



George Heriot's School

Founded 1628

# Why Heriot's Needs Your Support



## THE FINANCIAL CASE

George Heriot's School  
Lauriston Place, Edinburgh EH3 9EQ

George Heriot's School is governed by  
George Heriot's Trust.

Scottish Charity number SC011463

# George Heriot's School

## The Financial Case for Support

### **Why Heriot's Needs Your Support**

George Heriot's bequest of 1624 and the generosity of countless others since, has resulted in the Heriot's we know today, and it is now the responsibility of this generation to maintain and build on the legacy we have inherited to ensure we hand the School on to future generations in even stronger shape than it is now.

As one of Scotland's leading schools we must continue to innovate and develop, ensuring current and future pupils continue to benefit from an all-round education of exceptional quality.

Our core income streams such as fees will continue to fund our day-to-day running costs but they will not be sufficient to fund major new initiatives nor can they provide long-term financial security for our Foundation which is at the very heart of Heriot's and makes the School unique. At present, five per cent of the pupil body at Heriot's are Foundationers but we cannot guarantee that level long term.

Ensuring a rounded social mix at Heriot's is also of paramount importance and we want to continue a high level of bursarial support to ensure that bright children with drive but without the means are still able to access a Heriot's education.

We know that many parents make significant financial sacrifices in order to fund a Heriot's education for their children, and thus increases in fees are aligned to necessary increases in core running costs such as salaries, pension requirements and essential maintenance of the School infrastructure. We do not have the benefit of a substantial endowment generating income to fund new capital projects and Foundation places.

We therefore must encourage and empower those who care passionately about Heriot's to support the school and the people it serves.

We recognise the responsibility this imposes on the School to manage our resources efficiently, to honour our obligations to donors and to be honest and transparent about the School's financial position.

This document provides a summary of the School's finances and the rationale for seeking your support. We welcome comments and questions, and copies of the School's audited accounts are available on request.

### **Financial Overview**

The School is full and Heriot's is in a sound financial position overall.

In 2013/14 Heriot's total income was £16 million, our total expenditure was £15 million and our operating surplus was £975,000. Annual operating surpluses are used to fund capital expenditure and loan repayments. A breakdown of Heriot's income and expenditure is shown below.

Heriot's currently has a bank borrowing facility of £7 million.

Heriot's has net assets of £55 million which include borrowing of £7.3 million (which funded the purchase of the Grassmarket Campus and the building of the Sports Centre) and an Endowment that is currently valued at approximately £2.3 million, generating income of £85,000 in 2013/14. Day to day management of the endowment is carried out by Speirs & Jeffrey and their work is overseen by the Bursar and the Governors' Investment Committee. Within the Endowment is a fund currently valued at £787,000 which is specifically supports the Foundation.

We recognise the need to increase our annual operating surpluses and to grow our philanthropic income to fund:

- Foundation places and other aided places;
- new transformative capital projects;
- and to grow an endowment that will secure the long-term future of the Foundation;

<b>Income and Expenditure</b>	<b>Income 2013/14</b>	<b>£000s</b>	<b>%</b>
	Fee Income (incorp. non-means tested remissions)	14,852	92.6
	Other income including trading activities <sup>i</sup>	714	4.3
	Philanthropic income	303	1.8
	General Investment income	126	0.8
	Endowment	85	0.5
	<b>TOTAL</b>	<b>16,080</b>	
	<b>Expenditure 2013/14</b>		
	Staff costs	10,623	70.3
	Education costs	745	4.9
	Foundation	768	5.1
	Bursaries	360	2.4
	Catering and domestic	195	1.3
	IT	85	0.6
	Estates maintenance	897	5.9
	Property improvement costs	279	1.8
	Administration, Development & Governance	641	4.2
	Finance charges	215	1.4
	Depreciation	297	2.0
	<b>TOTAL</b>	<b>15,105</b>	
	<b>Operating surplus</b>	<b>975</b>	
	<i>which funded:</i>		
	Net Capital expenditure	279	

Loan repayment	508
Other cash changes	219

**The Future** Demand for places is high and thus the School is full and we expect it to remain so in the years ahead. Ever increasing staffing and essential infrastructure maintenance mean that annual fee increases will not translate to any further unrestricted income for the School unless the fees are increased dramatically. We do not believe this would be in the interests of the school or the parent body.

However, it is crucial that we continue to innovate and develop, investing in high quality facilities for our pupils. The long term future of the Foundation must also be secured. The fees and costs of the seventy six Foundationers who are currently at Heriot's are being met almost wholly from fees. By building an endowment fund for the Foundation's future we will secure its place at Heriot's in perpetuity and will allow all fee income to be invested in the School.

In order to achieve our objectives we will work to make savings where it is possible to increase the level of our surplus.

Continuing the tradition of philanthropy initiated by George Heriot is also critically important to the future of the School. Funds raised will not be used to support the day-to-day running costs of the School, they will be focussed on enabling us to improve our facilities and enhance the security and reach of the Foundation.

Donors are welcome to earmark their gifts to the Foundation; a capital project; or allow us discretion in directing their support wherever the need is greatest at the time.

In summary, all those who care about George Heriot's can play an active part in ensuring that this great School continues to flourish whilst it is in our care. And, when the time comes, we are able to proudly hand it on to the next generation of Herioters in the best possible shape.

**Further Information** For more information about the School's development objectives or for details of how to make a gift, please contact:

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<sup>i</sup> Including Heriot Enterprises, Heriot Sports Centre, Refectory and School club fees