

Wells Cathedral School (Limited by guarantee)

**Governors' report and financial
statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2000



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Governors' report

The governors present their annual report and the audited financial statements for the year ended 31 July 2000.

Governors, Officers and Advisers

The Governors who served during the year were:

The Very Reverend R. Lewis, Dean of Wells* (*Chairman*)
The Reverend Canon M Matthews*, Chancellor of Wells Cathedral (*Chair, Personnel & Remuneration Committee*)
The Reverend Canon P H F Woodhouse, Precentor of Wells Cathedral (*from 5 February 2000*)
The Venerable R F Acworth, Archdeacon of Wells
Mr T Peryer (*Alternate Governor for the Treasurer of Wells Cathedral*)
Mr D C Tudway Quilter* (*Vice Chairman*)
Mrs Stella Clarke
Mrs Rosie Inge (*Chairperson, Marketing Committee*)
Dr D Atterton*
Mr M F W Willey
Mr P McIlwraith* (*Chairman, Finance & Audit Committee*)

* *Members of the Finance & Audit Committee of the Governors*

Historically, the governing body consists of the Dean and Chapter of Wells Cathedral and six lay governors appointed by the Dean and Chapter, although the school's Articles of Association have been amended to allow the Dean and Chapter to nominate up to two alternate governors from their number. For Companies Act purposes, the Governors are also directors of the company. The lay governors are appointed for three years and retire by rotation.

At the Annual General Meeting, Mr Tudway Quilter and Dr Atterton will retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

On Easter Day 2000, in accordance with Schedule 1 to the Cathedrals Measure (1999), constitutional changes took effect, under which the Dean and Chapter ceased to exist as a legal entity. In their place came into being a new Chapter, a new Council and a new College of Canons. These changes have brought about a need for the school to amend its Memorandum and Articles of Association. Governors have sought legal advice and negotiations continue to take place with the new cathedral body over its representation on the governing body.

During the year the officers, directly responsible to the governing body, were:

The Headmaster	John S Baxter
Head of Junior School	Nicholas M Wilson
Bursar and Clerk to the governors	Stuart J Drabble

The advisors were:

Bankers:	National Westminster Bank PLC
	7 High Street
	Wells
	Somerset BA5 2AD

Solicitors:	Harris and Harris Diocesan Registry 14 Market Place Wells Somerset BA5 2RE
Auditors:	KPMG 100 Temple Street Bristol BS1 6AG
Surveyors and Property Consultants	Messrs Cluttons 9 Edgar Buildings George Street Bath BA1 2EE
Insurance Brokers	HSBC Holmwoods Rockwood House 9-17 Perry Mount Road Haywards Heath West Sussex RH16 3DU

Connected Charity

Wells Cathedral School Development Trust
The Bursar's Office
Wells
Somerset BA5 2SX

Status

Wells Cathedral School has been in existence, probably, since 909AD. It is a Registered Charity (Number 310212) and was incorporated in 1956 as a registered company, limited by guarantee (Number 564883).

Objects

Wells Cathedral School is an educational establishment providing boarding and day places for boys and girls from the age of 3 to 18 years. The school is one of five designated by the DfEE to provide specialist education for gifted young musicians under the Music and Ballet (Aided Pupil) Scheme. Its mission statement states that:

"The intention of Wells Cathedral School is to maintain and enhance its fine reputation as a school which combines high academic standards and musical excellence, provides a wide range of sporting and extra curricular activities and cares for all its pupils in a Christian environment".

The Head

In July 2000 John Baxter retired from the school after fourteen years as Head. History will judge him as a distinguished Head who demonstrated a profound care and compassion for pupils and staff alike. During his period of stewardship, he first consolidated, then expanded the specialist music scheme to its position of pre-eminence today. Pupil numbers increased, academic achievement flourished, school facilities were improved and, as a charitable business, surpluses were maintained in line with the school's policies. He also enhanced the musical tradition of the Cathedral by promoting a girls' choir to serve alongside the traditional boys' choir. Following the abolition of the Government's Assisted Places Scheme in 1997, he pioneered a programme of strategic change to respond to the loss, over time, of 100 DfEE Assisted pupils; he initiated a vigorous campaign for funds for new

facilities and encouraged an expansion of non core trading. In all of this, he was ably assisted by his wife, Priscilla, who herself also played a significant role academically in the school. Governors join with the whole school community in their good wishes to them both, for a long and happy retirement.

As announced in last year's report, John Baxter's successor is Mrs Elizabeth Cairncross, previously Deputy Head at Christ's Hospital, Horsham.

Senior management team

The school also bade farewell in July 2000 to its Deputy Head, Nicholas Clements, who left to become Head of Pocklington School in Yorkshire. Earlier in the year, the Director of Music left, to become Principal of the BRIT School of Performing Arts, Croydon. These vacancies created opportunities for the new Head to share in the appointment of two key members of her management team, prior to her taking office in September 2000.

Review of the year

1999/2000 will be remembered, as elsewhere, as the dawn of a new millennium. For the school it was also a year of expectation; a year of planning for the future as well as a year for celebration. In readiness for the changes in post 16 education, which take effect nationally from September 2000, the governors authorised the building of a new Sixth Form Study Centre. The new Centre will provide study and leisure facilities for pupils, including concurrent internet access and 'on line' learning facilities. Partly funded by the Old Wellensians and Campaign 2000, this project is a testament to the confidence, which the school can justifiably demonstrate.

Shrewsbury House was refurbished during the year, thus continuing the programme begun two years ago, by which all nine boarding houses are being progressively upgraded. Modest extensions to the Bursary and to the Library have also provided much needed additional space in those areas.

The efforts of pupils in the classroom were justifiably rewarded at the year end. Across the curriculum 98.8% of pupils gained passes at A Level, with an outstanding 65% of those passes at A and B grades. All leavers were able to go on to a University or College of their choice. At the top level, 26 pupils attained A grades in 3, 4 or (in one case) 5 subjects; a remarkable achievement. Results at GCSE were no less impressive; 100% pass at A* - G level with more than 96% at A* - C. At the top level here, 52% of all passes were at grade A* or A.

In these days of performance measurement, it is worth noting that, when John Baxter took office in 1986, the %age pass rate at A Level (A - B grade) was 37% and at GCSE (A - C grade) 76%. Improvements over time are self evident and bear further testament to the good stewardship of the school's academic life since then.

The year also saw further successes by the school's musicians. Leavers included entrants to the Royal Academy of Music (4), the Royal College of Music (4), the Royal Northern College of Music, the Trinity College of Music, the Guildhall School of Music and Drama and the Stuttgart Musick Hochschule. Another leaver, Stephen Barton, has moved to California to work at Dreamworks Film Studios as a result of his work with Lord Puttnam and Steven Spielberg. Our 90 specialist musicians follow a curriculum which normally leads to entry to Conservatoire or University with three academic A Levels and instrumental capability at the highest level. A high percentage of these pupils are members of the National Youth Orchestra, the National Children's Orchestra, the National Children's Chamber Orchestra and the National Children's Wind Orchestra.

During the year the Dean and Chapter announced a re-structuring of the girls' choir in the Cathedral. The existing choir of 18 girls, aged 8 to 14 years is being replaced, over time, with a choir of 20 older girls, aged 11 to 16 years, not exclusively drawn from the Cathedral School. This policy of open access to the girls' choir will impact on the Cathedral school, especially on the number of Junior School boarding girls, but the governors are researching ways and means to sustain recruitment in this area, despite the Chapter's change in policy. Arrangements for the boys' choir remain unaffected by these changes.

Campaign 2000

As reported last year, Campaign 2000 was launched in 1998 by Wells Cathedral School Development Trust in order to finance future development programmes and a new bursary endowment fund. Start up and running costs were originally borne by the school as shown but now have been repaid in full.

In the year the Government pledged a £300,000 capital grant towards the principal project of Campaign 2000 – an International Centre for Young Musicians, received in September 2000. This grant was announced on 12 May 2000, the same day on which HRH The Prince of Wales hosted a Reception at Highgrove to announce the details of the scheme. On receipt of this grant, next year, governors expect to commit funds for further feasibility studies into this exciting project. Total receipts in the year by Campaign 2000 amount to £359,000 (£242,000 in 1999), before costs.

Financial Results

The results for the year ended 31 July 2000 are shown in the statement of financial activities on page 9. The net incoming resources for the year, before transfers on unrestricted revenue funds were £33,000 after charging a contribution of £100,000 to the connected charity of Wells Cathedral School Development Trust and depreciation of £187,000. The cash flow statement on pages 12 and 13 demonstrate that the school generated positive cash flows in the year.

These results are seen as satisfactory in a year when pupil numbers again fell, principally as a consequence of the Government's abolition of the Assisted Places Scheme. There were 14 fewer DfEE assisted pupils in school than in 1999. A further 50 such pupils remain and these will leave, progressively, over the next four years. Anticipating the continuing reduction in this category of pupils, the governors' determination, reported on last year, to take action aimed at both increasing revenues and reducing costs, was well founded. This has enabled the school to report a surplus for the year but at a level, which is well below the longer term objective, set by governors.

Capital Spend

Capital expenditure in the year amounted to £263,000. In addition to the new Bursary / library extension and the new 6th Form Study Centre, plant and equipment was purchased for the Grounds staff and the Caterer's Department.

Changes in fixed assets are shown in note 10 to the financial statements.

Pupil Numbers

The average number of pupils in school during the year under review was 734, 8 above budgeted levels for the year. The year saw an increase in new registrations for pupils entering the school in September 2000, although not to an extent which would counter the loss of DfEE assisted pupils. A further decline in overall numbers for next year is, therefore, predicted, and the school's forward budgets take account of this continuing trend. Of the new registrations, many are for 6th Form pupils coming to the school for the two year, new post 16 courses. Recruitment to the Nursery and Junior School remains buoyant and most of these pupils transfer to the Senior School at the end of year 6. Nevertheless, the planning and implementation of a vigorous drive to recruit more pupils into the school, especially at years 5, 7 and 9 will be a priority for the new Head next year.

Reserves

The governors have designated an asset fund so that a framework exists for them to assess appropriate levels of free reserves, as recommended in the Charity Commission guidance paper, "Charities Reserves". Free reserves as defined in the guidance paper exclude not only funds that are for restricted purposes but also those designated by the Trustees for a particular purpose and any funds only realisable by disposing of fixed assets held for charity use. One thrust of the guidelines is to highlight those charities, which are carrying excessive free reserves.

The free reserves, as defined by the guidelines, show a surplus of £181,000 at the end of the financial year. This is a relatively modest sum in a business with a turnover of £6.24M per year. The governors believe that, over time, a prudent level of free reserves, consistent with the business risks of the school, should be accumulated. The proposed level of such a reserve has yet to be determined, but is unlikely to be considerably higher than that available. An increase is unlikely to be achieved for many years because of the previous and ongoing policy of the governors to improve the facilities of the school through the investment of surpluses in school assets.

Other aspects of school life

- The Junior Choir performed to great acclaim at the broadcast Christmas Eve 1999 Classic FM charity concert in Liverpool Cathedral for the second year in succession.
- On 5 January 2000, the boy choristers sang the first broadcast Evensong of the new Millennium in Wells Cathedral with the Choir of St John's College, Cambridge, accompanied by the BBC Philharmonic Orchestra
- A Senior School Brass and Percussion Group toured the USA in February 2000
- A second reciprocal visit took place between pupils in the Junior School and Brno, Czechoslovakia
- A second reciprocal visit took place between pupils from the Senior School and from Washington Cathedral School, USA
- Two Senior School productions performed at the Edinburgh Fringe – 'The Tempest' and 'Turn of the Screw'.
- Junior School pupils and their parents created a tapestry to mark the Millennium
- A second year, DfEE grant aided Independent / State school partnership project with St George's Community College, Bristol, culminating in a joint production of "Harlem Shuffle".
- The boy choristers toured the USA at Easter 2000, performing at 11 concerts and one service during a 14 day period.
- A Quilter Memorial Garden, with water fountain and seating, was established by the Old Wellensians in the grounds of the school, to commemorate the life of Alan Quilter, headmaster from 1964 – 1986 and his wife, Sheila.
- A Children's University project took place at the school for disadvantaged local children, through which an ICT programme and a music programme were organised at the Blue School and the Cathedral School respectively.
- The introduction of Saturday morning Community Workshops in music and drama was highly successful
- A flagship concert by the school's symphony orchestra took place in the Cathedral in July under the baton of Christopher Warren Green.

The Governors recognise the loyal and dedicated involvement of staff, both teaching and non teaching in these and all other aspects of school life.

During the year the school was sad to lose Paul Johnson, head of IT, who had been on the staff for 34 years.

The Future

In the classroom, changes in post 16 education are about to take place. Existing two year A Levels courses will be replaced by a wider base of modular one-year AS Levels, leading to new A2 courses in the second year of the sixth form. Governors are confident that the school is well poised with up to date facilities to embrace this new framework.

In the Common Room next year will see the introduction of national pay reforms for teachers, through which experienced teachers will have an opportunity to earn more than under existing arrangements. Governors have anticipated this situation in setting the new scale of fees for September 2000.

Constitutionally, when the review presently in hand is complete, governors intend to reflect on the future of the school vis-à-vis its relationships and modus operandi with Wells Cathedral School Development Trust and Campaign 2000. Some aspects of the present relationships are thought to be counter-productive. The campaign, itself, has been restructured ahead of this review and the role of the Campaign Director has been expanded to share campaign work with marketing and publicity, alumni relations and legacy programmes at the school.

The governors had looked forward to working closely with Mrs Cairncross, the new Head on these, and other policy matters. Following her appointment in September 2000, they are pleased to report that the transition of headship has taken place to everyone's satisfaction.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the board of governors.

DC Tudway Quilter
Governor

Wells Cathedral School
Wells
Somerset
BA5 2SX

David Tudway Quilter

D Atterton

Governor

D. V. Atterton

8 December 2000

Statement of trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the trustees (who are also the governors and the directors of the company) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of its financial activities during the year then ended. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue to operate.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.



100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of Wells Cathedral School (Limited by guarantee)

We have audited the financial statements on pages 9 to 29.

Respective responsibilities of governors and auditors

The directors are responsible for preparing the directors' report and, as described on page 7, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 July 2000 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

8 December 2000

Statement of financial activities
for the year ended 31 July 2000

	Note	Unrestricted funds		Restricted	Total	Total
		Revenue	Designated	Funds	2000	1999
		£000	£000	£000	£000	£000
Incoming resources						
Fees receivable	3	6,240	-	-	6,240	6,089
Bank and other interest						
Receivable	8	25	-	-	25	27
Sundry income	4	133	-	-	133	104
Donations	17	10	-	10	20	3
Donation from Wells Cathedral School						
Development Trust		-	-	-	-	10
Expenses reimbursed by Development Trust	16	-	20	-	20	131
Total incoming resources		6,408	20	10	6,438	6,364
Direct charitable expenditure:	5					
Teaching		3,446	-	-	3,446	3,493
Welfare		1,011	-	-	1,011	949
Premises - general		1,026	-	-	1,026	875
- non recurring						
projects		30	-	-	30	15
Administration		710	20	-	730	643
Scholarships	3	-	-	-	-	10
Finance and other costs	9	18	-	-	18	16
Donation to Wells Cathedral						
School Development Trust		100	-	-	100	75
Other expenditure:						
Management and						
administration of the charity		44	-	-	44	42
Transfer of endowed funds to Development Trust		-	-	-	-	5
Total resources expended	5	6,385	20	-	6,405	6,123
Net incoming resources before transfers		23	-	10	33	241
Transfers between funds	16,17	(78)	107	(29)	-	-
Net movement in funds	25	(55)	107	(19)	33	241
Balance brought forward						
at 1 August 1999	16,17	236	1,589	1,449	3,274	3,032
Balance carried forward						
at 31 July 2000	16,17	181	1,696	1,430	3,307	3,274

There were no recognised gains or losses in either year other than those shown in the Statement of Financial Activities above.

Summary income and expenditure account
for the year ended 31 July 2000

	Unrestricted funds £000	Restricted funds £000	Total 2000 £000	Total 1999 £000
Gross income	6,428	10	6,418	6,365
Expenditure	(6,405)	-	(6,385)	(6,123)
Net income for the year	23	10	33	242

Note:

- 1 The school has no recognised gains or losses other than the surplus for each year which arises from continuing operations.
- 2 Gross income consists of the income of unrestricted funds of £6,428,125 (1999: £6,354,685) plus restricted income of £10,000 (1999: £10,479). A detailed analysis of income by source is provided in the Statement of Financial Activities on page 9.
- 3 Expenditure consists of the expenditure of unrestricted funds of £6,405,132 (1999: £6,113,325), plus restricted expenditure of £Nil (1999: £9,717).

Balance sheet

at 31 July 2000

	Note	2000 £000	1999 £000
Fixed assets			
Tangible assets	10	3,247	3,172
Current assets			
Stocks	11	45	55
Debtors	12	385	598
Cash on deposit and in hand		480	271
		910	924
Creditors: amounts falling due within one year	13	(631)	(615)
Net current assets		279	309
Total assets less current liabilities		3,526	3,481
Creditors: amounts falling due after more than one year	14	(12)	-
Provision for liabilities and charges	15	(207)	(207)
Net assets		3,307	3,274
Funds and reserves			
Unrestricted funds:			
Revenue fund (page 9)		181	236
Designated funds	16	1,696	1,589
Restricted funds	17	1,430	1,449
		3,307	3,274

These financial statements were approved by the board of governors on 8 December 2000 and were signed on its behalf by:

DC Tudway Quilter

Governor

David Tudway Quilter

R Lewis

Governor

R Lewis

Cash flow statement
for the year ended 31 July 2000

	Note	2000	1999
		£000	£000
Net cash inflow/(outflow) from operating activities	21	444	(123)
Returns on investments and servicing of finance			
Interest received		25	27
Interest paid		(13)	(9)
Net cash inflow from return on investments and servicing of finance		12	18
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(229)	(37)
Sale of tangible fixed assets		6	-
Net cash outflow from capital expenditure and financial investment		(223)	(37)
Net cash inflow/(outflow) from investing activities before financing		233	(142)
Financing			
Repayment of bank loans	23	(12)	(12)
Capital element of hire purchase payments	23	(12)	(3)
Net cash outflow from financing		(24)	(15)
Increase/(decrease) in cash	22	209	(157)

Reconciliation of net cash flow to movement in net cash

	<i>Note</i>	2000	1999
		£000	£000
Increase/(decrease) in cash in the year	22	209	(157)
Net cash inflow from decrease in debt and lease financing	22	12	15
New hire purchase agreement	22	(24)	-
Changes in net cash resulting from cash flows		197	(142)
Net cash at 1 August 1999	22	138	280
Net cash at 31 July 2000	22	335	139

Notes

(forming part of the financial statements)

1 Company status

The company is limited by guarantee, not having any share capital. The eleven members undertake to contribute to the assets of the company in the event of it being wound up, either whilst members or within one year of their membership ceasing. The maximum contribution required from each member is £1.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings. The financial statements also comply with the revised Statement of Recommended Practice "Accounting by Charities".

The governors consider that the form of the statement of financial activities and summary income and expenditure account used are more appropriate to the activities of the company than the formats laid down in the Companies Act 1985.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years straight line
Long leasehold properties	-	50 years straight line
Fixtures, fittings, musical instruments and machinery	-	20-25% pa reducing balance
Computer equipment	-	25% pa straight line
Motor vehicles	-	25% pa reducing balance

No depreciation is provided on freehold land.

Donations

Where donations of assets are received these are brought into account at valuation, at the date of acquisition.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the income and expenditure account on a straight line basis over the life of the lease.

Notes (continued)

2 Accounting policies (continued)

Pension costs

The teaching staff are members of the DfEE Pension Scheme, which is a defined benefit scheme. Some other employees are members of one of two pension schemes operated by insurance companies on behalf of the school. The amounts charged against income represent the contributions payable to the schemes in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the invoice value charged by suppliers.

Repairs provision

Amounts are set aside to meet the costs of restoration work which needs to be carried out under the terms of the lease on certain properties occupied by the school which are of historical significance.

Capital fund (restricted)

The capital fund represents the cost of buildings funded by the Wells Cathedral School Development Trust and transferred to the school and contributions by the Trust towards capital projects undertaken by the school together with amounts received towards specific fixed assets from other organisations less attributable depreciation.

Asset fund (designated)

The Asset fund represents the net book value of the tangible fixed assets not funded by the capital fund, less the outstanding bank loans secured on specific properties.

Campaign 2000 Fund (designated)

Expenditure incurred by the school in respect of the appeal launched by the Wells Cathedral School Development Trust to raise money for major building developments, to create a bursary fund or for any other purpose has been treated as a Designated Fund. Wells Cathedral School Development Trust is committed to reimbursing these costs.

Fees receivable

Fee income represents the amounts derived from the provision of education services during the year, net of bursaries and discounts.

Expenditure

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

Notes (continued)

3 Fees receivable

Fees receivable consist of:

	2000 £000	1999 £000
Tuition and boarding fees (less discounts)	6,148	5,955
Music tuition fees	820	762
Text book charges	43	43
	<hr/>	<hr/>
	7,011	6,760
Less: Scholarships and bursaries	(502)	(401)
Jerwood Scholarship	-	(10)
DfEE Cap	(269)	(269)
	<hr/>	<hr/>
	6,240	6,080
Add back Jerwood Scholarship fund	-	9
	<hr/>	<hr/>
	6,240	6,089
	<hr/>	<hr/>

The DfEE cap is the contribution by the school to cover the shortfall in the Assisted Places and Aided Pupils Schemes.

4 Sundry income

	2000 £000	1999 £000
Sundry income consists of:		
Concert income	11	11
Lettings income	43	50
Registration and audition fees	9	9
Other income	70	35
	<hr/>	<hr/>
	133	104
	<hr/>	<hr/>

Notes (continued)

5 Analysis of revenue resources expended

	Staff costs £000	Other £000	Depreciation £000	Total £000
Direct charitable expenditure:				
Teaching costs	2,956	419	71	3,446
Welfare	636	375	-	1,011
Premises - general	204	708	114	1,026
- non recurring projects	-	30	-	30
Administration	344	364	2	710
Finance and other costs	-	18	-	18
Donation	-	100	-	100
	<hr/> 4,140	<hr/> 2,014	<hr/> 187	<hr/> 6,341
Other expenditure:				
Management and administration of the charity	6	38	-	44
	<hr/> 4,146	<hr/> 2,052	<hr/> 187	<hr/> 6,385

6 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Teaching staff (full-time equivalents)	113	115
Non-teaching staff (full-time equivalents)	130	131
	<hr/> 243	<hr/> 246

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	3,690	3,642
Social security costs	263	268
Other pension costs (see note 20)	193	197
	<hr/> 4,146	<hr/> 4,107

Notes (continued)

6 Staff numbers and costs (continued)

The number of employees earning in excess of £40,000 per annum excluding pension contributions was:

	Number of employees	
	2000	1999
£70,001 - £80,000	1	1

The governors did not receive any emoluments nor any benefits during the year.

7 Net incoming resources

	2000 £000	1999 £000
<i>Net incoming resources are stated after charging;</i>		
Auditors' remuneration - audit	14	14
Hire of plant and machinery - rentals payable under operating leases	41	52
Rents payable	154	142
Depreciation	187	196

8 Bank and other interest receivable

	2000 £000	1999 £000
Interest from short-term deposits	24	25
Interest on overdue fees	1	1
Interest on Jerwood Scholarship Fund (note 17)	-	1
	<u>25</u>	<u>27</u>

9 Finance and other costs

	2000 £000	1999 £000
Interest on bank loans and overdraft	6	8
Hire purchase interest	7	1
	<u>13</u>	<u>9</u>
Interest payable	5	7
Bank charges		
	<u>18</u>	<u>16</u>

Notes (continued)

10 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings, musical instruments and machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	3,543	267	1,060	80	4,950
Additions	146	26	91	-	263
Disposals	-	-	(13)	-	(13)
At end of year	3,689	293	1,138	80	5,200
Depreciation					
At beginning of year	742	220	766	50	1,778
Charge for year	71	29	80	7	187
Disposals	-	-	(12)	-	(12)
At end of year	813	249	834	57	1,953
Net book value					
At 31 July 2000	2,876	44	304	23	3,247
At 31 July 1999	2,801	47	294	30	3,172

All fixed assets are used primarily for direct charitable purposes.

The net book value of land and buildings comprises:

	2000 £000	1999 £000
Freehold	1,143	1,021
Long leasehold	1,734	1,780
	2,877	2,801

The net book value of long leasehold buildings includes £1,356,000 (1999: £1,386,000) in respect of buildings funded by Wells Cathedral School Development Trust (note 17).

Notes (continued)

10 Tangible fixed assets (continued)

The net book value of other fixed assets includes £73,352 (1999: £66,196) funded by other organisations (note 17).

Particulars relating to revalued assets are given below:

	2000 £000	1999 £000
Land and buildings		
At 1972 open market value	53	53
Aggregate depreciation thereon	(14)	(13)
	<hr/>	<hr/>
Net book value	39	40
	<hr/>	<hr/>
Historical cost of revalued assets	21	21
Aggregate depreciation based on historical cost	(6)	(6)
	<hr/>	<hr/>
Historical cost net book value	15	15
	<hr/>	<hr/>

Included in the total net book value of tangible fixed assets is £23,015 (1999: £6,153) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £11,508 (1999: £2,051).

11 Stocks

	2000 £000	1999 £000
Clothing shop	40	49
Catering	5	6
	<hr/>	<hr/>
	45	55
	<hr/>	<hr/>

12 Debtors

	2000 £000	1999 £000
Amounts due from Wells Cathedral School Development Trust	-	81
Amounts due from parents	255	303
Other debtors	107	177
Prepayments	23	37
	<hr/>	<hr/>
	385	598
	<hr/>	<hr/>

All debtors are due within one year.

Notes (continued)

13 Creditors: amounts falling due within one year

	2000	1999
	£000	£000
Bank loans	121	134
Obligations under hire purchase contracts	12	-
Fees received in advance including deposits	107	80
Trade creditors	19	147
Other creditors including taxation and social security:		
Taxation and social security	91	90
Other creditors	96	82
	<hr/>	<hr/>
	187	172
Accruals and deferred income	185	82
	<hr/>	<hr/>
	631	615
	<hr/>	<hr/>

There are three bank loans. The capital of one loan is repayable by monthly instalments of £210 over 25 years from December 1984. The second is repayable by monthly instalments of £464 and is repayable by February 2007. The third is repayable by monthly instalments of £333 and is repayable by October 2017. The first two loans bear interest at 1% pa above bank base rate, subject to a minimum combined rate of 6% pa. The third loan bears interest of 1.375% above bank base rate.

The bank loans are secured by a charge on certain freehold properties owned by the school.

The loans are repayable as follows:

	2000	1999
	£000	£000
Within:		
1 year	12	12
1 - 2 years	12	12
2 - 5 years	36	36
After 5 years	61	73
	<hr/>	<hr/>
	121	133
	<hr/>	<hr/>

However the bank has indicated that whilst the above terms have been agreed it retains the right to seek repayment of the loans on demand. Hence the amounts are shown as current liabilities.

Notes (continued)

14 Creditors: amounts falling due after more than one year

	Instalments payable within five years	
	2000	1999
	£000	£000
Obligations under hire purchase contracts	12	-

15 Provision for liabilities and charges

	Repairs Provision £000
At beginning and end of year	207

The repairs provision has been set aside to meet the costs of restoration work which needs to be carried out on certain properties occupied by the school which are of historical significance.

Under the terms of the 80 year lease of eight houses the school is required to put the properties in good and substantial repair and condition within a specified period.

Notes (continued)

16 Designated funds

	Campaign 2000 Fund £000	Asset Fund £000	Total £000
At beginning of year	-	1,589	1,589
Incurred in year	(20)	-	(20)
Reimbursed by Wells Cathedral School Development Trust	20	-	20
Transfer from Revenue Fund	-	107	107
	<hr/>	<hr/>	<hr/>
At end of year	-	1,696	1,696
	<hr/>	<hr/>	<hr/>

The Asset Fund represents the net book value of the tangible fixed assets not funded by the capital fund, less the outstanding bank loans secured on specific properties.

The Campaign 2000 Fund represents expenditure incurred by the school in respect of the appeal launched by the Wells Cathedral School Development Trust to raise money for major building developments, to create a bursary fund or for any other purpose. Wells Cathedral School Development Trust has reimbursed these costs in full.

The funds are unrestricted.

17 Restricted funds

	2000 Capital Fund £000	1999 Capital Fund £000
Donations and other receipts	10	10
Interest received	-	1
Grants	-	(9)
Depreciation transferred from Revenue Fund	(29)	(31)
	<hr/>	<hr/>
Deficit for year	(19)	(29)
At beginning of year	1,449	1,478
	<hr/>	<hr/>
At end of year	1,430	1,449
	<hr/>	<hr/>

Notes (continued)

17 Endowed and restricted funds (continued)

The Capital Fund represents the cost of buildings funded by the Wells Cathedral School Development Trust and transferred to the school and contributions by the Trust towards capital projects undertaken by the school together with amounts received towards specific fixed assets from other organisations less attributable depreciation. The assets funded by the Capital Fund are included in leasehold properties and other fixed assets in the balance sheet of the school (note 10).

18 Commitments

Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In less than one year	-	-	116	-
In the second to fifth years inclusive	26	27	26	33
In over five years	-	-	-	-
	<u>26</u>	<u>27</u>	<u>142</u>	<u>33</u>

The majority of leases of land and buildings are subject to rent reviews. Rent reviews occur over 3 to 7 years. The rent review for the properties leased from Wells Cathedral was subject to a rent review on 1 July 2000. The existing rent is £84,000 per annum. The new rent has not yet been agreed.

Capital commitments

There are no capital commitments at 31 July 2000 (1999: £Nil).

19 Taxation

The school, which is a registered educational charity, is not liable to taxation on the net revenue from its primary activity or investment income and gains.

The school is registered for Value Added Tax and is subject to the partial exemption rules.

Notes (continued)

20 Pension scheme

The school operates three pension schemes.

(a) Teachers

The Teachers' Superannuation Scheme is an unfunded defined benefit scheme administered by the Department for Education and Employment through the Teachers' Pension Agency. The scheme automatically covers teachers in full time employment who have not elected to opt out of the scheme in order to make alternative pension provision. Teachers in part time employment may elect to join the scheme. The scheme provides pension benefits based on final pensionable salary.

Contributions received are credited to a notional fund with any excess of income over expenditure deemed to be invested in Government Securities to which notional interest is added. The fund is subject to quinquennial review by the Government Actuary who is requested to calculate both a normal contribution rate to fund the scheme and a supplementary contribution if the notional fund does not adequately match accumulated liabilities.

The latest report from the Government Actuary covers the period from 1992 to 2000. The valuation statements as at 31 March 1991 showed a balance of liability to be met by employers' supplementary contributions of £1,252m. As a result of this, the report recommended a normal contribution rate of 13.4%, 6% payable by teachers and 7.4% by the employer. These new contribution rates were payable from 1 April 2000.

Employers are now responsible for any shortfall of pension on early retirement.

A credit will be added to the notional fund to reflect the cost of pension increases arising from past service to 1 April 1991. An initial supplementary credit will be added to the fund equivalent to two-thirds of the actuarial value for the period 1 April 1997 to 31 March 2006 of the difference between the contribution rates produced by the 1991 valuation carried out using the existing financing arrangements (which do not take account of pension increases) and the amended arrangements (which do take account of pension increases). An additional supplementary credit may be added to the fund as at 1 April 1996, depending on the average real rate of return between 1 April 1991 and 31 March 1996.

Employer's contributions will not be amended to reflect the effect of charging the cost of pensions increase to the fund until the results of the valuation for the period to 31 March 2000 are implemented (unlikely to be until 2003), when it is expected that the combination of credits to the fund and improved investment returns will make significant increases in the employer's contribution rate unlikely.

(b) Non teaching staff

Two pension schemes are offered for non-teaching staff.

- (i) The first scheme, which has been closed to new members since 1987, offers benefits based on final pensionable salary. The one employee in this scheme retired during the year.
- (ii) Most of the non teaching staff are members of the second scheme which is a defined contribution scheme.

Notes (continued)

20 Pension scheme (continued)

The pension cost charge for the year represents contributions payable by the school to the funds and amounted to £192 986 (1999: £196,835) analysed as follows:

	2000 £000	1999 £000
Non teaching staff:		
defined benefit	-	3
defined contribution	52	52
Teachers	141	142
	<hr/> 193	<hr/> 197

Contributions outstanding at 31 July 2000 were as follows:

	2000 £000	1999 £000
Non-teaching schemes	5	0
Teaching schemes	25	10
	<hr/> 30	<hr/> 10

21 Reconciliation of net movement in funds to net cash inflow from operating activities

	2000 £000	1999 £000
Net movement in funds	33	242
Depreciation charge	187	196
Profit on sale of tangible fixed assets	(4)	-
Decrease in stocks	10	8
Decrease/(increase) in debtors	213	(178)
Increase/(decrease) in creditors	17	(372)
Interest receivable	(25)	(27)
Interest payable	13	9
Decrease in provisions	-	(1)
	<hr/> 444	<hr/> (123)

Notes (continued)

22 Analysis of changes in net cash

	At 31 July 1999 £000	Cash flows £000	At 31 July 2000 £000
Cash in hand and at bank	271	209	480
Debt due within one year	(133)	12	(121)
Hire purchase contracts	-	(24)	(24)
Total	138	197	335

23 Analysis of changes in financing during the year

	Loans and hire purchase obligations	
	2000 £000	1999 £000
Balance at start of year	(133)	(149)
New hire purchase	(34)	-
Repayment of bank loans	12	13
Capital element of hire purchase payments	10	3
Balance at end of year	(145)	(133)

24 Allocation of net assets

The net assets are held for the various funds as follows:

	Fixed assets £000	Net current assets £000	Long term liabilities £000	Provision £000	Total £000
Designated funds	1,696	-	-	-	1,696
Restricted funds	1,430	-	-	-	1,430
Revenue fund	121	279	(12)	(207)	181
	3,247	279	(12)	(207)	3,307

Notes (continued)

25 Changes in resources available for charity use

	Unrestricted funds £000	Restricted £000	Total £000
Net movement in funds for year (page 9)	52	(19)	33
Net increase in tangible fixed assets for direct charitable purposes	(75)	-	(75)
	<hr/>	<hr/>	<hr/>
Net decrease in funds available for future activities	(23)	(19)	(42)
	<hr/>	<hr/>	<hr/>

26 Guarantees

The school has been released from the £75,000 guarantee given to the bank in respect of the borrowings of Wells Cathedral School Development Trust.

27 Connected parties

(a) Connected charity

Wells Cathedral School Development Trust (Limited by guarantee) is a connected charity within the terms of the Statement of Recommended Practice 'Accounting by Charities' in that it has common, parallel or related objects and activities and unity of administration. During the year the school made a donation of £100,000 (1999: £75,000) to the trust and paid rent of £23,500 (1999: £23,500) in respect of properties owned by the Trust and occupied by the school. The Trust also reimbursed the company for £23,038 paid on its behalf.

(b) Connected persons

Wells Cathedral is a connected person within the terms of the Statement of Recommended Practice 'Accounting by Charities'.

During the year:

Rent was due to Wells Cathedral of £117,235 (1999: £116,316) under a repairing lease expiring in 2063 in respect of certain school buildings.

The School received from Wells Cathedral financial support of £117,710 (1999: £107,191) in respect of education for the Cathedral Choristers.

(c) Transactions with Governors

During the year one of the Governors received reimbursement of expenses amounting to £92 (1999: £Nil).

Two governors were parents of pupils at school and paid fees on the same terms as any other parent.

Notes *(continued)*

27 Connected parties *(continued)*

(d) Transactions with officers

The previous year loan to the Bursar, amounting to £13,669, remains outstanding and is repayable on demand. Interest is charged at 1% above base rate.

28 Indemnity insurance

Indemnity insurance is in place to cover Governors and employees, in respect of professional liability and Governors' liability arising from any negligent act, error or omission committed in good faith.

The cost of insurance is included in the cost of public liability cover which amounted to £1,807 *(1999: £1,717)* in the year.