

PAST. PRESENT. FUTURE.



ANNUAL REPORT &
FINANCIAL STATEMENTS
2010/11



CHRIST'S HOSPITAL

A SCHOOL LIKE NO OTHER

**CHRIST'S HOSPITAL FOUNDATION
YEAR ENDED 31 AUGUST 2011**

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THE MISSION OF CHRIST'S HOSPITAL

It is and shall be the mission of Christ's Hospital:

- to offer to boys and girls of suitable age an education of such breadth and excellence as will fit them pre-eminently for work and service in society in their generation; and in particular to enable them to compete competently with their peers for opportunities in further education and careers;
- in so doing, to develop first the skills, learning habits, independence of mind and spiritual awareness that will enable and motivate them to continue to educate themselves throughout their lives; and second, a high sense of responsibility towards themselves, their families, their associates and to society at large, such as to form a permanent foundation of their training and character;
- to present to its pupils the Christian faith in all its mystery and splendour;
- to have regard especially to children of families in social, financial or other need, in the choice of pupils, that choice to remain the prerogative of the Foundation;
- to maintain and further the close connection between the Foundation and the City of London so successfully nurtured since 1552.

CHRIST'S HOSPITAL FOUNDATION
YEAR ENDED 31 AUGUST 2011
REPORT OF THE COUNCIL OF ALMONERS (continued)

The Council of Almoners, the Trustee body of Christ's Hospital Foundation (the Foundation), presents its Report and audited Financial Statements for the year ended 31 August 2011. These comply with the governing documents of the Foundation, the relevant Statement of Recommended Practice (the Charities SORP 2005) and the Charities Act 1993.

Christ's Hospital was established by King Edward VI by a Royal Charter dated 1553 and the Foundation is privileged to enjoy the patronage of Her Majesty the Queen. It is registered with the Charity Commission under charity number 306975.

The consolidated Financial Statements also include the activities of Christ's Hospital School (the School), a charitable company limited by guarantee (charity number 1120090, company number 6232556) together with its trading subsidiary, Christ's Hospital Enterprises (company number 2326883) and related charity Bluecoat Sports (a charitable company limited by guarantee, charity number 1096244, company number 4384765). The relationships of these companies to the Foundation are described on pages 10 and 11. Their financial performance is shown in Note 3 on pages 24 to 26.

TERMINOLOGY

To assist in understanding the Report and Financial Statements a brief explanation of some of the terms that are used is shown on page 19.

OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE FOR 2010/11

Academic Achievements 2011

The academic results were excellent this year. At GCSE, 70% of the results were at A* or A grade, far in excess of the national average and 18 pupils obtained all A* or A grades. A level results were the best in 20 years and over 80% of all grades were A*, A or B and almost a third of the students achieved straight A or A* grades. In a particularly competitive year for university entrance, almost all pupils obtained places at top UK universities, and 14 won places at Oxford or Cambridge.

Objectives and Achievements 2010/11

The objectives for 2010/11 and our subsequent achievements were as follows:

- Increase the income of the School by raising the number of pupils who pay the full economic cost of their education at Christ's Hospital, with a target of 26 boarders and 14 day pupils in School for 2011/12. *At the start of the Michaelmas term 2011, there were 40 boarders and 11 day pupils not supported by the Foundation.*
- Introduce the International Baccalaureate programme with effect from September 2011. *With effect from September 2011 we introduced the International Baccalaureate programme as an additional opportunity for sixth form pupils.*
- Complete the construction of new servery and dishwasher areas of the Dining Hall. *We completed the servery and dishwasher areas and brought them into service in June 2011.*
- Introduce a new staff accommodation policy, build new accommodation and sell surplus houses. *Although the overall policy has not yet been completed, construction of 13 new housing units will commence in 2012. Two staff houses*

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- Identify assets that are not currently generating revenue and assess the prospects for maximising their potential disposal values.

situated outside the main campus have been vacated and were put up for sale in the year.

Utilisation of the site was improved by increasing the lettings programmes during School holidays.

The historic assets have been classified as "core" and "non-core" and disposals of non-core assets will commence in 2012.
- Complete and implement the fundraising strategy.

During the year we launched several interim initiatives and finalisation and implementation of the strategy are expected during the early months of 2012.
- Complete the implementation of the new alumni and benefactor contact-management system

We are reviewing the system requirements following the restructuring of School and Foundation as detailed below.

Business Plan and Future Objectives

The Endowment has been seriously affected by the economic downturn of the past four years and Christ's Hospital has recently been running at a significant annual deficit. Recognising that this is an unsustainable situation, Council carried out a detailed strategic review examining various options and their attendant financial implications. This review concluded that the amount of money allowed to be withdrawn from the Endowment each year under the Spending Rule is insufficient to maintain the School as it currently operates. There is thus a serious risk of irretrievably damaging the Endowment to the detriment of future generations. As a result Council has adopted a new Business Plan, reducing costs where possible and increasing income from all sources including fundraising and, in particular, parental contributions. These changes in emphasis will be reflected by transferring the majority of the support functions (specifically Admissions, Development, Marketing and Site Maintenance) from the Foundation to the School, enabling the School to take responsibility for all those aspects of its operation which impact upon its budget. The most significant exception will be the assets and investments of the Endowment and hence the annual grant to the School, which will remain the responsibility of the Foundation.

The intention behind this Business Plan is that the School takes responsibility for its entire annual budget, matching expenditure to its income including the annual grant from the Foundation. Achieving the objectives of the Business Plan will lead to a balanced budget by September 2017 and the annual grant will thereafter be limited to the amount allowed under the Spending Rule. Until that date, limited capital withdrawal will be permitted from the Endowment, reducing progressively over the period, in order to honour the existing commitments to pupils at the School and to make the appropriate investments in infrastructure in support of the Business Plan.

As part of this Business Plan, fundraising will see the launch of a new initiative, with the objectives of building up the programme of annual giving, raising funds for a new teaching building and attracting donations and legacies to strengthen the endowment.

Additional parental contributions will be achieved through an increase in the number of fee-paying pupils, with a greater proportion of pupils paying full fees, including 10% from the EU or further

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afield and up to 70 day pupils who, although not sleeping at Christ's Hospital overnight, will otherwise enjoy exactly the same experience as if they were boarders. In order to preserve the essential charitable nature of Christ's Hospital, Council has specified that at least half the pupils in the School should be charged less than half the full commercial fees, including at least 10% who should have free places, and a further 15% who should pay less than 10% of full fees.

In order to implement this plan, the key objectives for 2011/12 are as follows:

- Implement the new Business Plan and, in particular, meet the budget target tapering towards financial balance in 2017.
- Introduce new bursary and scholarship procedures to ensure that the charitable resources of the Foundation are directed to those most in need and most able to benefit from the opportunities provided by Christ's Hospital.
- Increase the number of day and boarding pupils not receiving support from the Foundation.
- Transfer responsibility for support functions from the Foundation to the School.
- Complete and implement the fundraising strategy.

PUBLIC BENEFIT

The Charities Act 2006 introduced the requirement for charities to demonstrate that their aims are clearly for the public benefit. In considering the aims of Christ's Hospital the Council of Almoners has, in accordance with s.4 of the Charities Act 2006, given due regard to the public benefit guidance issued by the Charity Commission.

The charitable purpose of the Foundation is summarised in its Objects which are "the advancement of education of children, principally for the benefit of those whose families are in social, financial or other specific need".

Throughout the history of Christ's Hospital, we have relied upon the generosity of our benefactors. Their generous donations and legacies have built up the endowment, such that financial support is provided to 95% of the pupils in the School, thereby making available a high standard of education to children from low-income families or those who, because of difficult home circumstances, would most benefit from the stability of a boarding environment. Children applying to the School are assessed for their academic potential, their ability to benefit from the opportunities that are made available, their level of need and their suitability for a boarding education. The financial resources of the families are then assessed and contributions to the cost of their education at the School are set in accordance with a sliding scale of contributions. This ensures that access to the benefits of an education at Christ's Hospital School is available to suitable children irrespective of the financial circumstances of their families.

The Foundation continues to attract suitable applicants through a programme of publicity including regular contact with the head teachers of primary schools, particularly those in deprived areas. Levels of interest remain high, with over 4 applicants for every place available at the School during the year.

From the total of 787 pupils in School this year, 745 (95%) received support from the Foundation towards the costs of their education with 121 (15%) of these pupils being entirely funded by the Foundation.

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REPORT OF THE COUNCIL OF ALMONERS (continued)

For more information about the work of Christ's Hospital Foundation and School, please read the Annual Review 2010/11 or visit the website at www.christs-hospital.org.uk.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR ENDED 31 AUGUST 2011

Income and Expenditure

The details of income and expenditure are shown in the Consolidated Statement of Financial Activities on page 15 and it should be noted that the 2011 figures represent 12 months of activity, whereas the comparative figures for 2010 represent 13 months.

The Foundation's investments continued to be the main source of income, providing £8.1 million this year (2010: £8.3 million). Since April 2005, the investments of the Foundation have been managed with the objective of maximising the Total Return (i.e. combining income and capital growth) of the portfolio and hence this income should be considered in conjunction with the unrealised gains of £20.5 million (2010: £28.8 million) which together comprise the Total Return. The income from donations and legacies at £3.0 million (2010: £1.9 million) again exceeded expectations, and the Almoners are very grateful to all those who generously support the unique work of Christ's Hospital Foundation and School.

During the year, our investments showed some recovery from the losses incurred during the global economic crisis and the value of the Net Assets rose by 5.4% from £287.6 million to £303.2 million.

Endowment

Christ's Hospital School is highly unusual among educational establishments in its heavy reliance upon the Endowment for its funding. This high level of reliance, plus the limited scope of the School for short term cost-cutting, mean that it is not possible to make rapid reductions in the level of grants made to the School. Council recognises that, as a consequence, there is an increased risk that the Endowment will be excessively depleted during a prolonged economic downturn and thereby be unable to recover once economic growth is resumed. This depletion of the Endowment would be to the detriment of future generations and hence Council has placed a cap on the amount of withdrawal that may be made over the next six years and has adopted a strategy that will reduce withdrawals to a sustainable level over this period. The allowable long-term rate of annual withdrawal from the Endowment has been set at 4.5% although, over recent years, the withdrawal has actually been in excess of 6%. In a situation where the value of the Endowment has been substantially reduced, achievement of the target level of withdrawal will impose considerable pressure upon the future activities of School and Foundation. As noted above, priority continues to be given to reducing costs and securing additional sources of income particularly from fundraising and from additional parental contributions.

The investments representing the endowed funds are managed in order to maximise the Total Return, including both income and capital appreciation. At 31 August 2011, the total value of the Endowment was £256.5 million (2010: £239.7 million). Within the Endowment are historic assets, such as paintings and silver, as well as holdings of mainly agricultural land around the Horsham site. The remainder of the Endowment is invested across a broad base of asset classes which Council believes provide the diversification necessary to reduce volatility to acceptable levels.

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The overall asset allocation was as follows:

	31 Aug 2011		31 Aug 2010	
	£m	Total Return	£m	Annualised Total Return
Investment properties	108.2	15.1%	112.9	23.4%
Securities and other assets	154.5	7.5%	140.0	8.3%
Total invested assets	262.7	10.4%	252.9	15.0%
Cash (net of current assets and liabilities)	(19.9)		(26.5)	
Land	6.4		6.0	
Historic assets	7.3		7.3	
Total Endowment Funds	256.5		239.7	

During 2010/11 the portfolio continued its recovery from the low point in mid 2009. Progress was erratic and although all asset classes showed increases over the year, there was significant variation and volatility. Overall the Total Return for 2011 was 10.4% (2010:15.0%), significantly ahead of a blended benchmark for a similar portfolio of properties, global equities and bonds which would have returned 7.4%. However, at the end of the year the total Endowment Funds are still £50.2 million (16%) below the high-point in July 2007 and in the intervening four years RPI has increased by 14.5% giving an indication of the extent of the depletion of the Endowment.

Despite the increase seen during the year, the current level of the Endowment remains inadequate to continue to support the School at the same level as in recent years and the challenges to the finances of Christ's Hospital lie in balancing this reduced capacity of the Endowment with the charitable mission and the School's operational costs which continue to be subject to increasing inflationary pressure.

Property

During 2010/11, the value of our property investments showed further recovery from the previously depressed values. We built upon the underlying recovery in specific sections of the market by selling our Islington property, purchasing a prime retail unit in Guildford and by changing the use of one of our London properties from offices to residential prior to selling it at a substantial premium to its previous valuation. The underlying quality of the portfolio was evident from the continuing low level of voids and the prompt collection of rents, with 97% being collected within 7 days of the due date. The annualised Total Return achieved was 15.1% (2010: 23.4%), substantially ahead of the IPD All Property Index return of 8.8% for the same period (2010: 23.2%). Our property portfolio has, therefore, continued to outperform its benchmarks.

Securities and Other Assets

The first part of the year showed significant gains in equities as the markets anticipated economic recovery and growth. Much of this gain was reversed towards the end of the year as a result of growing fears of renewed recession and concerns regarding the stability of Eurozone countries. However, the diversified allocation of assets protected the portfolio from the worst of this volatility and the Total Return on the non-property investments was 7.5%, which compares to a benchmark Total Return of 6.5% on a portfolio of 70% global equities and 30% UK fixed interest. This outperformance arose because the diversified categories, notably private equity and commodities, achieved annual returns of over 21%.

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Pensions

The School participates in the Teachers' Pension Scheme (England and Wales) for its teaching staff. This is a multi-employer defined benefit pension scheme and it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the School.

The Christ's Hospital Pension Scheme, a defined benefit scheme, was closed to new members with effect from 1 September 2004. Contributions to this scheme are made by both employees and the employers. Revaluation of the Christ's Hospital Pension Scheme at 31 August 2011 as required by FRS17 showed the deficit on the scheme to be £5.9 million (2010: deficit of £7.9 million). The value of the Scheme investments increased by £0.4 million and there was a decrease in liabilities of £1.7 million arising from the increased discount rate of 5.4% (2010: 4.8%) applicable this year. Following the detailed actuarial valuation which took place as at March 2008, contribution levels were revised as part of the funding plan and the deficit reduction payments agreed during this process have the objective of eliminating the scheme deficit by 31 March 2023. The next detailed actuarial valuation, considering the situation as at March 2011, is currently in progress and it is expected that the deficit reduction programme will be continued and, if necessary, extended in order to eliminate the deficit over a reasonable period of time. Further details of the scheme and contribution levels are shown in note 21. Council is aware of the volatile nature of the deficit calculated according to FRS17 and that the deficit may vary greatly depending on the assumptions made at the valuation date.

For employees not in these defined benefit schemes, a stakeholder pension scheme is available. This is a unit-linked defined contribution scheme under which the employer contributes up to a maximum of 10% of salary, depending upon the employee's own level of contributions.

Subsidiary and related Companies

Christ's Hospital School

The non-financial objectives and achievements of the School are included in the summaries on page 3. A deficit of £522,000 (2010: £568,000 surplus) was incurred as a result of a reduced grant from the Foundation, only partly offset by improved results from the trading subsidiary.

Bluecoat Sports

Income for the year was £1.3 million (2010: £1.3m) and the company reported a deficit for the year of £172,000 (2010: £26,000 surplus) as a consequence of making a grant to the Foundation of £180,000 contributing to the costs of building improved changing facilities.

Christ's Hospital Enterprises

In the third year of the commercial summer lettings programme, turnover was £781,000 (2010: £634,000). This was higher than had been anticipated largely because of additional commercial activities during the Easter break. Profit, before a donation to the School under Gift Aid, was £396,000 (2010: £287,000) reflecting this increased activity.

POLICIES

Financial Policy

The Foundation's financial strategy is based on Total Return together with an accompanying Spending Rule. Total Return brings with it significant advantages to endowed charities such as the Foundation by enabling the investment managers to focus their efforts on maximising Total Return subject to a given level of risk and liquidity, rather than investing for maximum income possibly at the

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expense of growth. The application of the Spending Rule ensures that the respective needs of the current and future generations of pupils are treated fairly and equitably, while enabling Council to access capital gains on the investments.

The Spending Rule has three main objectives:

- To give the School as much certainty as possible of the future level of grants that it may receive from the Foundation.
- To maintain the value of the Endowment in real terms.
- To reduce the annual expenditure reliant on the Endowment to a maximum of 4.5% of the value of the Endowment.

Over recent years, the average annual withdrawal from the Endowment has consistently been over 6% and the difference between this rate of withdrawal and the Spending Rule indicates the challenge in achieving a long-term balance between the needs of the School and the capacity of the Endowment. As noted above, Council has set a clear timescale for meeting the Spending Rule and has capped the additional amount that will be made available to fund the transition process.

Reserves Policy

Council's policy is to maintain or enhance in real terms the value of the Foundation's Endowment. Under the Total Return policy, amounts approved by Council for the operational and capital budget requirements each year are transferred from the Unapplied Total Return to Unrestricted Funds.

Because the Foundation is an endowed charity, with a significant level of Unapplied Total Return, the level of Free Reserves has less significance than in an unendowed charity. The ability of the Foundation to meet the future requirements of the School depends critically on the long-term investment returns achievable from the Endowment. The Business Plan, prepared during the year, identified a gap between the resources and the needs of Christ's Hospital. A key objective of Council is to eliminate this gap and, in order to achieve this, various strategies are being implemented to generate additional income and reduce expenditure where possible.

Investment Policy

The endowed assets of the Foundation are invested on a Total Return basis across a range of diversified asset classes. Council recognises the long-term reliance of the School upon the Foundation and has accepted a medium level of risk. Council has delegated the detailed management of the investments to the Assets and Liabilities Committee which is advised by Partners Capital LLP.

The Foundation does not knowingly invest in companies whose activities are considered to be detrimental to children, although it accepts that its investment in managed funds do not necessarily exclude companies in which it would not invest directly.

Risk Management policy

The major risks to which Christ's Hospital might be exposed are regularly considered by the management and Committees of all parts of the organisation. The Risk Registers are reviewed by the relevant managers in order to ensure that new risks and changes to existing risks are recognised promptly. Following these reviews, appropriate steps are taken to mitigate the identified risks and, if appropriate, to insure against the potential financial impact of the residual risks.

The Audit Committee is responsible for routinely scrutinising these reviews and advising Council of its conclusions. The Chairman of the Audit Committee and the majority of its members are

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independent of Council and, given the circumstances of Christ's Hospital, Council considers that the necessary steps have been taken and continue to be taken to identify and mitigate major risks.

Grant-Making Policy

Grants are made from unrestricted funds for the benefit of pupils on the basis of their parental income. The families of all pupils receiving financial support are means tested annually and their eligibility for additional financial support is judged accordingly.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Bodies and Organisational Management

Arrangements for the governance of the Foundation are laid down in the Scheme of Administration most recently revised and approved by the Charity Commission on 18 December 2008.

The Council of Almoners

The Council of Almoners is a non-trading Corporate Trustee body. The Court of Governors may nominate up to five Almoners, the Lord Mayor and Aldermen of the City of London may nominate four Almoners and up to a further four Almoners may be co-opted.

Council is responsible for the formulation and approval of strategy and for monitoring performance in pursuit of that strategy. Council ensures that the investment and operational assets of the Foundation are properly managed, authorises expenditure by the Foundation and allocates grants to the School. Council also ensures that the processes for the admission of pupils are appropriate to the ethos and objectives of the Foundation.

The Treasurer is the Chairman of Council and he and the Deputy Chairman are elected each year by Council. The Memorandum and Articles of Association of the Council of Almoners and the Standing Orders of Council regulate the conduct of business.

Induction and Training of Almoners

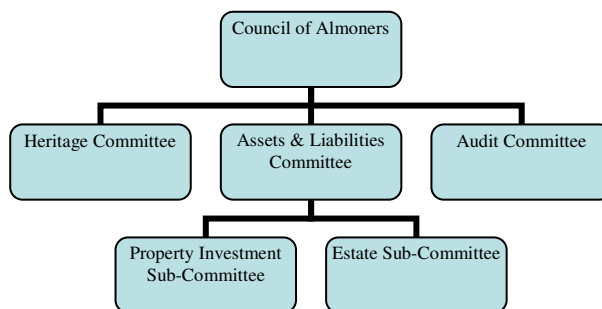
When Almoners are appointed they are required to attend a briefing on the governance structure of the Foundation and receive an outline of their responsibilities in compliance with the Charity Commission's publication CC3, "Responsibilities of Charity Trustees". They are briefed on the organisational structure and the key issues facing Christ's Hospital. They are issued with a "Trustees' Pack" which includes a copy of the Scheme, the Memorandum and Articles of the Council of Almoners, School Prospectus, the Annual Financial Statements and Annual Review, recent Committee minutes and CC3. Arrangements are made for them to attend appropriate training courses.

Management, Committees and Sub-Committees

Council carries out the above responsibilities through a committee structure and from time to time appoints temporary working parties to examine and make recommendations on specific matters.

During the year, the committee structure was as shown below. The Chairman of each Committee or Sub-Committee is appointed each year by Council.

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The Court of Governors

The Court of Governors (the Court) is an historic body composed of the President and Vice President, thirty-six nominated representatives of the City of London, a maximum of ten Special Vote Governors and an unlimited number of Donation Governors elected by the Court on the recommendation of Council in recognition of their support given to Christ's Hospital. Donation Governors each have the right to identify and present for examination a candidate whose needs accord with the ethos of the Foundation. During the year 16 Donation Governors renewed their presentation rights and 28 new Donation Governors were elected so that at the end of the year there were 651 Donation Governors.

The Court also elects the President and nominates, through an election, up to five members of Council. The Court is responsible for the disbursement of certain funds and making appointments to certain ecclesiastical benefices.

Volunteers

Volunteers play an essential role in the operations of the Foundation. In addition to those who serve on Council and Committees, development volunteers and appeal leaders help with fundraising and cultural events during the year, and details can be found in the Annual Review. Council takes this opportunity to express its appreciation for this valuable support.

Group Structure and Relationships

The Foundation is the parent entity, directly or indirectly controlling the appointments to the governing bodies of the group companies.

Christ's Hospital School is a Charitable Company limited by guarantee and is a controlled charity insofar as the Council of Almoners is the sole member and controls the appointments to the Board of School Governors. Members are appointed to the Board of School Governors with a normal initial term of four years and while this body should always contain at least one Almoner, Almoners are always in a minority. The School provides boarding and day-pupil education to children, principally for the benefit of those whose families are in social, financial or other need.

Bluecoat Sports is a Charitable Company limited by guarantee and is a controlled charity insofar as Christ's Hospital School controls the appointment of the members and nominates five of the six Directors who are appointed by the members and act as Trustees. It is a charitable trading company, the main objective of which is to assist Christ's Hospital School and the wider community by providing facilities for physical education and training for personal and teamwork development and the promotion of physical health and fitness.

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Christ's Hospital School owns the whole of the issued share capital, comprising 100 shares of £1 each, of Christ's Hospital Enterprises. It is engaged in commercial trading in order to produce additional income for the benefit of the School.

The Foundation is responsible for the investment and management of the Endowment and for maximising the returns available from its assets and investments. The School is responsible for the provision of all educational and pastoral activities for pupils. As at 1 September 2011, the Admissions, Development, Marketing and Site Maintenance support functions previously managed by the Foundation were transferred to the School under a TUPE transfer.

The Clerk, as the Chief Executive Officer of the Foundation, is responsible for the management of the day-to-day operational activities of the Foundation and is assisted by the department heads. The Head Master is responsible to the Board of School Governors for the day-to-day running of the School and is assisted by a senior management team. The Clerk and the Head Master have full management responsibility for their respective areas.

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Council of Almoners ("Council") is responsible for preparing the Report of the Council of Almoners and the financial statements in accordance with applicable law and regulations.

Charity law requires Council to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Foundation and of its net incoming or outgoing resources for that period. In preparing these financial statements, Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue to operate.

Council is responsible for ensuring that the Foundation keeps proper accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and to enable Council to ensure that the financial statements comply with the Charities Act 1993. Council is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

Crowe Clark Whitehill LLP have confirmed their willingness to continue in office.

CHRIST'S HOSPITAL FOUNDATION
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REPORT OF THE COUNCIL OF ALMONERS (continued)

REFERENCE AND ADMINISTRATIVE INFORMATION

Structure, Governance and Management

Patron

Her Majesty the Queen

President

H.R.H. The Duke of Gloucester, KG, GCVO

Vice President (ex officio)

The Rt. Hon. The Lord Mayor of the City of London

The Council of Almoners, the Trustee body of Christ's Hospital Foundation

General Sir Garry Johnson, KCB, OBE, MC Treasurer and Chairman

Mr Bill Richards, BA Deputy Chairman

Mr Jamie Arnell, MA (Cantab) (from 1 December 2010)

Mr Richard Carden (from 23 March 2011)

Alderman Jeffrey Evans, MA (Cantab)

Mr Peter Farnfield, BSc, FRICS

Mr Dominic Fry, BA

Professor Michael Mainelli, FCCA, FCSI

Miss Catherine McGuinness, MA (Oxon) CC

Miss Delva Patman FRICS, ACI Arb, FRSA (from 1 December 2010)

Mr Henry Pollard, CC (from 29 September 2011)

Ms Clare Tattersall

Alderman Alan Yarrow

Others who served as Almoners during the year covered by this report

Mr Tim Binnington, FRICS (to 20 October 2010)

Dr Susan Lintott, MA, PhD (to 15 June 2011)

Mr Simon Murray, BSc, CEng, FICE, FCGI (to 20 October 2010)

OFFICERS RESPONSIBLE FOR THE DAY-TO-DAY MANAGEMENT OF THE FOUNDATION AND SCHOOL AS AT 30 NOVEMBER 2011

Foundation

Clerk

Rear Admiral David Cooke, CB, MBE

Finance Director

Mr Robert Heathcote, BSc, FCMA

Property Director/Steward

Mr Ian Evans, Dip.LA, MRICS

School

Head Master

Mr John Franklin, BA (USQ), M.Ed. Admin (UNE)

Deputy Head

Mr Ben Vessey, MA, MBA

Deputy Head

Mrs Jo Thomson, BA (QTS)

Director of Services

Mr K Willder, MBE

Admissions Registrar

Mrs Jane Howard, BA

Development Director

Ms Lesley Humphreys, BA

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REPORT OF THE COUNCIL OF ALMONERS (continued)

The address of the Foundation's principal office and particulars of its professional advisers are as follows:

Principal Office

The Counting House
Christ's Hospital
Horsham
West Sussex RH13 0YP

Property Managers

Drivers Jonas Deloitte
6 Grosvenor Street
London W1K 4DJ

Investment Advisers

Partners Capital LLP
5 Young Street
London W8 5EH

Auditor

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

Pensions Advisers

Tower Watson Ltd
Watson House
Reigate
Surrey RH2 9PQ

BBS Ltd
Canard Court
23-25 St George's Road
Bristol BS1 5UU

Treasury Managers

Royal London Cash Management Ltd
55 Gracechurch Street
London EC3V 0UF

Bankers

Barclays Bank plc
2 Carfax
Horsham
West Sussex RH12 1DN

Property Valuers

CB Richard Ellis Limited
Kingsley House
Wimpole Street
London W1G 0RE

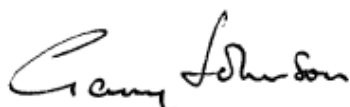
Solicitors

MacFarlanes LLP
10 Norwich Street
London EC4A 1BD

Thomas Eggar LLP
Belmont House
Station Way
Crawley
West Sussex RH10 1JA

Withers LLP
16 Old Bailey
London EC4M 7EG

Approved by the Council of Almoners on 30 November 2011 and signed on its behalf by:



Sir Garry Johnson
Treasurer and Chairman of the Council of Almoners
30 November 2011

CHRIST'S HOSPITAL FOUNDATION
YEAR ENDED 31 AUGUST 2011

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF ALMONERS OF CHRIST'S HOSPITAL

We have audited the financial statements of Christ's Hospital Foundation for the year ended 31 August 2011 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council of Almoners, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Council of Almoners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Council of Almoners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council of Almoners and auditor

As explained more fully in the Statement of the Council of Almoners' responsibilities, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council of Almoners; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Council of Almoners to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2011 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 Charities Act 1993.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Report of the Council of Almoners is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory Auditor
London

Date: 30 November 2011

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CHRIST'S HOSPITAL FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 AUGUST 2011

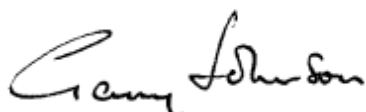
£ 000s		Endowment Funds	Restricted Funds	Unrestricted Funds	12 months Total 2011	13 months Total 2010
INCOMING RESOURCES						
	Notes					
Incoming Resources from Generated Funds						
Voluntary income						
Legacies		1,400	102	449	1,951	953
Donations	2	33	163	812	1,008	909
Activities for Generating Funds						
Trading income	3a	-	-	804	804	664
Investment income	4	7,982	17	52	8,051	8,336
Incoming Resources from Charitable Activities						
Parental contributions		-	-	3,562	3,562	3,215
Other educational income		-	-	166	166	157
Sports centre income	3d	-	-	952	952	1,034
Other ancillary income	5	-	137	346	483	561
Other Incoming Resources	6	-	-	246	246	252
TOTAL INCOMING RESOURCES		<u>9,415</u>	<u>419</u>	<u>7,389</u>	<u>17,223</u>	<u>16,081</u>
RESOURCES EXPENDED						
Costs of Generating Funds						
Costs of generating voluntary income		-	-	(400)	(400)	(282)
Trading expenditure	3a	-	-	(193)	(193)	(83)
Investment management costs	7	(1,693)	(3)	(16)	(1,712)	(1,489)
Financing costs		(1,386)	-	-	(1,386)	(1,503)
		<u>(3,079)</u>	<u>(3)</u>	<u>(609)</u>	<u>(3,691)</u>	<u>(3,357)</u>
Charitable Activities						
Christ's Hospital School costs	8	-	(263)	(18,763)	(19,026)	(19,239)
Sports centre expenditure	3d	-	-	(1,063)	(1,063)	(1,094)
Grants, awards and prizes	9	(13)	-	-	(13)	(19)
		<u>(13)</u>	<u>(263)</u>	<u>(19,826)</u>	<u>(20,102)</u>	<u>(20,352)</u>
Governance costs		-	-	(491)	(491)	(455)
TOTAL RESOURCES EXPENDED	8	<u>(3,092)</u>	<u>(266)</u>	<u>(20,926)</u>	<u>(24,284)</u>	<u>(24,164)</u>
NET INCOMING / (OUTGOING) RESOURCES		6,323	153	(13,537)	(7,061)	(8,083)
Transfers between funds	24	(9,954)	(335)	10,289	-	-
Gains on investments & tangible fixed assets	10	20,491	4	-	20,495	28,841
Actuarial gains / (losses) on defined benefit pension scheme	21	-	-	2,176	2,176	(1,003)
NET MOVEMENT IN FUNDS		<u>16,860</u>	<u>(178)</u>	<u>(1,072)</u>	<u>15,610</u>	<u>19,755</u>
Total Funds brought forward 1 September		239,676	2,376	45,585	287,637	267,882
TOTAL FUND VALUE		<u>256,536</u>	<u>2,198</u>	<u>44,513</u>	<u>303,247</u>	<u>287,637</u>

The notes on pages 19 to 40 form part of these accounts

CHRIST'S HOSPITAL FOUNDATION
CONSOLIDATED BALANCE SHEET
31 AUGUST 2011

£ 000s		Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2011	Total 2010
	Notes					
FIXED ASSETS						
Tangible assets	11	7,297	-	44,508	51,805	50,533
Investments	12	269,066	2	-	269,068	258,844
		<u>276,363</u>	<u>2</u>	<u>44,508</u>	<u>320,873</u>	<u>309,377</u>
CURRENT ASSETS						
Stock	14	-	-	329	329	318
Debtors	15	2,075	103	501	2,679	1,049
Cash at bank and in hand		7,618	2,096	4,548	14,262	13,065
Intra group balances		(2,879)	-	2,879	-	-
		<u>6,814</u>	<u>2,199</u>	<u>8,257</u>	<u>17,270</u>	<u>14,432</u>
CREDITORS						
Due within one year	16	1,641	3	2,322	3,966	3,144
NET CURRENT ASSETS		<u>5,173</u>	<u>2,196</u>	<u>5,935</u>	<u>13,304</u>	<u>11,288</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		281,536	2,198	50,443	334,177	320,665
CREDITORS						
Due after more than one year	17	25,000	-	79	25,079	25,088
TOTAL NET ASSETS - EXCLUDING PENSION LIABILITY		<u>256,536</u>	<u>2,198</u>	<u>50,364</u>	<u>309,098</u>	<u>295,577</u>
Pension Scheme Liability	21	-	-	5,851	5,851	7,940
TOTAL NET ASSETS - INCLUDING PENSION LIABILITY		<u><u>256,536</u></u>	<u><u>2,198</u></u>	<u><u>44,513</u></u>	<u><u>303,247</u></u>	<u><u>287,637</u></u>

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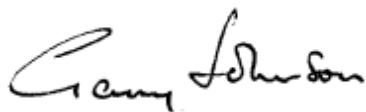
Sir Garry Johnson
Treasurer and Chairman of the Council of Almoners
30 November 2011

The notes on pages 19 to 40 form part of these accounts

CHRIST'S HOSPITAL FOUNDATION
BALANCE SHEET
31 AUGUST 2011

£ 000s		Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2011	Total 2010
	Notes					
FIXED ASSETS						
Tangible assets	11	7,297	-	43,417	50,714	49,359
Investments	12	269,066	2	-	269,068	258,844
Social Investment in Christ's Hospital School	13	-	-	2,811	2,811	2,811
		<u>276,363</u>	<u>2</u>	<u>46,228</u>	<u>322,593</u>	<u>311,014</u>
CURRENT ASSETS						
Stock	14	-	-	62	62	61
Debtors	15	2,075	102	406	2,583	808
Cash at bank and in hand		7,618	1,814	2,879	12,311	10,929
		<u>9,693</u>	<u>1,916</u>	<u>3,347</u>	<u>14,956</u>	<u>11,798</u>
CREDITORS						
Due within one year	16	14,677	2	880	15,559	13,655
NET CURRENT ASSETS / (LIABILITIES)		<u>(4,984)</u>	<u>1,914</u>	<u>2,467</u>	<u>(603)</u>	<u>(1,857)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		271,379	1,916	48,695	321,990	309,157
CREDITORS						
Due after more than one year	17	25,000	-	-	25,000	25,000
TOTAL NET ASSETS - EXCLUDING PENSION LIABILITY		<u>246,379</u>	<u>1,916</u>	<u>48,695</u>	<u>296,990</u>	<u>284,157</u>
Pension Scheme Liability	21	-	-	5,851	5,851	7,940
TOTAL NET ASSETS - INCLUDING PENSION LIABILITY		<u>246,379</u>	<u>1,916</u>	<u>42,844</u>	<u>291,139</u>	<u>276,217</u>

Approved by the Council of Almoners on 30 November 2011 and signed on its behalf by:



Sir Garry Johnson
Treasurer and Chairman of the Council of Almoners
30 November 2011

The notes on pages 19 to 40 form part of these accounts

CHRIST'S HOSPITAL FOUNDATION
CONSOLIDATED CASH FLOW
YEAR ENDED 31 AUGUST 2011

£ 000s		Endowment Funds	Restricted Funds	Unrestricted Funds	12 months Total 2011	13 months Total 2010
	Notes					
NET CASH OUTFLOW FROM GROUP OPERATIONS	18	(13,030)	(300)	(765)	(14,095)	<i>(13,738)</i>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE						
Investment income	4	7,982	17	52	8,051	<i>8,336</i>
Financing costs		(1,386)	-	-	(1,386)	<i>(1,503)</i>
		<u>(6,434)</u>	<u>(283)</u>	<u>(713)</u>	<u>(7,430)</u>	<u><i>(6,905)</i></u>
CAPITAL EXPENDITURE						
Payment for tangible fixed assets		-	-	(3,077)	(3,077)	<i>(1,160)</i>
Proceeds from sale of tangible fixed assets		-	-	-	-	<i>4</i>
FINANCIAL INVESTMENTS						
Payments for investments	12					
Securities		(13,634)	-	-	(13,634)	<i>(18,089)</i>
Property		(7,066)	-	-	(7,066)	<i>(3,503)</i>
Cash deposits		-	-	-	-	<i>(15,793)</i>
Proceeds from the sale of investments	12					
Property		21,544	-	-	21,544	<i>6,871</i>
Securities		9,376	51	-	9,427	<i>6,678</i>
Cash deposits		-	-	-	-	<i>8,043</i>
Withdrawals from investments to fund operations	12	-	-	-	-	<i>17,988</i>
Other withdrawals from investments		-	-	-	-	<i>2,399</i>
Endowment legacies		1,400	-	-	1,400	<i>3</i>
Endowment donations	2	33	-	-	33	<i>2</i>
INCREASE / (DECREASE) IN CASH		<u>11,653</u>	<u>51</u>	<u>(3,077)</u>	<u>8,627</u>	<u><i>3,443</i></u>
NET CASH INFLOW / (OUTFLOW)		5,219	(232)	(3,790)	1,197	<i>(3,462)</i>
Cash balance at 1 September		2,399	2,328	8,338	13,065	<i>16,527</i>
CASH BALANCE AT END OF PERIOD		<u>7,618</u>	<u>2,096</u>	<u>4,548</u>	<u>14,262</u>	<u><i>13,065</i></u>

The notes on pages 19 to 40 form part of these accounts

CHRIST'S HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

TERMINOLOGY

Endowment. The Endowment comprises those assets that have been donated to the charity with the express intention that they be held in perpetuity to provide investment returns for Council to use in achieving the Objects. Council has an obligation to be even-handed when spending money from the Endowment so that future generations of beneficiaries are not disadvantaged in comparison with the current generation.

Free Reserves. The Free Reserves of a charity are those assets and investments that can readily be disposed of in order to meet the short-term commitments of the charity.

Objects. When a charity registers with the Charity Commission, it must describe the purposes for which the charity has been set up. These purposes are referred to as the charity's Objects.

Old Blues. This is the term used to describe ex-pupils of Christ's Hospital.

Preserved Endowment. When authorising the adoption of a policy of Total Return, the Charity Commission specified the minimum level of the Endowment which is to be used to produce the income for the charity and which cannot itself be spent. This is referred to as the Preserved Endowment, representing the value of the original gifts that created the Endowment.

Spending Rule. In order to ensure that it is being even-handed, Council determines the amount that can routinely be withdrawn from the Endowment without depleting the value in real terms. This determination is referred to as the Spending Rule.

Total Return. Historically, the only investment returns that could be spent by Council were the income. i.e. dividends, interest, rents etc. By adopting a policy of Total Return, Council is able to access capital gains as well as the income, selecting those investments that offer the best return, irrespective of whether this arises from income or capital growth.

Unapplied Total Return (UTR). This is the cumulative value of the Total Returns (income and capital) earned by the Endowment, less the amounts that have been applied for the purposes of the charity. It is available to be spent, subject to the duty of Council to be even-handed (see Endowment above).

CHRIST'S HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 2000 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (the Charities SORP 2005), and with the applicable UK accounting standards. These Financial Statements have been drawn up on the historical cost accounting basis except for investment assets, heritage assets and the Sports Centre for which the valuation method is described in the Fixed Assets section below.

The Financial Statements consolidate, on a line by line basis, all the Endowment Funds and accumulated Restricted and Unrestricted Funds of Christ's Hospital Foundation and its related companies; Christ's Hospital School, Bluecoat Sports and Christ's Hospital Enterprises. In accordance with paragraph 397 of the Charities SORP 2005, no separate Statement of Financial Activities has been presented for the Foundation alone.

Incoming Resources

Income is accounted for when receivable except for income from securities and donations which is accounted for when received or when the value can be reasonably ascertained whichever is the earlier.

Investment income and gains/losses, with the exception of property rental income, are allocated to the individual fund in proportion to the holding in the Common Investment Fund.

Legacies and donations receivable for the General purposes of the Foundation are credited to Unrestricted Funds. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on Council, except that any amounts required to be retained as capital in accordance with the donor's wishes are accounted for instead as Endowment Funds – permanent or expendable according to the nature of the restriction.

Resources Expended

Resources expended are accounted for on an accruals basis.

Expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. School expenditure is derived from activities classified in cost departments which are directly for the benefit of pupils. VAT is included with the item of expense to which it relates. The small recoverable element of VAT is credited to support costs.

Overhead and other costs not directly attributable to particular activities are apportioned on the basis of management estimates of the amount attributable to that activity in the year by reference to staff time.

Governance costs comprise the costs of running the Charities, including strategic planning for future development, external audit, legal advice for Council and the Board of School Governors and all the costs of complying with constitutional and statutory requirements, such as the costs of Committee meetings, preparing statutory accounts, and satisfying public accountability.

Intra-group transactions are excluded from income and expenditure as appropriate.

Where appropriate, investment management costs are allocated to the funds in proportion to their holding in the Common Investment Fund.

Operating Leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

CHRIST'S HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

Fixed Assets

Expenditure on individual items costing more than £5,000 is capitalised and depreciation is charged in equal annual instalments over their economic lives as follows:-

Functional properties	2% to 10% on cost
Office and IT equipment	25% on cost
Plant and equipment	20% on cost
Motor vehicles	25% on cost

Where a project improves an existing asset, the cost of the improvement is depreciated over the residual life of the parent asset.

The Balance Sheet values of historic assets, including paintings, silver and other artefacts, are based upon independent valuation together with subsequent additions at cost. During 2010, the major items (covering approximately 90% of the total value) were valued by suitably qualified professionals. Council has considered the results and believes that the values shown in the accounts are appropriate. No depreciation has been provided on these assets as Council does not believe that there has been any impairment in value from the valuation shown in the Balance Sheet.

The Sports Centre is valued on a depreciated replacement cost basis. Replacement cost is assessed by an independent professional valuer and the last valuation was carried out in August 2010.

Investments

There is a quoted market (including listed markets) for approximately 35% of the investments held in securities and these are valued at the bid-price ruling at the Balance Sheet date. A further 54% of investments are held in funds which themselves invest in publicly quoted securities and these are shown on the Balance Sheet in accordance with the information provided by the fund managers. The remainder, comprising 11% of the total investments, are illiquid assets and are included in accordance with the information provided by the fund managers, mainly comprising quarterly and audited annual reports.

Investment Properties are valued at their market values as assessed by an independent valuer at the Balance Sheet date.

Where transaction-based, investment management costs are accounted for as incidental costs of the acquisition or disposal. General investment management costs are charged to the relevant funds.

Stocks

Stocks are valued at the lower of cost and net realisable value with the exception of School uniforms which are valued at cost.

Taxation

The activities of the Foundation, the School and Bluecoat Sports are exempt from Income and Corporation Tax and are registered for Value Added Tax (VAT). The majority of these activities are classified as exempt or non-business activities for VAT purposes and consequently it is not possible to reclaim all the VAT incurred on purchases. The trading subsidiary, Christ's Hospital Enterprises, is subject to Corporation Tax.

Grants Payable

Grants are paid in accordance with the expressed or implied wishes of donors. Grants are awarded on an annual basis and the costs accrued upon the award being notified to the recipient.

CHRIST'S HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

Total Return Accounting

The Charity Commission permitted Christ's Hospital to adopt the use of Total Return in relation to its Permanent Endowments on 26 April 2005. The power permits Council to invest Permanent Endowments to maximise Total Return and to make available an appropriate portion of the Total Return to fund expenditure each year.

Council has used the value of the permanent General Endowment at 31 July 1993 to represent the Preserved Value of the original gifts. For all other specified endowment funds values at 31 July 1996, or later where appropriate, have been used to represent the Preserved Value.

Specified Endowment Funds

The total Endowment Funds represent the Preserved Value plus the accumulated Unapplied Total Return (UTR). Distributions out of UTR can be made at any time at Council's discretion. Further details are shown in Note 24 on pages 38 and 39.

During the year, consent was received from the Charity Commission for the transfer of certain endowments into the General Funds. The purposes of the major remaining funds are as follows:

The Wests' Gift for Children Fund provides funding for children from the boroughs of Richmond and Twickenham, Reading and Newbury.

The Hornby Steer Fund supports children from a family either connected with the legal profession, living in Greater London, connected with the Order of St John of Jerusalem or where a parent is blind.

The Daniel Lett Fund supports children in developing an interest and pursuing a career in law, particularly at the Bar.

The RAF Foundationers' Trust Fund provides funds to support the children of RAF personnel.

Christ's Hospital Association supports the costs of publicity, particularly the Old Blue publications.

The Necessitous Children's Fund provides additional support, particularly for travel and clothing costs for exceptionally needy children.

The House Fund gives an annual grant to the boarding houses in order to provide additional resources or activities.

The Reginald Wood Fund provides additional funds to support musically talented pupils.

Restricted Funds

Restricted Funds are accounted for in accordance with the particular terms of the trust arising from the expressed or implied wishes of donors insofar as these are intended to be binding. Where any such wishes are not intended to be binding, they are taken into account and recognised in an appropriate Designated or Unrestricted Fund.

The Sivewright Memorial Fund is restricted to the provision of capital projects that will enhance the pupils' appreciation of the Arts.

The Daniel Lett Fund supports children in developing an interest and pursuing a career in law, particularly at the Bar.

The Doyle Fund was established to support the development of facilities for teaching Design and Technology in the School.

CHRIST'S HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

Designated Funds

These are Funds created for specific purposes. There is no legal restriction on the way in which the funds may be applied. The following are the major Designated Funds:

The School Fund provides funding for major capital and revenue expenditure planned for the School over the next 5 years. Revenue costs are charged directly to the Fund and, to the extent that such Funds are used for the purchase of fixed assets, a transfer to the Capital Fund is made.

The Contingency Reserve Fund provides a cushion against unforeseen and therefore unbudgeted material liabilities in the School.

The Education Fund was established to provide additional funding for the School, supporting a wide range of educational resources and opportunities over the next 3-5 years.

The Museum Fund was established to provide and maintain relevant historical artefacts.

The Music Fund supports band and choir trips and small music capital projects.

The Development Fund provides for the remaining development costs of a new contact-management system.

The House Fund provides support to the boarding houses unbudgeted expenditure.

The Fixed Asset Capital Fund represents the net book value of the fixed assets used for operational purposes.

Pension Schemes

Christ's Hospital contributes to the Teachers' Pension Scheme (the TPS) at rates set by the TPS actuary and advised to Council by the TPS administrator. It is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the TPS which are attributable to the School. In accordance with FRS17 (Retirement Benefits) the TPS is therefore accounted for as a defined contribution scheme.

The Charity has fully adopted the provisions of FRS17 for the Christ's Hospital Pension Scheme. This has resulted in recognising on the Balance Sheet Pension deficits of £5.9 million in 2011 and £7.9 million in 2010. Movements in the deficit represented a decrease of £2.0 million in 2011 which has been accounted for in the Statement of Financial Activities.

2. DONATIONS				12 months	<i>13 months</i>
£ 000s	Endowment	Restricted	Unrestricted	Total	<i>Total</i>
	Funds	Funds	Funds	2011	<i>2010</i>
Donation governorships	-	3	533	536	<i>330</i>
100 years on appeal	-	100	-	100	<i>132</i>
Telephone Campaign	-	-	122	122	<i>101</i>
Other	33	60	157	250	<i>346</i>
	<u>33</u>	<u>163</u>	<u>812</u>	<u>1,008</u>	<u><i>909</i></u>

CHRIST'S HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

3. TRADING INCOME & EXPENDITURE

£ 000s	Unrestricted Funds	12 months Total 2011	<i>13 months Total 2010</i>
(a) Trading Income			
Christ's Hospital Foundation	16	16	<i>15</i>
Bluecoat Sports	11	11	<i>15</i>
Christ's Hospital Enterprises	777	777	<i>634</i>
	<u>804</u>	<u>804</u>	<u><i>664</i></u>
Trading Expenditure			
Christ's Hospital Enterprises	193	193	<i>83</i>
	<u>193</u>	<u>193</u>	<u><i>83</i></u>

(b) Christ's Hospital School

The results for the year, adjusted to exclude intra-group transactions, are summarised below:

£ 000s	2011	Intra-group Transactions	12 months Net 2011	<i>13 months Net 2010</i>
Incoming resources				
Parental contributions	3,541	-	3,541	<i>3,209</i>
Grants receivable	8,744	(8,578)	166	<i>152</i>
Ancillary income	477	-	477	<i>549</i>
Voluntary income	7,008	(6,994)	14	<i>19</i>
Investment income	459	(51)	408	<i>29</i>
Other income	684	(193)	491	<i>220</i>
	<u>20,913</u>	<u>(15,816)</u>	<u>5,097</u>	<u><i>4,178</i></u>
Resources expended				
Investment management costs	(3)	-	(3)	<i>(4)</i>
Christ's Hospital School costs	(21,328)	7,394	(13,934)	<i>(14,161)</i>
Grants, awards and prizes	-	-	-	<i>(2)</i>
Governance costs	(104)	4	(100)	<i>(67)</i>
	<u>(522)</u>	<u>(8,418)</u>	<u>(8,940)</u>	<u><i>(10,056)</i></u>
Deficit			(8,940)	<i>(10,056)</i>

Summarised Balance Sheet

£ 000s	2011	<i>2010</i>
Fixed assets	968	<i>1,008</i>
Net current assets	3,074	<i>3,811</i>
Due (to) / from Christ's Hospital Foundation	(27)	<i>4</i>
Due from Christ's Hospital Enterprises	546	<i>299</i>
Due from / (to) Bluecoat Sports	7	<i>(23)</i>
Creditors: due after more than one year	(79)	<i>(88)</i>
Total funds	<u>4,489</u>	<u><i>5,011</i></u>

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(c) Christ's Hospital Enterprises

The trading results for the year, adjusted to exclude intra-group transactions, are summarised below:

£ 000s	2011	Intra-group Transactions	12 months Net 2011	<i>13 months Net 2010</i>
Turnover	781	(4)	777	634
Cost of sales	(374)	286	(88)	(72)
	<u>407</u>	<u>282</u>	<u>689</u>	<u>562</u>
Administrative expenses	(11)	6	(5)	(11)
Interest receivable				
Gift aid payment	(395)	395	-	-
Operating profit	<u>1</u>	<u>683</u>	<u>684</u>	<u>551</u>

Summarised Balance Sheet

£ 000s	2011	<i>2010</i>
Net current assets	555	296
Due to Christ's Hospital Foundation	(4)	-
Due to Christ's Hospital School	(546)	(299)
Due to Bluecoat Sports	(7)	-
Shareholders funds	<u>(2)</u>	<u>(3)</u>

(d) Bluecoat Sports

The results for the year, adjusted to exclude intra-group transactions, are summarised below:

£ 000s	2011	Intra-group Transactions	12 months Net 2011	<i>13 months Net 2010</i>
Incoming resources				
Sports centre income	1,246	(325)	921	998
Trading income	11	-	11	15
Other ancillary income	31	-	31	36
Investment income	3	-	3	3
	<u>1,291</u>	<u>(325)</u>	<u>966</u>	<u>1,052</u>
Resources expended				
Sports centre expenditure	(1,420)	357	(1,063)	(1,094)
Governance costs	(9)	-	(9)	(7)
Investment management costs	(6)	-	(6)	(6)
Fund raising & publicity	(28)	-	(28)	(19)
	<u>(1,463)</u>	<u>357</u>	<u>(1,106)</u>	<u>(1,126)</u>
Deficit	<u>(172)</u>	<u>32</u>	<u>(140)</u>	<u>(74)</u>

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Summarised Balance Sheet

£ 000s	2011	<i>2010</i>
Fixed assets	124	<i>166</i>
Net current assets	143	<i>260</i>
Due from/ (to) Christ's Hospital Foundation	8	<i>(1)</i>
Due from Christ's Hospital School	7	<i>23</i>
Due to Christ's Hospital Enterprises	(7)	<i>-</i>
 Total funds	 <u>275</u>	 <i><u>448</u></i>

4. INVESTMENT INCOME

£ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	12 months Total 2011	<i>13 months Total 2010</i>
Property	7,364	-	-	7,364	<i>7,755</i>
Property unit trusts	-	-	-	-	<i>199</i>
Interest	39	17	52	108	<i>116</i>
Other securities	579	-	-	579	<i>266</i>
	<u>7,982</u>	<u>17</u>	<u>52</u>	<u>8,051</u>	<i><u>8,336</u></i>

5. OTHER ANCILLARY INCOME

£ 000s	Restricted Funds	Unrestricted Funds	12 months Total 2011	<i>13 months Total 2010</i>
Shop income	-	28	28	<i>38</i>
Music fees	-	201	201	<i>178</i>
Exam fees	-	22	22	<i>24</i>
House funds	58	-	58	<i>56</i>
Sundry parental charges	60	53	113	<i>185</i>
Event and sponsorship income	4	25	29	<i>69</i>
Admission fees	-	17	17	<i>11</i>
Other	15	-	15	<i>-</i>
	<u>137</u>	<u>346</u>	<u>483</u>	<i><u>561</u></i>

6. OTHER INCOMING RESOURCES

£ 000s	Unrestricted Funds	12 months Total 2011	<i>13 months Total 2010</i>
Staff secondments	49	49	<i>68</i>
Rental income - staff housing	141	141	<i>152</i>
West's Pensioners service charge	10	10	<i>10</i>
Other miscellaneous income	46	46	<i>22</i>
	<u>246</u>	<u>246</u>	<i><u>252</u></i>

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7. INVESTMENT MANAGEMENT COSTS £ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	12 months Total 2011	<i>13 months Total 2010</i>
Property costs	1,000	-	-	1,000	995
Securities and cash management costs	693	3	16	712	494
	<u>1,693</u>	<u>3</u>	<u>16</u>	<u>1,712</u>	<u>1,489</u>

8. ANALYSIS OF TOTAL RESOURCES EXPENDED £ 000s	Staff Costs	Other Costs	Depreciation	12 months Total 2011	<i>13 months Total 2010</i>
Costs of generating funds					
Costs of generating voluntary income	251	149	-	400	282
Trading expenditure	42	151	-	193	83
Investment management costs	-	1,712	-	1,712	1,489
Financing costs	-	1,386	-	1,386	1,503
Total cost of generating funds	<u>293</u>	<u>3,398</u>	<u>-</u>	<u>3,691</u>	<u>3,357</u>
Charitable activities					
School expenditure					
Educational costs	5,039	764	43	5,846	6,015
Welfare costs	1,866	1,373	47	3,286	3,336
Premises costs	1,731	3,541	1,367	6,639	6,507
Other ancillary costs	1,391	1,573	291	3,255	3,381
Total School expenditure	<u>10,027</u>	<u>7,251</u>	<u>1,748</u>	<u>19,026</u>	<u>19,239</u>
Sports centre expenditure	685	321	57	1,063	1,094
Grants, awards and prizes	-	13	-	13	19
Total expenditure on charitable activities	<u>10,712</u>	<u>7,585</u>	<u>1,805</u>	<u>20,102</u>	<u>20,352</u>
Governance costs	361	130	-	491	455
Total resources expended	<u>11,366</u>	<u>11,113</u>	<u>1,805</u>	<u>24,284</u>	<u>24,164</u>

9. GRANTS, AWARDS AND PRIZES £ 000s	Endowment Funds	12 months Total 2011	<i>13 months Total 2010</i>
Grants, awards and prizes to current pupils	13	13	18
Grants to former pupils	-	-	1
	<u>13</u>	<u>13</u>	<u>19</u>

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10. GAINS/ (LOSSES) ON INVESTMENTS AND TANGIBLE FIXED ASSETS £ 000s	Endowment Funds	Restricted Funds	Unrestricted Funds	12 months Total 2011	13 months Total 2010
Tangible fixed assets	-	-	-	-	(339)
Property	10,183	-	-	10,183	17,636
Property unit trusts	-	-	-	-	765
Other securities	10,308	4	-	10,312	10,779
	<u>20,491</u>	<u>4</u>	<u>-</u>	<u>20,495</u>	<u>28,841</u>

11. TANGIBLE FIXED ASSETS

£ 000s	Land & Buildings	Work in Progress	Office Equipment	Plant & Equipment	Motor Vehicles	Historic Assets	Total
(a) Group							
Cost or valuation							
At 1 September 2010	50,637	31	1,261	3,090	240	7,297	62,556
Additions at cost	2,637	30	252	134	24	-	3,077
Disposals at cost	-	-	(11)	(147)	-	-	(158)
At 31 August 2011	<u>53,274</u>	<u>61</u>	<u>1,502</u>	<u>3,077</u>	<u>264</u>	<u>7,297</u>	<u>65,475</u>
Depreciation and amortisation							
At 1 September 2010	8,863	-	612	2,397	151	-	12,023
Charge for the period	1,272	-	241	255	37	-	1,805
Accumulated on disposals	-	-	(11)	(147)	-	-	(158)
At 31 August 2011	<u>10,135</u>	<u>-</u>	<u>842</u>	<u>2,505</u>	<u>188</u>	<u>-</u>	<u>13,670</u>
Net book value at 31 August 2011	<u>43,139</u>	<u>61</u>	<u>660</u>	<u>572</u>	<u>76</u>	<u>7,297</u>	<u>51,805</u>
<i>Net book value at 31 August 2010</i>	<u>41,774</u>	<u>31</u>	<u>649</u>	<u>693</u>	<u>89</u>	<u>7,297</u>	<u>50,533</u>

£ 000s	Land & Buildings	Work in Progress	Office Equipment	Plant & Equipment	Motor Vehicles	Historic Assets	Total
(b) Charity							
Cost or valuation							
At 1 September 2010	50,637	31	461	922	-	7,297	59,348
Additions at cost	2,637	30	52	-	14	-	2,733
Disposals at cost	-	-	(11)	(147)	-	-	(158)
At 31 August 2011	<u>53,274</u>	<u>61</u>	<u>502</u>	<u>775</u>	<u>14</u>	<u>7,297</u>	<u>61,923</u>
Depreciation and amortisation							
At 1 September 2010	8,863	-	286	840	-	-	9,989
Charge for the period	1,272	-	45	58	3	-	1,378
Accumulated on disposals	-	-	(11)	(147)	-	-	(158)
At 31 August 2011	<u>10,135</u>	<u>-</u>	<u>320</u>	<u>751</u>	<u>3</u>	<u>-</u>	<u>11,209</u>
Net book value at 31 August 2011	<u>43,139</u>	<u>61</u>	<u>182</u>	<u>24</u>	<u>11</u>	<u>7,297</u>	<u>50,714</u>
<i>Net book value at 31 August 2010</i>	<u>41,774</u>	<u>31</u>	<u>175</u>	<u>82</u>	<u>-</u>	<u>7,297</u>	<u>49,359</u>

CHRIST'S HOSPITAL FOUNDATION
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12. FIXED ASSET INVESTMENTS

£ 000s

	Property	Securities	Total 2011	<i>Total 2010</i>
(a) Investments at market value				
Market value at start of period	118,886	139,958	258,844	221,621
Net (disinvestments)/investments from portfolio	(14,478)	4,207	(10,271)	8,043
Realised and unrealised gains and losses	10,183	10,312	20,495	29,180
Market value at 31 August	<u>114,591</u>	<u>154,477</u>	<u>269,068</u>	<u>258,844</u>

(b) Disposition of investments (Group and Charity)

	Listed	Not listed	Total 2011	<i>Total 2010</i>
Securities comprise:				
Equities	-	52,264	52,264	38,188
Debt instruments	-	31,271	31,271	34,144
Hedge funds	-	43,100	43,100	37,964
Private equity	1,865	15,603	17,468	14,161
Commodity funds	4,043	4,901	8,944	8,864
Cash & foreign exchange hedges	-	1,430	1,430	6,637
	<u>5,908</u>	<u>148,569</u>	<u>154,477</u>	<u>139,958</u>
Assets in the UK	118	24,639	24,757	25,940
Assets outside the UK	5,790	123,930	129,720	114,018
	<u>5,908</u>	<u>148,569</u>	<u>154,477</u>	<u>139,958</u>

Property comprises:

Agricultural and non operational land		6,357	6,026
Commercial rental properties		74,400	79,775
Industrial rental properties		29,800	30,005
Residential rental properties		4,034	3,080
		<u>114,591</u>	<u>118,886</u>

The Charity Commission permitted Christ's Hospital to adopt the use of Total Return in relation to its permanent Endowments on 26 April 2005.

Security assets totalling £154,477 million are held within the Christ's Hospital Common Investment Fund, which was established on 2 August 2005 under Section 24 of the Charities Act 1993 and is a pooling scheme fund within the meaning of the Financial Services & Markets Act 2000 (Exemption) Order 2001 (SI 1201/2001). The scheme became active on 31 March 2006. At 31 August 2011, units within the Christ's Hospital Common Investment Fund were held as follows:

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	Securities	
	£000s	%
General Fund	135,863	87.95
West's Gift for Children Fund	14,598	9.45
Hornby Steer Fund	1,421	0.92
RAF Foundationers' Fund	1,066	0.69
Christ's Hospital Association Fund	355	0.23
Necessitous Children's Fund	309	0.20
House Fund	278	0.18
Other Funds	587	0.38
	154,477	100.00

Other funds represent the combined assets of 13 individual trusts none of which has assets in excess of £150,000.

13. SOCIAL INVESTMENT

On 1 August 2007, the organisational structure changed so that Christ's Hospital School and Christ's Hospital Foundation became two separate legal entities. At this date the Foundation transferred £2.8 million to the School to provide it with working capital.

14. STOCK	Group	Charity	<i>Group</i>	<i>Charity</i>
£ 000s	2011	2011	<i>2010</i>	<i>2010</i>
Clothing	227	-	229	-
Other	102	62	89	61
	329	62	318	61

15. DEBTORS	Group	Charity	<i>Group</i>	<i>Charity</i>
£ 000s	2011	2011	<i>2010</i>	<i>2010</i>
Trade debtors	98	24	223	15
Rents receivable	571	571	195	195
Parental contributions	22	-	10	-
Christ's Hospital Enterprise Limited	-	4	-	-
Christ's Hospital School Limited	-	27	-	-
Bluecoat Sports Limited	-	8	-	1
Accrued legacies	1,600	1,600	-	-
Other debtors and prepayments	388	349	498	474
Deferred consideration on sale of property	-	-	123	123
	2,679	2,583	1,049	808

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16. CREDITORS: DUE WITHIN ONE YEAR £ 000s	Group 2011	Charity 2011	<i>Group</i> <i>2010</i>	<i>Charity</i> <i>2010</i>
Intercompany loan	-	2,879	-	2,829
Trade creditors	728	344	466	241
Deferred income	281	-	86	-
Parental contributions paid in advance	85	-	129	-
Acceptance deposits	189	-	31	-
Christ's Hospital School	-	-	-	4
Christ's Hospital School grant	-	10,156	-	8,773
Value Added Tax	220	217	248	241
Taxation and national insurance	236	50	214	40
Rent in advance	639	639	644	644
Other creditors and accruals	1,588	1,274	1,326	883
	<u>3,966</u>	<u>15,559</u>	<u>3,144</u>	<u>13,655</u>

17. CREDITORS: DUE AFTER MORE THAN ONE YEAR £ 000s	Group 2011	Charity 2011	<i>Group</i> <i>2010</i>	<i>Charity</i> <i>2010</i>
Bank loan (see below)	25,000	25,000	25,000	25,000
Parental Contributions paid in advance	79	-	88	-
	<u>25,079</u>	<u>25,000</u>	<u>25,088</u>	<u>25,000</u>

Repayable as follows:

Due within 1 - 2 years				
Parental Contributions paid in advance	65	-	66	-
Due within 2 - 5 years				
Parental Contributions paid in advance	14	-	22	-
Due after 5 years				
Bank loan (see below)	25,000	25,000	25,000	25,000
	<u>25,079</u>	<u>25,000</u>	<u>25,088</u>	<u>25,000</u>

In October 2003, Christ's Hospital entered into a £25 million loan facility for a term of 25 years for the purpose of acquiring new commercial property investments. Repayment is by a single payment at termination in November 2028 with interest payable quarterly in arrears at a fixed rate of 5.545%. This loan was secured against properties with a minimum valuation of £35.0 million and as at 31 August 2011 the properties against which the loan is secured have been valued at £35.0 million.

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18. RECONCILIATION OF GROUP NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM GROUP

OPERATIONS				12 month	<i>13 months</i>
£ 000s	Endowment	Restricted	Unrestricted	Total	<i>Total</i>
	Funds	Funds	Funds	2011	<i>2010</i>
Net incoming/ (outgoing) resources	6,323	153	(13,537)	(7,061)	<i>(8,083)</i>
Transfers between funds	(9,954)	(335)	10,289	-	-
Intra group transfer	50	-	(50)	-	-
Non-operating cashflows eliminated:					
Investment income	(7,982)	(17)	(52)	(8,051)	<i>(8,336)</i>
Financing costs	1,386	-	-	1,386	<i>1,503</i>
Pension scheme net finance costs	-	-	189	189	<i>283</i>
Pension scheme current service costs	-	-	303	303	<i>333</i>
Contributions to the Christ's Hospital Pension Scheme	-	-	(405)	(405)	<i>(300)</i>
Endowment legacies	(1,400)	-	-	(1,400)	<i>(3)</i>
Endowment donations	(33)	-	-	(33)	<i>(2)</i>
Loss on disposal of fixed assets	-	-	-	-	<i>34</i>
Depreciation and amortisation	-	-	1,805	1,805	<i>1,639</i>
Increase/ (decrease) in creditors	155	2	656	813	<i>(1,044)</i>
(Increase)/ decrease in debtors	(1,575)	(103)	48	(1,630)	<i>287</i>
(Increase)/ decrease in stocks	-	-	(11)	(11)	<i>(49)</i>
Net cash (outflow)/ inflow from operations	<u>(13,030)</u>	<u>(300)</u>	<u>(765)</u>	<u>(14,095)</u>	<u><i>(13,738)</i></u>

19. CAPITAL AND LEASE COMMITMENTS

Capital Commitments

At 31 August 2011 there were capital commitments of £2.1 million (2010: £1.4 million)

Lease Commitments

The School has entered into non-cancellable leases in respect of motor vehicles, the payments for which extend over a period of up to 5 years. The total rental (including interest) for the year to 31 August 2011 was £12,700 (2010: £1,310). The lease agreements provide for all maintenance and repairs. The School may continue, at its option, to use the vehicles after the expiration of the initial lease period at a nominal rental.

The minimum annual rentals under these leases are as follows:

£ 000s	Group	Charity	<i>Group</i>	<i>Charity</i>
	2011	2010	<i>2010</i>	<i>2010</i>
Operating leases which expire:				
- within 2-5 years	<u>13</u>	<u>-</u>	<u>12</u>	<u>-</u>

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20. AUDITOR'S REMUNERATION	2011	<i>2010</i>
£ 000s		
Audit fees	54	53
Consultancy and accountancy services	25	7
	<u>79</u>	<u>60</u>

21. PENSION SCHEMES

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) for its teaching staff. This is a multi-employer defined benefit pension scheme and it is not possible or appropriate to identify the assets and liabilities which are attributable to the School.

The latest actuarial valuation by the Government Actuary dated October 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) by 2.0%.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, with a supplementary contribution of 0.75% to balance the assets and liabilities within 15 years as required by the regulations. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced - effective for the first time from the 2008 valuation - a 14% cap on employer contributions payable.

Following the publication of the Lord Hutton report on public sector pensions and the consultation by HM Treasury on the discount rate used to set unfunded public service pension contributions, the next valuation of the Scheme by the Government Actuary due to be prepared as at 31 March 2008 continues to be on hold until the impact of the revised discount rate on the valuation is considered. No decisions have been made yet on any changes to the TPS but it is expected that the Government will set out their proposals towards the end of 2011.

Employer's contributions payable to the Teachers' Pension Scheme for the year ended 31 August 2011 were £542,000 (2010: £583,000).

Christ's Hospital Pension Scheme

Other staff were entitled to belong to the Christ's Hospital Pension Scheme ("the Scheme"), a defined benefit scheme, to which contributions are made by both employees and the employers. The Scheme was closed to new members with effect from 1 September 2004. From 1 April 2005 member contributions were increased from 4% to 6.5% for those who opted to retain an accrual rate of 1/80th of final salary for each year of service, while those who opted to continue contributing 4% dropped to an accrual rate of 1/100th. With effect from 1 July 2009, the contributions payable by employers were increased from 12.1% to 14.8% plus an annual deficit-reduction contribution of £75,000. This deficit-reduction payment will increase after three years in accordance with an agreed schedule, allowing the deficit to be eliminated by 31 March 2023. The basis of contribution to the Scheme is specified in a schedule of contributions agreed with the Scheme trustees and certified by the actuary on 1 July 2009. The cost of providing such pensions is charged to the accounts in accordance with the provisions of FRS 17.

The last full actuarial valuation of the Scheme was carried out with an effective date of 31 March 2008. The valuation at 31 March 2011 is currently in progress and for the purpose of FRS17 the Scheme valuation has been updated as at 31 August 2011 by a qualified actuary.

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The valuation method adopted for the Christ's Hospital Pension Scheme was the Projected Unit Method and it was assumed, in relation to security of both accrued and protected rights, that the Scheme would continue. The assumed rate of contribution is as noted above.

The main long-term financial assumptions adopted at 31 August 2011 were:

Investment return	7.2% p.a.
General salary increases	4.3% p.a.
Post-retirement pension increases	3.3% p.a.

Employers' contributions for the year ended 31 August 2011 were £405,000 (2010: £300,000). This increase arose from the funding of a discretionary increase in 2011 for pensioners in respect of their service prior to April 1997, which is not subject to automatic increase.

The Scheme's assets and liabilities, analysis of pension cost and details of the valuation were as follows:

a) The amounts recognised in the balance sheet are as follows:	2011	<i>2010</i>
£ 000s		
Present value of funded obligations	(15,037)	(16,757)
Fair value of plan assets	9,186	8,817
Deficit	(5,851)	(7,940)
Amounts in the balance sheet:		
Liabilities	(5,851)	(7,940)
Assets	-	-
Net Liability	(5,851)	(7,940)
(b) Changes in the present value of the defined benefit obligation are as follows:	12 months	<i>13 months</i>
£ 000s	2011	<i>2010</i>
Opening defined benefit obligation	16,757	14,239
Employers' service cost	303	333
Interest cost	796	907
Actuarial (gain) / loss	(2,171)	1,743
Benefits paid from scheme assets	(742)	(577)
Scheme participants' contributions	94	112
Defined benefit obligation at end of period	15,037	16,757
(c) Changes in the fair value of the Scheme assets are as follows:	12 months	<i>13 months</i>
£ 000s	2011	<i>2010</i>
Opening fair value of scheme assets	8,817	7,618
Expected return	607	624
Actuarial gain	5	740
Contributions	499	412
Benefits paid	(742)	(577)
Fair value of Scheme assets at end of period	9,186	8,817

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(d) The amounts included within the Statement of Financial Activities are as follows:	12 months	<i>13 months</i>
£ 000s	2011	<i>2010</i>
Current service cost	(303)	<i>(333)</i>
Expected return on scheme assets	607	<i>624</i>
Interest on pension liabilities	(796)	<i>(907)</i>
Total amount charged within net incoming / (outgoing) resources	(492)	<i>(616)</i>
Actuarial gains/(losses)	2,176	<i>(1,003)</i>
Total amount charged to the Statement of Financial Activities	1,684	<i>(1,619)</i>
Employers' contributions	405	<i>300</i>
Net amount charged to the Statement of Financial Activities	2,089	<i>(1,319)</i>

On the currently agreed basis, employers' contributions to the Scheme in 2011/12 are expected to be £411,000.

(e) The major categories of Scheme assets as a percentage of total Scheme assets are as follows:	2011	<i>2010</i>
Equities	79.71%	<i>83.49%</i>
Bonds	19.78%	<i>15.69%</i>
Cash	0.51%	<i>0.82%</i>
	100.00%	<i>100.00%</i>

The overall expected return on the Scheme assets in the year is determined as a weighted average of the expected returns on each asset class. The returns on equities are determined by the Christ's Hospital Pension Fund trustees having reference to the expected return from an investment in the FTSE-Actuaries All Share Index. The gilt return is derived from the prevailing redemption yields on long-dated fixed interest gilts at the valuation date.

£ 000s	12 months	<i>13 months</i>
	2011	<i>2010</i>
The actual return on the scheme assets during the period	612	<i>1,364</i>

This was equivalent to 7.1% (2010: Annualised equivalent 16.1%)

(f) Principal assumptions at the balance sheet date	2011	<i>2010</i>
Discount rate	5.40%	<i>4.80%</i>
Expected return on scheme assets	7.20%	<i>6.96%</i>
Rate of increase in salaries	4.30%	<i>4.45%</i>
Rate of increase of pensions in payment	3.30%	<i>3.20%</i>
Rate of increase of pensions in deferment	2.60%	<i>3.20%</i>
Price inflation	3.30%	<i>3.20%</i>

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The 2011 valuation has assumed average mortality in accordance with S1PxA tables for 2011, with the CMI model together with long-term improvements of 1.5% p.a. for future improvements in longevity. (2010: PA92 tables for 2010 with the medium cohort allowance plus minimum 1.5% pa).

(g) Five year history of assets, liabilities and experience gains and losses are as follows:

£ 000s	2011	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
Defined benefit obligation	(15,037)	<i>(16,757)</i>	<i>(14,239)</i>	<i>(12,427)</i>	<i>(11,519)</i>
Scheme assets	9,186	<i>8,817</i>	<i>7,618</i>	<i>8,419</i>	<i>8,642</i>
Deficit	(5,851)	<i>(7,940)</i>	<i>(6,621)</i>	<i>(4,008)</i>	<i>(2,877)</i>
Experience (gain) / loss on Scheme liabilities	(8)	<i>(913)</i>	<i>(481)</i>	<i>265</i>	<i>166</i>

Defined Contribution Scheme

A stakeholder pension scheme is available for staff who are not in a defined benefit scheme. This is a unit linked defined contribution scheme from Standard Life, under which the employer contributes 5% more than the employee contributions up to a maximum of 10% of salary. Employer contributions totalling £94,362 (2010: £71,721) were paid in respect of this pension scheme for the year.

22. RELATED PARTY TRANSACTIONS

Christ's Hospital performs the administration of The Charities of John and Frances West for Pensioners for which it received a management fee during the year of £10,000.

No Governor or Almoner has received any remuneration for work done in performance of their duties.

Expenses totalling £2,624 (2010: £704) have been refunded to 2 (2010: 2) Almoners in connection with their duties.

Trustees' liability insurance is included within the group professional indemnity and public liability policy and its cost cannot be separately identified. The total premium in respect of this policy was £2,975 (2010: £1,978).

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23. STAFF COSTS	2011		2010	
	Number (Full Time equivalents)	12 months Cost £ 000s	Number (Full Time equivalents)	13 months Cost £ 000s
Teaching	124	5,039	123	5,284
Welfare	54	1,227	55	1,317
Premises	82	1,731	82	1,829
Other school ancilliary	36	1,751	39	1,717
Fund-raising	6	251	5	171
Bluecoat Sports	33	685	34	721
Christ's Hospital Enterprises	3	42	2	47
	338	10,726	340	11,086
Contract catering costs		640		670
		11,366		11,756
Comprising				
Salaries and wages		8,841		9,342
Social security costs		723		753
Pension costs		1,162		991
Contract catering costs		640		670
		11,366		11,756

In total there are 220 (2010: 216) part time employees, being equivalent to 71 (2010: 68) full time members of staff.

The number of employees whose total emoluments for the period exceeded £60,000 was 9 (2010: 8), in the following bands:

	2011	2010
£60,001 to £70,000	4	2
£70,001 to £80,000	3	1
£80,001 to £90,000	-	2
£90,001 to £100,000	-	1
£110,001 to £120,000	1	1
£120,001 to £130,000	1	-
£130,001 to £140,000	-	1

A total amount of £85,706 (2010: £88,347) was paid in respect of pension contributions for 8 (2010: 7) of these employees.

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24. MOVEMENT OF FUNDS

£ 000s

	Balance at 1 September 2010	Incoming Resources	Resources Expended	Gains and (Losses)	Transfers	Balance at 31 August 2011
Preserved Endowment						
General Fund Capital Account	102,984	23	-	-	1,169	104,176
West's Gift for Children Fund	7,531	-	-	-	-	7,531
Hornby Steer Fund	1,670	-	-	-	-	1,670
Daniel Lett Fund	-	1,400	-	-	-	1,400
RAF Foundationers' Trust Fund	909	-	-	-	1	910
Ewart Kingsley Read Trust Fund	440	-	-	-	(440)	-
Brodribb Trust Fund	377	-	-	-	(377)	-
Christ's Hospital Association	320	-	-	-	-	320
Necessitous Children's Fund	308	10	-	-	1	319
House Fund	290	-	-	-	-	290
Reginald Wood Fund	150	-	-	-	-	150
Governors' Discretionary Fund	130	-	-	-	(130)	-
Stubbings Memorial Fund	103	-	-	-	(103)	-
Other Funds	440	-	-	-	(34)	406
	<u>115,652</u>	<u>1,433</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>117,172</u>
Unapplied Total Return Endowment						
General Fund Capital Account	117,594	7,907	(3,008)	19,213	(9,673)	132,033
West's Gift for Children Fund	6,493	57	(56)	1,002	(450)	7,046
Hornby Steer Fund	(138)	7	(7)	98	6	(34)
Daniel Lett Fund	-	-	-	-	-	-
RAF Foundationers' Trust Fund	122	4	(4)	73	(20)	175
Ewart Kingsley Read Trust Fund	(62)	-	-	-	62	-
Brodribb Trust Fund	(40)	-	-	-	40	-
Christ's Hospital Association	4	1	(1)	25	-	29
Necessitous Children's Fund	24	1	(13)	21	(6)	27
House Fund	(9)	1	(1)	19	-	10
Reginald Wood Fund	(25)	-	-	9	-	(16)
Governors' Discretionary Fund	(24)	-	-	-	24	-
Stubbings Memorial Fund	34	-	-	-	(34)	-
Other Funds	51	4	(2)	31	10	94
	<u>124,024</u>	<u>7,982</u>	<u>(3,092)</u>	<u>20,491</u>	<u>(10,041)</u>	<u>139,364</u>
TOTAL ENDOWMENT FUNDS	<u>239,676</u>	<u>9,415</u>	<u>(3,092)</u>	<u>20,491</u>	<u>(9,954)</u>	<u>256,536</u>
	Balance at	Incoming	Resources	Gains and	Transfers	Balance at
	1 September	Resources	Expended	(Losses)		31 August
	2010					2011
Restricted						
Sivewright Memorial Fund	1,445	11	(2)	-	-	1,454
Daniel Lett Fund	-	100	-	-	-	100
Doyle Fund	260	3	(1)	4	(250)	16
100 Years on Appeal Fund	-	100	-	-	(100)	-
Littlefield Fund	77	1	(2)	-	-	76
Middleton A Fund	45	3	-	-	-	48
House Funds	24	58	(91)	-	37	28
Other Funds	525	143	(170)	-	(22)	476
TOTAL RESTRICTED FUNDS	<u>2,376</u>	<u>419</u>	<u>(266)</u>	<u>4</u>	<u>(335)</u>	<u>2,198</u>

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£ 000s	Balance at 1 September 2010	Incoming Resources	Resources Expended	Gains and (Losses)	Transfers	Balance at 31 August 2011
Designated Funds						
Liquid assets						
School Fund	5,437	-	(1,506)	-	(2,417)	1,514
Contingency Reserve Fund	105	-	(40)	-	(19)	46
Education Fund	84	-	(3)	-	(35)	46
Museum Fund	5	-	-	-	2	7
Music Fund	19	-	-	-	8	27
Development Fund	58	-	-	-	(36)	22
House Fund	14	-	-	-	(2)	12
	<u>5,722</u>	<u>-</u>	<u>(1,549)</u>	<u>-</u>	<u>(2,499)</u>	<u>1,674</u>
Fixed Asset Capital Fund	43,236	-	(1,805)	-	3,077	44,508
Pension Liability Fund (FRS 17)	(7,940)	-	(87)	2,176	-	(5,851)
Total Designated Funds	<u>41,018</u>	<u>-</u>	<u>(3,441)</u>	<u>2,176</u>	<u>578</u>	<u>40,331</u>
Unrestricted Funds						
General Fund	4,567	7,389	(17,485)	-	9,711	4,182
TOTAL UNRESTRICTED FUNDS	<u>45,585</u>	<u>7,389</u>	<u>(20,926)</u>	<u>2,176</u>	<u>10,289</u>	<u>44,513</u>
TOTAL FUNDS	<u>287,637</u>	<u>17,223</u>	<u>(24,284)</u>	<u>22,671</u>	<u>-</u>	<u>303,247</u>

The purposes of the funds shown above are described in Note 1 to the Financial Statements.

Transfers between funds

During the year the Charity Commission approved the transfer of certain endowed funds either into the General Endowment, or into Unrestricted Funds and hence the Ewart Kingsley Read Trust Fund, the Brodribb Trust Fund, the Governors' Discretionary Fund and the Stubbings Memorial Fund are no longer separately identified.

In line with the purpose of providing funding for high priority projects in the development plan, £100,000 was transferred from the 100 Years On Appeal Fund to designated funds for expenditure on site refurbishments.

During the year, £250,000 was transferred from the Doyle Fund to the General Endowment to provide funding for a Doyle Scholar studying Design and Technology in the sixth form.

CHRIST'S HOSPITAL FOUNDATION
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25. STATEMENT OF TOTAL RETURN				12 months
£ 000s	General	West's	Other	2011
	Endowment	Gift	Funds	Total
Total return for the period				
Investment income	7,907	57	18	7,982
Investment gains	19,213	1,002	276	20,491
Gross total return for the period	<u>27,120</u>	<u>1,059</u>	<u>294</u>	28,473
Investment management costs	(3,008)	(56)	(15)	(3,079)
Net total return for the year	<u>24,112</u>	<u>1,003</u>	<u>279</u>	25,394
Grants payable during the period	-	-	(13)	(13)
Application of total return during the period	(9,673)	(450)	82	(10,041)
Unapplied total return brought forward 1 September 2010	<u>117,594</u>	<u>6,493</u>	<u>(63)</u>	124,024
Unapplied total return carried forward 31 August 2011	<u>132,033</u>	<u>7,046</u>	<u>285</u>	139,364
Preserved value at 31 August 2011	<u>104,176</u>	<u>7,531</u>	<u>5,465</u>	117,172
Total endowment values at 31 August 2011	<u>236,209</u>	<u>14,577</u>	<u>5,750</u>	<u>256,536</u>

Allocations out of the Unapplied Total Return balance can be made at any time at Council's discretion on the authority of a Charity Commission order dated 26 April 2005 under Section 26 of the Charities Act 1993. In June 2011, Council approved the transfer of £15 million out of Unapplied Total Return to cover the School and Foundation's budgeted net operating expenditure for the financial year 2011/12. This transfer will be made during the year ending 31 August 2012.



CHRIST'S HOSPITAL

A SCHOOL LIKE NO OTHER

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