



HARPUR TRUST

**Annual Report of Trustees and Financial Statements
2016/17**

**Company Number: 3475202
Registered Charity Number: 1066861**

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Annual Report of Trustees and Financial Statements 2016/17

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ended 30 June 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Chairman's Message

This year saw the completion of the 450th Anniversary of the Trust with some wonderful and very successful activities. A moving service in St Paul's was followed by a "*Run and Fun*" day in Priory Park. One of the highlights of the celebrations was a play specially commissioned by the Trust to tell the story of Bedford over 850 years. Equally exciting was the "*Orchestra Unwrapped*" event in the Corn Exchange, which engaged over 600 primary school children in live orchestral music. Another initiative that reached children of all ages and which was extremely popular was the art competition on the theme of "*Recording Bedford*". 46 schools and 1400 pupils participated and a selection of the work produced was exhibited at the Higgins.

One of the most important learnings from the Anniversary was that some community events can have a significant social benefit and impact. Consequently, the Trustees have decided to include a series of similar activities each year to complement the Trust's grantmaking and social investment programmes.

The year also saw the residents of Harpur House move to outstanding new accommodation in Oak Way House, which is managed by Bedford Citizens Housing Association. In the development at Wixams, a "time capsule" was buried on the site of the new retirement village and we are looking forward to working on that project which will provide more excellent accommodation for older people, with the ExtraCare Charitable Trust.

The Trust's schools have continued to thrive, despite the tough economic climate, working hard to keep fee increases as low as possible whilst at the same time supporting a means-tested programme of fee assistance, which this year benefited 210 pupils. Over 3,400 pupils are educated directly by the Trust and they, their parents and the staff at the schools, all play an important role in the life of the Borough.

The Trust has also become the sole sponsor of the newly formed HEART Academies Trust, which includes the Bedford Academy and Shortstown, Shackleton and Cauldwell primary schools and educates around 2,400 young people. The Trustees hope that this will secure the future of an ambitious group of schools in the southern part of Bedford, thus improving the outcomes for many young people each year.

So in a year in which we have rightly celebrated the history of the Trust and the Borough of Bedford, we have also broadened and deepened the relationship between the Harpur Trust schools and those of the HEART Academies Trust and other state sector schools. We believe this is not only in keeping with the spirit of our founder but also right for today and will be a focus of our efforts in the coming year.

Chief Executive's Review of the year

The main area of activity for the Trust, measured by turnover and number of employees, is its schools, which added modestly to their student numbers in this year. For some time the schools have been increasing their focus on teaching and learning and this is showing through in results. It was particularly pleasing to see Bedford Girls' School moving out of the post-merger phase and into one of continuing development, with the school's best ever GCSE results and a rising roll. Bedford School has enjoyed its best leavers' results for many years and Oxbridge successes in double figures. The school is also undertaking a strategic review of its estate and development requirements. The main infrastructure development within the Trust this year was the completion of a £9m science centre at Bedford Modern School, which will make a step change to the learning environment for science and free up more room in the main buildings, improving the provision in other departments. Pilgrims Pre Preparatory School, having established a firm financial foundation to match its consistently excellent inspection outcomes, is embedding the concept of the "growth mindset" with staff and pupils.

The value of the endowment increased by 10% over the year. We continually review the level of reserves and Unapplied Total Return to ensure these are adequate and justifiable, and ensure that any cash not required for operational purposes is identified and invested where appropriate. The Trust continues to have no net borrowing.

The return from the endowment enabled the Trust to distribute over £1m in the Borough via the grants programme again this year. For the first time for some years, we have begun to see signs that demand for the Trust's grants is increasing and will test the amount of money available. This is not unexpected given the public funding reductions at the local and national level and the pressure households and voluntary organisations feel as their income falls in real terms. We will look closely at this area in the coming year.

A considerable amount of work has gone into developing the Trust's approach to Social Investment, as explained further on page 20 of the Report, and it seems very likely that at least one investment will be made in 2017/18. A successful Social Investment programme will provide the Trustees with an additional and potentially very effective way of pursuing the charitable objects whilst helping to make voluntary organisations more sustainable.

The fact that the Trust has enjoyed a very successful year is a result of the hard work and dedication of its 1,100 employees. Their efforts are greatly appreciated by Trustees and senior managers alike. The Trust has focussed on further developing the engagement with its employees through the Staff Forum and employee survey, the results of which showed a continuing increase in commitment. In addition, we have introduced leadership training in the form of the recently launched "Inspiring Leaders Programme", and a series of practical management training modules will be published in a Training Directory to provide the opportunity for our employees to enhance their skills and knowledge. The coming year will see a Harpur Trust INSET day and the next 360 degree appraisal cycle for senior managers, which will encourage our leaders to develop further their performance in response to feedback.

In conclusion, the overall picture in the Trust's 450th year was one of financial strength and good progress against the priorities set out in the Strategic Plan. A greater focus on developing the partnership with the HEART Academies Trust will be a key objective for 2017/18. Overall, the Trust is in good shape to meet the challenges of the coming year.

Strategic Report

Our Vision and objectives

The Harpur Trust is a local charity that uses the legacy of Sir William Harpur, who founded the Trust in 1566, to benefit the inhabitants of the Borough of Bedford through the promotion of education, the relief of poverty, sickness, hardship or distress and the provision of recreational facilities with a social welfare purpose.

Our Strategic Plan 2016-2020 is available on our website (www.harpurtrust.org.uk) and some of its main components are set out below.

Our objectives are to inspire and support people by:

Providing education

Promoting the highest quality, well-rounded education: through excellence in our independent schools and our sole sponsorship of the HEART Academies Trust; promoting wider excellence in education through grant funding; and supporting other maintained schools and maximising access to our schools for the economically disadvantaged.

Creating opportunity

Providing individual support and developing access to learning programmes in all communities in Bedford, through grant funding, social investment and in partnership with other organisations.

Breaking down barriers

Providing support via grant funds to organisations and individuals where needed, involving people in local initiatives, reducing barriers caused by disadvantage and increasing the community's access to recreation.

Our Activities

The Trust fulfils this mission through the following core activities:

- Operating four distinct independent schools in Bedford (Bedford School, Bedford Modern School, Bedford Girls' School, Pilgrims Pre-Preparatory School) and sponsoring HEART Academies Trust;
- Providing almshouse accommodation for older people in Bedford;
- Providing grants to local organisations and individuals; and

Providing funding support through social investment.

Achievements and Performance in the year

The final months of 2016 saw the culmination of the 450th anniversary celebrations; completing a year-long programme of events which had exceeded all expectations in enabling us to engage with the local community, and in terms of raising our profile within the town.

As the 2016/2017 academic year drew to a close, we achieved two other significant milestones; firstly in education where we extended our family of schools by becoming sole sponsor of the newly formed HEART Academies Trust; and secondly in our almshouse provision, moving our residents from Harpur House into outstanding new accommodation in Oak Way House, with building work commencing on another stunning development at Wixams due for completion in Spring 2019.

Read more on these and see our online annual review at www.harpurtrust.org.uk/our-year.

Our main objectives for 2016/2017 and how we performed against them

Our broad objectives for each year are governed by our Strategic Plan and so change little from year to year over the period of the plan. Objectives and measures of success and progress against it are reported annually to our Trustees. Some specific objectives for the past year are outlined below for illustrative purposes but a more comprehensive view of our plans can be found on www.harpurtrust.org.uk.

The following key objectives were identified for the year:

Providing education

Promoting the highest quality, well-rounded education: through excellence in our own schools; promoting wider excellence in education through grant funding; supporting the HEART Academies Trust and other maintained schools and maximising access to our schools for the economically disadvantaged.

The Trust's Schools working together in education

The Trustees wish to increase the co-operation between its own schools in areas of education in order to improve the delivery of benefits to pupils and parents whilst maintaining the individual character and ethos of each school.

- Plans are underway ahead of a triennial whole teaching staff joint INSET due to take place in 2018.
- Senior staff from across the schools continue to meet on a termly basis. There were 2 Teachmeet sessions involving teaching staff from across the schools and Bedford Academy, and the schools continue to explore a number of ideas enabling them to work together in a marketing capacity.
- Following the review of procurement activity, new procedures were implemented during the year aimed at achieving greater economies of scale.

Develop the Trust's role as Sponsor of Bedford Academy

The Trust will widen and deepen its role as sponsor of the Bedford Academy in order to build on the Academy's success and secure further improvements for its pupils and their families.

- In June 2017, the HEART Academies Trust, consisting of Bedford Academy and Shortstown, Shackleton and Cauldwell Primaries, was formally launched with a tree planting ceremony and balloon launch taking place simultaneously at each of the member schools and a formal reception at Bedford Academy itself.

Creating opportunities

Providing individual support and developing access to learning programmes in all communities in Bedford, through grant funding, social investment and in partnership with other organisations.

Focus on Grantmaking

The Trust's grantmaking programme will be refined and focussed to deliver greater benefit to the local community.

- The Grants Strategy Committee members discussed the issue of homelessness at the October 2016 meeting and decided to establish a programme to encourage collaboration and learning amongst voluntary sector organisations working with homeless people within the borough. The Trust is taking on the role of convener as this work progresses.
- The 450th Anniversary grants scheme came to an end in December 2016 having run through the chronological year. Over this 12 month period, 46 small organisations applied for grants from us for the first time, 40 of whom were successful and received capital grants of up to £1000 in value. A total of £37,030 funding was allocated out of a potential £45,000
- The Cranfield Trust run a Capacity Building Programme to help smaller charities in the area build the resilience and effectiveness of their governance and operational management. After discussion with the Cranfield Trust, an evaluation will be carried out in 2018 when a more significant number of participants have passed through the programme.

Social investment

The Trustees will develop and implement a programme of social investment using some of its endowment capital to further its charitable objectives and enhance its impact within the community.

- The Trust continued to investigate a number of opportunities for social investment, whilst also making contact with a variety of organisations with whom there is already some cooperation.
- The Trust ran an event at the Kings Arms Project in November 2016, to raise awareness amongst local VCS organisations about social investment and its potential uses. This was attended by more than 50 people from 35 organisations.

Breaking down barriers

Providing support via grant funds to organisations and individuals where needed, involving people in local initiatives, reducing barriers caused by disadvantage and increasing the community's access to recreation.

Providing accommodation for older people

- Two exciting new developments were added to our portfolio of accommodation for older people. Residents of Harpur House moved across to a superb new accommodation facility, Oakway House, which is managed by Bedford Citizens Housing Association. Meanwhile, a “time capsule” was buried on the site of the new development at Wixams which is being operated by ExtraCare Charitable Trust.

The Trust's schools in the community

The Trustees wish to build upon the existing activities of its schools within the local community in order to deliver greater impact and public benefit.

- The Schools continue to engage in community outreach, taking part in local events such as the Bedpop Science Labs, providing a free venue for events which fit with the Trust's charitable objectives such as the Philharmonia Orchestra Unwrapped inset programme for music co-ordinators, and hosting parties for older residents in the town. Discussions are ongoing with the Heads about how this might develop further.

Trustees' Strategic Priorities for 2017 to 2020

The 2018 activities for each area of the Strategic Plan are set out below:

Focus on grantmaking

The Trust's grantmaking programme will be refined and focussed in order to deliver the greatest possible benefit to the local community within the priorities set out.

- Investigate alternative capacity building initiatives to strengthen local voluntary sector

Social investment

The Trustees will develop and implement a programme of social investment using some of its endowment capital to further its charitable objectives and enhance its impact within the community.

- Identification of further investment opportunities, as advised by the Social Investment Group, by the end of 2018.
- Prepare a report to Board on first three years of social investment programme with recommendations for future operations.

Enhanced co-operation between our schools

The Trustees wish to increase the cooperation between its own schools in areas of education in order to improve the delivery of benefits to pupils and parents whilst maintaining the individual character and ethos of each school.

- Deliver bespoke joint training when the opportunity arises (e.g. customer services).
- Exchange good practice on teaching pedagogy.
- Develop enrichment opportunities, sharing visiting groups and speakers.
- Launch my360plus to the next level of management.
- Continue to explore the feasibility of new marketing campaigns into new markets, based on results of previous campaigns.

The Trust's schools in the community

The Trustees wish to build upon the existing activities of its schools within the local community in order to deliver greater impact and public benefit.

- Consideration of broadening of opportunities for community service in one or more schools through employment of a joint co-ordinator.

Develop the Trust's role as sponsor of Bedford Academy

The Trust will widen and deepen its role as sponsor of the Bedford Academy, in order to build on the Academy's success and secure further improvements for its pupils and their families.

- Review of measures taken to develop an enhanced educational partnership between the Academy and Trust schools.
- Review of activities of the Multi Academy Trust and opportunities to provide further support.

Structure, Governance and Management

Constitution

The Harpur Trust stems from a gift of property in Bedford and London made by Sir William Harpur and his wife in 1566 to the town of Bedford. The Charity was founded by an Act of Parliament in 1764 and is administered under a scheme sealed by the Charity Commission on 1 September 2000 and amended in 2009.

The Harpur Trust is a company limited by guarantee (Company Number 3475202). The company is governed by Articles of Association and is registered as a charity in the UK, number 1066861.

The endowed properties ('specie' land) and assets continue to be held in the original Bedford Charity, which was amended and renamed 'The Harpur Foundation'. The Harpur Trust is the sole corporate trustee of The Harpur Foundation and a 'Uniting Direction' is in place which removes the need to prepare separate accounts.

The directors of the company are known as "Trustees" and they are also members of the company for the purpose of company law and charity trustees for the purpose of charity law. This legal form has several advantages including a more effective limit of liability for the Trustees, which in turn will assist in attracting a wider cross-section of candidates for trusteeship.

There are 25 Trustees of whom seven are nominated, two are representative members and the remaining 16 are co-opted, elected by the Trustees. All terms of office are for five years, with the exception of the representative members for whom it is four years. Names of Trustees and the committees on which they served during the year are shown on pages 27-29 of the annual report.

Governance and organisation

The Trustees meet at least three times a year, with additional meetings as necessary. They receive reports from all of our committees, which themselves meet three or four times annually. Committees co-opt members who are not Trustees in accordance with the Articles of Association.

While the Trust is a single legal entity, a high degree of internal autonomy is accorded to its operating units: four schools; two almshouses; grantmaking; and the management of the endowment, all of which are accomplished through the committee system.

These committees are as follows:

- School Committees - responsible for the day-to-day conduct and maintenance of our schools.
- Grants Committee - supervises the management of the almshouses and determines monetary grants to individuals and institutions.
- Endowment Committee - sets overall policies for the management of the investment portfolio, which are then implemented by the Chief Executive and the investment managers.
- Administration and Audit Committee - approves financial and administrative procedures to be adopted across the Trust, examines and reports to the Trustees on the statutory accounts, supervises the overall risk management policy, considers the reports of the independent auditors and monitors the costs of the Trust office.

- Policy Committee - advises the Trustees on the overall strategic direction of the Trust.
- Nominations Sub Committee - provides advice on the recruitment of Trustees
- Social Investment Group - determines, reviews and implements the social investment policy of the Trust.

Most committees accomplish some of their work through sub-committees and working parties. The Chairmen of the School Committees, together with the school Heads, have specific responsibility for advising the Trustees on educational issues.

Trustees have handed the day to day running of the organisation to key management personnel. These have been defined as the Chief Executive, Finance Director, Human Resources Director, Community Programmes Director and the Heads of each of the four schools.

The Harpur Trust Office (HTO), managed by the Chief Executive, provides policy advice and secretarial services to the Trustees and their committees and financial, human resource and administrative services to the schools, as well as undertaking the day-to-day management of the endowment and community grants programme.

The Harpur Trust is also the trustee of an almshouse charity, Randall Cottage Homes, whose results are included within those of the Trust itself following a Uniting Direction attained from the Charity Commission.

The new Code of Governance for charities

Although it was published just after the period covered by this report, the Trustees were keen to review the new Code as soon as possible and an analysis of it was considered at their Board meeting in September 2017.

Overall, the Trustees were pleased to find that the Trust already complies with the vast majority of the Code's provisions. The Trustees considered those areas where the practice in the Trust diverged from the recommendations of the Code and were satisfied that there were sound reasons for the differences. In a few areas, the Trustees also asked for additional work to be done by staff and recommendations made on whether or not to change the Trust's approach. These recommendations will be considered over the coming year.

Trustee training and induction

The Trustees place considerable emphasis on training; staff and Trustees attend seminars and workshops on a variety of issues including strategic policy review, financial management and accounts, investment, governance, appraisal, safeguarding, grantmaking and communications. There is a comprehensive, mandatory induction programme for new Trustees and non-trustee members of committees, which senior staff members at the offices and schools also attend.

Related parties and co-operation with other organisations

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with any employee, supplier or grant benefactor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Remuneration policy

The Trust's principle on remuneration is to ensure that the reward package is competitive with other equivalent organisations in the education sector and by type of role for support staff, so that it is able to attract and retain high calibre employees. The Trustees see the ability to recruit and retain talented staff as fundamental to the Trust's success. The Trustees are responsible for setting the overall reward strategy for the Trust. The Trust's pay policies also seek to:

- 1.1 be transparent, and simple to understand and operate;
- 1.2 treat all employees fairly and pay them appropriately in line with the principles of equality and ensure that pay decisions are free from unlawful discrimination;
- 1.3 appropriately recognise and reward support staff;
- 1.4 recognise and reward teachers for their contribution and behaviours;
- 1.5 maximise the quality of teaching and learning at the school; and
- 1.6 enable the schools to manage their salary budgets effectively.

We are committed to employing the best person for the job and to ensuring that employees are treated equally and fairly. All policies and practices seek to conform to the principle of equal opportunities in terms of recruitment, selection, training, promotion, career development, discipline, redundancy and dismissal.

The Remuneration Sub Committee (which is a sub-committee of the Policy Committee) sets the salary for the Chief Executive, senior staff within the schools and the Harpur Trust's senior leadership team. For key management personnel (as defined on page 11), the Remuneration Policy combines regular market benchmarking with reward for the achievement of performance targets.

We generally use the market median in the charity sector as rule of thumb for setting salaries. However, some flexibility is applied to take into consideration the specific requirements for each post and to ensure we can recruit the best candidate possible to meet the needs of our beneficiaries.

The performance and objectives of all senior staff are reviewed on an on-going basis through the Performance Review and Development Planning process. There is also a biennial 360 degree review process for senior staff which provides individuals with feedback from their line manager, their peers and their teams about how they have contributed to the achievement of our strategy and which helps identify any areas for personal development.

Diversity and inclusion

The Trust is committed to the promotion of equal opportunities, valuing and encouraging diversity and the creation of an inclusive working environment for all employees / workers and opposes all forms of irrelevant and unlawful discrimination, including discrimination on the basis of age, sex, marriage and civil partnership, gender reassignment, race, disability, sexual orientation, religion or belief, pregnancy and maternity (the nine Protected Characteristics defined in the Equality Act 2010).

Ensuring that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect is an important aspect of delivering equal opportunities in employment. The Trust has a separate dignity at work policy, which deals with these issues should they occur.

Risk management

Our Trustees, assisted by the senior managers in the Trust, regularly review our activities with regard to any major risks that might arise and are identified from time to time. The Administration and Audit Committee supervises the overall policy for risk management within the Trust and recommends any changes to the Board. The sub-committees of the Trust report on risk at each of their meetings and this is then reported to the Board. The Policy Committee reviews strategic risks on behalf of the Board each term and approval of the risk register by the Board is sought annually.

During the year Trustees considered the following key strategic risks to be the most significant and which require action to further manage the residual risk:

- A significant fall in investment returns and a negative Unapplied Total Return (UTR);
- The Trust's almshouse provision becomes inadequate;
- Falling demand for places at the Trust's schools;
- The impact of political initiatives on the viability of independent education generally and the Trust's schools in particular;
- A material breach of EU GDPR; and
- Cyber attack.

Actions have been identified to manage and mitigate these risks as shown in the table below.

During the year, Trustees have also identified and implemented the controls necessary in order to close a number of the non-strategic risks.

Risk	Mitigation actions taken
A significant fall in investment returns and a negative Unapplied Total Return (UTR).	A recommended level of general reserve to support the grants programme has been set. Income from expendable endowment assets is monitored and could be used to support the grants programme.
The Trust's almshouse provision becomes inadequate.	Moving residents from Harpur House to Oakway House and the new development at Wixams.
Falling demand for places at the Trust's schools.	Fee levels are reviewed across all The Harpur Trust schools. The Board reviewed this at their meeting in May 2017 and were satisfied with the current position. They will look at further work into bursaries and joint marketing that may be required.

Risk	Mitigation actions taken
The impact of political initiatives on the viability of independent education generally and the Trust's schools in particular.	The Trustees consider that The Harpur Trust and its schools would meet the criteria in the draft agreement produced by the DfE and ISC on how independent schools can show that they are supporting the Government's 'Schools that work for everyone' initiative, if implemented. Although this is currently on hold we are keeping abreast of changes and monitoring the situation.
A material breach of EU GDPR.	The Trust currently complies with the Data Protection Act and has put in place a series of measures to reduce the likelihood and impact of a breach of EU GDPR. A data breach policy is being implemented.
Cyber attack.	A review of existing security protection measures (including system architecture, firewalls and operator practice) was performed and further measures which would be potentially beneficial were assessed.

In the opinion of the Trustees, the Trust has established resources and systems, including the use of the Magique risk management software, which under normal conditions should ensure risks are managed to an acceptable level. It is recognised, however, that such risk management systems and protocols cannot provide absolute assurance that all major risks have been adequately managed and a high degree of awareness of risk is encouraged with staff and Trustees alike.

Grantmaking Activities

Grantmaking policy

Grants are made in support of all three of the Trust's charitable objects and mission areas. Our Trustees have flexibility to allocate resources according to perceived need. We believe we achieve most when we make grants to maintain valuable and effective services, when we fund work which brings new services and ideas to the Borough and when we fund programmes which help voluntary organisations become more effective.

Organisations and individuals are encouraged to contact us informally for initial guidance on their applications and much advice is given verbally. Our main priorities, grant programmes and application process are also set out in the guidance notes which are available by post, email and on www.harpurtrust.org.uk. They are summarised below:

- **Promotion of education.** Since our inception we have had a key role in developing and enhancing educational opportunities in the Borough. This is reflected in the educational programmes that comprise a major element of our grantmaking. We have a broad definition of education and support projects working with people of all ages and in a wide variety of settings.
- **Relief of poverty, sickness, hardship or distress.** Trustees consider requests for staffing, running and capital costs for projects and core services. Through on-going research and consultation, locally and beyond the Borough, our Trustees continually develop grant giving priorities in response to emerging local needs and opportunities.
- **Provision of recreational facilities with a social welfare purpose.** Our grantmaking under this object has a strong emphasis on projects that address the needs of young and/or disadvantaged people. How a project proposal will act 'in the interests of social welfare' is carefully considered.

Grantmaking process

Our Grants Committee meets four times a year to consider grant applications up to £50,000 and to provide guidance from committee members to applicants on their preliminary proposals. Applications in excess of £50,000 for one year, or £150,000 over a three year period, must be agreed by our Trustees on recommendation from our Grants Committee. Our Chairman and Deputy Chairman of the Grants Committee have delegated authority to make grants below £5,000. They meet regularly to take decisions on smaller grant applications, which can now take advantage of a simpler process, and to give guidance on preliminary proposals.

Most grants are awarded to organisations, but a small number of grants are made to individuals who are pursuing or continuing vocational education. Registered charities, voluntary organisations and other groups with charitable purposes or not for profit organisations delivering relevant services to the community are eligible to apply.

Public Benefit

Public benefit

Whether through grantmaking, providing almshouses, social policy work, operating independent schools, partnerships with maintained schools or through other community work, The Harpur Trust strives to deliver its charitable purposes for the public benefit. We want all Bedfordians to have the opportunity to benefit from Sir William Harpur's gift and we are committed to maximising access to our facilities and expertise to further our charitable objects. The Trustees have given due consideration to the Charity Commission's published guidance on the public benefit requirement under the Charities Act 2011.

Grantmaking

This year we made grants to 53 organisations with charitable purposes and 21 individuals, totalling £1,037,080. Full details of grants made are available in the financial statements of this report.

Almshouses

The Trust provided accommodation, advice and support for 35 older people in need over the course of the year. A further 17 people were supported through our nomination rights to extra care schemes within the Borough.

Bursary support

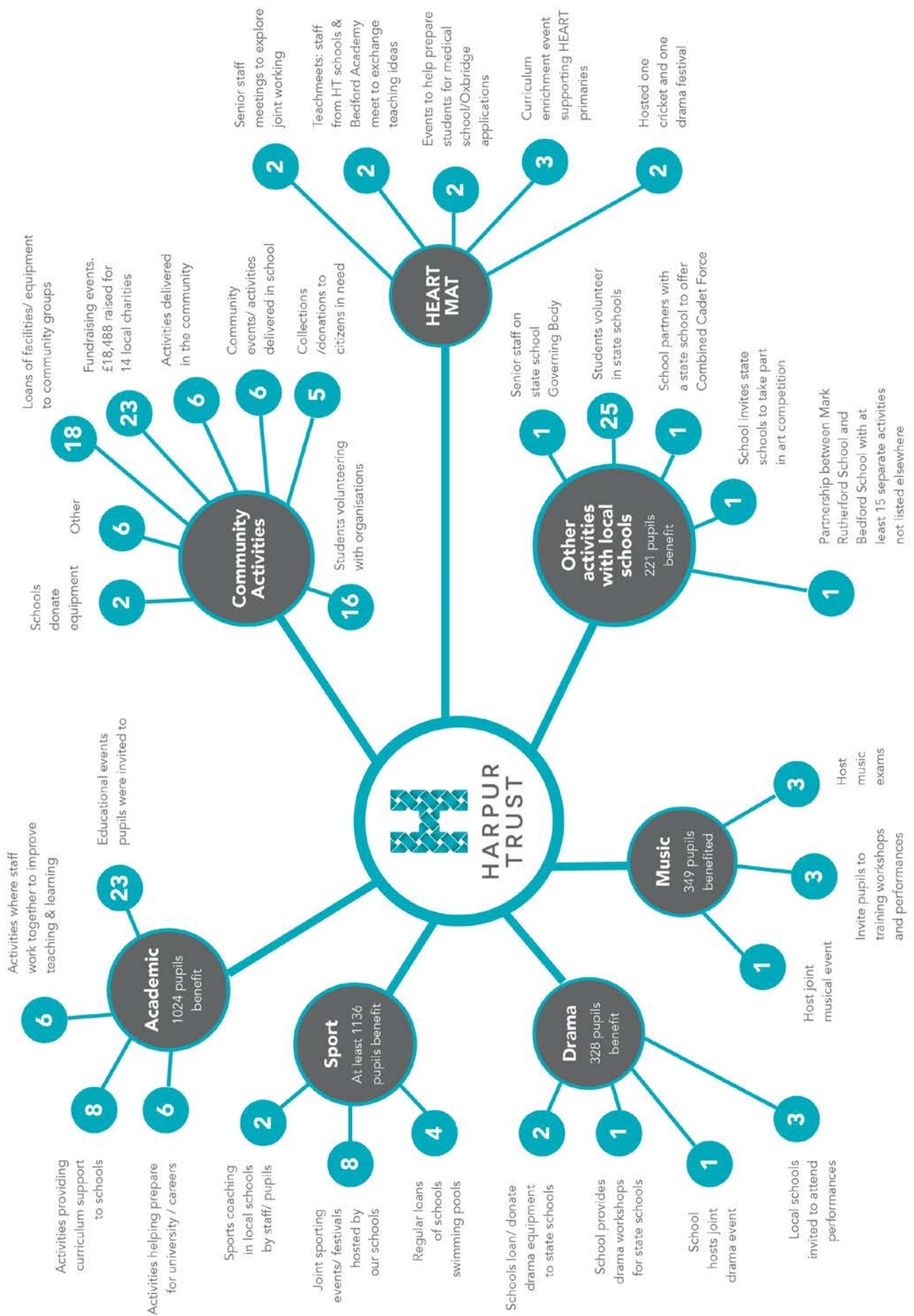
Our schools offer means-tested bursaries to help lower income families pay all or part of their school fees. We were pleased to be able to support 210 pupils with their school fees this year, with 82 pupils receiving a free school place. The value of this fee support was £2.47m.

Community events

In celebration of our 450th anniversary year in 2016, The Harpur Trust organised a number of events open to all residents of the Borough. The majority were free and where a small charge was made the event was heavily subsidised and those in greatest need were not required to pay. Events included a Run & Fun Day, Children's Art project with a competition, exhibition and artist run workshops, writing competition, a specially commissioned play about the history of Bedford, a new book about the town distributed to children at all local schools and a children's music project run by the Philharmonia Orchestra with workshops for teachers and a performance for local schools.

School initiatives

In addition to the public benefit delivered by our grants programme, almshouses and our on-going sponsorship of the Bedford Academy, the Trust's schools also deliver public benefit in their own right. The volume of work carried out by our schools for the benefit of the wider community means that only a few examples can be provided below. More detailed information is available at www.harpurtrust.org.uk/our-year. However, the diagram below provides an overview of our schools' contributions to the local community.



In summary, this year our schools have:

- Held over 15 subject specific events for state schools in the area of benefit;
- Made their facilities available to individual state schools for at least sixteen activities (some of which are repeated on a regular basis throughout the academic year); and
- Shared their expertise and resources more broadly with groups of state schools on more than 34 occasions.

The local community have also used the schools' facilities free of charge at 21 separate events, often with staff time given freely as part of the offer, for example, training provided by the head of Bedford School's Observatory.

Our pupils have held 23 fundraising events for 14 local charities selected by pupils, raising over £18,400 (we do not include additional fundraising for national or international charities which fall outside our area of benefit in these figures). Our students have also continued to be extremely active in the community, with volunteers supporting at least 25 local organisations and schools both through regular volunteering commitments and organising one-off events and activities. Pupils and staff have been involved in a further 28 initiatives – these were both one off events and events taking place weekly providing support to the local community in or off school premises.

Use of educational resources and facilities for the benefit of staff and pupils in state schools.

Supported by the Trust's Education Development Manager, our schools regularly seek opportunities to collaborate with and support state schools. Our primary relationship is with the HEART Academies Trust, which we sponsor. This year has seen the introduction of the highly successful Harpur Teachmeet, an organised but informal meeting for teachers from HEART and the other Trust schools to share good practice, innovation & insights. Two Teachmeets have been held this year, one hosted by Bedford Academy & one by Bedford Girls School. **Bedford School** has developed a partnership with Mark Rutherford School. Over the course of the year they have undertaken at least 15 activities with the school, inviting staff & pupils to share in numerous additional activities and encouraging staff to meet with their counterparts at Mark Rutherford to exchange ideas.

Local secondary schools welcome the opportunity to take part in events aimed at helping students with careers and applications for higher education. **Bedford Girls' School, Bedford Modern School & Bedford School** involved their pupils in an Oxbridge mock interview event. **Bedford Modern School** also hosted students at a Medical Careers evening, advising on the application process for medical school.

Educational outreach focusing on particular academic subjects is welcomed by many local schools. Members of staff from **Bedford Girls' School** have supported a lower school with a French roadshow, run by subject specialist staff assisted by a team of students from year 11 & invited others to an interactive science show. **Pilgrims Pre Preparatory School** held enrichment events for children from two primary schools from the HEART Academies Trust, helping them with geography, ICT 3D design and Personal Social, Citizenship, Health & Economic Wellbeing Education. **Bedford Modern School** offered local secondary schools help to master a new economics programme.

Extra-Curricular & Enrichment Support

Our partner schools benefit from access to our high quality physical assets and challenging extra curricula enrichment events which are part of a Harpur Trust education, often in the areas of sport, drama & music.

In sport, three local lower schools without access to a swimming pool regularly use the **Pilgrims Pre Preparatory School** pool to teach swimming and **Bedford Modern School** provides its pool free of charge to a local school for children with learning disabilities. **Bedford School** hosted an under 12's Rugby tournament for four local primary schools, enabling children to take part in a rugby tournament with quality coaching and advice on offer.

Bedford Girls' School provided a number of drama opportunities including staff and sixth form students running a Drama workshop for children at a local primary with little drama experience.

Bedford Modern School invited children from local primary schools to a number of drama productions and **Bedford School** worked with their partner school on Drama workshops and events at the Quarry Theatre.

Bedford Modern School hosted children from local schools needing a venue for their external music examinations. 300 children from local state primary schools attended **Bedford School's** orchestral workshop on Prokofiev's Peter and the Wolf and **Pilgrims Pre Preparatory School** worked with a local primary school for a joint performance at Bedford's Proms in the Park.

Supporting Community Groups

Our schools make their resources and facilities available to local community groups for a range of activities which align with our charitable objects. Many of these are groups supported through our grants programme. This year **Bedford Girls' School** and **Bedford Modern School** deployed staff and students to deliver science activities at Bedford Library and The Higgins art gallery & museum as part of the BedPop Fun Palaces Event. **Bedford School** allowed large numbers of local groups of all ages to use its Observatory and Planetarium throughout the year, with courses provided by the head of the facility. **Pilgrims Pre Preparatory School** sends its choir to provide entertainment and companionship for isolated older residents of local care homes.

Community action

Harpur Trust Schools encourage all our students (and staff) to recognise the importance of putting something back into the community. They bring considerable enthusiasm and ingenuity to fundraising and volunteering activities. Individual students undertake regular community service at local schools and charities such as Elizabeth Davis Riding for the Disabled and groups of students plan and carry out a host of one off and regular activities to raise funds and support those in need. **Bedford Girls' School** and **Bedford Modern School** both hold regular events for isolated older people in sheltered accommodation. **Bedford Girls' School** organised a collection of sanitary items for delivery to groups supporting women in poverty as part of an awareness campaign. Children from **Pilgrims Pre Preparatory School** take part in a weekly litter pick. All the schools joined together to take part in refurbishment of a local centre for homeless and dispossessed people. We hope to hold many more combined community action events involving pupils from all our schools in future.

Social Investment

Policy on social investment

In 2016, the Trustees agreed to designate £2m for use in a programme of social investments. Social investment is the use of capital to invest in organisations whose activities will further the charitable objectives of the Trust, whilst also offering some prospect of financial return. This can be a very effective way of helping organisations that are working for the public good develop whilst making their activity more sustainable.

At the date of these accounts, the Trustees have held discussions with a number of organisations with potential for investment. Development work is continuing with a core group identified as being both capable of becoming investment ready and strongly aligned with the objectives of the Charity. We expect to be making our first investment in the new financial year. The Trust is continuing with a programme of events aimed at building understanding of social investment within the local voluntary sector in Bedford.

Financial Review

Funds of the Trust

The Harpur Trust, is a permanently endowed charity. In accordance with charity accounting regulations, funds are classified as endowed, restricted, designated or general.

- **Endowed funds.** These funds are the permanent endowment of the Trust and are held as both operational assets and in a balanced portfolio of investments. A Long Term Spending Rate (LTSR) is used to determine the amount of endowment returns that will be distributed in the year. This is used for the benefit of the community, primarily through the giving of charitable grants and to cover the costs of running the Charity. The Trust's schools receive no direct subsidy from the endowment income.
- **Restricted funds.** These are funds that have been received for a specific purpose within the Trust's charitable objects. They will ultimately be applied for the purpose specified; they cannot be used for any other purpose.
- **Designated funds.** These arise from the Trust's income streams and are assigned to a specific purpose by the Trustees. They are not treated as "free" reserves (available to be spent freely) as a designated use has been identified. However, these funds may be re-designated for another purpose by the Trustees if circumstances change. Page 45 sets out the nature of designated funds and how they will be utilised in the future.

Overview of the year

The majority of the Trust's activities derive from the operation of its four schools. Total income received by the Trust during the year was £52,794,000 (2016: £53,185,000). This is lower than the previous year as a result of less income from additional income streams such as Bedford School Study Centre (BSSC), trips and school uniforms. Pupil numbers across the four Trust schools have remained broadly at the levels of the previous year. There was an increase in net fees receivable due to fee increases applied for the year. The number of means-tested bursaries provided this year was slightly below that of last year, with 210 pupils being awarded bursary support (2016: 231 pupils). Although the amount given in bursaries will vary each year depending on the number of applicants and their individual circumstances, the Trust remains committed to providing support to families to enable children to attend our schools.

Compared with 2015/16, the reported investment income has increased (2017: £2,409,000, 2016: £2,269,000). This is due to better returns on the investments held. Overall total investment returns and income levels for the year were above expectations.

Total expenditure for the year (£50,673,000, 2016: £50,512,000) was consistent with prior year levels after allowing for inflationary pressures. The Trustees continually review the cost base in order to ensure that costs are appropriate for the service levels provided and that fee increases for the educational services provided are kept to the minimum level necessary.

The overall operating result for the year is a decrease in the net incoming resources to £2,121,000 (2016: £2,673,000) due to the lower income. To this is then added the investment gains arising in the year of £10,122,000 (the majority of which relates to the permanent endowment assets). The actuarial loss in respect of the non-teaching staff final salary scheme arising from the FRS102 revaluation of £629,000 is then added back to produce a total net increase in the Trust's funds of £11,614,000 (2016: £10,740,000) for the year.

Over the year, the Trust has seen the value of its permanent endowment increase from £83,782,000 to £92,283,000; a rise of 10.1%. During the year, the Total Return policy allocated £1.4m to the permanent endowment to protect the real value of the investments and the Unapplied Total Return was increased by £6,972,000.

Reserves policy

The reserves levels as authorised by the Trustees are:

- a. the overall Trust free reserves (funds that are freely available to spend on any of the Trust's purposes) should be between 5% and 10% of the annual turnover of the Trust;
- b. the level of the Trust's general reserve fund should be maintained between £2m and £3m in cash; and
- c. the schools' reserves target should be 3% to 8% of their turnover in liquid assets.

At 30 June 2017, the overall Trust's free reserves were £8.5m (2016:£7.9m) representing 16.2% of the annual turnover. Although this is above the targeted level, the Trustees are reviewing how these funds can be used in the future. The level of the Trust's general reserve fund was £4.2m which is above the predicted reserves level due to the proceeds from the sale of the Bromham Road land. It was agreed by the Trustees that the reserves should be retained at this level whilst the Trust is in the first five year period of operating under the Total Return policy. Note 13 of the financial statements provides further details of the restricted and designated funds at the end of June 2017.

All of the reserves for the Trust's schools were within the 3% to 8% band authorised by the Trustees.

Investment and Total Return policies

The main investment objective and risk tolerance of the investment policy approved by Trustees are expressed as:

- *To achieve a total real return of 5% per annum net of investment management fees over rolling five year periods in order to preserve capital in real terms while sustaining a spending rate of 3.5% of total asset value per annum.*
- *To maintain an overall total risk level that reduces to an acceptable level the likelihood of the assets falling in value by 20%.*

The endowment portfolio is managed by two managers, each with broadly half of the investment portfolio. Whilst the managers are each operating to the same investment objective expressed above, they employ a different strategy, which in the opinion of the Trustees reduces manager risk.

Given the investment and risk objectives, the Endowment Committee established an overall allocation of the Trust's investments to broad asset categories and reviews this asset allocation periodically, reporting on it to the Trustees at least annually. The Endowment Committee has given the Investment Managers discretion to determine the precise asset allocation within certain control ranges, in order to achieve each mandate's investment objectives.

The Endowment Committee believes that the investment risk arising from the investment strategy combined with the risks arising from active management are consistent with the overall level of risk being targeted.

The Total Return policy was adopted with effect from July 2014. A reference date of 30 June 2012 was used for the valuation of the investment and the initial value of the Unapplied Total Return (UTR). The investment was determined as the whole of the permanent endowment held as investment funds, excluding the permanent endowment held as operational property and expendable endowment.

The Trustees have a Total Return policy which determines the allocation of the Unapplied Total Return (UTR). This policy aims to maintain the real value of the endowment investment assets over the longer term whilst enabling the appointed fund managers to be free of any constraints imposed by a need to generate income at the expense of the total return of the portfolio. In accordance with this policy the value of the permanent endowment is increased each year in line with inflation. Any difference between this value and the endowment investment portfolio is retained as Unapplied Total Return in order to mitigate years where negative investment returns are experienced.

Investment performance against objectives

Our investment performance is measured regularly against the benchmarks set out above. For the year ended 30 June 2017, the investment return was better than the objective with returns of 10%.

Policy on ethical investment

The Trustees believe that responsible investment and good stewardship can enhance long-term portfolio performance and is therefore aligned with their fiduciary duty. Further, mitigating risk and capturing investment opportunities driven by the integration of ethical and environmental, social and governance (ESG) issues may have a material impact on investment returns across all asset classes.

The Trustees have given their investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Trust's investments.

The Trust aims to ensure that the votes attaching to its holdings in all quoted companies, both in the UK and overseas, are exercised whenever practical. The Trust's voting policy is exercised by its investment managers in accordance with their own corporate governance policies, copies of which are provided to the Endowment Committee, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Endowment Committee will monitor its FSA registered managers' reports on their adherence to the UK Stewardship Code on an annual basis.

For those assets of the Trust invested in pooled arrangements, the Trustees accept that the assets are subject to the investment managers' own policies on corporate governance as well as environmental, social and ethical investment.

REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2017

Name of the Charity:	The Harpur Trust
Company Number:	3475202
Charity Registration Number:	1066861
Address of Registered Office:	Princeton Court, Pilgrim Centre, Brickhill Drive Bedford, MK41 7PZ

Patrons [3]

The Member of Parliament for the Constituency of Bedford, Mohammad Yasin, MP
The Member of Parliament for the Constituency of North East Bedfordshire, Alistair Burt, MP
The Mayor of Bedford Borough, Dave Hodgson

Names of Trustees as at 18 January 2018

Chairman:	Murray Stewart
Deputy Chairman:	Anthony Nutt Rhian Castell

Nominated Universities [2]

New College, Oxford:	R. George Ratcliffe, MA, DPhil and Philip Wallace MA FCA FBRP
Cranfield University:	Rajkumar Roy, PhD, MSc, CEng

By School Committee

Bedford School	Anne Egan
Bedford Girls' School	Seamus Higson*
Bedford Modern School	Shirley Jackson
Pilgrims School	Rhian Castell

Co-opted [16]

Tina Beddoes	Jennifer Sauboorah Till, BSc MSc
Sue Clark, MPhil BSc	Linbert Spencer
Harriett Mather	Murray Stewart
Stephen Mayson, LLB LLM PhD	Mark Taylor
Ian McEwen, BA BPhil DPhil	Rebecca Taylor**
Anthony Nutt	Rose-Marie Wellington
Sally Peck	David Wilson
Justin Phillimore	Michael Womack

Representative [2]

Bedford Borough Council:

Cllr R Charles
Cllr L Reale

*Resigned 8 July 2016

**Appointed on 19 January 2017

Senior staff at 30 June 2017:

Chief Executive:	David Russell, LLB (Hons) FRIN FRSA FCMI
Finance Director:	Clare Lake, BA (Hons), FCA
Human Resources Director:	Samantha Lock, BA (Hons), Chartered MCIPD
Community Programmes Director:	Lucy Bardner

Heads

Bedford School	James Hodgson, MA
Bedford Modern School	Michael Hall, BA (Hons), MA
Bedford Girls' School	Jo MacKenzie, BSc MSc
Pilgrims Pre-Prep School	Jo Webster, Bed, NPQH, EYPS

Bursars

Bedford School	Jocelyn Miles
Bedford Modern School	Steve Willis, BSc (Hons), MSc, CDipAF
Bedford Girls' School	Jean-Marc Hodgkin, BSc (Hons), FCA FSI ACIS DChA
Pilgrims Pre-Prep School	Charlotte Wallace, BSc (Econ), ACMA

Professional advisers during the reporting period:

Auditors

Crowe Clark Whitehill LLP
St Bride's House,
10 Salisbury Square,
London EC4Y 3EH

Bankers

HSBC PLC
South Midlands and Warwickshire Corporate
Banking Centre
Level 6, Metropolitan House,
CBX3, 321 Avebury Boulevard
Milton Keynes
MK9 2GA

Insurance brokers

Marsh Brokers Limited
Rockwood House,
9-17 Perrymount Road,
Haywards Heath,
West Sussex RH16 3DU

Investment managers

BlackRock
12 Throgmorton Avenue
London EC2N 2DL

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Solicitors

Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

The external advisers' appointments are reviewed periodically.

COMPOSITION OF STANDING COMMITTEES at 30 JUNE 2017

POLICY COMMITTEE

Murray Stewart (Chairman)
Tina Beddoes
Sue Clark

Anne Egan
Stephen Mayson
Ian McEwen

Sally Peck
Justin Phillimore
Philip Wallace

ENDOWMENT COMMITTEE

Philip Wallace (Chairman)
Anthony Nutt (Dep. Chairman)

Stephen Mayson
Murray Stewart

Mark Taylor
David Hill (Co-opted)

GRANTS COMMITTEE

Ian McEwen (Chairman)
Linbert Spencer (Dep. Chairman)
Rhian Castell

Jennifer Sauboorah Till
Mark Taylor
Mark Everett (Co-opted)
Tim Hewett (Co-opted)

Deborah Inskip (Co-opted)
Sally Monkman (Co-opted)
Carol Solaiman (Co-opted)

ADMINISTRATION AND AUDIT COMMITTEE

Justin Phillimore (Chairman)
Philip Wallace (Dep. Chairman)
Randolph Charles

Shirley Jackson
Luigi Reale
Michael Womack

Vanessa Penzo (Co-opted)

BEDFORD SCHOOL

Stephen Mayson (Chairman)
Philip Wallace (Dep. Chairman)
Anne Egan
Rajkumar Roy
Jennifer Sauboorah Till

Linbert Spencer
Charles Allen (Co-opted)
Kirsty Bourne (Parent Elected)
Simon Briggs (Co-opted)
Lucy Hubber (Co-opted)

Sir Clive Loader (Co-opted)
Ali Malek (Co-opted)
Richard Miller (Staff Elected)
Mark Slater (Co-opted)
Paula Vennells (Co-opted)

BEDFORD MODERN SCHOOL

Sally Peck (Chairman)
Shirley Jackson (Dep. Chairman)
Randolph Charles
Rebecca Taylor

David Wilson
Michael Womack
James Black (Co-opted)
Liz Carrighan (Co-opted)

Ade Clewlow (Parent Elected)
Glen Dawson (Co-opted)
Jonathan Gillespie (Co-opted)

BEDFORD GIRLS' SCHOOL

Tina Beddoes (Chairman)
Anne Egan
Harriett Mather (Dep. Chairman)
Anthony Nutt
Justin Phillimore

George Ratcliffe
Sarah Fecondi (Staff Elected)
Rachel Gentry (Parent Elected)
Catherine McCarthy (Co-opted)
Shane Redding (Co-opted)

Judit Seymour (Co-opted)
Valerie Stattersfield (Co-opted)
Andrea Thasan (Co-opted)

PILGRIMS PRE-PREPARATORY SCHOOL

Sue Clark (Chairman)
Tina Beddoes
Rhian Castell

Mark Jewell (Co-opted)
Jo Dickson (Co-opted)
Kim Langstaff (Staff Elected)

Susan Lousada (Co-opted)
Hanif Patel (Co-opted)

Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Harpur Trust for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Insofar as each of the Trustees of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Trustees approve the annual report including the strategic report and financial statements for the year ended 30 June 2017.

Approved by the Trustees on

and signed on their behalf by:

Murray Stewart

Chairman

Independent Auditor's Report to the Trustees of The Harpur Trust

Opinion

We have audited the financial statements of The Harpur Trust for the year ended 30 June 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report included within the Trustees' report.

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

- adequate accounting records have not been kept; or
- the 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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 27, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Tina Allison
Senior Statutory Auditor
For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor
St. Bride's House
Salisbury Square
London
EC4Y 8EH

Statement of Financial Activities

(including the Income and Expenditure Account)
for the year ended 30 June 2017

		Unrestricted Funds			Restricted Funds	Endowed Funds	2017 Total	2016 Total
Note		The Schools £'000	Community Activities £'000	Endowment Income £'000				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME								
Income from charitable activities								
School fees receivable	2	47,395	-	-	-	-	47,395	47,178
Other income	2	2,041	114	30	-	-	2,185	2,613
Resources from generated funds								
Donations		-	-	-	167	-	167	194
Activities for generating funds								
- Investment income	3	2	-	817	-	1,590	2,409	2,269
- Other income	4	249	-	-	-	-	249	238
Other incoming resources	4	10	-	-	379	-	389	693
Total income		49,697	114	847	546	1,590	52,794	53,185
EXPENDITURE								
Expenditure on raising funds								
Financing costs		1	-	9	-	-	10	11
Investment management		-	-	168	-	30	198	372
		1	-	177	-	30	208	383
Charitable activities								
Education		48,045	187	675	92	-	48,999	49,094
Relief		-	1,389	-	-	-	1,389	1,017
Recreation		-	74	3	-	-	77	18
		48,045	1,650	678	92	-	50,465	50,129
Total expenditure	5,6	48,046	1,650	855	92	30	50,673	50,512
Operating surplus		1,651	(1,536)	(8)	454	1,560	2,121	2,673
Net gains on investments		-	213	-	-	9,909	10,122	7,853
Net income		1,651	(1,323)	(8)	454	11,469	12,243	10,526
Transfers between funds, including distribution of endowment income	7	2,677	1,397	(1,100)	(6)	(2,968)	-	-
Pension scheme actuarial (loss)/gain	15	(629)	-	-	-	-	(629)	214
Net movement in funds		3,699	74	(1,108)	448	8,501	11,614	10,740
Brought forward balance 1 July		52,525	4,516	15,054	3,386	83,782	159,263	148,523
Balances carried forward at 30 June		56,224	4,590	13,946	3,834	92,283	170,877	159,263

The notes on pages 34 to 55 form part of these financial statements.

Balance Sheet

at 30 June 2017

FIXED ASSETS

Properties used for charitable activities

- Schools and almshouses

Investment properties

- London commercial estate

- Bedford commercial estate

Investments

CURRENT ASSETS

Stocks

Debtors

Cash at bank and in hand

Creditors: due within one year

Net current assets

Total assets less current liabilities

Creditors due after more than one year

Net assets excluding pension liability

Defined benefit pension scheme liability

NET ASSETS OF THE CHARITY

PROVIDED FROM:

Endowed funds

Restricted funds

Unrestricted funds

- Designated funds

- General funds

Note	2017		2016	
	£'000	£'000	Reclassified £'000	£'000
8		62,812		57,086
	4,717		4,717	
	4,500		4,500	
		9,217		9,217
		72,029		66,303
9		100,853		90,346
	13		24	
10	8,483		13,225	
19	6,790		5,599	
	15,286		18,848	
11	(15,982)		(15,365)	
		(696)		3,483
		172,186		160,132
12		(1,309)		(869)
		170,877		159,263
15		-		-
		170,877		159,263
13,20		92,283		83,782
13		3,834		3,386
13		52,574		51,965
13		22,186		20,130
		170,877		159,263

The notes on pages 34 to 55 form part of these financial statements.

The financial statements on pages 31 to 55 were approved by Trustees on
on their behalf by:

and signed

Murray Stewart
Chairman of the Trust

Justin Phillimore
Chairman of Administration and Audit Committee

Cash Flow Statement

for the year ended 30 June 2017

		2017		2016	
		Reclassified			
Note		£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities					
18			8,253		2,513
Cash flows from investing activities:					
Proceeds of sale of tangible fixed assets		-		3,838	
Purchase of tangible fixed assets		(9,084)		(6,099)	
Proceeds of sale of investments		1,584		2,419	
Purchase of investments		(1,969)		(1,467)	
Net cash (used in) investing activities			(9,469)		(1,309)
Cash flows from financing activities:					
Reclassification to investment		-		(7,800)	
Investment income		2,409		2,269	
Finance (charges)/income		(2)		(11)	
Net cash provided by financing activities			2,407		(5,542)
Change in cash and cash equivalents in the year			1,191		(4,338)
Cash and cash equivalents at the beginning of the year					
19			5,599		9,937
Cash and cash equivalents at the end of the year					
19			6,790		5,599

The notes on pages 34 to 55 form part of these financial statements.

1 Accounting Policies

(a) Basis of Accounting

The Harpur Trust stems from a gift of property in Bedford and London made by Sir William Harpur and his wife in 1566 to the town of Bedford. The charity is registered (number 1066861) and was incorporated as a company limited by guarantee on 1 July 2012 (company number 3475202). The company is incorporated in the United Kingdom and its registered address is given on page 27.

The endowed properties ('specie' land) and assets continue to be held in The Harpur Foundation. The Harpur Trust is the sole corporate trustee of The Harpur Foundation and a 'Uniting Order' was obtained from the Charity Commission, which removes the need to prepare separate accounts for both company and trust.

The financial statements have been prepared under the historical cost convention, subject to carrying fixed asset investments at market value, and in accordance with the Charities SORP (FRS102), and with applicable accounting standards and current statutory requirements.

The Trustees of The Harpur Trust are also the Trustees of The Randall Cottage Homes Charity, which operates a group of almshouses in The Harpur Trust's area of benefit. During 2004, the Charity Commission granted a uniting direction, and therefore the results for the year are included with those of The Harpur Trust.

(b) Basis of Preparation

Having reviewed the funding facilities available to the charity together with the expected ongoing demand for places at the schools and future projected cash flows, the Trustees have a reasonable expectation that the group has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities for the financial statements on page 24.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

The Harpur Trust meets the definition of a public benefit entity under the guidance issued by the Charity Commission.

(c) Financial Instruments

The Harpur Trust 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 amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors (excluding prepayments). Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors (excluding fees in advance and PAYE amounts).

At the balance sheet date the charity held financial assets at amortised cost of £13.911m (2016: £17.281m) (being cash and debtors excluding prepayments) and financial liabilities at amortised cost of £16.618m (2016: £15.526m) (being creditors less tax and social security amounts). The value of financial assets held at fair value, with gains and losses taken through income or expenditure, was £100.853m (2016: £90.346m).

(d) Tangible Fixed Assets

(i) Properties used for charitable activities

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Operating land under continuing use is included at a Trustees' valuation based on recreational usage. Land intended for sale is included at open market valuation. Plant and equipment acquired since 1 September 1995 are capitalised where the cost of the asset exceeds £5,000.

1 Accounting Policies (continued)

(ii) Investment properties

The London Estate properties are included in the accounts at an open market valuation carried out on 30 June 2015 by Farebrother, Chartered Surveyors, and the Pilgrim Centre Estate property is included in the accounts at an open market valuation on 30 June 2015 carried out by Kirkby & Diamond, Chartered Surveyors.

(e) Depreciation

Depreciation is provided on operational fixed assets to write off their cost less estimated residual value over their estimated useful economic life by equal annual instalments as follows:

Plant and equipment - 3 to 10 years.

Operational buildings – 10 to 50 years.

(f) Investments

Quoted investments held for the long term to generate income or capital growth are carried at market value, and any change in value reflected through the Statement of Financial Activities.

(g) Stocks

Stocks are carried at the lower of cost or net realisable value.

(h) Taxation

The Harpur Trust is a registered charity, and as such is exempt from taxation on its income and gains to the extent that they are applied to its charitable objectives.

(i) Fees and Similar Income

Fee income is recognised in the year to which it relates, with arrears or payments in advance being shown under debtors and creditors as appropriate. Fees receivable are stated after deducting allowances, bursaries, scholarships and other remissions granted by the schools from their unrestricted funds.

Investment income is recognised on a received basis, with the exception of bank interest, which is recognised on an accruals basis.

Rental income from investment property is recognised on an accruals basis.

(j) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Support costs include the central functions and have been allocated to activities on a basis consistent with use of the resources.

Governance costs include those incurred in the governance of its assets and are associated with constitutional and statutory requirements.

The allocation and apportionment of central management costs of the Trust and the endowment to the individual operating units are based on an estimate of actual usage, as periodically reviewed by the Trustees.

1 Accounting Policies (continued)

(k) Pension Schemes

Teaching staff are eligible to join the Teachers' Pension Scheme administered by Teachers' Pensions, and contributions are made at rates set by the Scheme Actuary. The Trust runs a defined contribution stakeholder pension scheme for non-teaching staff.

The amounts charged to the Statement of Financial Activities in respect of pension costs to these two schemes are the contributions payable in the year.

Prior to April 2002 non-teaching staff were eligible to join the Non-teaching Staff Pension Scheme, administered by The Pensions Trust.

The difference between the fair value of the assets held in the Trust's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Trust's balance sheet as a pension scheme asset or liability as appropriate.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Trust are charged to the Statement of Financial Activities in accordance with FRS102.

(l) Uncertainties and Significant Judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include: pension liability, where management have needed to make a judgement on the main assumptions used in the valuation of the liability relating to the pension scheme; and Total Return, where management have taken a judgement on the application of the Total Return values across the endowment funds.

(m) Operating Leases

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the lease term.

(n) Grants Payable

Grants payable are recognised when a legal or operationally binding commitment has been made to make the grant.

(o) Fund Structure

Endowment funds are held on trust to be retained for the benefit of the Trust as capital funds.

Restricted funds may only be applied for a particular purpose, as specified by the donor.

Unrestricted funds:

General funds are those which are available to be applied for the general purposes of the Trust.

Designated funds are unrestricted funds which have been set aside by the Trustees for a particular purpose.

(p) Total Return Investment Policy

The Trustees have adopted a total return approach to investment and spending, as permitted under the Trusts (Capital and Income) Act 2013 and the Charity Commission regulations associated with it. This was approved by the Trustees in May 2014 and brought into effect from 1 July 2014 using a base date for the commencement of the policy of 30 June 2012.

2 Income from Charitable Activities

	2017 Total £'000	2016 Total £'000
Fees receivable		
Gross fees	51,522	51,271
Less: total scholarships and bursaries	(2,677)	(2,725)
	48,845	48,546
Less: discounts	(1,450)	(1,368)
	47,395	47,178

Scholarships and bursary awards were paid to 281 pupils (2016: 312). Within this means-tested bursaries totalling £2,469,509 were paid to 210 pupils (2016: £2,491,393 to 231 pupils).

	2017 Total £'000	2016 Total £'000
Other Income		
Entrance and registration fees	154	253
Courses	193	196
Lettings	552	521
Almshouses	114	200
School uniforms	30	125
Trips	1,142	1,318
	2,185	2,613

3 Investment Income

	2017 Total £'000	2016 Total £'000
Quoted investments	1,593	1,463
Property	782	727
Bank interest	34	79
	2,409	2,269

4 Other Income

	2017 Total £'000	2016 Total £'000
Activities to generate funds		
Catering	249	238
	249	238
Incoming resources		
Sale of fixed assets	379	620
Sundry	10	73
	389	693

5 Total Expenditure

	Staff costs	Other	Depreciation	2017 Total	2016 Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds					
Financing costs	-	10	-	10	11
Investment management	100	98	-	198	372
	100	108	-	208	383
Charitable activities					
Education					
Governance costs	262	248	-	510	612
Teaching	25,446	4,024	476	29,946	29,957
Welfare (including catering)	913	2,470	81	3,464	3,506
Premises	2,005	4,413	2,671	9,089	8,697
Grants, awards & prizes	-	179	-	179	526
Support costs	4,555	1,170	86	5,811	5,796
Relief					
Grants	-	828	44	872	448
Almshouses	-	169	-	169	229
Support costs	266	82	-	348	340
Recreation					
Grants, awards & prizes	-	74	-	74	15
Support costs	-	3	-	3	3
Total charitable activities	33,447	13,660	3,358	50,465	50,129
Total resources expended current year	33,547	13,768	3,358	50,673	-
Total resources expended prior year	33,586	13,748	3,178		50,512

Support costs have been allocated on a basis consistent with the use of resources.

6 Staff Costs

	2017	2016
	Total	Total
	£'000	£'000
Total resources expended includes:		
Auditors' remuneration:		
For audit	48	47
For audit under/(over)-accrued in prior year	-	4
For other non-audit services	2	4
Staff costs:		
Wages and salaries	26,678	26,924
Social security costs	2,431	2,054
Pension costs	3,708	3,923
Other costs	730	685
	33,547	33,586

Redundancy and termination payments of £15,396 were paid during the year (2016: £91,163). There were no amounts outstanding to be paid at the year end. Two separate non-contractual payments were made of £26,826 (2016: one of £24,656).

	No.	No.
Average number of paid employees	1,092	1,120

The number of employees whose emoluments (including benefits in kind) exceeded £60,000 were:

£60,001 - £70,000	12	10
£70,001 - £80,000	5	6
£80,001 - £90,000	5	5
£90,001 - £100,000	2	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	2
£130,001 - £140,000	3	1
£140,001 - £150,000		1
£150,001 - £160,000	1	-

Nine people were classified as key management personnel (2016: 9). The cost of these employees was £1,116,841 (2016: £1,073,567).

Contributions were made to the Teachers' Pension Scheme for 19 higher paid employees (2016: 17 employees), to a defined benefit scheme administered by The Pensions Trust for no higher paid employee (2016: 1 employee) and contributions were made to a defined contribution scheme for 9 employees amounting to £74,495 (2016: £67,979 relating to 8 employees).

Neither the Trustees nor persons connected with them received any remuneration or other benefits from the Trust or any connected organisation. Trustees are entitled and encouraged to reclaim reasonable expenses in attending meetings, and during the year 8 Trustees claimed in total £2,796 (2016: 6 Trustees claimed a total of £2,671).

7 Transfers between Funds

	2016				
	Schools	Charitable	Endowment Income	Restricted	Endowment Capital
	£'000	£'000	£'000	£'000	£'000
Interest reallocation	8	9	(17)		
Allocation transfers relating to total return policy:					
Returns on permanent endowment investments		1,388	764		(2,152)
Returns on Elger investments	39				(39)
Returns on Luff investments	71				(71)
Returns on expendable endowment investments			653		(653)
Returns on prize fund investments				53	(53)
Reclassification of funds	2,559		(2,500)	(59)	
	2,677	1,397	(1,100)	(6)	(2,968)

Interest reallocation transfers reflect the apportionment of interest earned on overall cash balances to the relevant funds.

Transfers relating to the total return policy are made to reflect the apportionments of the investment income and capital returns made on the pooled investment portfolios to the constituent funds.

The reclassification of funds relates to sums moved to be used against specific expenditure in the schools, for example £2.5m of funds relating to the reprovision of school playing fields was moved from endowment income to schools.

8 Tangible Fixed Assets

2016/17				
Investment Property	Operational Land and Buildings	Assets Under Construction	Plant and Equipment	Total
£'000	£'000		£'000	£'000
Cost or valuation				
Balance brought forward	9,217	4,887	10,741	101,437
Additions	76,592	380	1,612	9,084
Revaluation	-	-	-	-
Transfer	7,092	(4,887)	-	-
Disposals	4,887	-	(3,718)	(3,718)
Carried forward	9,217	380	8,635	106,803
Depreciation				
Balance brought forward	-	-	8,756	35,134
Charge for year	26,378	-	887	3,358
Disposals	2,471	-	(3,718)	(3,718)
Carried forward	-	-	5,925	34,774
Net book values				
Net book value at 30 June 2017	9,217	380	2,710	72,029
Net book value at 30 June 2016	9,217	4,887	1,985	66,303
Historical cost				
at 30 June 2017	5,697	380	2,710	58,266
at 30 June 2016	5,697	4,887	1,985	52,540

Operational land and buildings includes freehold land of £1,070,540 (2016: £1,070,540).

Additions during the year all related to school developments, with BMS science building being completed during the year.

Assets under construction relate to BGS Drama studio and refurbishment work on a property at Bedford School.

9 Investments

2016/17				
	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Balance brought forward	15,244	623	74,479	90,346
Additions	300	-	1,669	1,969
Disposals	-	-	(1,584)	(1,584)
Revaluations	782	46	9,294	10,122
Balance carried forward	16,326	669	83,858	100,853
Held as:				
Quoted investments	6,376	419	82,222	89,017
Cash	9,950	250	1,636	11,836
	16,326	669	83,858	100,853

In addition, investment properties of £9,217,000 (2016: £9,217,000) have been included in note 8.

The Trustees approved the use of a Total Return Policy with effect from July 2014 in respect to its permanent endowments in May 2014.

10 Debtors due within one year

	2017 Total £'000	2016 Total £'000
Debtors due within one year		
Fees	2,886	2,690
Trade debtors	469	548
Sundry debtors	172	1,220
Sale of land debtor	3,594	3,548
Prepayments and accrued income	1,362	1,543
	8,483	9,549
Debtors due after more than one year		
Sale of land debtor	-	3,676
Total debtors	8,483	13,225

11 Creditors falling due within one year

	2017 Total £'000	2016 Total £'000
Fees received in advance (see note 11(a))	576	674
Deposits	3,511	3,361
Trade creditors	2,164	1,350
Taxation and social security	672	708
Charitable grants	2,508	2,666
Other creditors	1,748	1,735
Accruals	4,803	4,871
	15,982	15,365

11 (a) Fees received in advance

Parents may enter into a contract whereby, on payment of a lump sum, the Trust guarantees a sum to be set against future school fees. The sum deposited, in so far as it has not been utilised, is repayable on demand. Deposits received by the Trust under this scheme are held as cash, with the interest earned accruing to meet the guaranteed liabilities.

	2017 £'000	2016 £'000
Balance of deposits and accrued income held at 1 July	1,543	1,709
New deposits received	1,125	726
Deposits refunded	-	-
Provision against future liability	32	-
Investment income allocated	21	17
	2,721	2,452
Amounts utilised in payment of fees	(836)	(909)
Balance of deposits and accrued income held at year end	1,885	1,543

The sum held is shown as a current liability due to the nature of the agreements. However, assuming that the sums deposited are held until maturity, the amounts guaranteed to be applied against future fees fall due as follows:

Within 1 year	576	674
Within 1 to 2 years	363	298
Within 2 to 5 years	620	428
After 5 years	326	143
	1,885	1,543

12 Creditors due after more than one year

	2017 £'000	2016 £'000
Fees received in advance (see note 11(a))	1,309	869
	1,309	869

13 Funds

(a) Allocation of the Trust's net assets

	2016/17					
	Unrestricted Funds					
	School	Community	Endowment	Restricted	Endowed	
	£'000	Activities	Income	Funds	Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operational fixed assets	58,287	645	465	-	3,415	62,812
Investment properties	-	-	4,500	-	4,717	9,217
Investments	8,100	3,078	5,159	662	83,854	100,853
Net current (liabilities)/assets	(8,854)	867	3,822	3,172	297	(696)
Long term liabilities	(1,309)	-	-	-	-	(1,309)
	56,224	4,590	13,946	3,834	92,283	170,877

(b) Movement of funds

Opening Balance	Incoming Resources	Resources Expended	Transfers, Investment Gains/ (Losses)	Closing Balance	Note
£'000	£'000	£'000	£'000	£'000	

Unrestricted funds

The Schools

Designated funds

Operational land and properties	32,575	-	(1,551)	5,662	36,686	(i)
Bursary funds	5,987	86	(2,666)	2,346	5,753	(ii)
Maintenance funds	545	-	(458)	890	977	(iii)
Development funds	5,161	59	(1,169)	(53)	3,998	(iii)

Income reserves

School income reserves	8,257	49,552	(42,202)	(6,797)	8,810	
	52,525	49,697	(48,046)	2,048	56,224	

Community activities

Designated funds

Major projects fund	458	4	-	100	562	
450th events/community fund	87	-	(60)	50	77	
Almshouse replacement	994	-	-	130	1,124	(iv)
Maintenance funds	79	105	(112)	-	72	
Operational properties	673	-	(45)	-	628	(i)
Social investments	2,000	5	(1)	-	2,004	(v)

Income reserves

Community activities income reserves	225	-	(1,432)	1,330	123
	4,516	114	(1,650)	1,610	4,590

13 Funds (continued)

	Opening balance	Incoming Resources	Resources Expended	Transfers, Investment Gains/ (Losses)	Closing Balance	Note
(b) Movement of funds (continued)	£'000	£'000	£'000	£'000	£'000	
Endowment income						
Designated funds						
Property development fund	441	-	(213)	-	228	
Operational land	465	-	-	-	465	(i)
School playing field reprovion	2,500	-	-	(2,500)	-	(vi)
	3,406	-	(213)	(2,500)	693	
Income reserves						
Endowment income reserves	11,648	847	(642)	1,400	13,253	
	15,054	847	(855)	(1,100)	13,946	
Restricted funds						
Prize funds	552	3	(10)	53	598	
Appeals and donations	2,219	83	(78)	(59)	2,165	(vii)
Randalls Cottage fund	615	460	(4)	-	1,071	(viii)
	3,386	546	(92)	(6)	3,834	
Endowed funds						
Endowment investment fund	56,478	-	-	1,412	57,890	
Elger fund	1,019	-	-	25	1,044	
Luff fund	1,873	-	-	47	1,920	
Unapplied Total Return	14,684	1,590	(30)	5,412	21,656	
Cattleya fund	171	-	-	45	216	
Quoted schools investments	6	-	-	-	6	
London commercial estate	4,717	-	-	-	4,717	
Operational land and buildings	4,834	-	-	-	4,834	
	83,782	1,590	(30)	6,941	92,283	

Notes to designated funds

(i) Operational land and buildings funds - these represent the reserves which are retained to finance the freehold land and property, which are being utilised by the charity and include the schools, almshouses and offices. The annual expenditure relates to the depreciation charge for the assets.

(ii) Bursary funds - these are reserves held by each school in order to contribute towards the future liabilities for bursary awards. The expenditure is reviewed on an annual basis by the bursary committee of each school. There is a Trust policy that these reserves should be between one and two times the amount of annual expenditure from the fund.

(iii) Maintenance and development funds - these are funds set aside for any significant future maintenance on the school properties and building projects. The school committees review these funds each year and use them to fund upcoming major projects.

(iv) Almshouse replacement fund - these reserves are set aside in order to finance replacement almshouse accommodation. These are expected to be used within the next two years in connection with new almshouse developments within Bedford.

(v) Social investment fund - as mentioned in the Trustees' Report, this fund has been set aside for use in a programme of social investments. The Trustees are still seeking a suitable investment opportunity which is aligned with the objectives of the charity.

(vi) School playing field reprovion - these are funds set aside to cover the cost of the new playing fields for Bedford Girls' School. The fields will be in use after the year end and the funds will then be utilised against the cost of this asset.

(vii) Appeals and donations - these are restricted funds held by the schools which have arisen following specific appeals or donations, and are restricted by the donor for a specific purpose.

(viii) Randalls Cottage fund - these reserves have arisen during the year following the sale of almshouse properties. These funds can only be applied by the Trustees to provide, or secure the provision of, future almshouse accommodation.

14 Charitable Grants

Listed below are the grant commitments (all made by the Harpur Trust) of £1,000 and above made to institutions during the financial year:

Grant Recipient	Purpose of Grant Contribution	£
PROJECT 229 (IBBETT TRUST) & FAMILIES FIRST BEDFORDSHIRE	Space, a project for children affected by domestic abuse.	143,138
BEDFORD AND DISTRICT CITIZENS ADVICE BUREAU	Welfare Benefits Specialist	133,669
TIBBS DEMENTIA FOUNDATION	Music 4 Memory	80,066
THE LANGLEY HOUSE TRUST	Accommodation support workers for ex-offenders	78,000
KEECH HOSPICE CARE	Community based supportive care services for life-limited children and families in Bedford Borough	75,000
YMCA BEDFORDSHIRE	Fun 4 Young People	48,420
BEDFORD MUSIC IN DETENTION	Bedford Music in detention partnership	45,000
COMMUNITY AND VOLUNTARY SERVICE BEDFORDSHIRE	To provide support and advice for voluntary sector organisations	45,000
KING'S ARMS PROJECT	Outreach Worker for homeless people with No Recourse to Public Funds	40,356
BEDFORD COUNSELLING AND TRAINING	Affordable Counselling for Bedford	34,000
ORMISTON FAMILIES	Breaking Barriers Bedfordshire -support for children affected by imprisonment of family members	31,622
EMMAUS VILLAGE CARLTON	Silverbirches - new accommodation for homeless people	30,000
AMICUS TRUST	Mental health support for homeless people	25,360
CHURCH LANE COMMUNITY ASSOCIATION	Administrator for Newly Refurbished Church Lane Community Centre	15,000
SORTED COUNSELLING SERVICE	New day - counselling for survivors of sexual abuse	12,000
GRASSHOPPERS PRE-SCHOOL (DEAN UNDER FIVES GROUP)	Sustainability project	10,659
THE HARROLD CENTRE	Building for a Community	10,000
UPRISING	Uprising Leadership Programme	10,000
THE HILLS ACADEMY	Outdoor Play Equipment	5,000
FAITH COMMUNITY CHURCH	Building to house community projects	5,000
PUTNOE HEIGHTS CHURCH COMMUNITY CENTRE	Automatic Doors to provide Equal Access for all	5,000
WILLINGTON METHODIST CHURCH	Complete refurbishment of rooms used by the local community	5,000
VOLUNTARY AND COMMUNITY ACTION SOUTH BEDFORDSHIRE [VOLUNTARY AND COMMUNITY ACTION]	Bedford Work Club	4,900
Q:ALLIANCE	LGBTQ youth group	3,950
GREAT BARFORD VILLAGE HALL	Upgrade emergency lighting/replace hall lights with LED	3,810
QUEEN'S PARK COMMUNITY ORCHARD	Multi-Cultural Parade	3,062
BEDFORD CHORAL SOCIETY	150th Anniversary Challenge - New Music, New Members	2,000
LITTLE STAUGHTON VILLAGE HALL	Upgrade of Ladies toilet room	2,000
BEDFORDSHIRE AND NORTHAMPTONSHIRE MULTIPLE SCLEROSIS THERAPY CENTRE	Action Potential Simulation Therapy - Drug Free Pain Relief Treatment for people with Multiple Sclerosis	2,000
BEDFORD ASSOCIATION OF TOUR GUIDES	Education boards and blue plaques	1,950
BEDPOP	Teen Takeover	1,750
BEDPOP	BedPop Fun Palaces	1,500
BRITISH RED CROSS	British Red Cross wheelchair loan service in Bedford	1,200
TURVEY LOWER SCHOOL	Mobile Science Station	1,000
2ND BROMHAM GUIDES	Camping Equipment	1,000
THE LADY SMOCKERS (BLETSOE PLAYING FIELD STEERING GROUP)	Woodland Walk	1,000
AFC OAKLEY U8'S FOOTBALL TEAM 2016-17	Project Shade and Shelter	1,000
OSAGYEFO THEATRE COMPANY	African Music for Fun - workshops for schools	1,000
		920,412

14 Charitable Grants (continued)

	2017
	£
Grant commitments made by the Harpur Trust during the financial year (continued from previous page):	920,412
Seven grants under £1,000 to organisations	5,718
Two grants to individuals	2,500
College bursary programme (individuals)	20,000
University bursary programme (individuals)	77,600
School uniform grants (individuals)	10,850
	1,037,080
Less grants written back in year	(59,520)
Net grants made under the general charitable activities object	977,560

Analysis of total grants, awards and prizes by charitable activity

	2017	2016
	Total	Total
	£'000	£'000
General charitable grants awards and prizes (as detailed above)	978	845
Community activities	50	63
Social investment	1	
Grants to school related entities	36	72
Scholarships, awards and prizes	16	9
Total grants, awards and prizes	1,081	989

	Community Activities	Schools /other	2017 Total	2016 Total
	£'000	£'000	£'000	£'000
Analysis of total grants, awards and prizes by charitable activity:				
Education	127	52	179	526
Relief	827	1	828	448
Recreation	74		74	15
	1,028	53	1,081	989

15 Pension Costs

(a) Teaching staff

The Trust participates in the Teachers' Pension Scheme (England and Wales) (the "TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £2,644,681 (2016: £2,671,481) and at the year-end £355,150 (2016 : £359,352) was accrued in respect of employer and employee contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 and, from 1 April 2014, the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016 and completed in 2018, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

(b) Non-teaching staff final salary scheme

Although now closed to new members, the Trust operates a defined benefit pension scheme for permanent non teaching staff, which is administered by The Pensions Trust, the assets of which are held in separate trustee administered funds. The pension cost is assessed in accordance with the advice of professionally qualified actuaries. Details of the most recent valuation, which was carried out using the attained age method, are as follows:

Main assumptions

Rate of price inflation (CPI)	1.8% p.a.
Return on investments	- pre-retirement 5.4% p.a.
	- post retirement 2.7% p.a.
Increase in earnings	3.7% p.a.
Market valuation of investments at last valuation date	£25,237,000
Level of funding	91%
Date of valuation	30 September 2015

As a result of the actuarial valuation, fixed annual contributions of £500,000 were payable with effect from 1 October 2016 (decreased from £812,761). This sum will be increased by an inflation factor each October. Currently the future service contribution rate (FSCR) is 31.9% of which 12.8% is paid by employees.

An FRS102 actuarial valuation was carried out at 30 June 2017 by a qualified independent actuary using revised assumptions that are consistent with the requirements of FRS 102. Investments have been valued, for this purpose, at fair value.

The surplus linked to defined benefit scheme is not a recoverable amount and therefore has not been recognised in the financial statements in accordance with FRS 102.

15 Pension Costs (continued)

	2017 Total £'000	2016 Total £'000
(i) The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(28,251)	(26,415)
Fair value of plan assets	29,637	26,957
Adjustment for unrecognised surplus	(1,386)	(542)
Deficit	-	-
Amounts in the balance sheet:		
Net liability	-	-
(ii) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	26,415	26,485
Service cost	166	221
Interest cost	778	947
Employee contributions	80	85
Actuarial loss	2,020	766
Benefits paid	(1,208)	(2,089)
Defined benefit obligation at end of year	28,251	26,415
(iii) Changes in fair value of the scheme assets are as follows:		
Opening fair value of the scheme assets	26,957	25,523
Interest income	803	926
Actuarial gain	2,235	1,522
Employer contributions	770	990
Employee contributions	80	85
Benefits paid	(1,208)	(2,089)
Fair value of scheme assets at the end of the year	29,637	26,957
(iv) The amounts included within the Statement of Financial Activities are as follows:		
Defined benefit costs recognised in surplus:		
Current service cost	77	133
Expenses	89	88
Net interest cost	(25)	21
Total defined benefit costs recognised in surplus	141	242
Defined benefit costs recognised in other comprehensive income:		
Return on scheme assets	2,235	1,522
Experience gains and losses	407	369
Effect of changes in demographic and financial assumptions	(2,427)	(1,135)
Effect of changes in the amount of surplus that is not recoverable	(844)	(542)
Total amount recognised in other comprehensive income - surplus	(629)	214

The Trust expects to contribute approximately £725,000 for the year ending 30 June 2018.

15 Pension Costs (continued)

- (v) The major categories of scheme assets as a percentage of total scheme assets are as follows:

Equities
Fixed interest gilts/bonds
Property
Cash/other

2017	2016
54.8%	51.5%
38.7%	40.8%
6.4%	7.0%
0.1%	0.7%

The overall expected rate of return on the scheme assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

The actual return on the scheme assets in the year

£'000	£'000
3,038	2,448

- (vi) Principal assumptions at the balance sheet date (expressed as weighted averages)

Discount rate at 30 June
Rate of increase in salaries
Rate of increase of pensions in payment – CPI 5%
Rate of increase of pensions payment – CPI 2.5%
Rate of increase of pensions in deferment
Inflation assumption (RPI)
Inflation assumption (CPI)

2017	2016
2.55%	3.00%
3.25%	2.80%
2.30%	1.90%
1.75%	1.60%
3.25%	2.80%
3.25%	2.80%
2.25%	1.80%

Demographic Assumptions

Pre-retirement mortality

Assumed life expectancy at age 65:	Assumed life expectancy at age 65:
Males: 24.4 years	Males: 24.8 years
Females: 25.8 years	Females: 26.3 years

Post-retirement mortality for non pensioner members

Males: 23.0 years	Males: 23.1 years
Females: 24.6 years	Females: 24.8 years

- (vii) The amounts for the current and previous periods are as follows:

	2017 Total £'000	2016 Total £'000	2015 Total £'000	2014 Total £'000	2013 Total £'000
Defined benefit obligation	(28,251)	(26,415)	(26,485)	(25,280)	(23,365)
Scheme assets	29,637	26,957	25,523	23,536	21,826
Scheme surplus/(deficit)	1,386	542	(962)	(1,744)	(1,539)
Experience adjustments on scheme liabilities	407	369	167	120	(1,836)
Experience adjustments on scheme assets	2,235	1,522	1,167	-	-

(c) Non-teaching staff defined contribution scheme

The Trust also runs a stakeholder compliant scheme for non-teaching staff, which opened to members on 1 April 2001 and is a defined contribution scheme. The cost for the year represents the Trust's contributions to the scheme of £435,010 (2016: £419,084).

(d) Pension Trust Growth Plan

The Trust has four employees who are active members in a multi-employer pension scheme known as the Pension Trust Growth Plan. The scheme provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. However, It is not possible for the Trust to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, and therefore it accounts for the scheme as a defined contribution scheme. The value of the Trust's liability (being the present value of the contributions payable that arise from the deficit recovery agreement) is not material to these financial statements and has not been recognised in the balance sheet.

16 Commitments under Operating Leases

At 30 June 2017 the Trust has total commitments under non-cancellable operating leases as follows:

Within one year

Between two and five years

More than five years

These operating leases relate to some operational buildings, photocopiers, school vehicles and other office equipment.

2017 Total	2016 Total
£'000	£'000
166	153
260	224
-	12

At 30 June 2017 the Trust has total income commitments under tenant leases as follows:

Within one year

Between two and five years

More than five years

These leases relate to lease premises in Holborn and Bedford.

2017 Total	2016 Total
£'000	£'000
657	631
946	1,004
28,523	28,748

17 Capital Commitments

At 30 June 2017, there were outstanding contractual commitments totalling £1,250,907 (2016: £ 6,810,928) in respect of three building/refurbishment projects worth £1,702,665 (2016: £12,564,302).

18 Reconciliation of Net Income to Net Cash from Operations

Net income for the year as per the Statement of Financial Activities

Adjusted for:

Investment income

Investment disposal/revaluation

Financing costs

Depreciation charges added back

Unrealised proceeds from Bromham Road land sale

Profit on sale of fixed assets

Decrease in stocks

Decrease/(increase) in debtors

Decrease /(increase) in creditors due within one year

(Decrease) in creditors due after more than one year (excl. pension fund deficit)

Pension fund FRS17 charges

adjusted for employer pension fund contributions

Increase/(decrease) in pension fund deficit from investment losses/gains

2017 Total	2016 Total
£'000	£'000
2,121	2,673
(2,409)	(2,269)
-	-
10	11
3,358	3,178
-	7,224
-	(819)
11	85
4,742	(7,525)
609	552
440	(63)
141	242
(770)	(990)
-	214
8,253	2,513

Net cash (used in)/provided by operating activities

19 Analysis of Cash and Cash Equivalents

	2017 Total	2016 Total
	£'000	£'000
Cash at bank	992	1,536
Notice deposits (less than 3 months)	5,798	4,063
Total cash and cash equivalents	6,790	5,599

Cash balances have been restated for 2016 to reflect cash which is being held for investment purposes (2016: £7.8m).

20 Statement of Total Return

Endowment Funds operating under the Total Return Policy	Balance at 30 June 2016	Income, gains and transfers during year	Application of Total Return to protect real value of endowment	Application of Total Return for spending	Balance at 30 June 2017
	£'000	£'000	£'000	£'000	£'000
Protected funds					
Investment fund	56,478	-	1,412	-	57,890
Elger fund	1,019	-	25	-	1,044
Luff fund	1,873	-	47	-	1,920
Unapplied Total Return					
Investment fund	13,997	10,199	(1,412)	(2,152)	20,632
Elger fund	276	183	(25)	(39)	395
Luff fund	411	336	(47)	(71)	629
Transfer of returns relating to unprotected funds	-	706	-	(706)	-
	74,054	11,424	-	(2,968)	82,510
Other Permanent Endowment Funds					
London estate	4,717	-	-	-	4,717
Pilgrims school land & buildings	4,462	-	-	-	4,462
Almshouses	372	-	-	-	372
Cattleya fund	171	45	-	-	216
Sundry investments	6	-	-	-	6
	83,782	11,469	-	(2,968)	92,283

As permitted by the Charity Commission the trustees have opted to invest the endowment on a total return basis which means they can spend from capital or income whichever seems most efficient. They have also resolved that the trust's total expenditure in each year shall be calculated in accordance with a spending rule that assumes a long term spend rate of 3.5% of the permanent endowment fund.

In the current year the formula gives permitted expenditure of £2,152,000 and of that £1,512,000 was derived from income arising from the portfolio. The balance of £640,000 has been taken from capital and is deducted from the end of period portfolio valuations.

21 Related parties

There were no related party transactions in the year (2016: £nil).

22 Prior Year Statement of Financial Activities

		Unrestricted Funds					
	Note	The Schools	Community Activities	Endowment Income	Restricted Funds	Endowed Funds	2016 Total
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Income from charitable activities							
School fees receivable	2	47,178	-	-	-	-	47,178
Other income	2	2,299	200	114	-	-	2,613
Resources from generated funds							
Donations		93	-	-	101	-	194
Activities for generating funds							
- Investment income	3	14	-	792	3	1,460	2,269
- Other income	4	238	-	-	-	-	238
Other incoming resources	4	78	-	-	615	-	693
Total income		49,900	200	906	719	1,460	53,185
EXPENDITURE							
Expenditure on raising funds							
Financing costs		(5)	-	16	-	-	11
Investment management		-	-	199	-	173	372
		(5)	-	215	-	173	383
Charitable activities							
Education		47,971	517	587	19	-	49,094
Relief		-	1,017	-	-	-	1,017
Recreation		-	15	3	-	-	18
		47,971	1,549	590	19	-	50,129
Governance costs							
		-		-	-	-	-
Total expenditure	5,6	47,966	1,549	805	19	173	50,512
Operating surplus							
		1,934	(1,349)	101	700	1,287	2,673
Net gains on investments		-	21	25	-	7,807	7,853
Net income							
		1,934	(1,328)	126	700	9,094	10,526
Transfers between funds, including distribution of endowment income	7	1,436	3,357	(1,965)	42	(2,870)	-
Revaluation of fixed assets		-	-	-	-	-	-
Pension scheme actuarial gain/(loss)	15	214	-	-	-	-	214
Net movement in funds		3,584	2,029	(1,839)	742	6,224	10,740
Brought forward balance 1 July		48,941	2,487	16,893	2,644	77,558	148,523
Balances carried forward at 30 June		52,525	4,516	15,054	3,386	83,782	159,263

23 Prior Year Funds

(a) Allocation of the Trust's net assets

	2015/16					
	Unrestricted Funds					
	School	Community	Endowment	Restricted	Endowed	
	Activities	Income	Funds	Funds	Total	
	£'000	£'000	£'000	£'000	£'000	£'000
Operational fixed assets	52,401	689	465	-	3,531	57,086
Investment properties	-	-	4,500	-	4,717	9,217
Investments	-	3,006	4,405	616	74,519	82,546
Net current (liabilities)/assets	993	821	5,684	2,770	1,015	11,283
Long term liabilities	(869)	-	-	-	-	(869)
	52,525	4,516	15,054	3,386	83,782	159,263

(b) Movement of funds

	Opening Balance	Incoming Resources	Resources Expended	Transfers, Investment Gains/ (Losses)	Closing Balance	Note
	£'000	£'000	£'000	£'000	£'000	
Unrestricted funds						
The Schools						
Designated funds						
Operational land and properties	33,055	-	(2,279)	1,799	32,575	(i)
Bursary funds	6,093	-	(2,647)	2,541	5,987	(ii)
Maintenance funds	563	8	(369)	343	545	(iii)
Development funds	4,376	40	(476)	1,221	5,161	(iii)
	44,087	48	(5,771)	5,904	44,268	
Income reserves						
School income reserves	5,816	49,852	(42,943)	(4,468)	8,257	
Pension fund deficit	(962)	-	748	214	-	
	48,941	49,900	(47,966)	1,650	52,525	
Community activities						
Designated funds						
Major projects fund	303	-	-	155	458	
450th events fund	86	-	(99)	100	87	
Almshouse replacement	984	-	(11)	21	994	(iv)
Maintenance funds	75	-	-	4	79	
Operational properties	717	-	(44)	-	673	(i)
Social investments	-	-	-	2,000	2,000	(v)
	2,165	-	(154)	2,280	4,291	
Income reserves						
Community activities income reserves	322	200	(1,395)	1,098	225	
	2,487	200	(1,549)	3,378	4,516	

23 Prior Year Funds (continued)

	Opening balance £'000	Incoming Resources £'000	Resources Expended £'000	Transfers, Investment Gains/ (Losses) £'000	Closing Balance £'000	Note
(b) Movement of funds (continued)						
Endowment income						
Designated funds						
Property development fund	306	114	21	-	441	
Operational land	675	-	-	(210)	465	(i)
School playing field reprovion	2,500	-	-	-	2,500	(vi)
	3,481	114	21	(210)	3,406	
Income reserves						
Endowment income reserves	13,412	792	(826)	(1,730)	11,648	
	16,893	906	(805)	(1,940)	15,054	
Restricted funds						
Prize funds	546	3	(10)	13	552	
Appeals	2,098	101	(9)	29	2,219	(vii)
Randalls Cottage fund	-	615	-	-	615	(viii)
	2,644	719	(19)	42	3,386	
Endowed funds						
Endowment investment fund	55,808	-	-	670	56,478	
Elger fund	1,007	-	-	12	1,019	
Luff fund	1,851	-	-	22	1,873	
Unapplied Total Return	9,167	1,460	(173)	4,230	14,684	
Cattleya fund	168	-	-	3	171	
Quoted schools investments	6	-	-	-	6	
London commercial estate	4,717	-	-	-	4,717	
Operational land and buildings	4,834	-	-	-	4,834	
	77,558	1,460	(173)	4,937	83,782	

Notes to designated funds

(i) Operational land and buildings funds - these represent the reserves which are retained to finance the freehold land and property, which are being utilised by the charity and include the schools, almshouses and offices. The annual expenditure relates to the depreciation charge for the assets.

(ii) Bursary funds - these are reserves held by each school in order to cover the future liabilities for bursary awards. The expenditure is reviewed on an annual basis by the bursary committee of each school. There is a Trust policy that these reserves should be between one and two times the amount of annual expenditure from the fund.

(iii) Maintenance and development funds - these are funds set aside for any significant future maintenance on the school properties and building projects. The school committees review these funds each year and use them to fund upcoming major projects.

(iv) Almshouse replacement fund - these reserves are set aside in order to finance replacement almshouse accomodation. These are expected to be used within the next two years in connection with new almshouse developments within Bedford.

(v) Social investment fund - as mentioned in the Trustees' Report, this fund has been set aside for use in a programme of social investments. The Trustees are still seeking a suitable investment opportunity which is aligned with the objectives of the charity.

(vi) School playing field reprovion - these are funds set aside to cover the cost of the new playing fields for Bedford Girls' School. The fields will be in use after the year end and the funds will then be utilised against the cost of this asset.

(vii) Appeals - these are restricted funds held by the schools which have arisen following specific appeals or donations, and are restricted by the donor for a specific purpose.

(viii) Randalls Cottage fund - these reserves have arisen during the year following the sale of almshouse properties. These funds can only be applied by the Trustees to provide, or secure the provision of, future almshouse accomodation.