



**EPSOM COLLEGE**  
**(hereinafter called 'The College')**

**FEES IN ADVANCE SCHEME**

The College Governors wish to draw to your attention the opportunity that exists to make payment of all, or part, of the College fees by means of a lump sum fee payable in advance.

Parents will be aware that other schemes are available, but our scheme is competitive and as its use helps the College, it benefits both present and future generations of Epsomians. It should be noted, however, that payment of an advance fee does not guarantee or assist in obtaining a place in the College, nor does it exempt a parent from payment of entrance or registration fees.

Please note that the Governors of the College reserve the right to withdraw the scheme at any time, without prior notice. If the scheme is withdrawn no new agreements will be accepted, although existing arrangements will of course be honoured.

For simplicity, the main features are set out in question and answer form.

**ADVANCE PAYMENTS**

***Question***      ***Can any person pay an advance fee?***

**Answer**          Yes. Parents, grandparents, guardians or any other person able to help a pupil's education may pay advance fees.

***Question***      ***What sum is required to defray future fees?***

**Answer**          This depends on when the money is paid in relation to the pupil's entry date into the school, what discount rates are achieved and what increases occur in fees over the period of the contract. Once a lump sum payment is made to the College under this contract for the provision of education a discount rate will be applied against the costs of providing education.

The discount rate will be calculated by applying to the remaining balance of the lump sum a rate 1.5% above the Allied Irish Bank Base Rate (or whichever bank the College is using at the time each discount rate is calculated) prevailing on the last day of each term, irrespective of whether the child has started at the College or not.

If the fees are prepaid more than 1 term in advance of a child joining the College, any discount generated during this period will be split and applied equally against

each of the terms that the child is due to be at the College. Any discount generated if the fees are prepaid less than a term in advance will be offset against the first term's invoice.

**Question** *Can the conditions be changed once the advance fee has been paid?*

Answer Normally no changes in the conditions of the contract can be made other than the termly review of the rate of discount. However, the College does reserve the right to vary the conditions in the event of its status as a Charity being altered. In such a case the Governors would make every effort to ensure that subscribers to the scheme did not suffer financial loss.

**Question** *What does the advance fee provide?*

Answer It secures guaranteed specified amounts towards the total cost of a child's education per term, normally for a period of five years, starting at a certain date. In addition, a discount is applied termly, based on the rate specified above.

**Question** *Can a partial payment be made?*

Answer Yes, but the advance payment must be at least £20,000, and must be spread over a period of at least six terms (i.e. a minimum of two consecutive academic years that the child is a pupil at the school).

**Question** *What happens if the school fees go up either before a pupil enters Epsom or when the pupil is at school?*

Answer The scheme only guarantees providing specific amounts towards the costs of education. Because fees tend to increase by a varying amount each year the scheme does not undertake to meet the whole cost of the provision of education. The parent or guardian is responsible for meeting the difference between the new fees and the termly amount provided under the advance payment, or a further payment may be paid.

**Question** *May an increase in fees be anticipated and an advance payment made to secure fees greater than those current at the time of payment?*

Answer Yes, and the full value of the amount so secured will be credited to the pupil's termly account.

## **REFUNDS**

***Question***     ***Are there circumstances in which the advance fee may be repaid?***

**Answer**        Yes. Firstly, if a pupil is withdrawn before entering the school, or if the pupil is not admitted, the advance fee may be refunded to the person who paid it. To this will be added simple interest (based on the Allied Irish Bank Base Rate, or whichever bank the College is using at the time the interest is calculated, prevailing on the last day of each term) for each completed year since the date of payment. The interest will be subject to a deduction for income tax, which will be paid over to the Inland Revenue. Normally, however, it will be more advantageous for the full value of the instalments to be transferred termly to the school which the pupil attends (see "TRANSFERS").

Secondly, if a pupil leaves the school prematurely there will be refunded a sum equal to 1/15th of the amount of the advance fee for each unexpired term (or the appropriate fraction if the period covered is other than fifteen terms). To this will be added simple interest (based on the Allied Irish Bank Base Rate, or whichever bank the College is using at the time the interest is calculated, prevailing on the last day of each term) for each complete year since the date of payment. It is important, however, that proper notice must have been given, otherwise one term's fees may be deducted from the refund; also, any fees/extras outstanding at the time will be deducted from the refund.

In no circumstances can the amount of any refund exceed the total of the remaining balance of the lump sum provided together with simple interest less tax.

The interest element of refunds is subject to income tax and has to be notified to the Inland Revenue by the College.

***Question***     ***What is the position if a pupil in respect of whom an advance fee has been paid wins a Scholarship or Exhibition?***

**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 fee 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 pupil's entry date are less than those in force when the advance fee was fixed?***

**Answer**        In that unlikely event, there will be refunded that proportion of the initial advance fee which equates pro rata to the actual reduction in fees (e.g. a 3% reduction means that 3% of the advance fee is refunded). To this will be added simple interest (based on the Allied Irish Bank Base Rate, or whichever bank the College

is using at the time the interest is calculated, prevailing on the last day of each term) for each complete year since the date of the payment. The interest element is subject to income tax and has to be notified to the Inland Revenue by the College.

## **TRANSFERS**

***Question***      ***What is the position of a pupil in respect of whom an advance fee has been paid who eventually enters a school other than Epsom?***

**Answer**            Epsom is contractually responsible (subject to the pupil's admission) for the provision of education in the relevant terms (for which payments have been secured by the advance fee).

Where the pupil is admitted to another school, or moves from Epsom to another school, that contractual responsibility is passed on to and undertaken by the other school instead of Epsom. In such circumstances the full value of the fees secured by the advance may be transferred termly to the other school provided that it enjoys charitable status. Alternatively, a refund of the advance fee may be made as explained above.

***Question***      ***In the event of the advance fee paid securing more fees than are required, may the excess be applied to a brother or sister at Epsom?***

**Answer**            Yes, or to a brother or sister at another school that enjoys charitable status. Alternatively, by agreement, this excess may also be applied to meet other normal items on school bills besides fees.

## **TAXATION** (See also paragraph under Refunds)

These answers are based on the College's understanding of the tax law at the present time, but those wishing to take advantage of the scheme should consult their own tax advisor if in any doubt about how the scheme might affect their tax position either now or in the future.

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

**Answer**            No. The payment of a lump sum under this scheme is equivalent to an investment at compound interest that is not taxed. This can be very beneficial when parents and others are assessed at the higher rate of tax. There should be no involvement with capital gains tax.

**Question**      ***Are payments subject to inheritance tax?***

**Answer**      Inheritance Tax is a tax on gifts on death or within 7 years before death and most charges of inheritance tax arise when property is inherited on death. The following are exempt from tax:

1.      The first £325,000 (in the 2009/10 tax year) of gifts made at death or during the previous 7 years.
2.      In addition to the above, the first £3,000 in total by any one person in any fiscal year. If the amount transferred is, in a fiscal year, less than £3000, the unused balance may be carried forward for one year, making a possible maximum of £6,000 under this exemption for each donor (or £12,000 from a combination of husband and wife as joint donors).
3.      Gifts or expenditure paid normally (i.e. as part of a regular pattern of giving) out of income net of tax without reducing the normal standard of living of the donor. This exemption is additional to the £3,000 exemption.
4.      Gifts not exceeding £250 to any one person in any one fiscal year. (This exemption is lost if more than £250 is given to the same person, and so cannot be combined with the £3,000).

It is possible that grandparents and others may therefore be able to assist with education fees and take advantage of one or more of the exemptions mentioned above.

The answers given in this document are in accordance with the best information available to the College at the time of printing. In cases of doubt, parents and others should consult their own professional advisers. The College cannot accept responsibility for the effect of any future legislation or changes in practice.

Any person may pay an advance fee provided the pupil in question has been entered for Epsom.

Please contact the Bursar, either by email on [bursar@epsomcollege.org.uk](mailto:bursar@epsomcollege.org.uk), by telephone on 01372 821133, or by writing to The Bursar at Epsom College, College Road, Epsom, Surrey KT17 4JQ, and she will be happy to prepare a detailed quote for you based on the lump sum you would like pay in advance. The quote is valid for one month from the date of issue.

In addition, she would be pleased to answer any questions on the scheme.