

**Registered number: 04797376**  
**Charity number: 1098422**

## **Pestalozzi International Village Trust**

**Trustees' report and financial statements**

**For the year ended 31 August 2016**

## **Pestalozzi International Village Trust**

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## **Pestalozzi International Village Trust**

### **Chairman's statement For the year ended 31 August 2016**

The chairman presents his statement for the period.

With a nod to Charles Dickens and A Tale of Two Cities, there have been challenging times and there have been rewarding times during the last twelve months at Pestalozzi International Village Trust.

The highlight of the year was undoubtedly the opening of the Pestalozzi Centre, following its successful completion in March 2016. The Pestalozzi Centre is a high-quality learning, study and meeting place for our students and, since its completion, the building has been in constant use.

We are extremely grateful to the Grieg Foundation for their generous interest free loan, which funded 40% of the build cost. Our former Estate Manager, who managed the project, ensured the building was completed on time and on budget. We were honoured that, on 20 April 2016 our patron, HRH The Duke of Gloucester KG GCVO formally opened the Centre and unveiled a commemorative plaque.

The opening ceremony was attended by the Vice Lord Lieutenant of East Sussex, representatives of East Sussex County Council and Rother District Council and other distinguished guests. Members of the Pestalozzi Council, the Board of Trustees, the Senior Management Team and other members of staff were also there. Many students were able to take a break from their studies to attend, with one of them, Bigyan Babu Regmi giving a most eloquent and engaging speech.

The completion of the building was made possible by the generosity of many, but, as mentioned above, in particular the Grieg Foundation based in Norway, who provided us with a loan of 5 million Norwegian Krone. Unfortunately the exchange rate prevailing at the time left us with a funding shortfall. The Grieg Foundation expressed a desire to visit the Village and to hold their own Trustees Meeting at the Pestalozzi Centre in October 2016, and we were delighted to host them. At that meeting not only did the Grieg Foundation pledge their continuing support for our student programme but they also committed an additional £80,000 to help plug the funding gap left by the loss on exchange. We thank them sincerely.

Indeed, I would like to thank all our donors for their ongoing support, including the Peter Cundill Foundation. Their generosity has helped fund our planned increase in student numbers.

In 2015/16, at the Village, there were 22 Year One students and 18 Year Two's – a total of 40 students from nine countries: Belize (4), Bhutan (4), India (5), Indonesia (3), Nepal (7), Tibet (4), Uganda (5), Zambia (4) and Zimbabwe (4).

The competitive world of attracting charitable donations always presents a challenge. Despite strenuous efforts by our Fundraising Team, 2015/16 saw our financing and fundraising come under extreme pressure. The detail can be seen in the accompanying accounts. The Trustees constantly seek to balance student numbers with available funding. The selection process is such, however, that we have to commit to taking on students nearly one year ahead of their planned arrival.

When people hear our students' stories, their responses confirm that we are pursuing a worthy cause, and invariably public praise is accompanied by generous contributions, supporting the work we are doing. This year, mainly due to changes of personnel within the Fundraising Department, our fundraising was not as successful as we would have wished. This is a trend we are committed to reverse in 2016/17.

Our Senior Management team worked extremely hard to keep costs under control and actual expenditure came in under budget across all departments, for the second year in succession.

However, the combination of the shortfall in funding the Pestalozzi Centre and the excess of general expenditure over income in 2015/16 left our already meagre reserves at an uncomfortably low level. Consequently, the Trustees authorised the sale of some of the Trust's less productive assets, the proceeds from which will enhance the charity's reserves in 2016/17.

There was further disappointment within our educational programme. Due to a variety of problems as referred to in the Trustees Report, the students joining us at the start of 2015/16 arrived late. This set them behind in their studies leading to exam results that were lower than the usually high standard we have come to expect from our Pestalozzi students.

**Pestalozzi International Village Trust**

**Chairman's statement  
For the year ended 31 August 2016**

We believe our Year Two students results were affected by the transition from the International Baccalaureate Diploma to enhanced A Levels. This is despite all the efforts of the Student Programme team, the skill of our own teaching personnel, particularly in the Spanish classes where we saw very good results, and the hard work of the students themselves.

Notwithstanding these setbacks, the majority of the students graduating in 2016 gained places at a variety of prestigious universities. We are grateful to Swarthmore, Duke, UC Berkeley and Michigan State in the USA, for awarding our students unconditional places and also to Brighton (two places) and Lincoln (one place) here in the UK, which granted full scholarships to Pestalozzi students starting there in 2017. This is in addition to the three places granted by Brighton University commencing in 2016.

Improved matriculation rates and enhanced fundraising were the two key topics deliberated by the Trustees at their 2016 Strategy Day. At that meeting a new business plan was finalised, which incorporated an expanding but slightly less ambitious growth programme.

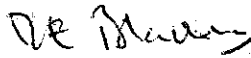
As in previous years, life within the multi cultural, multi faith environment that is the Pestalozzi Village reflects the "head, heart and hands" educational philosophy of Johann Pestalozzi. The Trustees' regular visits, the involvement of host families, together with cultural evenings and other events 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.

We have had to cope with a higher than normal staff turnover this year, particularly in Fundraising personnel and the Estate Facilities team. I am always impressed by the resilience and warm heartedness of our staff and students who seem to be able to take such changes in their stride.

Although it would be wrong of me to single out certain individuals amongst all the hard working team, I must applaud two members of the Student Programme staff who, respectively celebrated 37 years and 45 years service with PIVT.

Indeed all our staff and volunteers deserve much credit for their contribution to Pestalozzi in 2016, under the supervision of our ever diligent Chief Executive.

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 to fulfil its objectives and to help our students make a real and lasting difference in the world.



Name Prof. Derek Blackman  
Chairman

Date 26 January 2017

**Pestalozzi International Village Trust**

**Trustees' report**

**For the year ended 31 August 2016**

<b>Patron</b>	<b>HRH The Duke of Gloucester KG GCVO</b>
<b>Trustees</b>	<b>Prof. D Blackman (Chair) Mrs B Bartter Mr G Card Mr S Endersby Mr P Evans (to 28 January 2016) Mr N Farraj Mr M Forster Dr S Henderson Prof. S Laing Mr R Meade Sir R Owen Ms Victoria Shin (from 28 January 2016) Mrs A Shelford (to 28 January 2016) Mr R Ward</b>
<b>Council</b>	<b>Mr D Bennett Mr P Evans Mrs P Hamilton Mr J Page OBE Mrs D Patel Mrs J Pennock Mr G Peters</b>
<b>Chief Executive and Company Secretary</b>	<b>Mrs S Walton</b>
<b>Senior Management</b>	<b>Ms M Alexander - Student Programme Manager Mrs A Tourle - Fundraising and Marketing Manager Mrs G Baker – Finance and Facilities Manager</b>
<b>Bankers</b>	<b>Barclays Bank PLC 207-208 Queens Road Hastings East Sussex TN34 1QP</b>
<b>Auditors</b>	<b>Kreston Reeves LLP, Chartered Accountants, Statutory Auditors, 37 St Margaret's Street Canterbury Kent CT1 2TU</b>
<b>Registered Office</b>	<b>Ladybird Lane, Sedlescombe, Battle, East Sussex, TN33 0UF</b>
<b>Charity Number</b>	<b>1098422</b>
<b>Company Number</b>	<b>04797376</b>

## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

The Trustees present their Annual Report, which incorporates the Strategic Report, together with the audited Financial Statements of Pestalozzi International Village Trust (the company and the group) for the year ended 31 August 2016. 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

#### **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).

Since the company and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

#### **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 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 local colleges, 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.

## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

#### **Volunteers and Fundraising**

The Trustees are extremely grateful and fortunate to have received the support of many local volunteers. The volunteers show outstanding commitment to PIVT through a variety of activities, including educational and extra-curricular support for the 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 who provide PIVT with much needed funding in what continues to be a difficult time for many voluntary organisations.

PIVT has been fortunate to receive significant financial contributions from the Grieg Foundation in Norway not only to enable the completion of the Pestalozzi Centre, but also in support of student scholarships. The Peter Cundill Foundation has also been most generous in continuing its funding to assist with increasing student numbers. The Trustees are extremely 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**

As anticipated, 2015/16 saw a modest increase in student numbers from 37 to 40. The Trustees are now seeking to increase steadily each year's intake with the goal of maximising the capacity of PIVT's boarding facilities, subject to the necessary funding being available.

A programme of educational support is provided by PIVT staff and volunteers, in partnership with the teaching staff from Sussex Coast College, Hastings (SCCH).

At the end of the academic year 2015/16, 65% of Year One students achieved A to C grades in their A/S levels. Their education at SCCH was not helped by delayed arrivals, in some cases up to two months, due to visa issues with UK Visa and Immigration (UKVI). One student had to retake an IELTS (International English Language Test System) test where the results were lost. Arrivals at the start of 2016/17 have been much better with all students in situ by the end of September.

61% of the Year Two students achieved A to C grades in their exams, as students and SCCH adjusted to the enhanced A Level programme.

These results have given the Trustees cause for concern and at the 2016 strategy day priority was given to improving matriculation rates. Furthermore, it was agreed that the IB elements which did not sit holistically with the A Level programme would not be continued into the 2016/17 academic year.

Despite these results, the majority of students graduating in 2016 gained funded places at a variety of prestigious universities, mostly based in the USA but including Brighton and Lincoln, in the UK.

Not all students take up university placements as soon as they leave PIVT and, as in previous years, a number of alumni have returned to their home countries to apply their academic achievements directly for the benefit of others through work and volunteering. Regular reports and updates are received from alumni, generally via social media, thus helping the Trustees measure and monitor the outcomes of the scholarship programme.

## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

#### **Financial review**

Total income for the year amounted to £906,294 (2015: £1,356,015) and included £304,115 (2015: £662,452) received from legacies. Total outgoings of £1,139,820 (2015: £1,132,615) included £992,709 (2015: £995,393) expended on the student programme, representing 87% (2015: 88%) of total expenditure.

Net resources for the year showed a deficit of £108,526 (2015: surplus of £223,400). The detailed Financial Statements are set out on pages 13 to 37.

PIVT's trading subsidiary Pestalozzi Enterprises Limited (PEL) provided an increased contribution to the charity during 2015/16. The Directors of PEL remain committed to see a further expansion of activity in the coming year.

The balance sheet reflects the completion in March 2016 of the Pestalozzi Centre, which was brought into use immediately, for the benefit of the students. Despite the best endeavours of all concerned, there was a shortfall in the funding of the building. This was due mostly to currency differences between the Norwegian Krone and sterling, as the main source of funding came from the Grieg Foundation, based in Norway.

#### **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. Generally the Trustees adopt a low risk investment strategy.

#### **Reserves policy**

The charity's free reserves as at 31 August 2016 were £31,058 (2015: £423,479). This represents approximately 0.5 months (2015 4.5 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. In view of the results for the year, the Trustees are committed to build up reserves, initially through the sale of certain assets as mentioned below. Ideally, the Trustees would like to increase reserves to meet one year's running costs as well as to cover planned capital expenditure and to provide a hedge against future uncertainties.

#### **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 twelve. 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 1. During the year, Mr P Evans and Mrs A Shelford retired and Ms Victoria Shin was appointed. Mr P Evans joined Council, with Lady R Clarke, Mr J Sharpe and Mr S Steeden 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. In addition, a number of subcommittees have been formed to monitor key areas of the Charity's activities.

These include Audit and Finance, Estate Development, Fundraising, Health and Safety and Nominations. The membership of these subcommittees comprises selected Trustees, Council Members and staff but any Trustee or Council Member is entitled to attend as an observer. The subcommittees meet regularly and report directly to the main Board.

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 PEL.



## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

The Nominations Committee reviews 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.

#### **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 the enhanced A level 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.

## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

#### **Pay policy for senior staff**

PIVT seeks to ensure that its remuneration policy and practices are compatible with effective risk management. This is done by embedding the following principles into its Pay Policy:

- remuneration is compatible with the risk management and risk tolerance of the charity;
- remuneration supports the charity's strategy, objectives, values and long-term interests; and
- employees in senior positions have appropriate authority and are remunerated adequately in accordance to their functions.

This policy aims to attract and retain people with the right mix of skills and experience who share the charity's values and are prepared to work together as a team.

To put this policy into practice, appropriate levels of remuneration must be taken into account. The Trustees benchmark the pay of senior staff by reference to Croner's Pay and Benefits taking account of the charity's location. The Trustees aim to reward staff by reference to the upper quartile of the salary ranges listed.

The Trustees maintain oversight and control over senior staff salaries to ensure pay levels remain appropriate. However, the CEO has authority to make decisions, following discussion with the Chairman, around salary adjustments necessary to meet operational need within the overall agreed budget. Different levels of increase may be awarded to different staff if felt appropriate by the CEO, and employees receive written notification of any salary awards made to them.

In addition to public holidays, full time senior staff receive 20 days annual leave per calendar year. This is adjusted pro-rata as required for part time personnel and joiners/leavers. Staff are invited to join the organisation's auto enrolment pension scheme when reaching the eligibility criteria.

The Trustees approve and review annually the general principles of the remuneration policy. Salaries are reviewed annually but must be affordable given the financial performance of the charity.

#### **Risk**

With the majority of income derived from voluntary contributions, funding remains the principal uncertainty facing PIVT. The Trustees have taken steps to mitigate that risk by adopting a strategic plan that balances growth in student numbers with appropriate funding. Furthermore, the Trustees have authorised the sale of some of the Trust's non productive assets, the proceeds from which will enhance the charity's reserves in the post balance sheet period.

The Audit and Finance 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.

## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

#### **Plans for future periods**

The charity's strategy document was updated during the year and as expected sees a gradual increase in student numbers in the coming years, subject to having the necessary funding and support programme in place.

As mentioned above, the academic results in 2015/16 have given the Trustees cause for concern and the strategic plan focuses on providing additional teaching opportunities and improving matriculation rates.

The charity's financial needs remain key to the Trustees' future plans and steps are being taken to increase reserves.

In particular the Trustees have placed on the open market, the charity's investment property, known as West Lodge. Historically, the income generated from this asset has been quite modest. The Trustees consider that it is in the charity's best interests to sell this property and use the proceeds to boost reserves and cash flow.

Pending the sale, the Trustees have arranged with Barclays Bank PLC a short term overdraft facility of up to £225,000. Barclays have also agreed to reinstate the bank loan to its original capital value, thus releasing funds of nearly £90,000.

The Estate at Sedlescombe comprises just over 160 acres. The Trustees have considered the needs for this land and have identified several parcels of land which are surplus to requirements. Offers in excess of £230,000 have already been received for the sale of three parcels of land totalling approximately 20 acres. The Trustees are seeking to secure further land sales in the coming year.

The Grieg Foundation's generosity also continues unabated and PIVT has received nearly £80,000 as a contribution to the funding shortfall of the Pestalozzi Centre, in addition to the promise of increased scholarship funding for the next three years. The Trustees wish to express their heartfelt gratitude to the Grieg Foundation for their unstinting support.

Furthermore, the Grieg Foundation have pledged to fund the employment of an additional senior fundraiser, which will boost the resources within the fundraising team. In turn this should enable the charity to reverse the decline in voluntary income shown by these accounts.

The Trustees continue to monitor the charity's cash flow on a regular basis, as well as considering other options, to ensure that PIVT remains a going concern for the foreseeable future, for the benefit of the Pestalozzi students.

## **Pestalozzi International Village Trust**

### **Trustees' report (continued) For the year ended 31 August 2016**

#### **Trustees' responsibilities statement**

The Trust 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;
- 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 26 January 2017 and signed on their behalf by:



**Prof. D Blackman, Chair**

## **Pestalozzi International Village Trust**

### **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 2016 set out on pages 13 to 36. 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 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 2016 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; 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, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Pestalozzi International Village Trust**

**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 take advantage of the small companies' exemption from the requirement to prepare a Group strategic report.

*Kreston Reeves LLP*

Samantha Rouse FCCA DChA (Senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Chartered Accountants  
Statutory Auditors

Canterbury  
26 January 2017

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

**Pestalozzi International Village Trust**

**Consolidated statement of financial activities incorporating income and expenditure account  
For the year ended 31 August 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>					
Donations and legacies	2	493,372	370,051	863,423	1,294,239
Fundraising and other trading activities	3,4	41,575	-	41,575	59,568
Investments	5	964	332	1,296	2,208
<b>Total income</b>		<b>535,911</b>	<b>370,383</b>	<b>906,294</b>	<b>1,356,015</b>
<b>Expenditure on:</b>					
Raising funds	4,6	108,455	-	108,455	104,405
Charitable activities	7,8	653,801	351,328	1,005,129	1,008,441
Other expenditure	9	26,236	-	26,236	19,769
<b>Total expenditure</b>	12	<b>788,492</b>	<b>351,328</b>	<b>1,139,820</b>	<b>1,132,615</b>
<b>Net income / (expenditure) before investment gains</b>		<b>(252,581)</b>	<b>19,055</b>	<b>(233,526)</b>	<b>223,400</b>
Net gains on investments	17	125,000	-	125,000	-
<b>Net income / (expenditure) before transfers</b>		<b>(127,581)</b>	<b>19,055</b>	<b>(108,526)</b>	<b>223,400</b>
Transfers between Funds	24	396,686	(396,686)	-	-
<b>Net income / (expenditure)</b>		<b>269,105</b>	<b>(377,631)</b>	<b>(108,526)</b>	<b>223,400</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		3,678,183	377,631	4,055,814	3,832,414
<b>Total funds carried forward</b>		<b>3,947,288</b>	<b>-</b>	<b>3,947,288</b>	<b>4,055,814</b>

All activities relate to continuing operations.

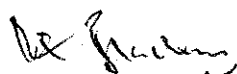
The notes on pages 17 to 36 form part of these financial statements.

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

**Consolidated balance sheet**  
**As at 31 August 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	16	4,589,611		3,835,526	
Investment property	17	<u>275,000</u>		<u>150,000</u>	
Total tangible assets			<b>4,864,611</b>		3,985,526
<b>Current assets</b>					
Stocks		2,339		1,898	
Debtors	20	223,636		43,009	
Cash at bank and in hand		<u>20,091</u>		<u>1,076,505</u>	
		<b>246,066</b>		<b>1,121,412</b>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(226,021)</u>		<u>(282,190)</u>	
<b>Net current assets</b>			<b>20,045</b>		<b>839,222</b>
<b>Total assets less current liabilities</b>			<b>4,884,656</b>		<b>4,824,748</b>
<b>Creditors: amounts falling due after more than one year</b>	22		<b>(937,368)</b>		<b>(768,934)</b>
<b>Net assets</b>			<b>3,947,288</b>		<b>4,055,814</b>
<b>Charity Funds</b>					
Restricted funds	24				377,631
Unrestricted funds:					
Revaluation reserve	24	1,736,667		1,736,667	
Other designated funds	24	<u>2,179,563</u>		<u>1,518,037</u>	
		<b>3,916,230</b>		<b>3,254,704</b>	
Unrestricted income funds	24	<u>31,058</u>		<u>423,479</u>	
Total unrestricted funds			<b>3,947,288</b>		<b>3,678,183</b>
<b>Total funds</b>			<b>3,947,288</b>		<b>4,055,814</b>

The financial statements were approved by the Trustees on 26 January 2017 and signed on their behalf,



**Prof. D Blackman, Chair**

The notes on pages 17 to 37 form part of these financial statements.



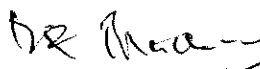
**Pestalozzi International Village Trust**  
**(A company limited by guarantee)**  
**Registered number: 04797376**

**Company balance sheet**  
**As at 31 August 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	16	4,589,611		3,835,526	
Investment property	17	<u>275,000</u>		<u>150,000</u>	
Total tangible assets			<b>4,864,611</b>		<b>3,985,526</b>
Investments	18		<u>2</u>		<u>2</u>
			<b>4,864,613</b>		<b>3,985,528</b>
<b>Current assets</b>					
Stocks		2,339		1,898	
Debtors	20	228,345		51,449	
Cash at bank and in hand		<u>13,072</u>		<u>1,065,785</u>	
		<b>243,756</b>		<b>1,119,132</b>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(223,711)</u>		<u>(279,910)</u>	
<b>Net current assets</b>			<b>20,045</b>		<b>839,222</b>
<b>Total assets less current liabilities</b>			<b>4,884,658</b>		<b>4,824,750</b>
<b>Creditors: amounts falling due after more than one year</b>	22		<u>(937,368)</u>		<u>(768,934)</u>
<b>Net assets</b>			<b>3,947,290</b>		<b>4,055,816</b>
<b>Charity Funds</b>					
Restricted funds	24		-		377,631
Unrestricted funds:					
Revaluation reserve	24	1,736,667		1,736,667	
Other designated funds	24	<u>2,179,563</u>		<u>1,518,037</u>	
		<b>3,916,230</b>		<b>3,254,704</b>	
Unrestricted income funds	24	<u>31,060</u>		<u>423,481</u>	
Total unrestricted funds			<b>3,947,290</b>		<b>3,678,185</b>
<b>Total funds</b>			<b>3,947,290</b>		<b>4,055,816</b>

The financial statements were approved by the Trustees on 26 January 2017 and signed on their behalf,

Prof. D Blackman, Chair



The notes on pages 17 to 37 form part of these financial statements.

**Pestalozzi International Village Trust**

**Consolidated cash flow statement  
For the year ended 31 August 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	26	<u>(361,762)</u>	<u>427,397</u>
<b>Cash flows from investing activities:</b>			
Interest from investments		1,296	2,208
Purchase of tangible fixed assets		<u>(826,904)</u>	<u>(355,319)</u>
<b>Net cash used in investing activities</b>		<u>(825,608)</u>	<u>(353,111)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(24,675)	(26,731)
Cash inflows from new borrowing		<u>192,233</u>	<u>209,442</u>
<b>Net cash provided by financing activities</b>		<u>167,558</u>	<u>182,711</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(1,019,812)</b>	256,997
Cash and cash equivalents brought forward		<u>1,039,903</u>	<u>782,906</u>
<b>Cash and cash equivalents carried forward</b>	27	<u><u>20,091</u></u>	<u><u>1,039,903</u></u>

**Notes to the financial statements  
For the year ended 31 August 2016**

**1. Accounting policies**

Pestalozzi International Village Trust is a company, limited by guarantee, which is incorporated in England and Wales.

The charity's registered office is Ladybird Lane, Sedlescombe, Battle, East Sussex, TN33 0UF.

The charitable activities of the charity is to promote the educational philosophy of Johann Heinrich Pestalozzi, by awarding scholarships to exceptional 16-19 year olds who are academically gifted but have limited educational prospects in their home countries.

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Pestalozzi International Village Trust meets the definition of a public benefit entity under FRS 102.

The group's functional and presentational currency is Pounds Sterling.

The group's financial statements are presented to the nearest pound.

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.

The company has taken advantage of the following disclosure exemptions in preparing its individual financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement to present a statement of cash flows for the company;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

## Pestalozzi International Village Trust

### Notes to the financial statements For the year ended 31 August 2016

#### 1. Accounting policies (continued)

##### 1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

In accordance with above, certain transitional adjustments are required in order to comply with the standard.

As part of the transition to FRS 102, the Trustees have considered the land and buildings in use by the charity. Following their review, one property has been reclassified at transition from tangible fixed assets to investment property. The charity had previously adopted a policy of revaluing land and buildings, therefore this property was already included at fair value as at 1 September 2014.

The only adjustment to funds relates to the reversal of depreciation charged in the previous year, a reconciliation of opening balances is provided below:

	<b>31 August 2015</b>	
	<b>£</b>	
<b>Reconciliation of reported net income</b>		
Net income/(expenditure) as previously stated	220,400	
Reversal of depreciation previously charged	3,000	
	<hr/>	
<b>Net income as restated as at 31/08/2015</b>	<b>223,400</b>	
	<b>1</b>	
	<b>September</b>	<b>31 August</b>
	<b>2015</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of funds and balances</b>		
Fund balances as previously stated	3,832,414	4,052,814
Reversal of depreciation previously charged	-	3,000
	<hr/>	<hr/>
<b>Fund balances as restated</b>	<b>3,832,414</b>	<b>4,055,814</b>

##### 1.3 Company status

Pestalozzi International Village Trust is a company limited by guarantee. The members of the company are the Trustees and Council Members named on page 3. In the event of the being wound up, the liability in respect of the guarantee is limited to £1 per Council Member.

##### 1.4 Going concern

The charity's main source of income is from its charitable objectives being the receipt of donations and legacies to provide scholarships to exceptional 16-19 year olds who are academically gifted but have limited educational prospects in their home countries.

In order to meet its day to day working capital requirements, the charity is dependent upon these donations and legacies.

After making enquires, the Trustees have a reasonable expectation that the Charity will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

**Notes to the financial statements  
For the year ended 31 August 2016**

**1. Accounting policies (continued)**

**1.5 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.

**1.6 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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**

### **Notes to the financial statements For the year ended 31 August 2016**

#### **1. Accounting policies (continued)**

##### **1.7 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

##### **1.8 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.

##### **1.9 Tangible fixed assets and depreciation**

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

Tangible fixed assets are carried at cost or deemed cost, net of depreciation and any provision for impairment. Deemed cost represents the fair value of certain freehold properties owned by the charity, at the charity's date of transition to FRS 102, 1 September 2014. Under the cost model, freehold property will not be subject to further revaluations.

Depreciation is provided at rates calculated to write off the cost or deemed cost 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.

**Notes to the financial statements  
For the year ended 31 August 2016**

**1. Accounting policies (continued)**

**1.10 Investments**

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

**1.11 Operating leases**

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

**1.12 Stocks**

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

**1.13 Deferred income**

In accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015, 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.

**1.14 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**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.

**1.16 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.17 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
For the year ended 31 August 2016**

**1. Accounting policies (continued)**

**1.18 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.19 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.20 Pensions**

The charitable company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charitable company to the fund in respect of the year.



Notes to the financial statements  
For the year ended 31 August 2016

1. Accounting policies (continued)

1.21 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires key management to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

*Exemptions on transition to FRS102*

The company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS102. The items are being depreciated from the date of transition 1 September 2014, in accordance with the company's accounting policies.

*Going concern*

In the judgement of the Trustees it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 1.4 for further details.

The following are the company's key sources of estimation uncertainty:

*Investment properties*

The company holds investment property with fair value of £275,000 at the year end (see note 17). In order to determine the fair value of investment property the directors have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

*Tangible fixed assets*

The charitable company has recognised tangible fixed assets with a carrying value of £4,589,611 at the reporting date (see note 16). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**2. Income from donations and legacies**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	178,621	370,051	548,672	628,674
Legacies	304,115	-	304,115	662,452
Deemed notional interest on beneficial loan	10,636	-	10,636	3,113
	<u>493,372</u>	<u>370,051</u>	<u>863,423</u>	<u>1,294,239</u>

In 2015, of the total income from donations and legacies, £851,602 was to unrestricted funds and £442,637 was to restricted funds.

**3. Fundraising income**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Events	23,603	-	23,603	15,205
Rental income	6,587	-	6,587	25,022
Estate grants	2,250	-	2,250	1,278
Miscellaneous income	1,374	-	1,374	13,338
	<u>33,814</u>	<u>-</u>	<u>33,814</u>	<u>54,843</u>

In 2015, of the total income from other trading activities, £54,843 was to unrestricted funds and £NIL was to restricted funds.

**4. Trading activities**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Charity trading income</b>				
Trading subsidiary income	7,761	-	7,761	4,725
	<u>7,761</u>	<u>-</u>	<u>7,761</u>	<u>4,725</u>
<b>Fundraising trading expenses</b>				
Trading subsidiary expenses	1,423	-	1,423	1,224
	<u>6,338</u>	<u>-</u>	<u>6,338</u>	<u>3,501</u>

In 2015, of net income from trading activities £3,501 was to unrestricted funds and £NIL was to restricted funds.

Notes to the financial statements  
For the year ended 31 August 2016

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank deposit interest received	964	332	1,296	2,208

In 2015, of the total investment income, £1,677 was to unrestricted funds and £531 was to restricted funds.

6. Analysis of expenditure on raising funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Fundraising publicity	8,727	-	8,727	10,594
Cost of fundraising activities	7,420	-	7,420	9,496
Support costs for generating voluntary income	90,885	-	90,885	83,091
	<u>107,032</u>	<u>-</u>	<u>107,032</u>	<u>103,181</u>

In 2015, of the total expenditure, £102,916 was to unrestricted funds and £265 was to restricted funds.

7. Analysis of expenditure on charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Student programme	641,381	351,328	992,709	995,393

In 2015, of the total expenditure, £715,551 was expenditure from unrestricted funds and £279,842 was expenditure from restricted funds.

8. Governance costs

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Auditors' remuneration	7,450	-	7,450	7,450
Auditors' non audit costs	3,634	-	3,634	5,598
Governance - Trustees expenses reimbursed	1,336	-	1,336	-
	<u>12,420</u>	<u>-</u>	<u>12,420</u>	<u>13,048</u>

In 2015, of total Governance costs, £13,048 was to unrestricted funds and £NIL was to restricted funds.

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**9. Other expenditure**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest payable	15,600	-	15,600	16,656
Deemed notional interest on beneficial loan	10,636	-	10,636	3,113
	<u>26,236</u>	<u>-</u>	<u>26,236</u>	<u>19,769</u>

In 2015, of total Other expenditure, £19,769 was to unrestricted funds and £NIL was to restricted funds.

**10. Direct costs**

	Student programme £	Total 2016 £	Total 2015 £
Premises costs	156,439	156,439	160,193
Other direct costs	294,790	294,790	267,856
Wages and salaries	301,009	301,009	323,423
National insurance	14,275	14,275	18,565
Pension cost	2,191	2,191	-
	<u>768,704</u>	<u>768,704</u>	<u>770,037</u>

In 2015, the company incurred £770,037 in respect of the Student programme.

**11. Support costs**

	Student programme £	Total 2016 £	Total 2015 £
Indirect employee costs	3,391	3,391	7,300
General administrative expenses	31,726	31,726	34,400
Professional fees	4,262	4,262	5,402
Wages and salaries	102,755	102,755	95,580
National insurance	8,604	8,604	8,192
Pension cost	447	447	-
Depreciation	72,820	72,820	74,483
	<u>224,005</u>	<u>224,005</u>	<u>225,357</u>

In 2015, the company incurred £225,357 in respect of the Student programme.

Notes to the financial statements  
For the year ended 31 August 2016

12. Analysis of resources expended by expenditure type

	Staff costs 2016 £	Depreciation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	90,885	-	16,147	107,032	103,180
Costs of trading activities	-	-	1,423	1,423	1,224
<b>Costs of generating funds</b>	<b>90,885</b>	<b>-</b>	<b>17,570</b>	<b>108,455</b>	<b>104,404</b>
Student programme	429,281	72,820	490,608	992,709	995,393
Expenditure on governance	-	-	12,420	12,420	13,048
Other expenditure	-	-	26,236	26,236	19,769
	<b>520,166</b>	<b>72,820</b>	<b>546,834</b>	<b>1,139,820</b>	<b>1,132,614</b>

13. Analysis of resources expended by activities

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Student programme	768,704	224,005	992,709	995,393

14. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charitable group	72,820	74,483
Auditors' remuneration - audit	7,450	7,450
Auditors' remuneration - non audit	4,634	5,598

During the year, no Trustees received any remuneration (2015 - £NIL).  
During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year expenses totalling £1,336 (2015: £NIL) were claimed by seven Trustees. All expenses claimed were in relation to travel.

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**15. Staff costs**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>487,628</b>	495,708
Social security costs	<b>29,900</b>	33,142
Other pension costs	<b>2,638</b>	-
	<b><u>520,166</u></b>	<b><u>528,850</u></b>

The average number of persons employed by the company during the year was as follows:

<b>2016</b>	<b>2015</b>
<b>No.</b>	<b>No.</b>
<b>32</b>	32

Average headcount expressed as a full time equivalent:

<b>2016</b>	<b>2015</b>
<b>No.</b>	<b>No.</b>
<b>24</b>	25

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

The Trustees and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. As noted above no Trustees received any remuneration during the year (2015: £NIL) and total remuneration in respect of the Chief Executive and Senior Management Team is £136,925 (2015: £130,600).

Notes to the financial statements  
For the year ended 31 August 2016

16. Tangible fixed assets

Group and Company	Land and buildings £	Plant and machinery £	Assets under construction £	Total £
<b>Cost or valuation</b>				
At 1 September 2015	3,555,334	507,780	313,286	4,376,400
Additions	56,015	-	770,889	826,904
Transfer between classes	1,084,175	-	(1,084,175)	-
At 31 August 2016	<u>4,695,524</u>	<u>507,780</u>	<u>-</u>	<u>5,203,304</u>
<b>Depreciation</b>				
At 1 September 2015	52,026	488,847	-	540,873
Charge for the year	61,304	11,516	-	72,820
At 31 August 2016	<u>113,330</u>	<u>500,363</u>	<u>-</u>	<u>613,693</u>
<b>Net book value</b>				
At 31 August 2016	<u>4,582,194</u>	<u>7,417</u>	<u>-</u>	<u>4,589,611</u>
At 31 August 2015	<u>3,503,308</u>	<u>18,933</u>	<u>313,286</u>	<u>3,835,527</u>

The land and buildings were revalued on 16 September 2014 by Martin Lacey Buckley, Chartered Surveyors on an open market basis. The surplus on revaluation was credited to the revaluation reserve.

The charitable company has adopted the transitional provision of FRS 102, which permits assets to be retained at the 2014 valuation. The revaluation has not been updated and the Trustees do not intend to adopt a policy of ongoing revaluation at this time.

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

Group and Company	2016 £	2015 £
Cost	4,216,161	3,075,971
Accumulated depreciation	(1,093,673)	(1,024,212)
Net book value	<u>3,122,488</u>	<u>2,051,759</u>

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**17. Investment property**

<b>Group and Company</b>	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 September 2015	150,000
Surplus on revaluation	125,000
	<hr/>
At 31 August 2016	<b>275,000</b>
	<hr/> <hr/>

The 2016 valuation was made by the Trustees, on an open market value for existing use basis.

The Trustees have used guidance provided by local Estate Agents when making their valuation.

**18. Fixed asset investments**

<b>Company</b>	<b>Shares in group undertaking £</b>
<b>Market value</b>	
At 1 September 2015 and 31 August 2016	<b>2</b>
	<hr/> <hr/>

**19. Principal subsidiary**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Pestalozzi Enterprises Limited	England	100%	Trading activities

**20. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	3,745	6,437	2,995	5,688
Amounts owed by group undertakings	-	-	5,580	9,285
Other debtors	2,754	3,166	2,632	3,068
Prepayments and accrued income	217,137	33,405	217,137	33,405
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>223,636</b>	<b>43,008</b>	<b>228,344</b>	<b>51,446</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**21. Creditors:  
Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdraft	21,013	58,491	21,013	58,491
Trade creditors	30,095	61,600	30,035	61,570
Deferred income	117,994	97,093	117,994	97,093
Other taxation and social security	7,417	8,120	7,417	8,120
Other creditors	27,063	24,793	27,063	24,793
Accruals	22,439	32,093	20,189	29,843
	<b>226,021</b>	<b>282,190</b>	<b>223,711</b>	<b>279,910</b>

**Deferred income**

	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2015	97,093	97,093
Resources deferred during the year	117,994	117,994
Amounts released from previous years	(97,093)	(97,093)
Total	<b>117,994</b>	<b>117,994</b>

**22. Creditors:  
Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	535,693	559,492	535,693	559,492
Other loans	401,675	209,442	401,675	209,442
	<b>937,368</b>	<b>768,934</b>	<b>937,368</b>	<b>768,934</b>

## Pestalozzi International Village Trust

### Notes to the financial statements For the year ended 31 August 2016

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

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

	2016	Group	2016	Company
	£	2015	£	2015
		£		£
Repayable by instalments	433,028	459,860	433,028	459,860
Repayable other than by instalments	401,675	209,442	401,675	209,442
	<u>834,703</u>	<u>669,302</u>	<u>834,703</u>	<u>669,302</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 £10,636 (2015: £3,113) has been recognised within income and expenditure and has been based on an equivalent market rate (see notes 2 and 9).

**Notes to the financial statements  
For the year ended 31 August 2016**

**23. Financial instruments**

	<b>2016</b>	<b>Group</b>	<b>2016</b>	<b>Company</b>
	<b>£</b>	<b>2015</b>	<b>£</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Financial assets measured at fair value through profit or loss	<b>275,000</b>	-	<b>275,000</b>	150,000
Financial assets measured at amortised cost	<b>169,051</b>	11,795	<b>173,769</b>	20,330
<b>Total</b>	<b>444,051</b>	<b>11,795</b>	<b>448,769</b>	<b>170,330</b>

	<b>2016</b>	<b>Group</b>	<b>2016</b>	<b>Company</b>
	<b>£</b>	<b>2015</b>	<b>£</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Financial liabilities measured at amortised cost	<b>1,037,978</b>	909,308	<b>1,035,668</b>	907,028

Financial assets measured at fair value through income and expenditure comprise of investment property.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, bank loans and other loans.

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**24. Statement of funds**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Designated capital expenditure fund	60,000	-	-	(50,000)	-	10,000
Designated fixed asset fund	3,194,704	-	-	711,526	-	3,906,230
	<u>3,254,704</u>	<u>-</u>	<u>-</u>	<u>661,526</u>	<u>-</u>	<u>3,916,230</u>
<b>General funds</b>						
Income and expenditure reserves	423,479	535,911	(788,492)	(264,840)	125,000	31,058
Total Unrestricted funds	<u>3,678,183</u>	<u>535,911</u>	<u>(788,492)</u>	<u>396,686</u>	<u>125,000</u>	<u>3,947,288</u>
<b>Restricted funds</b>						
Restricted Funds - income funds	-	351,145	(351,145)	-	-	-
Restricted capital expenditure fund	357,132	19,055	-	(376,187)	-	-
Marianne Loibl fund	20,499	183	(183)	(20,499)	-	-
	<u>377,631</u>	<u>370,383</u>	<u>(351,328)</u>	<u>(396,686)</u>	<u>-</u>	<u>-</u>
Total of funds	<u><u>4,055,814</u></u>	<u><u>906,294</u></u>	<u><u>(1,139,820)</u></u>	<u><u>-</u></u>	<u><u>125,000</u></u>	<u><u>3,947,288</u></u>

**Transfers between funds**

Income and expenditure reserves - the net transfer of £264,840 is represented by the transfer of £335,339 to the restricted capital expenditure fund, which reflects the movement in fixed assets less associated liabilities in the year to the designated fixed asset fund, together with a transfer of £50,000 from the designated capital expenditure fund and a transfer of £20,499 from the Marianne Loibl fund, as described below.

Designated capital expenditure fund - the transfer of £50,000 reflects the amount spent on capital expenditure during the year.

Marianne Loibl Fund - As described below, the transfer of £20,499 reflects the release of capital to help support student activities.

Restricted capital expenditure fund - the transfer of £376,187 reflects funds which have been given to the charity towards the construction of the Pestalozzi Centre. 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.

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**24. Statement of funds (continued)**

**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.

**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. The Pestalozzi Centre was completed in March 2016.

Marianne Loibl Fund - This represents a legacy given to PIVT, the income from which was used for student trips. As the annual income was minimal, the Trustees sought the advice of the Charity Commission and subsequently released the capital to be used to support student activities.

**Summary of funds**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	3,254,704	-	-	661,526	-	3,916,230
General funds	423,479	535,911	(788,492)	(264,840)	125,000	31,058
	<u>3,678,183</u>	<u>535,911</u>	<u>(788,492)</u>	<u>396,686</u>	<u>125,000</u>	<u>3,947,288</u>
Restricted funds	377,631	370,383	(351,328)	(396,686)	-	-
	<u>4,055,814</u>	<u>906,294</u>	<u>(1,139,820)</u>	<u>-</u>	<u>125,000</u>	<u>3,947,288</u>

**25. Analysis of net assets between funds**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	4,589,611	-	4,589,611	3,835,529
Investment property	275,000	-	275,000	150,000
Current assets	128,072	117,994	246,066	1,121,408
Creditors due within one year	(108,027)	(117,994)	(226,021)	(282,190)
Creditors due in more than one year	(937,368)	-	(937,368)	(768,933)
	<u>3,947,288</u>	<u>-</u>	<u>3,947,288</u>	<u>4,055,814</u>

**Pestalozzi International Village Trust**

**Notes to the financial statements  
For the year ended 31 August 2016**

**26. Reconciliation of net movement in funds to net cash flow from operating activities**

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(108,526)	223,400
<b>Adjustment for:</b>		
Depreciation charges	72,820	74,483
Gains on investments	(125,000)	-
Interest from investments	(1,296)	(2,208)
(Increase)/decrease in stocks	(441)	419
(Increase)/decrease in debtors	(180,628)	6,438
(Decrease)/increase in creditors	(18,691)	124,865
<b>Net cash (used in)/provided by operating activities</b>	<b>(361,762)</b>	<b>427,397</b>

**27. Analysis of cash and cash equivalents**

	2016 £	2015 £
Cash in hand	20,091	1,076,505
Overdraft facility repayable on demand	-	(36,602)
<b>Total</b>	<b>20,091</b>	<b>1,039,903</b>

**28. Capital commitments**

At 31 August 2016 the group had capital commitments as follows:

	2016 £	Group 2015 £
Contracted for but not provided in these financial statements	-	806,368

**29. Pension commitments**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £2,638 (2015 - £NIL). Contributions totalling £618 (2015 - £NIL) were payable to the fund at the balance sheet date and are included in creditors.

**30. Related party transactions**

During the year ended 31 August 2016 donations totalling £14,942 (2015: £3,768) were received from the Trustees.

**31. Controlling party**

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