



The Beacon

Advance Payment of Fees Scheme

Advanced Payment of Fees Scheme: some questions and answers

These questions and answers are for illustration purposes only and do not form part of any agreement between parents, payer or the School. If anyone seeks to rely on any information contained in this Appendix they should seek written confirmation from the School before entering into an agreement with the School.

Q What is meant by "Advance Payment of Fees"?

- A The School operates a scheme under which a family member, or someone else with the consent of the parents, may make an advance payment of fees by depositing a lump sum in the general funds of the School at any time after a place at the School has been accepted. In exchange for the Advance Payment, the School allows a discount in the fees, calculated at compound rates of interest.

An Advance Payment should be made by cheque or BACS and may cover any number of terms subject to a minimum of three terms and a maximum of the number of terms that would take the pupil up to the end of Year 8. Payments in cash cannot be accepted.

Q How is the discount calculated?

- A. The amount of the discount depends on interest rates and economic conditions at the time when the Advance Payment is made; it will be based upon the rate available for an equivalent term deposit at the time. A quotation will be provided on request. The example given below is for purposes of illustration only.

Example: A parent of a pupil about to enter Year 4 wishes to make an Advance Payment to cover the next nine terms (three school years). At 2020/21 levels the trip-inclusive termly fees are £5,450 for Year 4, £5,650 for Year 5 and £5,925 per term for Year 6, which would total £51,075 over the three years (excluding annual fee rate changes). The Discount Rate based on actual and projected bank rates might be, for illustration, 1.35% per annum compound. The Advance Payment would be £50,154 giving an overall discount of 1.8%.

Q Who is entitled to make an Advance Payment?

- A Anyone with parental responsibility or with the consent of those who have parental responsibility may make an Advance Payment.

Q What are the benefits to the family of making an Advance Payment?

- A The benefits can include:

- guarding against a future change in circumstances that might put the cost of private education beyond a family's means
- providing an opportunity for estate planning for the purposes of inheritance and other taxes. In these cases we strongly recommend that professional advice is first obtained from a tax adviser or accountant
- obtaining a worthwhile discount in the fees that will eventually be payable, which is worth more the higher the rate of tax of the payer (see below)
- flexibility - an advance payment can be topped up or adjusted according to the number of children to be covered and a variety of other circumstances

At the time of going to print we are advised that the discount taken on the fees is not taxable. The gross discount actually obtained, therefore, is dependent upon the payer's top rate of tax. For example, if the payer is a higher rate tax payer, paying tax at 40%, a 2.65% discount is equivalent to investing the money elsewhere at a gross rate of 4.41%.

Q What are the benefits to the School?

A If the money forms part of the general funds of the School it can help very considerably in developing the School's facilities without incurring high levels of borrowing. The Governors are, however, prohibited by tax and charity law from passing on to parents the benefit of a charity's exemptions and reliefs from taxation but those exemptions and reliefs do themselves enable the Charity to benefit from accelerated payments of this kind.

Q Does the Advance Payment cover future fee increases?

A No. Annual increases together with all other normal additional charges are invoiced and payable term by term in the normal way. Individual arrangements can, however, be made if required by means of an additional deposit of funds against which those increases and additional charges would be credited term by term with a discount.

Q How safe is my money?

A The payer is in the position of an unsecured creditor regarding the Advance Payment. However, the net capital assets of the School are substantial. Further financial information can be provided to individuals and their professional advisers confidentially on request.

**Q Is the family committed to this School once the Advance Payment has been made?
What if we change our minds?**

A If for any reason a child does not enter the School, the fund will be repaid with compound interest at NatWest base rate minus a maximum of 2% for the period. If the pupil leaves early the balance of the fund after payment of all outstanding sums due to the School will be refunded without interest. Alternatively, upon written request in accordance with the Scheme Conditions the School will hold the balance of the fund and make termly payments of fees to another school.

Q Does an Advance Payment guarantee a place for my child?

A No. Every pupil must be able to satisfy the admission requirements at the time which may include an academic assessment and a reference as to the pupil's character and general progress.

Q What other terms and conditions apply to Advance Payments?

A All payments are accepted under the Scheme Conditions which have been printed on pages 4 to 6 of this document. They in turn refer to the School's standard terms and conditions, as varied from time to time, which also apply. These can be viewed on the school's website , www.beaconschool.co.uk, under 'INFO'. In general, the person who makes an Advance Payment does not acquire any rights or obligations under the contract with the School unless he/she is a person with parental responsibility.

Q What is the next step?

A Contact Frank Muzika, Director of Finance and Operations (*telephone +44 (0)1494 736176, e-mail bursar@beaconschool.co.uk*) requesting a quotation.

Scheme conditions

- 1 **Introduction:** this Scheme which has been authorised by the Governors of The Beacon Educational Trust Ltd ("the School"), registered company number 01067862 registered charity number 309911, is designed to enable families to make an Advance Payment of school fees for a named child and in exchange to receive a fair and reasonable discount, in accordance with tax and charity law.
- 2 **"Parent"** means a person with parental responsibility for the child and includes a legal guardian appointed under the Children Act 1989 but not a person acting solely as education guardian.
- 3 **"Payer"** means the person/s (whether a parent or any other person with the consent of a parent) from whom an Advance Payment of fees is received by the School. If there is more than one Payer, their rights and obligations under this Scheme are joint and several. The Payer may wish to take financial or legal advice before making an Advance Payment. No statement made by or on behalf of the School shall be, or be treated as, financial or investment advice. A presumption of advancement in favour of the child may arise in relation to an Advance Payment.
- 4 **Identity of the Payer:** the Money Laundering Regulations 2007 require the School to satisfy itself of the identity of anyone making certain types of payment. The School will therefore need to ask the Payer to produce proof of identity, such as a passport, and evidence of address, such as a utility bill, before an Advance Payment can be accepted.
- 5 **Contractual matters:** the Standard Terms and Conditions and the Fees List of the School as varied from time to time apply to and are incorporated in this Scheme but these Scheme Conditions will prevail in the event of a conflict or ambiguity. A Payer who is not also a Parent shall not acquire any rights or obligations under the terms of the School's contract with the Parent save as provided in these Scheme Conditions.
- 6 **Admission of the pupil:** whether or not an Advance Payment of fees has been made, admission to the School (where the child has not yet entered) and the right to remain at the School are subject to the admission requirements at the time and to satisfactory academic standards and conduct and are subject in all respects to the School's Standard Terms and Conditions then current.
- 7 **Ownership of the Advance Payment:** an Advance Payment shall belong to and form part of the general funds of the School but is subject to the provisions for refund (below). Interest shall not accrue or be paid unless expressly provided in these conditions.
- 8 **The Advance Payment covers** a contribution towards all tuition fees in respect of the pupil as those expressions are defined in the Standard Terms and Conditions and the Fees List from time to time.
- 9 **The Advance Payment will not cover:**
 - a) any increase in tuition fees other than those arising from moving up the school and which have been built into the Advance Payment; or
 - b) any items normally charged to a pupil's account as an extra; or
 - c) fees in lieu of notice and, where applicable, the registration fee and any deposit.
- 10 **School terms:** for the purposes of this Scheme the School Terms are deemed to start on 1 September, 1 January and 1 April in each year.

- 11 **Crediting the pupil's account:** while the terms of this Scheme apply, the pupil's account will be credited term by term with payment of the fees that are covered by the Advance Payment, as they fall due for payment.
- 12 **Absence from school:** absence during term time because of illness, suspension, rustication or for any other reason will, for the purposes of this Scheme, be treated as time spent at the School.
- 13 **Refund on cancellation or leaving early:** subject to the rules about fees in lieu of notice and disputes (below) the unused amount of the original Advance Payment will be refunded to the Payer within six months of the date on which written notice is actually received by the Head of cancellation of the child's entry or withdrawal by a Parent or the child is refused admission or is withdrawn, removed or expelled. The sum to be refunded will be calculated by reference to the child's time as a pupil in accordance with the following example:

Example: If the Advance Payment is intended to cover 15 terms and the pupil leaves during or at the end of term 10, the refund will be 4/15th of the Advance Payment (or 5/15th if a term's notice of withdrawal was given in accordance with the standard terms and conditions) less reasonable administration charges
- 14 **Deductions from refund:** all extras, damage, fees increases and other sums owed in respect of the pupil (even though the primary liability for payment may be that of a Parent) will be deducted from sums to be refunded to the Payer.
- 15 **Deposits/credits:** a deposit or credit arising when the pupil leaves the School will be refunded or credited to the Payer less any sums owed to the School.
- 16 **Fees in lieu of notice:** if for any reason other than a decision made by or on behalf of the School, the pupil's place is cancelled and/or the pupil is withdrawn from the School on less than a term's notice, a term's fees will be payable in lieu of notice before any refund is made.
- 17 **Scholarships etc:** the value of any scholarship, exhibition or other form of free, partly free or assisted place or discount awarded before the date of this Scheme will be allowed to the Payer. In the case of an award after the Advance Payment has been made there will be a refund to the Payer of the difference between the full fees payable and the value of the award for each term, calculated term by term and paid or credited before the beginning of each term.
- 18 **Staff discount:** any staff discount for the pupil will be credited to the account at the start of each term.
- 19 **Increases or reductions in fees:** increases in fees and all other sums due during the period covered by the Advance Payment will be invoiced and payable in advance of each term except that extras/damage will be invoiced at the end of each term or when they arise. If the rate of fees is reduced, a fair allowance (the amount being in the sole discretion of the School) will be made in the final account after the pupil has left the School.
- 20 **Appropriation:** the School reserves the right to credit the account from the balance of the funds with the amount of all sums that have become due and owing to the School but have not been paid within two months of the due date and with interest and reasonable administration charges in addition.

- 21 **Changes in the law:** the amount of the fees covered each term may be adjusted/reduced, at the discretion of the School and in accordance with charity law (where applicable) so as to restore the value of the Advance Payment to the School if, in the future, any tax or duty is imposed or any tax benefit or allowance is withdrawn from the School or from independent schools generally or if there are exceptional changes in economic conditions.
- 22 **Disputes between Parents and Payer:** if a dispute should arise between the Payer and the Parents or between the Parents themselves as to the continued education of the pupil, the balance of the funds shall be held by the School until the dispute has been resolved by agreement or court order duly served on the School. While the money is held, the School will continue to credit the pupil's account at the start of each term until the pupil has left the School. If there is more than one Payer, the School will not be concerned to enquire into the respective contributions from each Payer and shall be entitled to make a refund to the Payer or Parent whom the School considers it most likely will use the money for the future education of the pupil.
- 23 **Confidentiality:** the School shall be at liberty to provide all relevant information about the operation of this Scheme to the Parent with whom the pupil resides from time to time. In all other respects and unless the School receives and accepts instructions to the contrary, it will be assumed that the Parents and the Payer are in each others' full confidence as to all matters concerning this Scheme.
- 24 **Transfer to another school:** the School will, upon written request from the Parent and from another school (but not from the Payer, if different), pay the unused amount of the Advance Payment to another school to which the pupil is transferred provided this school has charitable status and objects broadly similar to those of The Beacon. Alternatively upon such request, the School, at its sole discretion, will retain the balance of the funds and discharge the fees of the alternative school as they arise. The School shall not be obliged to invest the funds for the benefit of the Payer or others and shall be entitled to make a reasonable administration charge in relation to each such payment.
- 25 **Interest:** a refund of the Advance Payment or any part of it will normally be made without interest other than in the case of a refund before the child has entered the School or a refund made necessary because the child has been refused admission to the School, in which case interest paid shall be at no more than the School's clearing bank (currently NatWest)'s base rate during the relevant period.
- 26 **Consumer protection:** the terms of this Scheme are believed to be in accordance with the custom and practice of independent schools and to be fair to the Payer, the Parents, the Pupil and the School. If any word/s, alone or in combination, infringe the Unfair Terms in Consumer Contracts Regulations 1999 or any other provision of law, they shall be treated as severable and shall be replaced with words which give as near the original meanings as may be fair.
- 27 **Interpretation:** unless required to make grammatical sense of the immediate context, headings and sub-headings are for ease of reading only and are not otherwise part of the Scheme conditions.
- 28 **Jurisdiction:** this contract was made at the School and is governed exclusively by English Law and the courts of England.