

Registered number: 04797376
Charity number: 1098422

Pestalozzi International Village Trust
(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 August 2015

Pestalozzi International Village Trust
(A company limited by guarantee)

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Chairman's statement
For the year ended 31 August 2015

It is hard to believe that twelve months has passed since taking the chair and I must begin my report by acknowledging the sterling work of my predecessor, Paul Evans. In addition, I would like to thank all our donors for their continued support, in particular the Grieg Foundation and the Peter Cundill Foundation. I am especially grateful to our legators, who were kind enough to remember Pestalozzi in their wills, which in 2014/15 helped us through another challenging year.

Our educational programme saw a year of transition as our second year cohort sat the International Baccalaureate, with our first year students studying an enhanced A Level course. Whilst the decision of Sussex Coast College, Hastings to withdraw from the IB caused the Board much deliberation, one has to admire the enthusiasm and resilience of all our students, as well as our Student Programme staff, who seemed to take such significant changes in their stride.

Our results in June 2015 showed an increase from 2014 in the overall average IB score, which in itself was nearly 15% higher than the international average mark. We remain grateful to Princeton, Duke, Yale, UC Berkeley, McGill, University of British Columbia, Bucknell, Swarthmore and NYU Abu Dhabi Universities for awarding our students unconditional places and also to Brighton University who granted full scholarships to three Pestalozzi alumni.

As in previous years, life within the multi cultural, multi faith environment that is the Pestalozzi Village reflects the "head, heart and hands" educational philosophy of Johann Pestalozzi. The Trustees' regular visits, the involvement of host families, together with cultural evenings and other events provides every opportunity for the students to integrate with the local community. In this way, experiences are shared, prejudices are dispelled and cultural differences are understood and embraced.

The students and staff alike have coped well with the building works going on around them. Everyone is now looking forward eagerly to the completion of the Pestalozzi Centre, which is scheduled for March 2016. We are extremely grateful to the Grieg Foundation, not only for their ongoing financial support of our Student Programme but also for their generous interest free loan. Without this we would have been unable to build the Pestalozzi Centre, a high-quality learning, study and meeting place for our students.

Our Senior Management team have worked extremely hard to keep costs under control and actual expenditure came in under budget across all departments. The Fundraising team have developed new contacts during the year as well as maintaining good relationships with our existing supporters. We do not indulge in, nor tolerate, aggressive campaigning, yet the success of our Fundraisers was acknowledged in a report compiled by Charity Choice. This showed that for every £1 invested in fundraising Pestalozzi secured £8 thus making us one of the most effective charities in terms of raising funds. All our staff and volunteers deserve much credit for their contribution to Pestalozzi in 2015, but none more so than our incredibly hard working Chief Executive, Mrs Sue Walton.

Despite our longstanding international reputation and existing charitable status, our 2015/16 student intake processes have been hampered by changes in immigration legislation, regulation and procedures. We strive to overcome these difficulties as we aim to build up student numbers steadily over the coming years, subject to securing the necessary funding.

Finally, I would like to thank my co Trustees, our directors and all Council Members for their continued dedication, commitment and support. This is such a vital part of enabling Pestalozzi fulfil its objectives and to help our students make a real and lasting difference in the world.

Prof. D Blackman
Chair

Date 28 January 2016

Pestalozzi International Village Trust
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Trustees' report
For the year ended 31 August 2015

Patron	HRH The Duke of Gloucester KG GCVO
Trustees	Prof. D Blackman (Chair) Mrs B Bartter Mr G Card Mr S Endersby (from 29 January 2015) Mr P Evans Mr N Farraj (from 29 January 2015) Mr M Forster Dr S Henderson Prof. S Laing Mrs H Leale-Green (to 17 December 2014) Mr G Marley (to 7 April 2015) Mr R Meade Sir R Owen Mr J Page OBE (to 29 January 2015) Mrs A Shelford Mr R Ward
Council	Mr D Bennett Lady R Clarke Mrs P Hamilton Mr J Page OBE Mrs D Patel Mrs J Pennock Mr G Peters Mr J Sharpe Mr S Steeden
Institutional Members	Mr Ranjan Mathai - Indian High Commissioner HE Ms Perla Maria Perdomo - Belizean High Commissioner Mr Chonpel Tsering - Representative of HH The Dalai Lama HE Mr Paul William Lumbi - Zambian High Commissioner Mr Michael Rutland OBE - Bhutanese Honorary Consul HE Mr TM Hamzah Thayeb - Indonesian Ambassador HE Mrs Joyce Kakuramatsi Kikafunda - Ugandan High Commission
Chief Executive and Company Secretary	Mrs S Walton
Senior Management	Ms M Alexander - Student Programme Manager Mrs A Tourle - Fundraising and Marketing Manager Mr A Whittington - Facilities and Estate Manager
Bankers	Barclays Bank 207-208 Queens Road, Hastings, East Sussex, TN34 1QP
Auditors	Kreston Reeves LLP, Chartered Accountants, Statutory Auditors, 37 St Margaret's Street, Canterbury, Kent, CT1 2TU
Registered Office	Ladybird Lane, Sedlescombe, Battle, East Sussex, TN33 0UF
Charity Number	1098422
Company Number	04797376

Pestalozzi International Village Trust
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Trustees' report (continued)
For the year ended 31 August 2015

The Trustees present their Annual Report together with the audited Financial Statements of Pestalozzi International Village Trust (the company and the group) for the year ended 31 August 2015. The Trustees confirm that the Annual Report and the Financial Statements of the company and the group comply with the current statutory requirements, the requirements of the company's and the group's governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Constitution

Pestalozzi International Village Trust (PIVT) was constituted and incorporated in England and Wales on 12 June 2003 and on 1 September 2003 took over the activities, assets and liabilities of the Pestalozzi Children's Village Trust (PCVT), which had been formed under a Trust Deed dated 30 November 1957. PIVT is both a registered charity (1098422) and a limited company (04797376).

Structure, governance and management

As a company limited by guarantee, PIVT's governing documents are its memorandum and articles of association. The charity is administered by a Board of Trustees, which consists of not less than five persons and currently stands at thirteen. The Trustees and elected Office Holders are normally appointed by the Council at the Annual General Meeting. All Trustees are also directors of the charitable company for the purposes of the Companies Act. Furthermore, all Trustees are members of the Council. Council Members are the members of the company under the company's articles of association.

The current Trustees are listed on page 2. During the year, Mrs H Leale-Green, Mr G Marley and Mr J Page OBE retired and Mr S Endersby and Mr N Farraj were appointed. Mr J Page OBE and Mr G Peters joined Council with Mrs V Ballard and Mr J Patel retiring.

The Trustees and elected Office Holders provide a wide range of expertise and contacts to PIVT. Trustees make monthly visits to PIVT to inspect and report to the Board on all aspects of the charity, including the students' experiences and well-being, as well as the operational practices within PIVT.

One formal Council meeting is held each year following the Annual General Meeting. A minimum of four meetings of the Board of Trustees are held during the year, to which all Council Members are invited as observers.

The skills, interests and expertise of the Council Members are reviewed regularly and the Trustees are grateful for the many and varied contributions that they make to PIVT and PIVT's subsidiary company Pestalozzi Enterprises Limited (PEL).

The Nominations Committee meets regularly during the year to consider applications for membership to the Council and Board of Trustees. The committee considers the skill-sets required for the sound governance of the charity and succession planning within the Board of Trustees. One third of Trustees retire from office at each AGM but may stand for re-election. Trustees normally step down from the Board when they have served for two three-year terms, although PIVT's articles of association do not define a maximum term of office.

There is a formal induction and training programme for Trustees, and a regular review of governance procedures. All Trustees are made aware of relevant governance documentation and are provided with training opportunities as required.

The Trustees, who have overall responsibility for the charity, delegate the day to day operational management of PIVT to the Chief Executive Officer (CEO). The CEO is supported by the Senior Management Team (SMT). Meetings of the SMT are held regularly to ensure the smooth running of the charity and progress is reported at Board meetings.

PEL, PIVT's trading subsidiary, generates income from merchandising and the use of the Pestalozzi estate and facilities. All profits generated are gifted to PIVT via corporate Gift Aid. To maintain a measure of independence, the directors of PEL include persons who are not also Trustees of the charity.

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Trustees' report (continued)
For the year ended 31 August 2015

Associated organisations

The Trustees are indebted to the many organisations and individuals who support PIVT with the delivery of its aims and objectives, including:

- Sussex Coast College Hastings for the provision of their courses and for the dedication and support of their staff.
- Pestalozzi World, the DEL Foundation, the Kidu Foundation, the Central Tibetan Administration, SOS Children's Villages, the Quicken Trust and other international partnership organisations who provide support to PIVT and student candidates throughout the selection process.
- Friends of Pestalozzi Groups in the Isle of Man, Lewes and Sedlescombe & District for their support with fundraising and for raising awareness PIVT's work.

The Trustees are especially appreciative of the generous support of PIVT's Patron HRH The Duke of Gloucester KG GCVO and for the active and informed interest that he and the Duchess continue to take in the life, work and development of PIVT.

Risk

The Audit Committee meets regularly to review systems, procedures and risks – which are then reported to the Board of Trustees. A risk register notes potential areas of risk and their severity. A rolling programme of review is undertaken by the SMT and the Trustees and systems and procedures have been established to manage identified risks.

Objectives and Activities

Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to the general guidance published by the Charity Commission relating to public benefit.

PIVT promotes the educational philosophy of Johann Heinrich Pestalozzi (1746-1827), of which the principle component is the concept of a balanced programme of education 'for the head, heart and hands'.

PIVT awards scholarships to exceptional 16-19 year olds who are academically gifted but have limited educational prospects in their home countries. All these young people have all demonstrated their enthusiasm for helping to make a difference in their communities.

PIVT students spend two years residing in a multi-cultural, multi-faith community in East Sussex, UK. Bringing students together in this way helps them to understand their differences and breaks down any cultural or religious prejudices they may hold. PIVT supports and promotes international understanding through the interaction of these young people, not only with their fellow students but also with the local community. The students attend a local college, volunteer in local charities and engage with a wide range of local youth and community groups.

The students study for enhanced A levels, and undertake a broad range of extra-curricular activities, gaining an holistic education focused on Johann Pestalozzi's principles. PIVT scholarships give these young people an opportunity they would not otherwise receive – the chance to develop their potential, pursue their dreams and go on to make a real and lasting difference in the world.

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Trustees' report (continued)
For the year ended 31 August 2015

Policies and objectives (cont.)

As anticipated, 2014/15 saw a further reduction in student numbers from 43 to 37, as PIVT adjusted to the additional cost of tuition fees imposed in 2012. Despite the imposition of further immigration costs the Trustees are now seeking to increase steadily, each year's intake with the goal of maximising the capacity of PIVT's boarding facilities. A formal strategy has been adopted to enable the accomplishment of this task over the next seven years, or sooner if funding permits.

Despite some initial delays, due in part to the necessary protection of local wildlife and habitats, the building of the Pestalozzi Centre continues apace. It is now both on schedule and within budget. The Trustees are confident the Centre will be brought into use, for the benefit of the students, within the 2015/16 year.

Volunteers and Fundraising

The Trustees are extremely grateful and fortunate to have received the support of many local volunteers. Our volunteers show outstanding commitment to PIVT through a variety of activities, including educational and extra-curricular support for our students, acting as student host families, providing support with fundraising, marketing, administration and estate activities.

International volunteers are invaluable in assisting the student programme team and the Trustees are grateful for the support of the British Council and the European Erasmus+ Initiative.

Furthermore, the Trustees remain grateful for the ongoing support of all our funders in what continues to be a difficult time for many voluntary organisations.

PIVT has been fortunate to receive further substantial grants from the Grieg Foundation in Norway in support of student scholarships. The Foundation also provided loan capital which funded nearly half of the build cost of the Pestalozzi Centre.

The Peter Cundill Foundation has been most generous in providing funding, phased over two years, to assist our planned increase in student numbers in the coming year.

The Trustees are most grateful to other Trusts, Foundations, Friends of Pestalozzi groups, regular givers and alumni, along with Trustees, Council Members and staff for all their generous support during the year.

Achievements and performance

A programme of educational support is provided by PIVT staff and volunteers, in partnership with the teaching staff from Sussex Coast College, Hastings (SCCH). In the final year of the International Baccalaureate (IB) at SCCH, PIVT's students gained very good results overall, with an average IB pass mark of 34.23, up from 33.21 last year. This compares most favourably with the international pass rate across more than 140,000 students worldwide of 29.88.

The majority of students graduating in 2015 gained funded places at a variety of prestigious universities, mostly based in the USA. The Trustees are most grateful to Brighton University who have again awarded full scholarships to three Pestalozzi alumni.

Not all our students take up university placements as soon as they leave PIVT and, as in previous years, a number of our alumni have returned to their home countries to apply their academic achievements directly for the benefit of others through work and volunteering.

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Trustees' report (continued)
For the year ended 31 August 2015

Financial review

Total incoming resources for the year amounted to £1,356,015 (2014: £937,206) and included £662,452 (2014: £88,068) received from legacies. Outgoing resources of £1,135,615 (2014: £1,165,645) included £998,393 (2014: £1,046,880) expended on the student programme, representing 88% (2014: 90%) of total expenditure.

Net resources for the year showed a surplus of £220,400 (2014: deficit of £228,439). The detailed Financial Statements are set out on pages 10 to 27.

PIVT's trading subsidiary PEL continues to provide a modest contribution to the charity but the Directors of PEL are keen to see an expansion of activity in the coming year.

Investment policy

The liquid assets of PIVT comprise cash held in bank current and deposit accounts to meet the charity's short and medium term needs. The Trustees adopt a low risk investment strategy.

Reserves policy

The charity's free reserves as at 31 August 2015 were £423,479 (2014: £416,705). This represents approximately 4.5 months (2014: 4.3 months) of operational expenditure. The charity needs to hold reserves due to its commitment to the student programme, the employment of staff and the fluctuations in income from appeals, donations and legacies. Furthermore the Trustees are keen to build up reserves, ideally to meet one year's running costs, to cover planned capital expenditure and to provide a hedge against future uncertainties.

Plans for the future

The priority for 2015/16 is to complete the building of the Pestalozzi Centre and to bring it into use for the benefit of the students.

The Trustees are hoping to find volunteers to form and then run Friends of Pestalozzi Groups in Tunbridge Wells, Eastbourne and Rye, seeking to replicate the established and successful format of the existing groups.

The charity's current strategy document focuses on increasing student numbers in the coming years, subject to having the necessary funding and support programme in place.

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Trustees' report (continued)
For the year ended 31 August 2015

Trustees' responsibilities statement

The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 28 January 2016 and signed on their behalf by:

Prof. D Blackman, Chair

Pestalozzi International Village Trust
(A company limited by guarantee)

Independent auditors' report to the members of Pestalozzi International Village Trust

We have audited the financial statements of Pestalozzi International Village Trust for the year ended 31 August 2015 set out on pages 10 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report to you in accordance with those Acts. 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 parent charitable company's affairs as at 31 August 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Pestalozzi International Village Trust
(A company limited by guarantee)

Independent auditors' report to the members of Pestalozzi International Village Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report or in preparing the Trustees' report.

Samantha Rouse FCCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditors

Canterbury
28 January 2016

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Pestalozzi International Village Trust
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Consolidated statement of financial activities
For the year ended 31 August 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	851,602	442,637	1,294,239	864,038
Activities for generating funds	3,4	59,568	-	59,568	69,393
Investment income	5	1,677	531	2,208	3,775
Total incoming resources		912,847	443,168	1,356,015	937,206
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income	6	102,916	265	103,181	104,422
Costs of trading activities	4	1,224	-	1,224	718
Charitable activities	7	718,551	279,842	998,393	1,046,880
Governance costs	8	13,048	-	13,048	9,648
Other resources expended	9	19,769	-	19,769	3,977
Total resources expended	12	855,508	280,107	1,135,615	1,165,645
Net incoming / (outgoing) resources before transfers		57,339	163,061	220,400	(228,439)
Transfers between Funds	22	103,843	(103,843)	-	-
Net incoming resources / (resources expended) before revaluations		161,182	59,218	220,400	(228,439)
Gains on revaluations of fixed assets for the charity's own use		-	-	-	309,479
Net movement in funds for the year		161,182	59,218	220,400	81,040
Total funds at 1 September 2014		3,514,001	318,413	3,832,414	3,751,374
Total funds at 31 August 2015		3,675,183	377,631	4,052,814	3,832,414

The notes on pages 13 to 26 form part of these financial statements.

Pestalozzi International Village Trust
(A company limited by guarantee)
Registered number: 04797376

Consolidated balance sheet
As at 31 August 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	16		3,982,527		3,704,691
Current assets					
Stocks		1,898		2,317	
Debtors	19	43,008		49,447	
Cash at bank and in hand		1,076,505		793,152	
			<u>1,121,411</u>	<u>844,916</u>	
Creditors: amounts falling due within one year	20	(282,190)		(134,606)	
			<u>839,221</u>	<u>710,310</u>	
Net current assets			839,221		710,310
Total assets less current liabilities			4,821,748		4,415,001
Creditors: amounts falling due after more than one year	21		(768,934)		(582,587)
			<u>4,052,814</u>	<u>3,832,414</u>	
Net assets			4,052,814		3,832,414
Charity Funds					
Restricted funds	22		377,631		318,413
Unrestricted funds:					
Revaluation reserve	22	1,804,574		1,804,574	
Other designated funds	22	1,447,130		1,292,722	
			<u>3,251,704</u>	<u>3,097,296</u>	
Unrestricted income funds	22	423,479		416,705	
			<u>3,675,183</u>	<u>3,514,001</u>	
Total funds			<u>4,052,814</u>	<u>3,832,414</u>	

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 28 January 2016 and signed on their behalf,

Prof. D Blackman, Chair

The notes on pages 13 to 27 form part of these financial statements.

Pestalozzi International Village Trust
(A company limited by guarantee)
Registered number: 04797376

Company balance sheet
As at 31 August 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	16		3,982,527		3,704,691
Investments	17		2		2
			3,982,529		3,704,693
Current assets					
Stocks		1,898		2,317	
Debtors	19	51,446		60,569	
Cash at bank and in hand		1,065,785		779,538	
		1,119,129		842,424	
Creditors: amounts falling due within one year	20	(279,910)		(132,114)	
Net current assets			839,219		710,310
Total assets less current liabilities			4,821,748		4,415,003
Creditors: amounts falling due after more than one year	21		(768,934)		(582,587)
Net assets			4,052,814		3,832,416
Charity Funds					
Restricted funds	22		377,631		318,413
Unrestricted funds:					
Revaluation reserve	22	1,804,574		1,804,574	
Other designated funds	22	1,447,130		1,292,724	
		3,251,704		3,097,298	
Unrestricted income funds	22	423,479		416,705	
Total unrestricted funds			3,675,183		3,514,003
Total funds			4,052,814		3,832,416

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 28 January 2016 and signed on their behalf,

Prof. D Blackman, Chair

The notes on pages 13 to 27 form part of these financial statements.

Pestalozzi International Village Trust
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Notes to the financial statements
For the year ended 31 August 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees and Council Members named on page 2. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

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

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

1.4 Incoming resources

All incoming resources are included in the Statement of financial activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the company being notified of an impending distribution or the legacy being received.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Pestalozzi International Village Trust
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Notes to the financial statements
For the year ended 31 August 2015

1. Accounting policies (continued)

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

All resources expended are inclusive of irrecoverable VAT.

1.6 Cash flow

The financial statements do not include a Consolidated cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.7 Basis of consolidation

The financial statements consolidate the accounts of Pestalozzi International Village Trust and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own income and expenditure account.

1.8 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Not depreciated
Buildings	-	2% straight line
Plant and machinery	-	20% - 25% straight line
Motor vehicles	-	20% straight line
Assets under construction	-	Not depreciated until the assets are brought into use

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1.9 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Statement of financial activities.

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Notes to the financial statements
For the year ended 31 August 2015

1. Accounting policies (continued)

1.10 Investments

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

1.11 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. Obligations under such agreements are included in creditors net of the interest. The interest element of hire purchase payments made is included in interest payable in the Statement of financial activities.

1.12 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.13 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.14 Deferred income

In accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period in which they relate. Such deferrals are included in creditors in the financial statements.

1.15 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	186,037	442,637	628,674	775,970
Legacies	662,452	-	662,452	88,068
Deemed notional interest on beneficial loan	3,113	-	3,113	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	851,602	442,637	1,294,239	864,038
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements
For the year ended 31 August 2015

3. Fundraising income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Events	15,205	-	15,205	27,076
Rental income	25,022	-	25,022	20,533
Estate grants	1,278	-	1,278	13,451
Miscellaneous income	13,338	-	13,338	2,310
Merchandise	-	-	-	64
	<u>54,843</u>	<u>-</u>	<u>54,843</u>	<u>63,434</u>

4. Trading activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Charity trading income				
Trading subsidiary income	<u>4,725</u>	<u>-</u>	<u>4,725</u>	<u>5,959</u>
Fundraising trading expenses				
Trading subsidiary expenses	<u>1,224</u>	<u>-</u>	<u>1,224</u>	<u>718</u>
Net income from trading activities	<u>3,501</u>	<u>-</u>	<u>3,501</u>	<u>5,241</u>

5. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank deposit interest received	<u>1,677</u>	<u>531</u>	<u>2,208</u>	<u>3,775</u>

6. Costs of generating voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Fundraising publicity	10,594	-	10,594	9,114
Cost of fundraising activities	9,231	265	9,496	16,558
Support costs for generating voluntary income	<u>83,091</u>	<u>-</u>	<u>83,091</u>	<u>78,750</u>
	<u>102,916</u>	<u>265</u>	<u>103,181</u>	<u>104,422</u>

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7. Expenditure by charitable activity

Summary by fund type

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Student programme	718,551	279,842	998,393	1,046,880

Summary by expenditure type

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Student programme	445,760	77,483	475,150	998,393	1,046,880

8. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	7,450	-	7,450	7,250
Auditors' non audit costs	5,598	-	5,598	2,398
	13,048	-	13,048	9,648

9. Other resources expended

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Interest payable	16,656	-	16,656	15,977
Deemed notional interest on beneficial loan	3,113	-	3,113	-
Interest rebate received	-	-	-	(12,000)
	19,769	-	19,769	3,977

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10. Direct costs

	Student programme £	Total 2015 £	Total 2014 £
Premises costs	160,193	160,193	170,432
Other direct costs	267,856	267,856	252,895
Wages and salaries	323,423	323,423	321,718
National insurance	18,565	18,565	19,822
	<u>770,037</u>	<u>770,037</u>	<u>764,867</u>

11. Support costs

	Student programme £	Total 2015 £	Total 2014 £
Indirect employee costs	7,300	7,300	6,065
General administrative expenses	34,399	34,399	42,534
Professional fees	5,402	5,402	1,563
Wages and salaries	95,580	95,580	112,673
National insurance	8,192	8,192	10,296
Depreciation	77,483	77,483	108,882
	<u>228,356</u>	<u>228,356</u>	<u>282,013</u>

12. Analysis of resources expended by expenditure type

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Costs of generating voluntary income	83,090	-	20,090	103,180	104,422
Costs of trading activities	-	-	1,224	1,224	718
Costs of generating funds	<u>83,090</u>	<u>-</u>	<u>21,314</u>	<u>104,404</u>	<u>105,140</u>
Student programme	445,760	77,483	475,150	998,393	1,046,880
Governance	-	-	13,048	13,048	9,648
Other resources expended	-	-	19,769	19,769	3,977
	<u>528,850</u>	<u>77,483</u>	<u>529,281</u>	<u>1,135,614</u>	<u>1,165,645</u>

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13. Analysis of resources expended by activities

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Student programme	770,037	228,356	998,393	1,046,880

14. Net incoming / (outgoing) resources

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charitable group	77,483	108,883
Auditors' remuneration	7,450	7,250

During the year, no Trustees received any remuneration (2014 - £NIL).

During the year, no Trustees received any benefits in kind (2014 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

15. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	495,708	507,613
Social security costs	33,142	35,646

The average monthly number of employees during the year was as follows:

	2015 No.	2014 No.
	32	33

No employee received remuneration amounting to more than £60,000 in either year.

The average full time equivalent employees during the year was as follows:

	2015 No.	2014 No.
	25	25

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16. Tangible fixed assets

Group and Company	Land and buildings £	Plant and machinery £	Assets under construction £	Total £
Cost or valuation				
At 1 September 2014	3,663,301	507,780	-	4,171,081
Additions	42,033	-	313,286	355,319
At 31 August 2015	<u>3,705,334</u>	<u>507,780</u>	<u>313,286</u>	<u>4,526,400</u>
Depreciation				
At 1 September 2014	-	466,390	-	466,390
Charge for the year	55,026	22,457	-	77,483
At 31 August 2015	<u>55,026</u>	<u>488,847</u>	<u>-</u>	<u>543,873</u>
Net book value				
At 31 August 2015	<u>3,650,308</u>	<u>18,933</u>	<u>313,286</u>	<u>3,982,527</u>
At 31 August 2014	<u>3,663,301</u>	<u>41,390</u>	<u>-</u>	<u>3,704,691</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group and Company	2015 £	2014 £
Motor vehicles	<u>-</u>	<u>3,890</u>

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16. Tangible fixed assets (continued)

Cost or valuation at 31 August 2015 is as follows:

	Land and buildings
Group and Company	
At cost	3,158,068
At valuation:	
16 September 2014	<u>547,266</u>
	<u>3,705,334</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015	2014
	£	£
Group and Company		
Cost	3,158,067	3,116,034
Accumulated depreciation	(1,025,854)	(966,916)
	<u>2,132,213</u>	<u>2,149,118</u>

The land and buildings were revalued on 16 September 2014 by Martin Lacey Buckley, Chartered Surveyors on an open market basis.

17. Fixed asset investments

	Shares in group undertakings
	£
Company	
Cost	
At 1 September 2014 and 31 August 2015	<u>2</u>

18. Principal subsidiary

Company name	Country	Percentage Shareholding	Description
Pestalozzi Enterprises Limited	England	100%	Trading activities

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19. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	6,437	2,680	5,688	330
Amounts owed by group undertakings	-	-	9,285	13,472
Other debtors	3,166	1,196	3,068	1,196
Prepayments and accrued income	33,405	45,571	33,405	45,571
	43,008	49,447	51,446	60,569

20. Creditors:
Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdraft	58,491	32,659	58,491	32,659
Net obligations under hire purchase contracts	-	3,111	-	3,111
Trade creditors	61,600	14,214	61,570	14,184
Deferred income	97,093	53,449	97,093	53,449
Other taxation and social security	8,120	9,543	8,120	9,331
Other creditors	24,793	1,669	24,793	1,669
Accruals	32,093	19,961	29,843	17,711
	282,190	134,606	279,910	132,114

21. Creditors:
Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loan	559,492	582,587	559,492	582,587
Other loans	209,442	-	209,442	-
	768,934	582,587	768,934	582,587

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21. Creditors:
Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2015	Group	2015	Company
	£	2014	£	2014
		£		£
Repayable by instalments	459,860	485,900	459,860	485,900
Repayable other than by instalments	209,442	-	209,442	-
	<u>669,302</u>	<u>485,900</u>	<u>669,302</u>	<u>485,900</u>
	<u>669,302</u>	<u>485,900</u>	<u>669,302</u>	<u>485,900</u>

The bank loan, which was amended on 12 August 2014, is secured by way of a 20 year mortgage over Oaklands Park Estate, Sedlescombe.

The amount in other loans is a loan from a non-financial institution and subject to the terms of the loan agreement is interest and repayment free. It is secured by way of a charge over The Pestalozzi Centre, Pestalozzi International Village, Sedlescombe.

Although the loan is repayment and interest free, in accordance with the SORP, deemed notional interest on the loan in the sum of £3,113 has been recognised within incoming resources and resources expended and has been based on an equivalent market rate (see notes 2 and 9).

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22. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Designated funds					
Designated capital expenditure fund	716	-	-	59,284	60,000
Designated fixed asset fund	3,096,580	-	-	95,124	3,191,704
	<u>3,097,296</u>	<u>-</u>	<u>-</u>	<u>154,408</u>	<u>3,251,704</u>
General funds					
Income and expenditure reserves	416,705	912,847	(855,508)	(50,565)	423,479
Total Unrestricted funds	<u>3,514,001</u>	<u>912,847</u>	<u>(855,508)</u>	<u>103,843</u>	<u>3,675,183</u>
Restricted funds					
Restricted Funds - income funds	-	267,524	(267,524)	-	-
Restricted capital expenditure fund	297,914	163,061	-	(103,843)	357,132
Marianne Loibl fund	20,499	92	(92)	-	20,499
Partnership co-ordinator fund	-	12,491	(12,491)	-	-
	<u>318,413</u>	<u>443,168</u>	<u>(280,107)</u>	<u>(103,843)</u>	<u>377,631</u>
Total of funds	<u><u>3,832,414</u></u>	<u><u>1,356,015</u></u>	<u><u>(1,135,615)</u></u>	<u><u>-</u></u>	<u><u>4,052,814</u></u>

Transfers between funds

Designated capital expenditure fund - the transfer of £59,284 reflects funds which the Trustees have designated for future capital expenditure.

Designated fixed asset fund - the transfer of £95,124 reflects the movement in fixed assets less associated liabilities in the year to general unrestricted reserves.

Restricted capital expenditure fund - the transfer of £103,843 reflects funds which have been given to the charity towards the construction of the Pestalozzi Centre. Consequently as these funds have now been utilised on the Pestalozzi Centre, the restriction has been satisfied and therefore these amounts have been transferred to the designated fixed asset fund.

Purposes of designated funds

Designated capital expenditure fund - This represents funds designated for future fixed asset purchases.

Designated fixed asset fund - This represents the book value of fixed assets less any associated liabilities and are not deemed to be freely available funds by the Trustees.

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22. Statement of funds (continued)

Purposes of restricted funds

Restricted capital expenditure fund - This represents a fund which contains income which has been restricted as a condition of the Section 106 agreement to build the new Pestalozzi Centre, together with additional funds received in relation to the construction of the Pestalozzi Centre.

Marianne Loibl Fund - This represents a legacy given to PIVT. The income received from the capital is to be used for student trips.

Partnership co-ordinator fund - This represents funds which have been given to the charity to facilitate the role of partnership co-ordinator.

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Designated funds	3,097,296	-	-	154,408	3,251,704
General funds	416,705	912,847	(855,508)	(50,565)	423,479
	<u>3,514,001</u>	<u>912,847</u>	<u>(855,508)</u>	<u>103,843</u>	<u>3,675,183</u>
Restricted funds	318,413	443,168	(280,107)	(103,843)	377,631
	<u>3,832,414</u>	<u>1,356,015</u>	<u>(1,135,615)</u>	<u>-</u>	<u>4,052,814</u>

23. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	3,982,528	-	3,982,528	3,704,691
Current assets	652,685	468,724	1,121,409	844,916
Creditors due within one year	(191,097)	(91,093)	(282,190)	(134,606)
Creditors due in more than one year	(768,933)	-	(768,933)	(582,587)
	<u>3,675,183</u>	<u>377,631</u>	<u>4,052,814</u>	<u>3,832,414</u>

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24. Contingent liabilities

As part of the planning permissions and sale of land in 2011 for the development of six dwellings, enabling the re-development of the Pestalozzi site and buildings, PIVT has agreed to terms for a Section 106 agreement with Rother District Council and East Sussex County Council.

The terms require the company:

- i) to commence stage one Pestalozzi site work within twenty four months of the start of the works on the six dwellings and;
- ii) the completion of stage one works within a twenty four month period of the start date.

Work commenced on the re-development of the Pestalozzi site in January 2015 and consequently, this satisfies condition i) of the Section 106.

25. Capital commitments

At 31 August 2015 the group had capital commitments as follows:

	2015	Group
	£	2014
		£
Contracted for but not provided in these financial statements	806,368	185,212

26. Controlling party

In the opinion of the Trustees, there is no controlling party.