the region. He gave a presentation to local Heads and visited Willingdon Community School. ESP schools are now beginning to offer classics within their schools, for example at Ratton School where they have begun to teach classics to their juniors.

During 2016/17 a Memorandum of Understanding for the ESP was drafted and approved by ESP Headteachers. Areas of responsibility and lines of reporting were clarified and agreed, setting the ESP on a sure footing moving forward into its fourth year. The Head of Partnership at the College continues to chair the Operational Steering Group, and she and the Head of External Relations continue to sit on the Steering Group meeting of Heads which takes place twice a year. A colleague from Cavendish School acts as administrator. Each school continues to provide an equal contribution and ESP finances are secure moving forward.

For 2017/18 further projects are planned to include

- a second gala concert to raise money for the Chestnut Tree House Children's Hospice, involving musicians from all the ESP schools and a joint choir of ESP pupils
- the first in a series of interactive careers evenings for ESP pupils, this opening event to focus on the creative and digital industries. Over ten local industry professionals will speak with Year 8 pupils about their profession and set a task for pupils to complete
- future careers evenings following the same format will focus on government priority areas of accountancy, construction, engineering, hospitality, IT, law, leisure and tourism, manufacturing, marketing, media, PR and retail
- a STEAM (Science Technology Engineering Art and Mathematics) project for ESP schools, with £12.5k secured from Arts Council England, based on the sea and encompassing science/technology, as well as creative disciplines

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

- a homework club being run by College Upper Sixth pupils acting as mentors to Willingdon Community School Year 11 pupils. This pilot will take place on Monday afternoons in the Nugee classrooms when they are empty and, if successful, will be opened up to other ESP schools
- the development of CPD opportunities for ESP teachers, to include teachers attending inset on how to develop creative thinking in pupils as part of their learning experience, and a subsequent workshop when teachers can share good practice
- the opportunity for local musicians to collaborate with other ESP pupils at song-writing sessions run by professional Tom Williams
- an Oxbridge information afternoon, opened up for the first time to younger pupils on the request of ESP Headteachers
- Chinese New Year celebrations
- a follow-up meeting with Eastbourne Borough Council executives for ESP pupils, continuing the dialogue about plans for the town
- development of the ESP website with support from Sussex Downs College's IT Department
- another Tough Team Challenge for June 2018
- further residency and workshop with Rambert
- the possibility of ESP pupils working with Glyndebourne Opera in 2018 and beyond.

2.4.2 Community engagement

Together with the new sports hall at St Andrew's Prep, named the Goodwin Sports Hall and described more fully in 4.2 below, Project 150 will enable the Charity to increase its provision for sharing with the local community. Both schools take very seriously their responsibilities to their town, responsibilities by which they wish to be highly valued.

The Charity has strong links with organisations from Eastbourne and further afield, including cultural and creative arts groups, sporting groups, local churches, the Scout and Guiding Associations, the cadet movement, the Rotary Club and other organisations. An increasing number of them have access to the College and School's facilities and staff. Examples of the Charity's activities include the use of College sporting facilities by the local hockey club, eight of the town's football clubs during the September to March season; a cricket club which uses Memorial Field on a weekly basis from May to July and the use of a grass pitch by two local football clubs; use of the College's music facilities by the Eastbourne Symphony Orchestra for a competition twice in the year; use by various theatrical groups of the College's theatres; inviting members of the public to some Chapel services and the carol service; the use of College facilities by groups from the nearby All Saints Church; and the creation of a CCF partnership scheme with both Ratton Academy Trust and St Catherine's College in support of the government's School Cadet Expansion Programme. The College is held up by the Ministry of Defence as an exemplar for other schools to emulate across the South East and was recently awarded a coveted Silver Award through the Defence Employer Recognition Scheme.

The College hosts a planned programme of educational outreach for young people in music, theatre and dance (the College runs a residency each November with Rambert Dance Company) bringing children from all over the town and further afield into the Birley Centre. The Centre hosts

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

My Theatre Academy, a term-time weekly Saturday theatre school open to eight to 13-year-olds in Eastbourne. The Academy also holds a summer school at the centre each August. The College continues to support the band Delta 7, a seven-piece rock inclusive band from Eastbourne, by providing monthly rehearsal space, recording facilities and technical support. The Birley Centre was chosen to be the venue for the UK's very first STEM (Science, Technology, Engineering and Maths) leaders conference for young people to present their ideas on sustainable STEM solutions to major world issues such as sanitation, clean air and renewable energy. The event was a great success with 11 schools from Eastbourne, Hailsham and Seaford attending. The event was organised by Pevensey and Westham CE School and was a chance to bring together a large group of other schools to raise the profile of STEM in the area. Crossing the Screen, an international film festival, celebrated its inaugural edition in the centre in November 2016 and offered film-lovers the opportunity to experience the vibrancy of the independent film-making universe, including virtual reality training workshops.

The Birley Centre was also host to several events for the Eastbourne Arts Circle, an organisation which has made repeated visits to the centre since it opened. Overall, a total of 22 organisations hired the centre during the last year, among which the College welcomed the Eastbourne Music and Arts Festival in February, the Royal Academy of Dance who offered theatre workshops for children, and Opera Coast for its summer opera course over a weekend in July.

At the College, over 175 pupils take part in the Service at Schools Programme on Monday afternoons during the Michaelmas and Lent terms, helping the wider community in areas as diverse as helping with reading at local primary schools, running a Monday Club (social) for elderly people resident in local care homes, running sessions for elderly residents to learn to use email and the internet, working in care homes and providing gardening services for the elderly and disabled, assisting with the repair and cleaning of wheelchairs provided in the town's shopping centre and helping at a local military museum. To aid the development of this programme, the College has introduced a course to train Year 11 pupils, so that they are better able to contribute and understand why it is important to give back to the community. There have also been a number of new initiatives allowing senior pupils to support junior pupils in their curricular and co-curricular experiences: DT scholars assist with the Year 9 creatives programme and talented sports players support Year 9 games sessions on Monday afternoons. Keen netballers gain nationally accredited netball leader awards and help local netball activities. These are just some examples.

The College engages in a great deal of charitable activity for the benefit of local, national and overseas charities and prides itself on its commitment to raising money to help others. Charities are chosen by the pupils who arrange events, individually, through houses or the whole school, and raise funds. In September 2016, the College's recently appointed chaplain introduced the Chapel Charity. The aim is to have one charity for the year with the fundraising spearheaded by an individual or group of pupils. A Lower Sixth girl volunteered to raise money for Great Ormond Street Hospital, inspired by her cousin, an Old Eastbournian from Craig House. The campaign was launched in November with a school collection, followed by two key events in the Lent term: first, a highly entertaining charity revue and then a hugely successful Sunday morning hockey tournament. Pupils in Gonville, Nugent and Powell kindly donated their house revue collections. The sale of interval drinks at the Dell play, *Peter Pan*, and a raffle and silent auction of promises

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

on Speech Day rounded off the fundraising and a total of £7k was raised. The 24-hour rowathon by Wargrave boarders remains an exciting annual fixture, this year raising money for a favourite local charity, The Ben McNicol Trust benefited from the sale of candy canes at Christmas, organised by Arnold House day girls. The third and final Tom Lewis Memorial rugby match held in memory of former pupil, Tom Lewis, raised over £2k for Cancer Research. Now in its fourth year, the savings from three frugal 'Charity lunches', one held each term, were donated to the High Five Club for the Malimba Basic School in Zambia. This year the £1.4k generated will provide breakfast every day to 233 pupils over a school year. In one of the last initiatives, the Lower Sixth attended a Higher Education Day in home clothes for a small donation and the £500 raised was sent directly to a young girl who was a victim of the Grenfell Tower fire in London. (About to sit her Chemistry GCSE, she left the burning building with nothing but revision notes and went on to achieve a Grade A). This is a flavour of the charitable activity during the year, with many other smaller but no less valuable events sprinkled between them which, in total, raised a healthy £23k.

St Andrew's Prep takes part in many local and international charitable initiatives and tailors these, among other considerations, to the age of the child. The children's views on suitable charities are also considered through the School Council. This year, for example, £7.7k was raised for the School's main chosen charity, The JPK Project, which provides supported living accommodation and practical onsite training and work experience for people with learning disabilities in East Sussex, as well as considerable amounts for other charities such as the Royal British Legion and BBC Children in Need. Other examples include the 12 crates of food which the children sent to Eastbourne Food Bank and almost 100 'Love-in-a-Box' gifts which were sent to children in Eastern Europe. There are a number of valued links with the local community, including hosting weekly meetings of the Adventurers and Explorers, Brownies and Rainbows, links with a local maintained school which helps gifted and talented mathematicians, several local schools competing in quiz and maths challenges and hosting numerous primary schools for sporting events in athletics, cricket, football, rugby and swimming and to watch drama events laid on by St Andrew's Prep children. School staff also volunteer as governors of local maintained schools and as school inspectors. Local charities and organisations, such as the East Sussex Music School, use the School during the summer holidays. Several local swimming clubs use the facilities on a weekly basis throughout the school year. Charities such as the Rotarians and Friends of Eastbourne Hospitals use the School facilities for free or at a considerable discount on an ad hoc basis. A number of external local cricket clubs use the sports hall facilities, along with a martial arts club.

Both schools consider that the benefits of these activities are mutual for all concerned. The partner organisations appreciate the time and expertise offered and those participating have their horizons broadened (the very essence of education).

The College is proud of its strong sporting reputation. It works to develop links with other schools and clubs, for example by providing referees for rugby matches at several local prep schools, by providing coaching support to local cricket, hockey and rugby clubs and by running tournaments. Two of the staff coach and select for Harlequins Rugby Club. Now established for over 19 years, the College hosts an annual swimming gala for up to ten local maintained and independent junior schools. This is a well-supported event, held at the town's Sovereign Centre for the last three

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

years due to the increased number of participants. Local schools and clubs also use the College's astro turfs, cricket nets and pitches and the swimming pool at St Andrew's Prep.

College activities relating specifically to education include music days for primary schools, an academic challenge day, the hosting of the Eastbourne Schools Shakespeare Festival, teaching drama in maintained and other independent schools, art taster-days and ceramics roadshows, and the hosting of an Oxbridge Conference for local secondary schools.

An enormous range of educational activity takes place throughout the year to the direct benefit of young people from all over the Eastbourne area through the ESP described above.

Full details of the many ways in which the College benefits the wider community are available on the College's website www.eastbourne-college.co.uk.

3. STRATEGIC REPORT

3.1 Objectives for the year

The Charity's current five-year Strategic Plan (the 2012 Strategic Plan) was approved by the Board in June 2012 and is reviewed on an annual basis. It was extended one year to allow both Headmasters to be involved fully in the development of the next plan for 2018-2023. The key objectives for the year were to

- maintain pupil numbers of over 600 at the College and over 350 at the School
- embed the new model for sixth form provision (three A-levels + one enrichment slot) consistent with embracing the move to linearity
- maintain academic results of at least 70 per cent A*/A/B grades at A-level and over 60 per cent A*/A grades at GCSE
- conduct a review of the junior school curriculum at the College
- complete phase 1 of Project 150 and establish key departments in that building
- continue the investment programme for the refurbishment of College boarding and day houses
- place the Admissions Department on a new footing, commensurate with the demands of modern parents at home and abroad
- embed careers support through all year groups of the College under a new Head of Careers and departmental structure
- provide a boarding structure that fits the needs of local boarding parents without sacrificing the quality of boarding for families that are distant
- build on the achievements of the ESP.

The Board working in conjunction with the Headmasters and their senior management teams is well advanced in the development of the 2018/23 strategic plan for the Charity and its schools. The plan will be finalised over the remainder of the academic year and will form the basis of setting the annual objectives from 1 September 2018.

Building on the capital investment in recent years, and the high quality of our teaching and learning provision, the plan will set out a strategy to provide a modern and connected education for all our pupils, taking every advantage afforded by our coastal location to provide healthy

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

education that will equip our pupils for lifelong learning. Over the course of the planning period we hope to grow the number of pupils who can benefit from the education we provide.

3.2 Strategies supporting the objectives

Pupil numbers in the College were maintained at above 600, and 350 at the School (including nursery) through active recruitment aimed at encouraging more entrants, particularly in Year 9 to the College. There was a slight increase in the proportion of boarders to 47 per cent of the College roll, with a particularly healthy intake of girls in Year 9 boarding. The College continues to recruit into the sixth form, many from local maintained schools with pupils supported by scholarships and bursaries.

The College has successfully embedded the new sixth form programme. The majority of pupils chose three A-levels alongside an enrichment programme. Most pupils embarked on the Extended Project Qualification, the Arts Award or the European Computer Driving Licence programme in their fourth slot. In the Arts Award, for example, over 30 pupils are working towards their silver and gold awards in dance, film, music, photography and theatre, providing an attractive opportunity for those pupils engaging across the creative arts to gain a further nationally accredited award. Additional sixth form enrichment activities, along with the number of pupils involved, include: Elite performance 25, Model United Nations 19, Young Enterprise 21, Cookery 6, Photography 10, Film/Media 16, First Aid 10, Votes for Schools 9, DIY 10, Drive IQ 9.

The College continues to evaluate the landscape of A-level, BTECs, Pre-Us, and IB while continuing with its three gold standard A-level offer. The College monitors pupils' value-added performance, departmental value-added performance and the progress made by pupils, which is carefully tracked through the frequent eRC (electronic report cards) shared with parents.

There was a small increase in A* grades at A-level but the percentage of pupils getting A*-B fell slightly below the target at 67.4 per cent. Non-reformed subjects maintained the same or higher grades but pupils in the new A-level specifications were marked lower. GCSE results of A*-A were at 60.6 per cent, higher than the previous year, suggesting that strategies to improve teaching and learning, particularly with regard to differentiation and use of ICT in teaching, were working.

At GCSE, pupils take the IGCSE qualifications in English as an additional language, history and in modern foreign languages. Some subjects have returned to GCSE from IGCSE owing to reformed GCSE specifications being more rigorous. Policy decisions regarding the reporting of new GCSE grades and communicating with parents have helped manage the transition. The full review of the junior school curriculum has been postponed while the impact of the reformed GCSE over the year is evaluated, and dovetailing the curriculum with the aims of the next strategic plan is considered.

The Project 150 building programme continues apace, with the College managing the dislocation effectively. For example, the swimming team has had its best ever season despite needing to take buses to the local pool. As planned, the first phase of the project opened in time for the beginning of the Lent term. English, IT and Maths were moved into the new classrooms contained

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

in the Nugee Building and there has been immediate positive feedback from pupils about the new environment. The overall strategy to improve the fabric and IT support for teaching in the school has been shown to have worked well through this move. The cycle of boarding-house painting continues, with refurbishment of the School House Year 9 dormitories complete and now filled with pupils (after an absence of a year). The next strategic plan will consider options for a programme of more substantial house improvement.

The Admissions Department of the College has been reinforced with a new dedicated Director of Admissions who has local experience of the sector as well as a business background. The Careers Department's new head, alongside a team of supporting staff, has pioneered programmes such as 'fast tomato' online careers guidance, and continues to use centigrade reports to help guide pupils. A thriving careers fair allows pupils to meet professionals in their chosen field.

The structure of boarding has changed at the College with the introduction of 'family-friendly' boarding which dovetails with family life by creating a flexible structure for weekend time at home. Community weekends remain to foster strong bonds in the house and give pupils the opportunity to enjoy communal activities within and outside school. The programme of weekends for the whole year is published for parents to assist with their planning and has been well received. The programme for next year includes more flexi-weekends and a shift of some Chapel services to weekdays to allow boarders to return on Monday mornings.

Over the past year at St Andrew's Prep boarding numbers have increased. This includes full boarders who are mainly international but also flexi-boarders who stay for two or more nights a week. This has created a more vibrant boarding community with more evening and weekend activity. Plans are being considered to improve the boarding facilities. The sports hall, dance studio and fives court have all been in use this year and this has provided many more opportunities for sporting activity for both boys and girls, including badminton and basketball matches and more evening activity for the boarders. It has also provided opportunities for outside users such as East Dean Cricket Club to use the facility. The Baby Room continues to thrive and there is still a waiting list. Seventy-one iPads are now in regular use by the pupils, booked out by classes at a time, and a number of staff use them too to enable more interactive teaching.

The Charity's systems provide important management information enhancements to enable effective oversight of the enlarged Charity's financial performance, including a new risk management structure. In addition, the Headmasters of both schools meet regularly and each has a weekly meeting with the Bursar who is a member of the senior management teams of both schools. Termly unity meetings have also been established which feature the Heads and Deputies of each school, as well as the Bursar.

3.3 Principal activities of the year

The principal activity of the Charity is to provide education in Eastbourne to boys and girls from the ages of nine months to 18 years. This year the College averaged 628 pupils, ie 373 boys and 255 girls (2016: 626, 352 boys and 274 girls), of whom 342 (2016: 336) were day pupils and 286 (2016: 290) were boarders. The School (excluding nursery) averaged 295 pupils, 171 boys and

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

124 girls (2016: 303, 176 boys and 127 girls). The numbers in the School nursery peaked in the summer term again this year with 90 pupils, 47 boys and 43 girls (2016: 80, 41 boys and 39 girls).

3.4 Scholarships and bursaries

This year, the value of scholarships, means-tested bursaries and grants made available by the Charity to 368 (2016: 388) pupils amounted to £2,490k (2016: £2,608k). The Board's policy, in line with that of other independent schools, is to award scholarships on the basis of an individual's educational potential, subject to the particular conditions imposed by the original donor, where the award is made from restricted funds. Bursary awards and allowances are made on a means-tested basis (in line with ISBA guidelines) from both restricted and unrestricted funds, the policy being to relieve hardship cases where the pupil's education and future prospects would otherwise be at risk, and to widen access for those who would otherwise not be able to benefit from either school's education. The availability of all such awards for fee assistance, together with the terms and conditions for each kind of award, is advertised on the College's website at www.eastbourne-college.co.uk and on the School's website at www.standrewsprep.co.uk.

4. REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

4.1 General

Pupil numbers have surpassed their target objective at both schools. The College exceeded its target objective of 600 pupils by 7 per cent and St Andrew's Prep exceeded its target objective of 350 pupils by 3.6 per cent.

4.2 Capital commitments

The new sports hall at the School has been in use from the start of the Michaelmas term 2016. Named the Goodwin Sports Hall after Mr Goodwin who, in 1900, originated school life on the site of the current school and funded in part by a legacy of £25k received in 2015 from former pupil, Mr HCA Cornish, the facilities comprise a multi-purpose hall the size of four badminton courts with glazed viewing area, a dance studio, changing areas and an office.

The first phase of Project 150 was completed as planned and in use from January 2017. Named the Nugee Building after former Headmaster, John Nugee, it was formally opened by the Duke of Devonshire and Miss Patricia Nugee on 26 April. It comprises a pavilion, seminar room, 20 classrooms, a shop and an atrium. Phase 2, named the Winn Building, will provide a sports centre (to include a 25m six-lane swimming pool, fitness suite, dance studio and changing areas), a further eight classrooms, dining hall with function rooms and café, a reception and social space and it is expected to be ready for occupation from the start of the summer term 2018. Together, both phases are expected to cost in the order of £35m.

4.3 The College

Eastbourne College continued to deliver very good outcomes in public examinations. At A-level this year 67 per cent of grades were A*/A/B, down on the previous year, although statistically the

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

cohort was weaker in terms of measured underlying ability. Thirty-nine per cent of A-levels were graded A*/A, far above the national average (26 per cent) but a little below the average for independent schools (47.9 per cent). Thirteen per cent of A-level grades were A*. Over a third of the leavers achieved grades of ABB or better, the minimum desired by many of the top UK universities. Of the GCSE exams taken in 2016/17, 57 per cent were graded A or A* (or equivalent), a small decline on the previous year. This shift was attributable to lower than expected outcomes in GCSE English language, recently introduced and first assessed in 2017 under the new 9-1 grading scheme. This GCSE aside, outcomes in 2016/17 were in line with the College's best over the last five years. Teaching of legacy GCSE and A-level specifications ended during the academic year 2016/17 and, from September 2017, all GCSE and A-level courses will follow the reformed specifications. The College continues to offer a blend of new GCSE and IGCSE courses, driven by the specification most suited to learners' needs and abilities. Teaching of the Pre-U course in philosophy and theology began in September 2016, replacing the A-level in philosophy and ethics. The College is pleased to have moved through the turbulent period of GCSE and A-level reform, maintaining consistency in the quality of its provision and minimising the potential disruption caused to the College's routines and its pupils' academic progress.

Aligned to the new strategic plan, an ongoing review will address the Year 9 curriculum structure to reduce the number of subjects studied in total, introduce more choice and enable departments to begin GCSE syllabus work earlier.

The College continues to be ranked very highly for value-added which is a measure of how pupils perform in relation to their underlying ability. Academic highlights of 2016/17 include a Year 11 pupil not only achieving a distinction in the National Maths Olympiad but being placed in the top 100 for the UK, thus receiving a special medal. (He also achieved a gold award in the National Linguistics Championship).

A great deal of progress has been made in rolling out the new wi-fi system across the schools and a set of mobile devices has been trialled, together with a new Mobile Device Management (MDM) system as the environment in which the technology will be deployed. During 2016/17 all teaching staff at the College were issued with an iPad with concomitant training, support and opportunity for subject-specific exploration. All Year 9 pupils new to the College in 2017 will be issued with a managed iPad to enrich their learning.

From September 2016 the Gold Arts Award was introduced more widely as an option for the sixth form. This challenging qualification provides a broad scope for independent learning and project management across all the creative arts. Uptake for the Extended Project was also very pleasing, with 51 pupils working towards this AS equivalent qualification at the end of the academic year 2016/17. The College continues to balance academic endeavour with its strong emphasis on the performing and creative arts, sport and activities, all of which are designed to develop a well-rounded individual with a keen sense of community. There have been some structural changes within the creative arts. The Assistant Head Co-Curricular now takes over the mantle, and greater functional control of the delivery of creatives arts initiatives will now fall directly onto the respective Directors of Drama, Music and heads of department as required and where relevant. The dual aims of greater democratisation of music and raising the profile within the College are mutually supporting. The Young Musicians of the Year Award in March and the 150th anniversary concert

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

showcased talent (including the College's own pupil conductor and the infant Corps of Drums), The King's Singers inspired the whole school in the summer term, while the house singing event in the Lent term successfully challenged all pupils to engage in singing.

In drama, the roles of Director of Drama and Head of Academic Drama have been split, with two new appointments. A review of the existing drama scholars programme will inform improvements in the delivery of this component in September 2017. In dance, the teacher currently delivers 34 private dance lessons to pupils across all the year groups. She also delivers some dance-for-all type activities as part of the junior activity programme. It is envisaged that she will work under the auspices of the Director of Drama in the future, where the future of dance can be fully reviewed. At present, there are four Year 11 and two Year 10 pupils working towards their GCSE, with a further five expressions of interest for next year.

An enormous variety of sport has been played with high levels of participation in 2016/17. For example, in the summer (exam) term over 91 per cent of pupils represented the College in a school fixture. Eastbourne College is Sussex U16 netball champions and Sussex U18 tennis champions. The cricket team managed to equal the school record for wins in a season, including a notable 303 run victory over Brighton College. The steeplechase was a festival of colour along the Downs and seafront for all pupils. In girls hockey, the 1st XI, U16A and U14A all achieved a place in the county final, with the U16s becoming Sussex champions once again. The 3rd XI won every single game. In rugby, the U14s had an outstanding season with victories over Tonbridge and nine other schools. The senior squads enjoyed successful seasons, with one of the highlights seeing the 2nd, 3rd and 4th XVs enjoying victories away over Brighton College. The equestrian team gained top three finishes in four of the six disciplines entered at the national championships. This was not matched by any other school. Twenty-nine pupils completed their Duke of Edinburgh's gold expedition in the Brecon Beacons.

4.4 The School

All Year 8 pupils achieved places at the 13 senior schools of their choice and 17 awards were made to pupils who gained academic scholarships, as well as scholarships in drama, music and sport.

During the year an internal staff review was undertaken focusing on prep and how it is administered, inset and continuing professional development, and staff ICT skills, all with a view to making changes some of which were implemented during the year but most of which were put in place for September 2017. There was also a drive for greater pupil understanding of their own learning styles (metacognition) particularly among the older pupils and this has led to changes in delivery in some subjects. An audit of the art and DT and music departments was undertaken and development plans scrutinised. The implementation of a new lesson named *Mind Matters* went smoothly (in this subject children are given time to discuss important topics as a tutor group and they are taught how to reflect and reason without over-analysing).

Sport at the top end of the school had a successful year with the boys 1st team football squad reaching the IAPS national finals, the U11A girls hockey team becoming regional finalists, and the U12A cricket team becoming county champions. A number of pupils gained county

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

recognition in cricket, football, netball and rugby and the School had pupils who qualified for the IAPS national finals in athletics and swimming. One boy became the IAPS national chess champion and St Andrew's Prep girls did the clean sweep of medals in the U13 IAPS table tennis championships.

Music and drama went from strength to strength with large numbers of pupils successfully taking graded music and LAMDA exams. A number of concerts and plays were performed through the year, all enhancing the reputation of this strand of the School's provision.

Entrepreneurship and philanthropy were once again given a platform through The Headmaster's Challenge, in which Year 7 pupils are given £10 and six weeks to make the money 'grow' as a way of developing enterprise and philanthropy. Collectively, they turned £500 into over £2.3k. With pupil endeavours together with the work of the Friends of St Andrew's Prep at events such as the Fireworks Night, Advent Fair, Quiz Night, Burns Night and Summer Fair, over £14k was raised and donated to charity. Funds were also raised to help refurbish the School's pavilion which will have a variety of uses, including as a senior common room as well as a venue for the Brownies and Adventurers.

This year marked the launch of the St Andrew's Prep Community Award (SAPCA). Akin to a junior Duke of Edinburgh Award, the aim is to combine personal development with a strong sense of community, and the emphasis is very much on service to others. Seven bronze, eight silver and two gold medals were awarded at Speech Day.

5. FINANCIAL REVIEW

5.1 Financial Targets and Results

As shown in the Consolidated Statement of Financial Activities, the Charity had Consolidated Net Incoming Resources of £1,222k in the year (2016: £3,066k). This result includes donations to the Development fund for Project 150 amounting to £392k, donations to the Bursary funds of £30k and a legacy from the estate of Mr Colin Thomson OE to the Arnold Embellishers of £87k. The Net Incoming Resources from charitable and other activities was £1,021k (2016: £1,053k). Total Net Incoming Resources before gains on investments, less donations received, amount to £709k (2016: £688k).

The Board has, as part of its Strategic Plan, set financial targets for the College for the medium-term as follows (the calculations are derived from the management accounts and actual figures achieved this year are in brackets)

- to maintain tuition costs at no more than 40 per cent of gross fee income before depreciation (40.9 per cent)
- to achieve an operating surplus of 5 per cent of gross fee income (8.6 per cent)
- to achieve an overall surplus before depreciation of 10 per cent of gross fee income (11.2 per cent).

Financial targets are aimed at ensuring the long-term viability of the Charity. The Board has kept performance against its targets under constant review, having regard to national and local

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

economic conditions. Actual performance against all three targets showed an improvement on the prior year.

The accounts include the results of the year's trading for Eastbourne College Enterprises Limited, a wholly-owned subsidiary of Eastbourne College (Incorporated), whose principal activities have been the operation of a bussing service for day pupils on routes to surrounding areas, letting school facilities (such as the two astroturf pitches) and running the College's school shop. It recorded a profit before tax of £16k for the year. Its principal activities will remain the same for the foreseeable future.

The accounts also include the results of SACS (Eastbourne) Limited, whose principal activity is the running of the school shop at St Andrew's Prep. It recorded a profit before tax of £10k for the year ended 31 August 2017 and it is intended that it will also continue its current principal activities for the foreseeable future.

5.2 Long-term Borrowings

In August 2015 the Board approved certain long-term borrowing arrangements with Lloyds Bank Plc in connection with the funding of Project 150's construction. Under the arrangements, the Charity has committed to borrow up to £10m for 25 years secured by a debenture over the Charity's assets. The Charity has secured fixed interest rates: £5m for years one to ten at a fixed rate of 4 per cent, and £5m for years one to 15 at a fixed rate of 4.06 per cent. These rates came into effect on 29 September 2017. As at 31 August 2017 £3m of the total loan had been drawn down and the balance of £7m was drawn down on 29 September 2017. It is the Board's intention to repay £5m of borrowings by 2027. Beyond 15 years, the interest rate reverts to a floating rate. The Board believes, having taken advice, that this level of borrowing is prudent and allows for the early completion of Project 150 in the furtherance of the Charity's objects. The amount of the Charity's debt and its terms remains under constant review by the Board to ensure that the Charity's borrowing remains prudent and that its servicing does not strain cash flow.

5.3 Fundraising Performance

The Foundation and Development Office (FADO) runs the Eastbournian Society, to which all former College pupils, current and former parents and other College supporters belong, and increasingly helps the Charity reach out to Old Androvians (and former pupils of Ascham which was, until 1976, the College's prep school) and the School's parents and friends to raise funds for bursaries and the development of the schools' facilities. FADO continues to grow its activities and is now in its 13th year of operation. During the course of the year it organised in excess of 50 events with total attendance of 4,000. Highlights included the annual dinner in London, at which attendees heard Nasser Judah OE and former Deputy Prime Minister and Foreign Minister of Jordan, speak. The Eastbournian Society continues to grow into a worldwide network which, among other occasions, saw Old Eastbournians gather for events in Bangkok, Hong Kong, Singapore and Sydney this year. In addition, the number of business and career network events continued to grow in popularity.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

Total donations received in the year amounted to £422k. Of sums donated to the FADO, £392k related to donations to the Development Fund (Project 150) and £30k was donated for the benefit of Bursary Funds. Additionally, nineteen pupils' fees are met substantially by charities, trusts and individuals.

Five pupils continue to be supported by a grant from Goldman Sachs Giving. This will continue for a further four years. The Annual Foundation Golf Challenge held at the Royal Eastbourne Golf Club raised £16k towards the Peter Bibby Award. This event is supported by alumni, parents, local businesses and the wider community.

At 31 August 2017, 99 (2016: 98) known pledges from Devonshire Society members were in existence. The Board is very grateful to all those who support the Charity's charitable objects and endeavours and is particularly grateful to members of the Devonshire Society for their continuing commitment to support the Charity by way of legacies and bequests and to those who have already given their support to Project 150, enabling the Charity to proceed with the awarding of the construction contract. It will require a considerable collective effort to continue to raise funds successfully, both for Project 150 and to increase the Charity's ability to offer bursaries.

5.4 The Charity's Reserves

The Board has adopted the format of accounts prescribed by the Charities SORP 2015 which stipulates that funds are placed within four generic groups

- **Endowed Funds** - these are to be treated as capital and only the income can be used for the general purposes of the Charity
- **Restricted Funds** - these have limitations on the use of both capital and income, according to the wishes of donors
- **Unrestricted Funds** - these can be used at the discretion of the Board of Governors. Within Unrestricted Funds, the Board can allocate monies to a specific purpose. These are called **Designated Funds**.

The Charity needs to have sufficient reserves and capacity to borrow to mitigate the operational risk of an unexpected revenue shortfall. The Charity's annual surpluses from its operations are used to grow the General Fund. The Fund is available to develop and maintain the Charity's plant and equipment used for educational purposes and to provide fee assistance to those unable to afford the full fees. The Board intends to continue using the General Fund for these purposes. It seeks actively donations and legacies to grow its funds over the long term.

The Finance Committee reviews the Charity's reserves policy and forecast levels of reserves regularly and reports to the Board. The majority of the Charity's incoming resources arise through charging school fees in respect of the 1,000 pupils it educates so its sources of income are well-diversified. It is not dependent on third-party grants or donations to fund its operations.

The group's total reserves of £47,591k included £4,399k of endowment capital, £6,612k in restricted funds leaving £36,580k in unrestricted funds. Taking into account the net book value of the unrestricted fixed assets of £47,266k, this leaves no free reserves (2016: £3,098k). This

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

was expected due to the building work on Project 150 on which £15,917k was spent in the year. The Charity has in place further long-term loan facilities of £7,000k which were drawn down on 29 September 2017 to fund the building works, and a bank overdraft in place for £5.5m to assist with its day-to-day liquidity. This is monitored by cash flow forecasts which are produced and updated regularly to ensure the Charity has sufficient funds for its current and future operations.

The Charity accounts for its land and buildings at depreciated historic cost, much of which estate has been owned for many decades. The Board considers that the current market value of its estate is considerably higher than its carrying value shown in the accounts. If necessary, the Charity could sell some of its buildings. The Board expects to operate without free reserves for the foreseeable future but it considers the current level of reserves, substantially represented by fixed assets, taken together with the long term loan and bank overdraft facilities which have been put in place, to be adequate to enable the Charity to continue its operations.

5.5 Investment Policy and Objectives

The Board's investment policy is to seek a minimum return of 3 per cent in excess of the underlying rate of inflation on the Charity's investments so as to preserve their capital while providing an income to support the Charity's activities. The policy is reviewed annually by the Board. Investment performance is managed by the Investment Committee with regard to market conditions and performance of relevant indices.

Gains on investments for the year were £312k or 6.1 per cent of the value of the investments at the beginning of the year. Actual income averaged across all portfolios was 2.88 per cent of the value of the investments at the beginning of the year or £148k.

The investments held in Restricted Funds provide income to be applied according to the wishes of donors. The income from the investments of the Endowment Funds is applied to the charitable activity of the Charity.

5.6 Going Concern

The Charity's annual surpluses generate sufficient funds for its ongoing operations and to service the long-term debt taken out to fund Project 150. This long-term debt includes long-term borrowing facilities of £10m and bank overdraft facilities of £5.5m. Three million pounds of this facility was drawn down in the year. Current forecasts indicate the Charity can meet its commitments for the foreseeable future. These forecasts are reviewed by the Finance Committee at least termly. The Board is not aware of any circumstances that may affect the Charity's ability to renew these facilities. Accordingly the Board believes it is appropriate to prepare the financial statements on the going concern basis of accounting.

6. KEY OBJECTIVES FOR 2017/18

During the coming year the Board has set the following key objectives for the Charity, the College and the School

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

- maintain pupil numbers of over 600 at the College and over 285 at the School (excluding nursery)
- develop a new ECi Strategic Plan 2018-2023
- maintain academic results of at least 70 per cent A*/A/B grades at A-level and over 60 per cent A*/A grades at GCSE
- complete Phase 2 of Project 150, thus improving the dining experience and sporting provision for pupils at the College
- improve IT provision for education (iPad rollout), improved connectivity with parents and increased efficiency and unity of management information systems
- increase provision of social and educational spaces for sixth form and undertake initiatives to improve integration between the sexes
- make increased use of the sea and schools' location in sport and lifestyle to promote positive mental health
- launch new websites at both the College and School and improve communication of healthy learning at the schools
- develop CPD partnerships through the ESP to improve staff development and share best practice
- build on the achievements of the ESP, including providing a regional hub for CCF and improved sharing of educational skills and the possibility of establishing the foundations for a Junior ESP.

7. RISK MANAGEMENT

The Governors consider the gradual erosion of disposable income from fee payers, combined with high inflation, to be the principal risk faced by the Charity. To mitigate this risk, the Governors are carefully monitoring the budget and cost base for both schools, as well as seeking to diversify their income streams. Health and safety is always a significant area for risk management. This can range from risks to the Charity's infrastructure such as fire or flood to personal risks. These risks are minimised through appropriate planning and risk assessment, as well as ensuring the Charity has adequate insurance cover.

The Board is responsible for the management of risks faced by the Charity. Detailed consideration of risks is delegated to appropriate committees, as directed by the Finance Committee. Risks are identified, assessed and controls established throughout the year. The key risk is seen to be a persistent decline in income, however caused, resulting in the Charity ceasing to be financially viable. This risk is mitigated by continually investing in marketing and looking to increase the number of feeder schools. A formal review of the risk management process is undertaken on an annual basis. The key controls used by the Charity include

- formal agendas for all Committee and Board activity
- detailed terms of reference for all Committees
- comprehensive strategic planning, budgeting and management accounting
- established organisational structures and lines of reporting
- formal written policies
- clear authorisation and approval levels
- safeguarding procedures as required by law for the protection of the vulnerable
- annual consideration of the risk register.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

Through the risk management processes, the Board is satisfied that the major risks to which the Charity is exposed have been reviewed and that systems have been established in order to mitigate those risks. It is recognised, however, that systems can provide only reasonable, but not absolute, assurance that major risks have been adequately managed.

8. STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

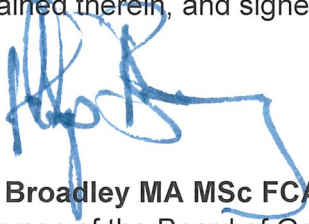
Insofar as each of the Governors of the Charity at the date of approval of this Report is aware, there is no relevant audit information (information needed by the Charity's auditor in connection with preparing the audit report) of which the Charity's auditor is unaware. Each Governor has taken all of the steps that they should have taken as a Governor in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

EASTBOURNE COLLEGE (INCORPORATED)
ANNUAL REPORT OF THE GOVERNORS
YEAR ENDED 31 AUGUST 2017

9. AUDITORS

Crowe Clark Whitehill LLP has expressed its willingness to be reappointed as statutory auditor.

Approved by the Governing Body of Eastbourne College (Incorporated) on 15 December 2017, including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by



PAJ Broadley MA MSc FCA
Chairman of the Board of Governors

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EASTBOURNE COLLEGE (INCORPORATED)**

Opinion

We have audited the financial statements of Eastbourne College (Incorporated) for the year ended 31 August 2017 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows and 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).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EASTBOURNE COLLEGE (INCORPORATED)

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Governors, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Annual Report of the Governors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report nor the Directors' Report included within the Annual Report of the Governors.

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

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

Responsibilities of Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 28, the Governors (who are also the directors of the charitable company 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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EASTBOURNE COLLEGE (INCORPORATED)**

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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.

 Allison 15 December 2017

Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

EASTBOURNE COLLEGE (INCORPORATED)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017

| (Including Income and Expenditure account) | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowed funds £'000 | 2017 Total £'000 | <i>2016 Total £'000</i> |
|---|-------|--------------------------------|------------------------------|---------------------------|---------------------------------|---------------------------------|
| Income and endowments from | | | | | | |
| Charitable activities | | | | | | |
| School fees receivable | 3 | 18,650 | - | - | 18,650 | <i>18,248</i> |
| Ancillary trading income | 4 | 826 | - | - | 826 | <i>787</i> |
| Other trading activities | | | | | | |
| Non-ancillary trading income | 5 | 1,396 | - | - | 1,396 | <i>1,287</i> |
| Other activities | 5 | 35 | - | - | 35 | <i>23</i> |
| Investments | | | | | | |
| Investment income | 6 | 120 | 28 | - | 148 | <i>137</i> |
| Bank and other interest | 7 | 79 | 3 | - | 82 | <i>150</i> |
| Voluntary sources | | | | | | |
| Grants and donations | 8 | - | 513 | - | 513 | <i>2,378</i> |
| Total incoming resources | | 21,106 | 544 | - | 21,650 | <i>23,010</i> |
| Expenditure on | | | | | | |
| Raising funds | | | | | | |
| Non-ancillary trading | 9 | (944) | - | - | (944) | <i>(928)</i> |
| Financing costs | 10 | (113) | - | - | (113) | <i>(76)</i> |
| Investment management | | - | (4) | (16) | (20) | <i>(16)</i> |
| Fundraising & Development | | (247) | (2) | - | (249) | <i>(247)</i> |
| Total expenditure on raising funds | | (1,304) | (6) | (16) | (1,326) | <i>(1,267)</i> |
| Charitable activities | | | | | | |
| Education and grant-making | 9 | (18,840) | (262) | - | (19,102) | <i>(18,677)</i> |
| Total expenditure | | (20,144) | (268) | (16) | (20,428) | <i>(19,944)</i> |
| Net incoming funds from operations before transfers and investment gains | | | | | | |
| | | 962 | 276 | (16) | 1,222 | <i>3,066</i> |
| Gains/(losses) on investments | 14 | - | 48 | 264 | 312 | <i>365</i> |
| Net income for the year | | 962 | 324 | 248 | 1,534 | <i>3,431</i> |
| Transfers between funds | 20 | 411 | (411) | - | - | <i>-</i> |
| Net movement in funds for the year | | 1,373 | (87) | 248 | 1,534 | <i>3,431</i> |
| Fund balances brought forward at 1 September 2016 | | 35,207 | 6,699 | 4,151 | 46,057 | <i>42,626</i> |
| Fund balances carried forward at 31 August 2017 | | 36,580 | 6,612 | 4,399 | 47,591 | <i>46,057</i> |

The notes on pages 37 to 57 form part of these financial statements.

EASTBOURNE COLLEGE (INCORPORATED)
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 AUGUST 2017

| | Note | Group 2017 £'000 | 2016 £'000 | Charity 2017 £'000 | 2016 £'000 |
|---|------|------------------------|---------------|--------------------------|---------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | 52,279 | 37,215 | 50,721 | 35,578 |
| Securities investments | 14 | 5,408 | 5,135 | 6,418 | 6,272 |
| | | <u>57,687</u> | <u>42,350</u> | <u>57,139</u> | <u>41,850</u> |
| CURRENT ASSETS | | | | | |
| Stock | | 212 | 180 | - | 19 |
| Debtors | 15 | 787 | 552 | 820 | 567 |
| Cash and deposits | | 2,625 | 12,807 | 2,435 | 11,922 |
| | | <u>3,624</u> | <u>13,539</u> | <u>3,255</u> | <u>12,508</u> |
| CURRENT LIABILITIES | | | | | |
| Creditors payable within one year | 16 | (9,476) | (8,339) | (10,009) | (8,299) |
| | | <u>(5,852)</u> | <u>5,200</u> | <u>(6,754)</u> | <u>4,209</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | | | | |
| | | <u>51,835</u> | <u>47,550</u> | <u>50,385</u> | <u>46,059</u> |
| LONG-TERM LIABILITIES | | | | | |
| Creditors payable after one year | 17 | (4,244) | (1,493) | (4,244) | (1,493) |
| | | <u>47,591</u> | <u>46,057</u> | <u>46,141</u> | <u>44,566</u> |
| NET ASSETS | | | | | |
| REPRESENTED BY | | | | | |
| ENDOWED FUNDS | 20 | 4,399 | 4,151 | 4,399 | 4,151 |
| RESTRICTED FUNDS | 20 | 6,612 | 6,699 | 6,612 | 6,699 |
| UNRESTRICTED FUNDS | | | | | |
| General Reserve | 20 | 36,580 | 35,207 | 35,130 | 33,716 |
| | | <u>47,591</u> | <u>46,057</u> | <u>46,141</u> | <u>44,566</u> |

The net result for the financial year dealt with in the financial statement of the parent charity was a surplus of £1,575k (2016: £3,474k).

These financial statements were approved by the Board of Governors on 15 December 2017 and were signed on its behalf by


PAJ Broadley MA MSc FCA
 Chairman


AM Robinson BA ACA
 Chairman Finance Committee

The notes on pages 37 to 57 form part of these financial statements.

EASTBOURNE COLLEGE (INCORPORATED)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | £'000 | 2017 £'000 | £'000 | 2016 £'000 |
|--|------|------------|------------------------|------------|------------------------|
| Net cash inflow from operations | | | | | |
| Net cash provided by operating activities | (i) | | <u>5,940</u> | | <u>5,440</u> |
| Cash flows from investing activities | | | | | |
| Payments for tangible fixed assets | | (16,395) | | (10,283) | |
| Proceeds on sale of tangible fixed assets | | 4 | | 7 | |
| Additions to securities investments portfolio | | (2) | | (418) | |
| Withdrawals from securities investments portfolio | | 41 | | 15 | |
| Investment income and bank interest received | | <u>230</u> | | <u>287</u> | |
| Net cash (used in) investing activities | | | <u>(16,122)</u> | | <u>(10,392)</u> |
| Change in cash and cash equivalents in the reporting period | | | (10,182) | | (4,952) |
| Cash and cash equivalents at the beginning of period | | | 12,807 | | 17,759 |
| Cash and cash equivalents at the end of the reporting period | (ii) | | <u>2,625</u> | | <u>12,807</u> |

The notes on pages 37 to 57 form part of these financial statements.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

(i) Reconciliation of net income to net cash flow from operating activities

| | 2017 | | 2016 |
|---|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| Net incoming resources | 1,222 | | 3,066 |
| Elimination of non-operating cash flows | | | |
| Investment income | (230) | (287) | |
| Depreciation charge | 1,331 | 1,063 | |
| (Profit) on sale/disposal of assets | (3) | (7) | |
| (Increase) in debtors | (235) | (62) | |
| (Increase) in stocks | (32) | (3) | |
| Increase in creditors (excluding fees in advance scheme and deposit) | 3,856 | 1,471 | |
| (Decrease) in fees in advance scheme creditors | (226) | (6) | |
| Increase in parents' deposits | 257 | 205 | |
| | 2,718 | 2,374 | |
| Net cash inflow from operations | 5,940 | 5,440 | |

(ii) Analysis of cash and cash equivalents

| | 2017 | | 2016 |
|--------------|--------------|--|---------------|
| | £'000 | | £'000 |
| Cash at bank | 2,275 | | 3,751 |
| Deposits | 350 | | 9,056 |
| | 2,625 | | 12,807 |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. CHARITY INFORMATION

Eastbourne College (Incorporated) is a charitable company limited by guarantee incorporated in England (charity number 307071, company number 115408) and is a public benefit entity operating from its registered office, Marlborough House, Old Wish Road, Eastbourne BN21 4JY.

2. ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis of accounting, as modified by the revaluation of investments and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities and the accounting policies set out below.

The financial statements consolidate, on a line by line basis, the endowment funds and restricted and unrestricted funds of Eastbourne College (Incorporated) together with the financial statements of its wholly owned subsidiaries Eastbourne College Enterprises Limited 3061136 and SACS (Eastbourne) Limited 2405546, all prepared for the same financial period. No separate SoFA has been presented for the Charity alone, as permitted by Section 408 of the Companies Act 2006. The Charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a Charity only Cash Flow Statement with the consolidated financial statements.

Having reviewed the funding facilities available to the Charity, together with the expected ongoing demand for places and the Charity's future projected cash flows, the Governors have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Charity's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities on page 28.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. ACCOUNTING POLICIES (continued)

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

2.1 Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the Charity against those fees, but including contributions received from restricted funds, are accounted for in the period in which the services are provided.

Amounts received under the Charity's Fees In Advance Scheme not yet utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided with 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

2.2 Investment income

Dividend income is accounted for at the date on which the College has entitlement to the dividends. Interest on bank balances and fixed interest securities is accounted for in the period in which the interest is earned.

2.3 Donations, legacies, grants and other voluntary incoming resources

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the Charity is considered probable.

Voluntary income for the Charity's general purposes is accounted for as unrestricted and is credited to the General Reserve. Where through terms of an appeal or from the donor there is a trust law restriction on the use of any voluntary income, the income is credited to the relevant restricted funds or endowment. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the Charity in the case of donated services or facilities.

2.4 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure attributable to more than one cost category in the SoFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Grants awarded are expensed as soon as they become a legal or constructive liability. Governance costs comprise the costs of complying with constitutional and statutory requirements.

Intra-group sales and charges between the Charity and its subsidiaries are excluded from trading income and expenditure.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. ACCOUNTING POLICIES (continued)

2.5 Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings, vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £2k is capitalised and carried in the balance sheet at historical cost. In certain circumstances, where the original costs of assets are not ascertainable, a reasonable estimate of the cost, if material, has been used.

Other expenditure on equipment incurred in the normal day-to-day running of the Charity and its subsidiaries is charged to the Statement of Financial Activities as incurred.

2.6 Depreciation

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal annual instalments over their expected useful economic lives, as follows

| | |
|---------------------------------------|----------|
| Newly constructed buildings | 60 years |
| Buildings, including major extensions | 50 years |
| Furniture and equipment | 10 years |
| IT equipment | 3 years |
| Motor vehicles | 5 years |

2.7 Investments

Unlisted and alternative investments are stated at their fair values at the balance sheet date. For all listed and other investments where there is an active market the investments are listed at their quoted market prices,

Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the 'ownership' of the underlying assets.

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Stock

Stock represents goods for resale and is valued at the lower of cost and net realisable value.

2.9 Fund accounting

The charitable trust funds of the Charity and its subsidiaries are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded.

Unrestricted income belongs to the Charity's corporate reserves, spendable at the discretion of the Governors either to further the Charity's objects or to benefit the Charity itself. Where the Governors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. ACCOUNTING POLICIES (continued)

2.9 Fund accounting (continued)

Restricted income comprises gifts, legacies and grants where there is no capital retention obligation or power but only a trust law restriction to some specific purpose intended by the donor.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the Charity (eg freehold land) or for its financial benefit (ie by investment). If the donor or the terms of an appeal has restricted the purpose for which the gift or any income from it is to be used, such income will accrue to the appropriate restricted fund.

2.10 Pension costs

Retirement benefits to employees of the Charity are provided through two pension schemes, one defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows

(a) The Teachers' Pension Scheme. This scheme is a multi-employer pension scheme. It is not possible to identify the Charity's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The Charity's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

(b) The Eastbourne College Work Place Pension. This is a defined contribution group personal pension plan with Legal & General. Employers' pensions costs are charged in the period in which the salaries to which they relate are payable.

2.11 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with all debtors other than prepayments. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and fees received in advance. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year-end exchange rate.

2.12 Foreign currencies

The financial statements are presented in sterling which is also the functional currency of the Charity. Transactions in currencies other than sterling are recorded at the rate of exchange at the date the transaction occurred. Monetary assets and liabilities denominated in other currencies are translated at the exchange rate prevailing at the end of the reporting period. All differences are taken to the Statement of Financial Activities.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. CHARITABLE ACTIVITIES - FEES RECEIVABLE

| | 2017 | 2016 |
|--|----------------|--------------|
| | £'000 | £'000 |
| Fees receivable consist of | | |
| School fees | 21,784 | 21,428 |
| Less total scholarships, bursaries and other fee remission | (3,289) | (3,303) |
| | 18,495 | 18,125 |
| Add back bursaries and other awards paid for by restricted funds | 155 | 123 |
| | 18,650 | 18,248 |

Scholarships, bursaries and other awards were paid to 368 pupils (2016: 388). Within this, means-tested bursaries totalling £1,266k were paid to 183 pupils (2016: £1,413k to 199 pupils).

4. CHARITABLE ACTIVITIES - OTHER INCOME

| | 2017 | 2016 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Extra Tuition | 451 | 417 |
| Entrance and registration fees | 215 | 115 |
| Trip income | 134 | 179 |
| Commissions and other income | 26 | 76 |
| | 826 | 787 |

5. OTHER TRADING ACTIVITIES

| | 2017 | 2016 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trading income | | |
| Bussing operations | 212 | 199 |
| School shop | 362 | 347 |
| Lettings | 786 | 729 |
| Others | 36 | 12 |
| | 1,396 | 1,287 |
| Other activities | | |
| Interest on overdue fees | 35 | 23 |
| Other | - | - |
| | 35 | 23 |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

6. INVESTMENT INCOME

| | Restricted | Unrestricted | Total 2017 | <i>Total 2016</i> |
|-------------------------------------|------------|--------------|-----------------------|-----------------------|
| | £'000 | £'000 | £'000 | <i>£'000</i> |
| Securities investment income | | | | |
| Equities | 27 | 115 | 142 | <i>132</i> |
| Fixed interest | 1 | 5 | 6 | <i>5</i> |
| | <u>28</u> | <u>120</u> | <u>148</u> | <u><i>137</i></u> |

7. BANK AND OTHER INTEREST

| | Unrestricted | Restricted | Total 2017 | <i>Total 2016</i> |
|---------------|--------------|------------|-----------------------|-----------------------|
| | £'000 | £'000 | £'000 | <i>£'000</i> |
| Bank Interest | 79 | 3 | 82 | <i>150</i> |
| | <u>79</u> | <u>3</u> | <u>82</u> | <u><i>150</i></u> |

8. GRANTS AND DONATIONS RECEIVABLE

| | Unrestricted | Restricted | Endowment | Total 2017 | <i>Total 2016</i> |
|-----------------------|--------------|------------|-----------|-----------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | <i>£'000</i> |
| Bursaries donations | | 30 | - | 30 | <i>780</i> |
| Development donations | - | 392 | - | 392 | <i>1,589</i> |
| Arnold Embellishers | - | 91 | - | 91 | <i>7</i> |
| General donations | - | - | - | - | <i>2</i> |
| | <u>-</u> | <u>513</u> | <u>-</u> | <u>513</u> | <u><i>2,378</i></u> |

An estimate of the amount of legacies in the pipeline which do not meet the criteria for recognition is £370k.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. ANALYSIS OF EXPENDITURE

(a) Total expenditure

| | Staff costs (note 10) £'000 | Depreciation (note 11) £'000 | Other £'000 | Total 2017 £'000 | <i>Total 2016 £'000</i> |
|--|-----------------------------------|------------------------------------|----------------|---------------------------------|---------------------------------|
| Expenditure on raising funds | | | | | |
| Trading costs | 288 | 103 | 553 | 944 | 928 |
| Cost of other activities | - | - | - | - | - |
| Financing costs (note 9) | - | - | 113 | 113 | 76 |
| Investment management | - | - | 20 | 20 | 16 |
| Development costs | 166 | - | 83 | 249 | 247 |
| Total expenditure on raising funds | 454 | 103 | 769 | 1,326 | 1,267 |
| Charitable expenditure education and grant-making | | | | | |
| Teaching | 8,712 | - | 987 | 9,699 | 9,737 |
| Welfare | 1,018 | - | 2,664 | 3,682 | 3,725 |
| Premises repair and maintenance | 550 | 1,030 | 891 | 2,471 | 2,143 |
| Support costs and governance | 1,489 | 198 | 1,392 | 3,079 | 2,932 |
| Grants, awards and prizes (b) | - | - | 171 | 171 | 140 |
| Total charitable expenditure | 11,769 | 1,228 | 6,105 | 19,102 | 18,677 |
| Total expended | 12,223 | 1,331 | 6,874 | 20,428 | 19,944 |

(b) Grants, awards and prizes

| | 2017 £'000 | <i>2016 £'000</i> |
|---------------------------------------|-----------------------|-----------------------|
| From Restricted Funds | | |
| Bursaries and other grants and awards | 158 | 126 |
| Prizes and leaving awards | 5 | 5 |
| From Unrestricted Funds | | |
| Prizes and leaving awards | 8 | 9 |
| | 171 | 140 |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

| | | | |
|-----------|--|------------------|------------------|
| 9. | ANALYSIS OF EXPENDITURE (CONTINUED) | 2017 | 2016 |
| | (c) Charity Governance included in support costs | | |
| | | £'000 | £'000 |
| | Remuneration paid to auditor for audit services | 20 | 20 |
| | Reimbursement of personal expenses to Governors - travel costs | 1 | 1 |
| | Other governance costs | 6 | 8 |
| | | <u>27</u> | <u>29</u> |

Travel expenses were reclaimed by 4 members (2016: 3) of the Board of Governors. In addition to the above audit remuneration, the auditor received fees for the audit of the trading subsidiaries totalling £6k (2016: £6k).

| | | | |
|------------|--------------------------------|-------------------|------------------|
| 10. | FINANCE AND OTHER COSTS | 2017 | 2016 |
| | | £'000 | £'000 |
| | Bank loan interest | 5 | - |
| | Bank arrangement fees | 20 | - |
| | Fees in Advance debt-financing | 88 | 76 |
| | | <u>113</u> | <u>76</u> |

| | | | |
|-------------|--|----------------------|----------------------|
| 11a. | STAFF COSTS | 2017 | 2016 |
| | | £'000 | £'000 |
| | The aggregate payroll costs for the year were as follows | | |
| | Wages and salaries | 10,122 | 10,388 |
| | Social security costs | 982 | 869 |
| | Other pension costs | 1,119 | 1,123 |
| | | <u>12,223</u> | <u>12,380</u> |

| | | |
|---|-------------------|-------------------|
| Aggregate employee benefits of key management personnel | <u>361</u> | <u>738</u> |
|---|-------------------|-------------------|

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11a. STAFF COSTS (CONTINUED)

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Number of higher paid employees (excluding terminations payments) in bands of | | |
| £60,001 to £70,000 | 10 | 3 |
| £70,001 to £80,000 | 1 | 1 |
| £80,001 to £90,000 | - | - |
| £90,001 to £100,000 | - | - |
| £100,001 to £110,000 | 2 | 1 |
| £110,001 to £120,000 | - | - |
| £120,001 to £130,000 | - | 1 |
| | <u> </u> | <u> </u> |

The number with retirement benefits accruing

| | | |
|--|-----------|----------|
| - in defined contribution schemes was | 2 | 1 |
| of which the contributions amounted to | £12,939 | £10,507 |
| - in defined benefit schemes was | <u>11</u> | <u>5</u> |

The average number of the Charity's employees during the year was 412 (2016: 410).

| | 2017 | 2016 |
|------------------|-------------------|-------------------|
| Teaching | 242 | 239 |
| Welfare | 69 | 69 |
| Premises | 21 | 22 |
| Support | 51 | 51 |
| Other activities | 29 | 29 |
| | <u> </u> | <u> </u> |
| | 412 | 410 |

Redundancy or termination payments amounting to £53,750 (2016: £409,104) were paid to two people during the year.

11b. RELATED PARTY TRANSACTIONS

None of the Governors received any remuneration or other benefits from the Charity or from any connected body.

| | | |
|--|-----------|------------|
| Donations made to the Charity by Governors | <u>16</u> | <u>108</u> |
|--|-----------|------------|

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. TANGIBLE FIXED ASSETS

| Group | Freehold Land | Buildings | Furniture and Equipment | IT Equipment | Motor Vehicles | Total |
|--------------------------|---------------------|----------------------|-------------------------------|-------------------|-------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 September 2016 | 1,556 | 42,999 | 2,952 | 1,017 | 619 | 49,143 |
| Additions | - | 15,920 | 121 | 295 | 59 | 16,395 |
| Disposals | - | - | (1,526) | (304) | (35) | (1,865) |
| At 31 August 2017 | <u>1,556</u> | <u>58,919</u> | <u>1,547</u> | <u>1,008</u> | <u>643</u> | 63,673 |
| Depreciation | | | | | | |
| At 1 September 2016 | - | 8,210 | 2,358 | 853 | 507 | 11,928 |
| Charge for the year | - | 954 | 121 | 198 | 58 | 1,331 |
| Disposals | - | - | (1,526) | (304) | (35) | (1,865) |
| At 31 August 2017 | <u>-</u> | <u>9,164</u> | <u>953</u> | <u>747</u> | <u>530</u> | 11,394 |
| Net book value | | | | | | |
| At 31 August 2017 | <u>1,556</u> | <u>49,755</u> | <u>594</u> | <u>261</u> | <u>113</u> | <u>52,279</u> |
| <i>At 31 August 2016</i> | <u><i>1,556</i></u> | <u><i>34,789</i></u> | <u><i>594</i></u> | <u><i>164</i></u> | <u><i>112</i></u> | <u><i>37,215</i></u> |

Included in the buildings are assets under construction with a value of £17,354k. No depreciation has been charged on these assets in the year.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. TANGIBLE FIXED ASSETS (CONTINUED)

| Charity | Freehold Land | Buildings | Furniture and Equipment | IT Equipment | Motor Vehicles | Total |
|--------------------------|------------------|---------------|-------------------------------|-----------------|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 September 2016 | 1,556 | 40,043 | 2,560 | 1,017 | 209 | 45,385 |
| Additions | - | 15,920 | 89 | 294 | 26 | 16,329 |
| Disposals | - | - | (1,463) | (304) | (13) | (1,780) |
| At 31 August 2017 | 1,556 | 55,963 | 1,186 | 1,007 | 222 | 59,934 |
| Depreciation | | | | | | |
| At 1 September 2016 | - | 6,802 | 1,977 | 853 | 175 | 9,807 |
| Charge for the year | - | 856 | 115 | 197 | 18 | 1,186 |
| Disposals | - | - | (1,463) | (304) | (13) | (1,780) |
| At 31 August 2017 | - | 7,658 | 629 | 746 | 180 | 9,213 |
| Net book value | | | | | | |
| At 31 August 2017 | 1,556 | 48,305 | 557 | 261 | 42 | 50,721 |
| <i>At 31 August 2016</i> | <i>1,556</i> | <i>33,241</i> | <i>583</i> | <i>164</i> | <i>34</i> | <i>35,578</i> |

The Charity has substantial long-held historic assets used in the course of the Charity's educational activities. These include listed buildings on the Eastbourne College campus, together with their contents. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Governors, the depreciated historical cost of these assets would now be immaterial.

13. CAPITAL COMMITMENTS

As at 31 August 2017 the group had capital commitments for the construction works on Project 150 totalling £7,244k. In addition there were also capital commitment for the supply of equipment amounting to £61k.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. SECURITIES INVESTMENTS

| | 2017 | <i>2016</i> |
|--|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Group investments | | |
| At 1 September 2016 | 5,135 | 4,367 |
| New money invested | 2 | 418 |
| Amounts extracted | (41) | (15) |
| Increase in value of investments | 312 | 365 |
| Group investments at 31 August 2017 | 5,408 | 5,135 |
| Investment in subsidiaries | 1,010 | 1,137 |
| Charity investments at 31 August 2017 | 6,418 | <i>6,272</i> |
| Investments comprise | | |
| Listed investments | | |
| Fixed interest | 345 | 331 |
| Equities | 4,982 | 4,464 |
| Cash | 81 | <i>340</i> |
| Group investments | 5,408 | 5,135 |
| Investment in subsidiaries | 1,010 | 1,137 |
| Charity investments | 6,418 | <i>6,272</i> |
| Historical Cost | 4,452 | <i>4,431</i> |

The Charity's investments are held in a spread of direct equities and fixed interest bonds. In addition there are a number of collective instruments, held in funds and investment trusts that provide further diversification. The securities investments are managed for the Charity by Charles Stanley & Co Limited. Of the total amounts invested at 31 August 2017 £2,403k was held in overseas securities (2016: £1,531k).

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. DEBTORS

| | Group | | Charity | |
|---------------------------------------|--------------|--------------|----------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Fees and extras | 248 | 199 | 247 | 199 |
| Trade | 331 | 272 | 332 | 272 |
| Other debtors | 126 | 30 | 126 | 30 |
| Other prepayments and accrued income | 82 | 51 | 82 | 51 |
| Tax recoverable | - | - | - | - |
| Amounts due from subsidiary companies | - | - | 33 | 15 |
| | 787 | 552 | 820 | 567 |

All debtors are due within one year.

16. CREDITORS: amounts falling due within one year

| | Group | | Charity | |
|---|--------------|--------------|----------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Deposits from parents | 1,936 | 1,678 | 1,936 | 1,678 |
| Fees received from parents in advance of term | 3,126 | 2,419 | 3,126 | 2,419 |
| Trade creditors | 596 | 1,717 | 576 | 1,699 |
| Taxation and social security | 246 | 252 | 243 | 246 |
| Other creditors | 233 | 174 | 224 | 165 |
| Fees in Advance scheme | 1,426 | 1,403 | 1,426 | 1,403 |
| Amount due to subsidiary company | - | - | 572 | - |
| Accruals and deferred income | 1,913 | 696 | 1,906 | 689 |
| | 9,476 | 8,339 | 10,009 | 8,299 |

Refundable deposits were previously presented as liabilities due after more than one year in the 2016 financial statements. The Governors have concluded that the Charity does not have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and so have presented refundable deposits of £1,936k (2016: £1,678k) within current liabilities in 2017.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

| | Group | | Charity | |
|------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Fees in Advance scheme | 1,244 | 1,493 | 1,244 | 1,493 |
| Bank loan | 3,000 | - | 3,000 | - |
| | <u>4,244</u> | <u>1,493</u> | <u>4,244</u> | <u>1,493</u> |

On 29 September 2017 the Charity's two fixed-term loans for £10m crystallised and were drawn down, resulting in the bank loan increasing by £7m. This loan is for the financing of Project 150.

18. FEES IN ADVANCE SCHEME

Parents may enter into a contract to pay the Charity in advance for fixed contributions towards the tuition fees for up to five years at Eastbourne College and up to eight years at St Andrew's Prep. The money may be returned subject to specific conditions on the receipt of notice. Assuming pupils will remain in the College or School, fees in advance will be applied as follows

| | 2017 | 2016 |
|--------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| After five years | 70 | 82 |
| Within two to five years | 526 | 654 |
| Within one to two years | 648 | 757 |
| | <u>1,244</u> | <u>1,493</u> |
| Within one year | <u>1,426</u> | <u>1,403</u> |
| | <u>2,670</u> | <u>2,896</u> |

Summary of movements in liability

| | £'000 |
|--|---------------------|
| Balance at 1 September 2016 | 2,896 |
| New contracts | 1,598 |
| Repayments | - |
| Amounts used to pay fees | (1,911) |
| Amounts accrued to contract as debt financing cost | 87 |
| Balance at 31 August 2017 | <u>2,670</u> |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. FUNDS OF THE CHARITY

The Charity's funds are analysed under the following headings.

a) ENDOWED FUNDS

The Eastbourne College Endowment Fund

The Eastbourne College Endowment Fund includes the original Endowment Fund provided by the members and friends of the Old Eastbournian Association in December 1939.

The Permanent Endowment Fund

The Permanent Endowment Fund arose in 1978 from the proceeds of the sales of the Ascham and Granville sites.

The Rule Bequest

The Rule Bequest was established in 1983 with a legacy from Reginald Yorke Rule.

Income from the assets of each of the Endowed Funds is credited to Unrestricted Funds and has been designated by the Governors for development.

b) RESTRICTED FUNDS

Prizes Fund

The income from the assets of the Prizes Fund assists with the payment of prizes and leaving awards.

Le Brocq Fund

The Le Brocq fund was established by Philip and Sally Le Brocq in memory of their son, John, who died while a pupil at the College. The income from the assets of the Le Brocq fund is used to fund an annual award to a leaver who has made an outstanding contribution to the life of the College.

Scoresby Fund

The Scoresby Fund was established with a legacy from Thomas Scoresby-Jackson, OE. The income from the assets of the Scoresby Fund assists with the payment of means-tested bursaries for pupils studying maths and sciences.

Birley Fund

The Birley Fund was set up to support musical causes in need of financial assistance.

Old Eastbournian Charity Fund

The income from the assets of the Old Eastbournian Charity Fund assists with the payment of means-tested bursaries.

Arnold Embellishers

The Arnold Embellishers Fund is administered by an association of Old Eastbournians and friends of Eastbourne College. The purpose of the fund is to finance improvements (embellishments) to the College in accordance with the wishes of its members.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

Trevor Pescud Fund

The Trevor Pescud fund was established in 2016 with a legacy from Trevor Pescud OE. The income from the assets of the fund are to be used to assist financing a place at the College for a talented female tennis player. Only the income can be expended for the first 21 years, after which the capital can then also be spent.

Foundation Office Bursary Fund

The Foundation Office Bursary fund is used to assist in financing specific bursary projects.

Foundation Office Development Fund

The Development Fund exists to assist in the financing of future capital projects. The balance on this fund has been transferred to the General Unrestricted Fund to pay for the capital expenditure incurred on Project 150.

19. FUNDS OF THE CHARITY (CONTINUED)

St Andrew's Prep Land and Buildings

St Andrew's Prep Land and Buildings chiefly represents the Net Book value of the School's land and buildings and exists to reflect the restricted nature of the assets in accordance with the terms of the agreement by which such assets were acquired. This restriction expires on 11 February 2018, at which point these assets will be transferred to the General Fund.

c) UNRESTRICTED FUNDS

Designated Development Funds

The designated fund is designated by the Governors for the purpose of assisting in the funding of the Charity's development plan. The principal component of this will be used to fund Project 150 and the balance on the fund at the 31 August 2017 has been transferred to the General Fund to pay for the capital expenditure incurred on this project.

General Funds

Unrestricted general funds represent accumulated income from the Charity's activities and other sources that are available for the general purposes of the Charity.

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. SUMMARY OF MOVEMENTS ON MAJOR FUNDS

| | <i>At 1 Sept. 2016 £'000</i> | Incoming resources £'000 | Resources expended £'000 | Transfers £'000 | Gains/ (Losses) £'000 | At 31 August 2017 £'000 |
|-------------------------------------|--|--------------------------------|--------------------------------|--------------------|-----------------------------|--|
| Unrestricted funds | | | | | | |
| General reserve | 35,207 | 21,028 | (20,186) | 531 | - | 36,580 |
| Designated development | - | 120 | - | (120) | - | - |
| | <u>35,207</u> | <u>21,148</u> | <u>(20,186)</u> | <u>411</u> | <u>-</u> | <u>36,580</u> |
| Restricted funds | | | | | | |
| Prizes Fund | 123 | 4 | (5) | | 8 | 130 |
| Le Brocq Fund | 86 | 2 | (1) | | 3 | 90 |
| Scoresby Fund | 205 | 7 | (1) | (7) | 12 | 216 |
| Birley Fund | 8 | - | - | - | - | 8 |
| Old Eastbournian Charity Fund | 75 | 2 | - | (2) | 3 | 78 |
| Arnold Embellishers | 69 | 93 | (3) | (21) | 1 | 139 |
| Trevor Pescud Fund | 428 | 11 | (14) | - | 21 | 446 |
| Foundation Office Bursary Fund | 599 | 30 | (145) | 9 | - | 493 |
| Foundation Office Development Fund | - | 395 | (3) | (392) | - | - |
| St Andrew's Prep Land and Buildings | 5,106 | - | (96) | 2 | - | 5,012 |
| | <u>6,699</u> | <u>544</u> | <u>(268)</u> | <u>(411)</u> | <u>48</u> | <u>6,612</u> |
| Endowed - Permanent | | | | | | |
| Eastbourne College Endowment Fund | 694 | - | (3) | - | 47 | 738 |
| Permanent Endowment Fund | 2,349 | - | (9) | - | 144 | 2,484 |
| Rule Bequest | 1,108 | - | (4) | - | 73 | 1,177 |
| | <u>4,151</u> | <u>-</u> | <u>(16)</u> | <u>-</u> | <u>264</u> | <u>4,399</u> |
| Total Funds | <u>46,057</u> | <u>21,692</u> | <u>(20,470)</u> | <u>-</u> | <u>312</u> | <u>47,591</u> |

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Endowed £'000 | Restricted £'000 | Unrestricted £'000 | Total £'000 |
|----------------------------------|------------------|---------------------|-----------------------|----------------------|
| Tangible fixed assets | - | 5,013 | 47,266 | 52,279 |
| Securities investments | 4,399 | 1,009 | - | 5,408 |
| Net current assets/(liabilities) | - | 590 | (6,442) | (5,852) |
| Long-term liabilities | - | - | (4,244) | (4,244) |
| | <u>4,399</u> | <u>6,612</u> | <u>36,580</u> | <u>47,591</u> |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. COMPARATIVE SUMMARY OF MOVEMENTS ON MAJOR FUNDS

| | <i>At 1 Sept. 2015 £'000</i> | Incoming resources £'000 | Resources expended £'000 | Transfers £'000 | Gains/ (Losses) £'000 | At 31 August 2016 £'000 |
|-------------------------------------|--|--------------------------------|--------------------------------|--------------------|-----------------------------|--|
| Unrestricted funds | | | | | | |
| General reserve | 30,234 | 20,482 | (19,743) | 4,234 | - | 35,207 |
| Designated development | 2,916 | 119 | - | (3,035) | - | - |
| | <u>33,150</u> | <u>20,601</u> | <u>(19,743)</u> | <u>1,199</u> | <u>-</u> | <u>35,207</u> |
| Restricted funds | | | | | | |
| Prizes Fund | 113 | 4 | (4) | | 10 | 123 |
| Le Brocq Fund | 82 | 2 | (1) | | 3 | 86 |
| Scoresby Fund | 191 | 6 | (1) | (6) | 15 | 205 |
| Birley Fund | 7 | - | - | - | 1 | 8 |
| Old Eastbournian Charity Fund | 68 | 2 | - | (2) | 7 | 75 |
| Arnold Embellishers | 58 | 8 | - | | 3 | 69 |
| Trevor Pescud Fund | - | 419 | - | - | 9 | 428 |
| Foundation Office Bursary Fund | 355 | 363 | (127) | 8 | - | 599 |
| Foundation Office Development Fund | 1,898 | 1,605 | - | (3,503) | - | - |
| St Andrew's Prep Land and Buildings | 2,856 | - | (54) | 2,304 | - | 5,106 |
| | <u>5,628</u> | <u>2,409</u> | <u>(187)</u> | <u>(1,199)</u> | <u>48</u> | <u>6,699</u> |
| Endowed - Permanent | | | | | | |
| Eastbourne College Endowment Fund | 653 | - | (2) | - | 43 | 694 |
| Permanent Endowment Fund | 2,175 | - | (8) | - | 182 | 2,349 |
| Rule Bequest | 1,020 | - | (4) | - | 92 | 1,108 |
| | <u>3,848</u> | <u>-</u> | <u>(14)</u> | <u>-</u> | <u>317</u> | <u>4,151</u> |
| Total Funds | <u>42,626</u> | <u>23,010</u> | <u>(19,944)</u> | <u>-</u> | <u>365</u> | <u>46,057</u> |

23. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Endowed £'000 | Restricted £'000 | Unrestricted £'000 | Total £'000 |
|------------------------|------------------|---------------------|-----------------------|----------------------|
| Tangible fixed assets | - | 5,106 | 32,109 | 37,215 |
| Securities investments | 4,151 | 984 | - | 5,135 |
| Net current assets | - | 609 | 4,591 | 5,200 |
| Long-term liabilities | - | - | (1,493) | (1,493) |
| | <u>4,151</u> | <u>6,699</u> | <u>35,207</u> | <u>46,057</u> |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE

| (Including Income and Expenditure account) | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowed funds £'000 | 2016 Total £'000 |
|---|-------|--------------------------------|------------------------------|---------------------------|---------------------------------|
| Income and endowments from: | | | | | |
| Charitable activities | | | | | |
| School fees receivable | 2 | 18,248 | - | - | 18,248 |
| Ancillary trading income | 3 | 787 | - | - | 787 |
| Other trading activities | | | | | |
| Non-ancillary trading income | 4 | 1,287 | - | - | 1,287 |
| Other activities | 4 | 23 | - | - | 23 |
| Investments | | | | | |
| Investment income | 5 | 119 | 18 | - | 137 |
| Bank and other interest | 6 | 135 | 15 | - | 150 |
| Voluntary sources | | | | | |
| Grants and donations | 7 | 2 | 2,376 | - | 2,378 |
| Total incoming resources | | 20,601 | 2,409 | - | 23,010 |
| Expenditure on | | | | | |
| Raising funds | | | | | |
| Non-ancillary trading | 8 | (928) | - | - | (928) |
| Financing costs | 9 | (76) | - | - | (76) |
| Investment management | | - | (2) | (14) | (16) |
| Fundraising & Development | | (247) | - | - | (247) |
| Total expenditure on raising funds | | (1,251) | (2) | (14) | (1,267) |
| Charitable activities | | | | | |
| Education and grant-making | 8 | (18,492) | (185) | - | (18,677) |
| Total expenditure | | (19,743) | (187) | (14) | (19,944) |
| Net incoming funds from operations before transfers and investment gains | | | | | |
| | | 858 | 2,222 | (14) | 3,066 |
| Gains/(losses) on investments | 13 | - | 48 | 317 | 365 |
| Net income for the year | | 858 | 2,270 | 303 | 3,431 |
| Transfers between funds | 20 | 1,199 | (1,199) | - | - |
| Net movement in funds for the year | | 2,057 | 1,071 | 303 | 3,431 |
| Fund balances brought forward at 1 September 2015 | | 33,150 | 5,628 | 3,848 | 42,626 |
| Fund balances carried forward at 31 August 2016 | | 35,207 | 6,699 | 4,151 | 46,057 |

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION SCHEMES

Retirement benefits to employees of the Charity are provided through one defined benefit scheme and one defined contribution scheme, which are funded by the Charity's and employees' contributions.

Defined benefit schemes

Teachers' Pension Scheme

The Charity participates in the Teachers' Pension Scheme (England and Wales) ('the TPS') for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £949k (2016: £950k) and at the year-end £123k (2016 - £131k) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4 per cent from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08 per cent giving a total employer contribution rate of 16.48 per cent.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

Defined contribution scheme

The Workplace Pension (WPP) has been in place since May 2014 in conjunction with the auto enrolment rules. The scheme is managed by Legal & General. This replaced the Legal & General Stakeholder pension. Basic contributions are variable for the employee and start at zero per cent. The charity contributes 5 per cent for employees who have been employed for over a year. The employer's contributions are charged in the Statement of Financial Activities in the period in which the salaries to which they relate are due. The employer's contributions in the year amounted to £155k (2016: £161k). At 31 August 2017 there were £14k accrued pension contributions for this scheme (2016: £13k).

EASTBOURNE COLLEGE (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

26. SUBSIDIARIES

Eastbourne College (Incorporated) owns the whole of the share capital of Eastbourne College Enterprises Limited (ECEL) and SACS (Eastbourne) Limited (SACS).

ECEL provides bussing services, sports and letting facilities and school shop facilities for Eastbourne College. ECEL had a turnover of £669k (2016: £644k) gross profit of £19k (2016: loss £3k) and a profit before taxation and gift aid of £16k in the year ended 31 August 2017 (2016: loss £14k). At 31 August 2017 the company had shareholder's funds of £990k (2016: £1,052k).

SACS provides the school shop facilities at St Andrew's Prep. SACS had a turnover of £68k (2016: £70k), gross profit of £25k (2016: £15k) and a profit before tax and gift aid of £10k in the year ended 31 August 2017 (2016: loss £1k). At 31 August 2017 the company had shareholder's funds of £29k (2016: £28k).

Related Party Transactions

In the year ended 31 August 2017, ECEL charged £367k (2016: £347k) to the Charity for lettings and provision of bussing services. ECEL is due to make a gift aid payment of £78k for the taxable profit for the year ended 31 August 2017. SACS is due to make a Gift Aid payment of £8k for the taxable profit for the year ended 31 August 2017. ECEL is owed £572k from the Charity at 31 August 2017. At 31 August 2017 there was a balance owed to the charity from SACS of £33k.

27. FINANCIAL INSTRUMENTS

| | 2017 | <i>2016</i> |
|--|--------------|---------------|
| | £,000 | <i>£,000</i> |
| Financial assets measured at amortised cost (a) | 3,330 | <i>13,307</i> |
| Financial assets measured at fair value (b) | 5,408 | <i>5,135</i> |
| Financial liabilities measured at amortised cost (c) | 8,922 | <i>5,758</i> |

- (a) Financial assets include cash, trade and fee debtors, other debtors and accrued income
- (b) Financial assets held at fair value include assets held as investments
- (c) Financial liabilities include deposits, trade creditors and other creditors