



FROM THE OFFICE OF THE ANGLICAN BISHOP DIOCESE OF JOHANNESBURG



Our Vision is: To Achieve the Practice of the Ministry of All Believers

11 June 2020

TO ALL PARENTS, LEARNERS, EDUCATORS AND OTHER STAFF AT BISHOP BAVIN SCHOOL

Dear Friends

As you are aware, the Bishop of the Anglican Diocese of Johannesburg, as Visitor to the school, took some bold steps a week ago to try to break the present impasse at Bishop Bavin. In so doing he was also acting to protect the interests of the Church and the welfare of a number of stakeholders, key amongst whom are parents, learners, staff and creditors.

The Diocese was aware that the financial situation at the school was not healthy and that Covid-19 had placed further pressure on the situation and had exacerbated it. The then Board of the school, together with the Trustees, had in the past year interrogated several options to make the school viable. These included exploring transactions with potential investors who presented different investment and acquisition strategies to us. None of these was found to be suitable by either the Trustees or the Board, for the following reasons.

1. The first transaction that was presented implied that a portion of the debt owing to the Church (some R8-million) had to be written off. In addition, the premises had to be leased for a period of at least 60 years, with an initial rental amount of R2500 per month. The purchaser indicated that they were willing to reconsider this amount but needed the lease extended for a significant period of time.

2. The second transaction was presented by the Trustees who had found an investor who proposed a turnaround plan for the school. Their plan required a management team to be put in place to carry out the turnaround plan for a fee. It would also make available a facility to be secured by a bond on the school property. Furthermore, the investor would use their expertise to enhance the curriculum, with the addition of different offerings and to attract more learners from outside South Africa. This idea was warmed to by both the Board and the Trustees albeit with some different views on outcomes.

The arrival of Covid-19 scuppered this plan with our borders closing resulting in the world as we know it undergoing a change. The investor then signalled that they could not support the original plan but put forward an alternative plan that focused on distance learning.

3. The Board was not supportive of this idea and presented an alternative model which involved raising a participation bond to purchase the school and turn it around. The capital for the transaction would be raised against the school or some other church property. Again, this would be done at reduced lease rates and debt repayment. The Trustees could not approve this.

It was while this third possible transaction was being reviewed, that a demand was made on the Diocese by one of the school creditors in respect of an indemnity the Diocese had provided for a loan previously advanced to the school.

The Diocese then resolved to address the above matters by taking the steps outlined at the beginning of this report, i.e. the appointment of a new Board.

When the newly appointed Board met with the financial leadership of the school to assess the financial affairs of the school, they found that these were in a much worse state than expected.

- The school had an accumulated loss of R29.2-million to date, with the May 2020 accounts projecting a further loss of R2.3-million.
- This would result in a combined deficit of the school of R31.5-million.
- The 2018 financial statements were only presented and approved in November 2019.
- The long-term liabilities amounted to R34-million (which included R15-million to the Diocese, R10-million to Lombard and a further R8.8-million to the development fund).
- The school also has a debtors' book in excess of R8-million, sundry creditors of R3-million, staff costs, including back pay of R7.2-million.

All of this should be considered against a projected income of only R2 million.

The new Board considered a number of options in an attempt to keep the school afloat for the next six months, i.e. until the end of the 2020 school year. This included trimming staff costs, cutting expenditure, actively seeking investors, fundraising, and aggressively pursuing outstanding debts. These indicated no sustainability, however, for the period projected.

It is clear that unless the school receives a capital injection of approximately R25-million from an angel investor who will require no return, there appears to be no way forward to save Bishop Bavin School.

The Diocese has therefore regrettably come to the conclusion that given its own financial position, it is not in the best interest of the Church to provide any further financial support to the school going forward.

Sadly, Bishop Bavin School will therefore not be in a position to open its doors for the rest of the year.

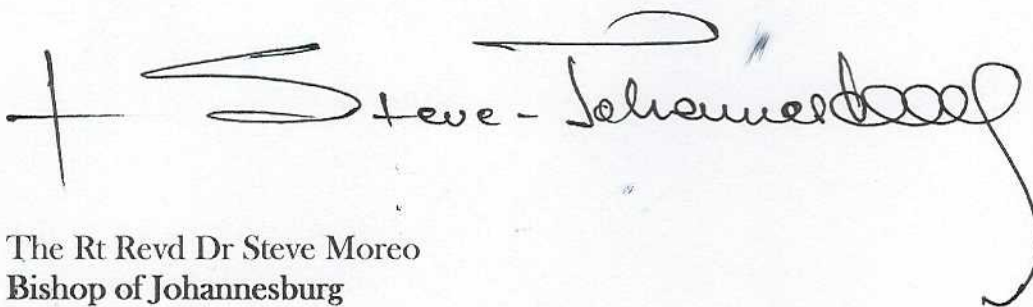
The Board is already working on a plan with the school to achieve the following:

1. Having recognised that it is mid-year we have identified a list of schools who are willing to consider accepting learners from Bishop Bavin. The list of schools/ on line centres will be communicated to the parents.
2. A meeting with the staff in terms of options.
3. A meeting with creditors to discuss options and the way forward.
4. Further communication and responses as and when matters emerge and arise.

None of these steps have been taken lightly by the Diocesan Bishop, the Trustees or the Board, but as will be clear from this letter, we have in the final analysis had no other option. We are saddened by this failure to be able to continue to provide the quality schooling at Bishop Bavin for which our Diocesan schools in Johannesburg are famous.

Please continue to join your prayers with ours as we pray for all those impacted by this, in particular the learners and their parents, and all the staff of Bishop Bavin School.

Grace and Peace



The Rt Revd Dr Steve Moreo
Bishop of Johannesburg