

**Wells Cathedral School (Limited by guarantee)**

**Governors' report and financial  
statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2001



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## Governors' report

The governors present their annual report and the audited financial statements for the year ended 31 July 2001.

### Governors, officers and advisers

The Governors who served during the year were:

The Very Reverend R. Lewis, Dean of Wells\* (*Chairman*)  
The Venerable R F Acworth, Archdeacon of Wells  
The Reverend Canon M Matthews\*, Chancellor of Wells Cathedral (*Chair, Personnel & Remuneration Committee*)  
The Reverend Canon P H F Woodhouse, Precentor of Wells Cathedral  
Mr T Peryer (*Alternate Governor for the Treasurer of Wells Cathedral*)

Dr 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*

The governing body comprises five of the eight members of the Chapter of Wells Cathedral together with six lay governors, the latter of which are also appointed by the Chapter. Since 1997 the school's Articles of Association have been amended to allow the 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, MFW Willey and Mrs Rosie Inge will retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

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

The Head	Mrs Elizabeth Cairncross
Head of Junior School	Nicholas Wilson
Bursar and Clerk to the governors	Stuart Drabble

## **Governor's report** *(continued)*

### **Governors, officers and advisers** *(continued)*

The advisers 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 Perrymount 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 DfES 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".

## Governor's report *(continued)*

### Review of the year

The Governing Body rejoice in the success of the past year, the first year of Elizabeth Cairncross' Headship. It has been a year of smooth transition and considerable achievement. Ongoing developments have been completed and new ones initiated. The new Sixth Form Centre, reported on last year, was taken into use in September 2000, coinciding with the national changes in post 16 education. Now hugely successful, the Centre provides study and leisure facilities for sixth form pupils and includes concurrent internet access and 'on line' learning facilities. Under the new curriculum framework, the range of sixth form options has been increased to 26 subjects, including psychology, media studies, law and politics. Previous two year A Level courses have been replaced by a wider base of AS Levels, leading to new A2 courses in the second year of the sixth form. The new arrangements have been implemented more easily at Wells than in many other similar schools, thanks to careful pre-planning by the management team; and the first set of exam results bear testament to the skills of our teachers in delivering the new courses successfully for the first time. The flexibility of Wells' approach to A/S levels (some one year LVI form courses only, some two year courses, most the more conventional one year course leading to A2 in the UVI) has certainly made the opportunities greater here.

Of importance also, but to all pupils, has been the refurbished and enlarged ICT Centre, which has seen the introduction of interactive 'white-board' technology and Video Conferencing into the curriculum. Through a series of DfES State School / Independent School partnership grants, the school now offers on-line Latin at AS and A2 level and receives on-line Psychology AS level courses. Further curriculum developments in this area can be expected in the future. A relocation of the Humanities faculty into the PJ Building was also effected in the year, thus providing a more effective and appropriately sited focus for that faculty.

Plumpton House was refurbished during the year, continuing the programme of upgrading in all nine boarding houses, begun four years ago. The Hollies was substantially refurbished for the incoming Head and a new property purchased in North Grove for the new Deputy Head. A less desirable property in Stoberry Avenue, owned by the school since the 1950s was sold during the year. Much needed refurbishment was also undertaken in the offices of the Head in Cedars House.

Planning continued throughout the year for an extension to the Sports Hall, jointly funded by the MOD and providing two new classrooms and new CCF facilities. A contribution of £50,000 was received during the year from the MOD, before the start of construction works. The new facilities are expected to be taken into use by January 2002.

The efforts of pupils in the classroom were justifiably rewarded at the year end. At A Level, out of a total of 222 exam entries, a 97% pass rate was obtained across the curriculum, with 56% passes produced at A and B grades (77% A - C grades). Thirteen students gained A grade passes in at least three subjects and four pupils attained 'A's in four subjects. The percentage A/B unit pass rate at AS level was 70%. All leavers were able to go on to a University or College of their choice. At GCSE, of a total of 835 exam entries, an A\* - C pass rate of 95% was achieved with 43% at A\* or A grade.

The year also saw further successes by the school's musicians. Leavers included entrants to the Royal Academy of Music (2), the Royal College of Music (6), the Royal Northern College of Music, the Trinity College of Music, the Guildhall School of Music and Drama (3) and Oxbridge (7). Our 90 specialist musicians follow a curriculum which normally leads to entry to Conservatoires 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.

## **Governor's report** *(continued)*

During the year the Chapter modified its new arrangements for girl choristers which were reported on last year. The girls' choir will once again welcome applicants from junior aged girls and will be a choir for 8 to 16 year old girls, although not exclusively drawn from the Cathedral School. This is a welcome change of policy as far as the future of the school's junior boarding house is concerned. The school is now providing small (10%) scholarships for them; they can no longer receive funding from the Choir Schools Association.

A Middle School working Party, under the leadership of the Deputy Head, has made proposals for future plans for years 7 – 9.

### **Campaign 2000**

The school's determination to establish a multi-million pound 'International Centre for Young Musicians' (ICYM), which was reported on last year, continues to be a part of future development plans. Fundraising for the proposed ICYM is continuing under the aegis of Campaign 2000, as previously reported, within the school's connected charity, Wells Cathedral School Development Trust. In the year under review the Government made a capital grant to the school of £300,000 towards the start-up costs of this project and those monies are being used to complete the feasibility studies and business plans on which further funding will be sought. Further Government assistance will be sought by the school, in its capacity as a member school of the Government's Music and Dance Scheme.

### **Financial Results**

The results for the year ended 31 July 2001 are shown in the statement of financial activities on page 9. The net outgoing resources for the year on unrestricted revenue funds were £7,000 after charging a contribution of £25,000 (2000: £100,000) to the connected charity of Wells Cathedral School Development Trust, and after charging depreciation of £205,000.

Operating costs increased well above inflation, mainly due to nationally agreed increases in teachers' pay (£250,000) but also due to a wide range of one off works maintenance projects commissioned during 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 12 fewer DfES assisted pupils in school than in 1999. A further 38 such pupils remain and these will leave, progressively, over the next three years. The school's business plan, is being revised to take account of increased marketing activity, aimed to counteract the likelihood of a further decline in pupil numbers in the short term.

A significant cash inflow for the year is reported, due in large part to the net proceeds of sale of 15 Stoberry Avenue (£126,000), the government grant of £300,000 for the ICYM and the MOD grant of £50,000, the latter two grants having been received before major expenditures have been made to either project.

### **Capital Spend**

Capital expenditure in the year amounted to £514,000 including, inter alia, a new residence for the Deputy Head (£190,000), completion of the new Sixth Form Centre (£79,000), the new ICT Block and equipment (£54,000), Plumtre House extension (£27,000) and the first instalments on the new CCF/classroom building (£50,000).

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

## **Governor's report** *(continued)*

### **Pupil Numbers**

The average number of pupils in school during the year under review was 734, 8 above budgeted levels for the year but 12 below previous year's numbers. A further decline in overall numbers for next year is predicted and the school's forward budgets take account of this continuing trend. 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 is a priority for the management team.

### **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 £272,000 at the end of the financial year. This is a relatively modest sum in a business with a turnover of £7.3m 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 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.

### **Internal Controls**

Recognising their responsibility for the school's system of internal control, governors have formalised a process which will be regularly reviewed, for identifying, evaluating and managing the most significant risks faced by the school.

The Finance and Audit Committee has been charged with an ongoing responsibility for identifying risks facing the school and for presenting recommendations for the control and mitigation of these risks to the governing body. Through a discussion and filtering process, governors propose to establish a register of key risks, which will be reviewed regularly.

### **Other aspects of school life**

- The Junior Choir performed to great acclaim at the broadcast Christmas Eve 2000 Classic FM charity concert in Liverpool Cathedral for the third year in succession.
- A third reciprocal visit took place between pupils in the Junior School and Brno, Czech Republic.
- A Junior School production of 'Little Worth' was performed at the Edinburgh Fringe.
- The school bade farewell at the end of the year Symphony Orchestra concert to Professor Yfrah Neaman on his retirement after 30 years of service to the school as Music Consultant. Professor David Strange (Head of Strings at the Royal Academy of Music) replaces him.

## Governor's report *(continued)*

- School vocalists made a contribution to the High Sheriff's charity concert at Marston Hall and three Brass players played at the Legal Service when the new High Sheriff was sworn in.
- Twelve pupils successfully completed Silver or Gold Duke of Edinburgh expeditions in the Black Mountains.
- An Upper Sixth form pupil was one of only three cadets from the UK to take part in Operation Nanuvik in Canada for a month.
- The De Winton Society was re-vivified by the Chaplain to provide a forum for VI Form "High Fliers".
- A market research project was commissioned and completed amongst parents; parents and staff have had opportunity to attend presentations on that.

### The Future

A new Head invariably brings about a process of change and additional expense, both in the short and medium term. Governors had set aside funds for the purpose and they have been delighted to support a number of exciting initiatives of the Head in recent months. Seeking to establish a fresh identity for the school, new publicity material and prospectuses have been produced. A new web site is to be launched and a new campus wide voice and data telecommunications network comes into use at the same time. The new classrooms and CCF facilities come into use in January 2002 after which a start will be made to improve the built environment by the removal of some of the older temporary classrooms. Ritchie House has been refurbished and a new classroom block / drama studio project is in the planning stage. Kitchens and dining halls have been refitted and there is a general feeling of improvement in many school facilities.

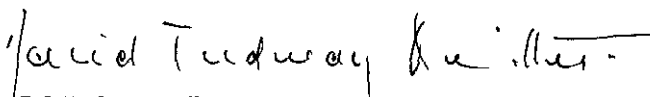
In the light of these "one-off" projects, financed by the school, governors have reduced their annual charitable donation to Wells Cathedral School Development Trust to £25,000 (£100,000 in 2000).

Feasibility and development work continues on the International Centre for Young Musicians, which is expected to embrace the use of e-curriculum products and provide opportunities for teacher training as well as to provide much needed music practice and performance space in the heart of the school. The review of the school's constitutional framework, reported on last year, continues.

### 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



~~D. Atterton~~ M. MATTHEWS  
Governor

Wells Cathedral School  
Wells  
Somerset  
BA5 2SX

7 December 2001

## Statement of governors' responsibilities

Law applicable to incorporated charities in England and Wales requires the governors (who are also 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 governors 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 governors 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 27.

### **Respective responsibilities of governors and auditors**

The governors are responsible for preparing the governors' 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 governors' 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 governors' 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 2001 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*

7 December 2001

**Statement of financial activities (incorporating the income and expenditure account)**  
*for the year ended 31 July 2001*

	Note	Unrestricted funds		Restricted and endowed funds	Total	Total
		Revenue £000	Designated £000	£000	2001 £000	2000 £000
<b>Incoming resources</b>						
Fees receivable	3	7,307	-	-	7,307	6,817
Bank and other interest receivable	8	23	-	12	35	25
Sundry income	4	166	126	364	656	153
Expenses reimbursed by Wells Cathedral School Development Trust		-	-	-	-	20
Transfer of endowed fund from Wells Cathedral Development Trust		-	-	14	14	-
<b>Total incoming resources</b>		<b>7,496</b>	<b>126</b>	<b>390</b>	<b>8,012</b>	<b>7,015</b>
<b>Direct charitable expenditure:</b>	5					
Teaching		3,723	-	-	3,723	3,446
Welfare		1,062	-	-	1,062	1,011
Premises - general		1,049	-	-	1,049	1,026
- non recurring projects		68	-	-	68	30
- repairs provision		80	-	-	80	-
Administration		827	-	91	918	730
Scholarships, bursaries and discounts		603	-	-	603	577
Finance and other costs	9	23	-	-	23	18
Donation to Wells Cathedral School Development Trust		25	-	-	25	100
<b>Other expenditure:</b>						
Management and administration of the charity		43	-	-	43	44
<b>Total resources expended</b>	5	<b>7,503</b>	<b>-</b>	<b>91</b>	<b>7,594</b>	<b>6,982</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(7)</b>	<b>126</b>	<b>299</b>	<b>418</b>	<b>33</b>
Transfers between funds	16,17	98	(65)	(33)	-	-
<b>Net movement in funds</b>	25	<b>91</b>	<b>61</b>	<b>266</b>	<b>418</b>	<b>33</b>
Balance brought forward at 1 August 2000	16,17	181	1,696	1,430	3,307	3,274
<b>Balance carried forward at 31 July 2001</b>	16,17	<b>272</b>	<b>1,757</b>	<b>1,696</b>	<b>3,725</b>	<b>3,307</b>

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

**Balance sheet**  
*at 31 July 2001*

	Note	2001 £000	2000 £000
<b>Fixed assets</b>			
Tangible assets	10	3,517	3,247
<b>Current assets</b>			
Stocks	11	43	45
Debtors	12	343	385
Cash on deposit and in hand		966	480
		<u>1,352</u>	<u>910</u>
<b>Creditors: amounts falling due within one year</b>	13	(868)	(631)
<b>Net current assets</b>		<u>484</u>	<u>279</u>
<b>Total assets less current liabilities</b>		<u>4,001</u>	<u>3,526</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(12)
<b>Provision for liabilities and charges</b>	15	(276)	(207)
<b>Net assets</b>		<u>3,725</u>	<u>3,307</u>
<b>Funds and reserves</b>			
Unrestricted funds:			
Revenue fund (page 9)		272	181
Designated funds	16	1,757	1,696
Restricted and endowed funds	17	1,696	1,430
		<u>3,725</u>	<u>3,307</u>

These financial statements were approved by the board of governors on 7 December 2001 and were signed on its behalf by:

*David Tudway Quilter*  
**DC Tudway Quilter**  
Governor

*R Lewis*  
**R Lewis**  
Governor

**Cash flow statement**  
*for the year ended 31 July 2001*

	Note	2001	2000
		£000	£000
<b>Net cash inflow from operating activities</b>	21	630	444
<b>Returns on investments and servicing of finance</b>			
Interest received		35	25
Interest paid		(14)	(13)
<b>Net cash inflow from return on investments and servicing of finance</b>		21	12
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(514)	(229)
Sale of tangible fixed assets		168	6
<b>Net cash outflow from capital expenditure and financial investment</b>		(346)	(223)
<b>Net cash inflow from investing activities before financing</b>		305	233
<b>Financing</b>			
New loan		190	-
Repayment of bank loans	23	(12)	(12)
Capital element of hire purchase payments	23	(12)	(12)
<b>Net cash inflow/(outflow) from financing</b>		166	(24)
<b>Increase in cash</b>	22	471	209

## 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 Statement of Recommended Practice "Accounting by Charities".

#### *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 DfES Pension Scheme, which is a defined benefit scheme. Some other employees are members of a money purchase pension scheme operated by an insurance company 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.

#### ***Endowed fund (restricted)***

Endowed funds represent capital received which cannot be reduced, the income from which is credited to restricted funds to provide bursaries.

#### ***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.

#### ***Revenue funds***

The revenue fund represents the working capital of the school.

#### ***Fees receivable***

Fee income represents the amounts derived from the provision of education services during the year.

#### ***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:

	2001 £000	2000 £000
Tuition and boarding fees	6,720	6,223
Music tuition fees	835	820
Text book charges	44	43
	<hr/>	<hr/>
Less: DfES Cap	7,599 (292)	7,086 (269)
	<hr/>	<hr/>
Total fees invoiced	7,307	6,817
	<hr/>	<hr/>

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

### 4 Sundry income

	2001 £000	2000 £000
<i>Unrestricted:</i>		
Concert income	8	11
Lettings income	58	43
Registration and audition fees	10	9
Other income	84	65
Donations	3	20
Profit on sale: freehold property	126	-
other fixed assets	3	5
	<hr/>	<hr/>
	292	153
	<hr/>	<hr/>
<i>Restricted:</i>		
Grants from DfES	314	-
Grants from MOD	50	-
	<hr/>	<hr/>
Total	364	-
	<hr/>	<hr/>
	656	153
	<hr/>	<hr/>

The grant from the DfES comprises £300,000 towards feasibility studies for the International Centre for Young Musicians ("ICYM") and £14,000 towards on-line distance learning. The grant from the MOD was a contribution towards building of new CCF facilities above the sports hall.

## Notes (continued)

### 5 Analysis of revenue resources expended

	Staff costs £000	Other £000	Depreciation £000	Total £000
Direct charitable expenditure:				
Teaching costs	3,223	415	85	3,723
Welfare	680	382	-	1,062
Premises - general	196	734	119	1,049
- non recurring projects	-	68	-	68
- repairs provision	-	80	-	80
Administration	388	529	1	918
Finance and other costs	-	23	-	23
Scholarships, bursaries and discounts	-	603	-	603
Donation	-	25	-	25
	<hr/> 4,487	<hr/> 2,859	<hr/> 205	<hr/> 7,551
Other expenditure:				
Management and administration of the charity	7	36	-	43
	<hr/> 4,494	<hr/> 2,895	<hr/> 205	<hr/> 7,594

### 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	
	2001	2000
Teaching staff (full-time equivalents)	114	113
Non-teaching staff (full-time equivalents)	131	130
	<hr/> 245	<hr/> 243

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	3,983	3,690
Social security costs	292	263
Other pension costs (see note 20)	219	193
	<hr/> 4,494	<hr/> 4,146

## 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	
	2001	2000
£40,001 - £50,000	6	-
£70,001 - £80,000	1	1

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

### 7 Net incoming resources

	2001 £000	2000 £000
<i>Net incoming resources are stated after charging;</i>		
Auditors' remuneration	18	14
Hire of plant and machinery - rentals payable under operating leases	39	41
Rents payable	167	154
Depreciation	205	187
Profit on disposal of fixed asset	129	5
Transfer to repairs provision	80	-

### 8 Bank and other interest receivable

	2001 £000	2000 £000
Interest from short-term deposits	23	24
Interest on overdue fees	-	1
Interest from deposits of restricted funds	12	-
	<hr/> 35	<hr/> 25

### 9 Finance and other costs

	2001 £000	2000 £000
Interest on bank loans and overdraft	7	6
Hire purchase interest	7	7
	<hr/> 14	<hr/> 13
Interest payable	9	5
Bank charges		
	<hr/> 23	<hr/> 18

## 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
<b>Cost or valuation</b>					
At beginning of year	3,689	293	1,138	80	5,200
Additions	374	33	89	18	514
Disposals	(38)	-	(2)	(15)	(55)
At end of year	4,025	326	1,225	83	5,659
<b>Depreciation</b>					
At beginning of year	813	249	834	57	1,953
Charge for year	79	38	79	9	205
Disposals	(3)	-	(2)	(11)	(16)
At end of year	889	287	911	55	2,142
<b>Net book value</b>					
At 31 July 2001	3,136	39	314	28	3,517
At 31 July 2000	2,876	44	304	23	3,247

All fixed assets are used primarily for direct charitable purposes.

The net book value of land and buildings comprises:

	2001 £000	2000 £000
Freehold	1,448	1,143
Long leasehold	1,688	1,734
	3,136	2,877

## Notes (continued)

### 10 Tangible fixed assets (continued)

The net book value of long leasehold buildings includes £1,376,000 (2000: £1,356,000) in respect of buildings funded by Wells Cathedral School Development Trust and other organisations (note 17).

The net book value of other fixed assets includes £85,000 (2000: £73,000) funded by other organisations (note 17).

Included in the total net book value of tangible fixed assets is £11,508 (2000: £23,015) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £11,508 (2000: £11,508).

### 11 Stocks

	2001 £000	2000 £000
Clothing shop	39	40
Catering	4	5
	<hr/>	<hr/>
	43	45
	<hr/>	<hr/>

### 12 Debtors

	2001 £000	2000 £000
Amounts due from parents	181	255
Other debtors	119	107
Prepayments	43	23
	<hr/>	<hr/>
	343	385
	<hr/>	<hr/>

All debtors are due within one year.

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank loans and overdrafts	314	121
Obligations under hire purchase contracts	12	12
Fees received in advance including deposits	137	107
Trade creditors	21	19
Taxation and social security	105	91
Other creditors	103	96
Accruals and deferred income	176	185
	<u>868</u>	<u>631</u>

There are four 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 fourth is repayable over 20 years and is repayable by October 2020. The first two loans bear interest at 1% pa above bank base rate, subject to a minimum combined rate of 6% pa. The third and fourth loans bear interest of 1.375% above bank base rate.

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

The loans are repayable as follows:

	2001 £000	2000 £000
Within:		
1 year	12	12
1 - 2 years	21	12
2 - 5 years	63	36
After 5 years	203	61
	<u>299</u>	<u>121</u>

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	
	2001 £000	2000 £000
Obligations under hire purchase contracts	-	12

### 15 Provision for liabilities and charges

	Repairs Provision £000
At beginning of year	207
Utilised in the year	(11)
Increase in provision transferred from revenue account	80
At end of year	276

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

The repairs provision represents amounts set aside to meet the cost of this work.

## Notes (continued)

### 16 Designated funds

	2001 £000	2000 £000
<i>Asset fund</i>		
At beginning of year	1,696	1,589
Profit on sale of freehold property	126	-
Transfer to Revenue Fund	(65)	107
	<hr/>	<hr/>
At end of year	1,757	1,696
	<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 fund is unrestricted.

### 17 Restricted and endowed funds

	ICYM Fund £000	Ashley Jones Endowed Fund £000	Bursary Fund £000	Capital Fund £000	2001 Total £000	2000 Capital Fund £000
Donations and other receipts	300	-	-	64	364	10
Depreciation transferred from Revenue Fund	-	-	-	(33)	(33)	(29)
Transfer from Wells Cathedral School Development Trust	-	14	-	-	14	-
Bank and other interest received	9	-	3	-	12	-
Less: expenditure	(91)	-	-	-	(91)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus for year	218	14	3	31	266	(19)
At beginning of year	-	-	-	1,430	1,430	1,449
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	218	14	3	1,461	1,696	1,430
	<hr/>	<hr/>	<hr/>	<hr/>	<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).

The Ashley Jones Funds represent an endowment received, the income from which is to be used to fund bursaries.

The ICYM Fund represents a grant received from the DfES in respect of investigating the feasibility of the "International Centre for Young Musicians" project, net of relevant expenditure.

### 18 Commitments

#### Operating leases

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

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In less than one year	53	-	-	-
In the second to fifth years inclusive	-	24	26	27
	<u>53</u>	<u>24</u>	<u>26</u>	<u>27</u>

The majority of leases of land and buildings are subject to rent reviews. Rent reviews occur over 1 to 7 years. The rent review for the properties leased from The Chapter was due on 1 July 2000. The revised rent remains subject to negotiation; £92,500 (2000: £84,000) has been charged in this year's accounts.

#### Capital commitments

Prior to the year end the school entered into a finance lease agreement in respect of a new telecommunications system costing £254,000. The equipment came into use in November 2001. There were no capital commitments at 31 July 2000.

### 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 two pension schemes.

#### (a) Teachers

The Teachers' Superannuation Scheme is an unfunded defined benefit scheme administered by the Department for Education and Skills 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.

Under definitions set out in Financial Reporting Standard 17, the teachers pension scheme is a multi employer pension scheme. The school is therefore unable to identify the underlying (notional) assets and liabilities of the scheme. Accordingly, the school has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if they were defined contribution scheme. The school sets out below the information available on the scheme and the implications in terms of the anticipated contribution rates.

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 contribution rates were payable from 1 April 2000. The valuation was based on investment returns of 8.5% per annum and salary scale increases of 6.5% per annum.

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

Most of the non teaching staff are members of 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 £219,000 (2000: £193,000) analysed as follows:

	2001 £000	2000 £000
Non teaching staff	56	52
Teachers	163	141
	<hr/>	<hr/>
	219	193
	<hr/>	<hr/>

Contributions outstanding at 31 July 2001 were as follows:

	2001 £000	2000 £000
Non-teaching schemes	8	5
Teaching schemes	28	25
	<hr/>	<hr/>
Net contributions outstanding	36	30
	<hr/>	<hr/>

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

	2001 £000	2000 £000
Net movement in funds	418	33
Depreciation charge	205	187
Profit on sale of tangible fixed assets	(129)	(4)
Decrease in stocks	2	10
Decrease in debtors	42	213
Increase in creditors	44	17
Interest receivable	(35)	(25)
Interest payable	14	13
Net increase in provisions	69	-
	<hr/>	<hr/>
Net cash inflow from operating activities	630	444
	<hr/>	<hr/>

## Notes (continued)

### 22 Analysis of changes in net funds

	At 31 July 2000 £000	Cash flows £000	At 31 July 2001 £000
Cash in hand and at bank	480	486	966
Bank overdraft	-	(15)	(15)
	<hr/>	<hr/>	<hr/>
	480	471	951
Debt due within one year	(121)	(178)	(299)
Hire purchase contracts	(24)	12	(12)
	<hr/>	<hr/>	<hr/>
Total	355	305	640
	<hr/>	<hr/>	<hr/>

### 23 Reconciliation of net cash flow to movement in net funds

	2001 £000	2000 £000
Increase in cash in the year	471	209
Cash inflow from new loan	(190)	-
Cash outflow from repayment of loans and hire purchase agreements	24	22
	<hr/>	<hr/>
Change in net debt resulting from cashflow	305	231
New finance leases	-	(34)
Net funds at start of year	335	138
	<hr/>	<hr/>
	640	335
	<hr/>	<hr/>

### 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	1,757	-	-	-	1,757
Restricted and endowed funds	1,461	235	-	-	1,696
Revenue fund	299	249	-	(276)	272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,517	484	-	(276)	3,725
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 25 Changes in resources available for charity use

	Unrestricted funds £000	Restricted Funds £000	Total £000
Net movement in funds for year (page 9)	152	266	418
Net increase in tangible fixed assets for direct charitable purposes	(270)	-	(270)
	<hr/>	<hr/>	<hr/>
Net decrease in funds available for future activities	(118)	266	148
	<hr/>	<hr/>	<hr/>

### 26 Connected parties

#### (a) Connected charity

Wells Cathedral School Development Trust (Limited by guarantee) ("the Trust") 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 £25,000 (2000: £100,000) to the Trust and paid rent of £23,500 (2000: £23,500) in respect of properties owned by the Trust and occupied by the school. Included within this figure is £6,145 due to the Trust at 31 July 2001. The Trust also reimbursed the company for £Nil (2000: £23,038) paid on its behalf.

#### (b) Connected persons

The Chapter of Wells ("the Chapter") is a connected person within the terms of the Statement of Recommended Practice 'Accounting by Charities'.

During the year:

Rent was due to the Chapter of £92,500 (2000: £84,500) under a repairing lease expiring in 2063 in respect of certain school buildings.

The School received from the Chapter financial support of £114,449 (2000: £117,710) in respect of education for the Cathedral Choristers.

The school paid £10,829 (2000: Nil) to the Chapter in respect of use of cathedral facilities.

#### (c) Transactions with Governors

During the year one of the Governors received reimbursement of expenses amounting to £91 (2000: £92).

One governor was a parent of a pupil at the school and paid fees on the same terms as any other parent.

## Notes (continued)

### 27 Connected parties (continued)

#### (d) Transactions with officers

The loan to the Bursar, amounting to £13,068 (2000: £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 £2,157 (2000: £1,807) in the year.