

LUDGROVE SCHOOL TRUST LIMITED
FEES IN ADVANCE SCHEME

The School wishes to draw to your attention the School's Fees in Advance Scheme which enables parents to make payment of all, or part, of the School's termly tuition fees by means of an advance lump sum payment.

It should be noted that payment of the advance lump sum does not guarantee or assist in obtaining a place at the School, nor does it exempt a parent from payment of entrance or registration fees.

For full details of the Fees in Advance Scheme, please see the attached FIA Terms and Conditions. Further details of the scheme are covered in the question and answer format that follows.

ADVANCE LUMP SUM PAYMENT

Question: Can any person pay the advance lump sum?

Answer: Yes. The advance lump sum may be paid by parents, grandparents, guardians or any other person able to help a boy's education. Please note that if the payer of the advance lump sum is different to the signatory of the parent contract with the College, the payer must also sign and accept the FIA Terms and Conditions. The College also reserves the right to conduct appropriate checks to verify the identity of the payer and the source of funds being paid into the scheme.

Question: What sum is required to defray future fees?

Answer: Please see the attached FIA Terms and Conditions as the lump sum amount required depends on the number of terms of your son's education at Ludgrove you would like to pay for in advance.

Question: Can the FIA Terms and Conditions be changed once the advance lump sum has been paid?

Answer: Normally no changes to the FIA Terms and Conditions will be made whilst you are a member of the scheme. However, the School does reserve the right to vary the conditions in the event of its status as a Charity being altered, or if there is a change to any legal or taxation arrangements which have or could reasonably be expected to have an impact on the School's running of the Scheme, or for any other substantive reason. In such a case, members will be given a minimum of 3 months' notice of any such change.

Question: What does the advance lump sum provide?

Answer: It secures payment towards fees at a given amount per term, for the number of terms selected, starting at a certain date.

Question: Can a lump sum be paid that does not cover the full fees?

Answer: Yes.

Question: What happens if the School's fees go up either before or after a boy starts at Ludgrove?

Answer: The person responsible for fees under the parent contract with the School (normally the parent or guardian) is responsible for meeting the difference between the new fees and the termly amount provided under the Fees in Advance scheme, or a further lump sum may be paid in increments equivalent to one term's fees.

REFUNDS

Question: Are there circumstances in which the lump sum may be repaid?

Answer: Yes. If a boy is withdrawn or excluded, if his place is cancelled before he joins, or if family circumstances change, the unused portion of the advance lump sum paid may be refunded to the person who paid it. A full term's notice of any intention to withdraw money from the scheme must be given.

Question: What is the position if a boy in respect of whom a lump sum payment has been paid subsequently receives a fee discount (for example, a means-tested bursary)?

Answer: The value of such an award will be credited each term in accordance with the rules governing the award. If, as a result of the award, the termly amount secured by the advance lump sum payment is more than is needed, a partial refund, subject to the rules described above, may be claimed.

Question: What is the position if the fees at the time of, or subsequent to, the boy's entry date are less than those in force when the advance lump sum payment was fixed?

Answer: In that unlikely event, surplus funds can be held by the school and used to offset any future fee increases or extras costs. Alternatively, you may opt to have refunded that proportion of the initial lump sum payment which equates pro rata to the actual reduction in fees, e.g. a 3% reduction means that 3% of the lump sum payment is refunded.

TRANSFERS

Question: In the event of the advance lump sum paid securing more fees than are required, may the excess be applied to a brother at Ludgrove?

Answer: Yes, the School may agree that the unused portion of the advance lump sum can be transferred between siblings at the School, provided that it receives no less than one term's prior written notice in accordance with the FIA Terms and Conditions.

TAXATION (See also paragraphs under Refunds)

Question: Is the parent subject to income tax or capital gains tax on the fees provided by the advance lump sum payment?

Answer: No. The payment of an advance lump sum is not subject to income tax or CGT. This can be beneficial when compared to other less tax efficient means of saving or investing the funds used to pay the lump sum.

Question: Are payments subject to inheritance tax?

Answer: We suggest that independent professional advice is taken in order to consider your particular circumstances. By way of general information, we understand that payments made from capital for education are wholly exempt from inheritance tax if they are made by the child's parent or person responsible for his education and maintenance.

Payments made by grandparents and others may be considered to be exempt provided the donor survives for 7 years, and are subject to reduced rates of tax if he or she survives for more than 3 years.

Question: Are payments exempt from VAT?

Answer: Yes - school fees are currently exempt from VAT and receipt by the School of fees in advance creates a tax point for VAT purposes. However, should HMRC apply VAT to school fees in future, they may also introduce forestalling provisions, the details of which are not yet known. In the event that VAT becomes payable at any time in the future on any of the costs covered by the advance lump sum the fee payer will become liable for this tax.

The answers given in this fact sheet are in accordance with the best information available to the School at the time of issuing.

Any person may apply to pay an advance lump sum in accordance with the School's Fees in Advance Scheme provided the boy in question has been offered a firm place. The FIA Application Form enclosed with this sheet should be completed and forwarded to The Bursar, Ludgrove School, Ludgrove, Wokingham, RG40 3AB, maura.brittain@ludgroveschool.co.uk, who will be pleased to answer any questions on the scheme.