

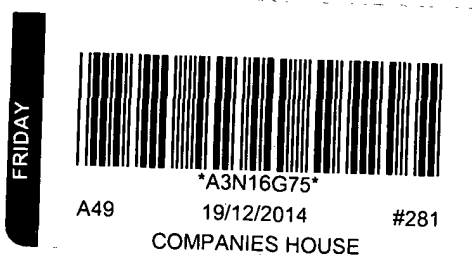
Wells Cathedral School (limited by guarantee)

**Governors' report and consolidated
financial statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2014



Contents

GOVERNORS REPORT

Strategic report	9
Financial performance	11
Independent auditors' report to the members and governors of Wells Cathedral School Limited	16
Consolidated statement of financial activities	18
Consolidated summary income and expenditure	19
Consolidated balance sheet	20
School balance sheet	21
Consolidated cash flow statement	22
Notes	23

GOVERNORS' REPORT

The school's governors present their annual report for the year ended 31 July 2014 under the Charities Act 1993 (as amended by the Charities Act 2011), together with the audited consolidated financial statements for the year and confirm that the latter comply with the requirements of the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities' Statement of Recommended Practice 2005 (updated 2008).

GOVERNANCE

The school has been in existence since 909AD. Its original purpose, which it still carries out to this day, was to educate the Wells Cathedral choristers. It is registered with the Charity Commission and it was incorporated in 1956 as a registered company, limited by guarantee.

Public charitable objectives

The governors have referred to the charity commission's general guidance on public benefit when reviewing the school's aims and objectives and in the planning of future activities. In particular, the governors consider how planned activities for the year will contribute to the aims and objectives they have set.

The charity's objectives, as set out in its Memorandum of Association, are:

- "To advance education in accordance with the doctrine of the Church of England by such means as shall be exclusively charitable and by other associated activities for the benefit of the community";
- "The carrying on and development of the school"; and
- "To provide in particular for the training and education of the choristers of the Cathedral Church of St Andrew in Wells, and the other pupils of the school through instruction in every branch of learning, in citizenship, in outdoor pursuits and in arts and crafts of all kinds, and on the basis of Christian principles and in accordance with the doctrine of the Church of England to provide such pupils with spiritual, moral, mental and physical training."

Charitable aim

The charity's aim is therefore to provide a school for the advancement of education. At present the school provides "an inspiring education in a musically alive and beautiful environment, as a brilliant foundation for life" to some 700 boys and girls from the age 3 to 18, including the choristers of the Cathedral Church of St Andrew in Wells.

Charitable benefit

The charity's primary benefit is the provision of education to the boys and girls at the school. The school is a co-educational learning community and its pupils consist of both boys and girls at all stages. There are no geographical restrictions upon prospective pupils and 81 children (about 11% of total pupils) from about twenty different overseas nations were pupils during the year. Although education is in accordance with the doctrines of the Church of England, there is no religious restriction upon those who may be admitted. At present many different religions are represented amongst the pupil body. All pupils are assessed academically on entrance to enable appropriate provision for them, and auditions are held for prospective musicians and choristers.

Beyond the curriculum offered by the school, benefits to its pupils also flow from the following activities:

- Community work carried out by pupils in and out of school;
- Links with schools and music academies and enterprises overseas (Sierra Leone, China including Hong Kong, Malaysia and Sri Lanka) to enable the pupils to extend their community work abroad and to understand the needs of pupils in different countries; and
- Charitable fundraising.

Governors' Report (continued)

Bursaries, Scholarships and Discounts

The charity does not have substantial reserves or endowments and largely relies upon its annual fee income and foundation fundraising to support its activities. Although fees are payable by parents, there is extensive bursary and scholarship support provided to pupils. The school seeks to provide as many means tested bursaries and scholarships as can be sustained by its annual fee income. Both bursaries and scholarships are awarded for one year only, but may be renewed after further means reviews by the school.

Group structure and relationships

The charity has a wholly owned subsidiary, iMusic Limited, which has not traded during the year.

The Wells Cathedral School Foundation ("the foundation") was established in 2007 as a separate but connected charity, number 1118159, to oversee all fundraising in the name of the school. The foundation's objects are to "advance the education of pupils at the school by means of:

- The provision of financial assistance towards the maintenance and development of the school;
- Raising money for awards to pupils to pursue their education at the school; and
- The provision of facilities and equipment to support the education of pupils in the school."

The foundation's income is from charitable gifts plus gift aid, which are received from individuals, grant giving trusts and foundations. During the year the foundation received £516,596 (2013: £837,797) in incoming resources and there were donations from the foundation to the school of £78,906 (2013: £50,136) representing donations for bursaries and specific projects.

Under the terms of a Memorandum of Understanding agreed between the governors and the foundation, the initial costs of establishing the foundation and some of its running costs are met by the school and, whilst the foundation produces its own separate audited financial statements, these financial statements are then incorporated with the financial statements of the school into the consolidated financial statements of the group.

The school has also continued, with the Chapter of Wells Cathedral, to support the Wells Cathedral Choristers' Trust (formerly the Wells Cathedral Girl Choristers' Trust), which is charged with raising money for the support of choristers in the future.

Governing document

The charity is governed by its Memorandum and Articles of Association dating from 1956 and last amended in 2007.

The Governing Body

The Wells Cathedral School governors, who served during the year, and up to the date of signing the financial statements, are listed below. The governors of Wells Cathedral School Limited ("the school", "the charity") are directors of the school for Companies Act purposes.

The Very Reverend John Clarke *●, Dean of Wells (*chairman*)
The Reverend Canon Andrew Featherstone* \$, Chancellor of Wells Cathedral
The Reverend Canon Nicholas Jepson-Biddle J, Precentor of Wells Cathedral
Prebendary Barbara Bates \$
Prebendary Emeritus Helen Ball OBE \$0
Prebendary Emeritus Elsa van der Zee J (*left 31st December 2013*)
Mr Peter McIlwraith*● (*left 30th June 2014*)
Mr Robert Sommers 0J
Mr Martin Smout ●
Mr Patrick Cook ●# (*left 30th June 2014*)
Mr Derek Pretty *\$
Mr Jonathan Vaughan J
Mr David Brown ●# (*from 9th January 2014*)

Governors' Report (continued)

- * Members of the Finance and Audit Committee
- \$ Members of the Personnel and Remuneration Committee
- ◊ Members of the Education Committee
- ♪ Members of the Music Committee
- Members of the Development Committee
- Members of the Chorister Committee
- # Parent of a pupil at Wells Cathedral School

The board comprises three of the seven members of the Chapter of Wells Cathedral together with up to nine lay governors, who are appointed by the Chapter. The Chapter can also nominate up to two alternate governors from their number.

The lay governors are appointed for three years and retire by rotation. At the Annual General Meeting in December 2013, Predendary Barbara Bates, Mr Patrick Cook and Mr Martin Smout retired in accordance with the Articles of Association and, being eligible, were re-elected.

Recruiting and training of governors

The charity's elected lay governors are appointed at a meeting of the board on the basis of nominations agreed between the chairman and the head with regard to the board's requirements concerning eligibility, personal competence, specialist skills and availability for meetings. A small search committee of governors meets with the head on a regular basis to consider vacancies, names and succession. Governors are inducted into the workings of the charity, including board policy and procedures, by the chairman, the head, the director of finance and resources and the assistant clerk to the governors. The training needs of the governors are continually assessed and relevant updating sessions are provided.

Statement of governors' responsibilities

The governors (who are also trustees and directors of the school for the purposes of charity and company law) are responsible for preparing the governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law and the law applicable to charities in England requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the school and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of going concern

In their consideration of the presumption of going concern as the basis for the preparation of the report and financial statements, the governors have concluded that no material uncertainties have been identified that may cast significant

Governors' Report (continued)

doubt about the ability of the school to continue as a going concern. The governors therefore have a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has continued to be adopted in preparing the financial statements.

Disclosure of information to auditors

The governors who held office at the date of approval of this governors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each governor has taken all the steps that he/she ought to have taken as a governor to make himself/herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Organisational management

The school's governors, as the trustees of the charity, are legally responsible for the overall management and control of the school. The full governing body meets at least four times a year, and is chaired by the Dean of Wells Cathedral. It is responsible for determining the aims, strategy and overall conduct of the school and is accountable for the discharge of its responsibilities to pupils, parents and staff. The work of implementing the policies is carried out by a series of committees.

- **Finance and Audit Committee:** This committee meets four times a year, usually two weeks before a full meeting of the governing body, and is chaired now by Mr Derek Pretty, who took over from Mr Peter McIlwraith in July 2014. Its main roles are to consider, monitor, challenge and recommend the annual budgets and fee increases to the board; to monitor and direct in-year expenditure; authorise capital expenditure, and scrutinise the statutory financial statements and recommend them to the governing body. The committee also has responsibility for appointing and appraising the performance of the external auditors.
- **Personnel and Remuneration Committee:** This committee meets three times a year, and is chaired by the chancellor of Wells Cathedral, the Reverend Canon Andrew Featherstone. It scrutinises, monitors, challenges and endorses proposals for the staffing and remuneration of all staff and monitors and advises on the school's human resource function.
- **Education Committee:** This committee meets three times a year, and is chaired by Prebendary Helen Ball. It has the objective of scrutinising, challenging, supporting and monitoring the school's educational aims and helping it develop new and appropriate ones.
- **Music Committee:** This committee meets three times a year, and is chaired by Mr Jonathan Vaughan. It challenges, advises and supports the head in matters concerning the provision of music education and training within the school.
- **Development Committee:** This committee meets three times a year, and is chaired by Mr Martin Smout. It challenges, advises and supports the head in all matters concerning plant, grounds and non-core trading in order to meet the educational needs of the school, and it monitors and supports, for the board, the work of the foundation of Wells Cathedral School.
- **Chorister Sub Committee:** This committee meets three times a year, and is chaired by the Precentor of Wells Cathedral. It oversees, monitors and plans all matters to do with the choristers' life and programme.

The running of the school is delegated to the head, supported by her executive team, leadership team and management team. The executive team consists of the deputy head, the director of music, the director of finance and resources and the director of external relations. The focus of the executive team is the development and maintenance of the school strategy and of performance management against strategic objectives. The executive team is assisted and supported by: two assistant heads, the head of the junior school, the director of admissions and the director of communications technology, the collective group forming the leadership team. The focus of the leadership team is the development and implementation of the school's annual plan and assessment of performance against its objectives. The head attends all meetings and committees of the governors and members of the executive/leadership teams attend meetings according to their responsibilities and the head or governors direction. The third team, the management team, is responsible for the management of ongoing operations within the school and its focus is on the policies, procedures and controls that are required to ensure the efficient operation of the school.

Governors' Report (continued)

Officers

During the year the executive officers, directly responsible to the board of governors, were:

- The head Mrs Elizabeth Cairncross
- Director of finance & resources and clerk to the governors Mr Peter Knell

Volunteers

The school continues to be grateful to the parents' association for the funds it makes available for desirable and useful extras throughout the school and its contribution in arranging social occasions. Also to the Friends of Music of Wells Cathedral School for their constant support for music in the school and for the funding they make available for instruments, musical commissions, etc. It is also grateful to the board of Wells Cathedral School Hong Kong Music Society, and to the trustees of the Wells Cathedral School Foundation.

Advisors

In accordance with section 485 of the Companies Act 2006, a resolution for the appointment of PricewaterhouseCoopers LLP as auditors of the company was approved at the Annual General Meeting in December 2013.

The following organisations acted for the school as professional advisors during the year:

Bankers:	National Westminster Bank PLC 7 High Street Wells Somerset BA5 2AD
Solicitors:	Harris and Harris Diocesan Registry 14 Market Place Wells BA5 2RE Burgess Salmon LLP One Glass Wharf Bristol BS2 0ZX
Independent auditors:	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 31 Great George Street Bristol BS1 5QD
Surveyors:	Messrs Jackson-Stops and Staff 10 Sadler Street Wells Somerset BA5 2SE
Insurance brokers:	Marsh Brokers Capital House 1- 5 Perrymount Road Haywards Heath West Sussex RH16 3SY

Governors' Report (continued)

Registered Office

The address of the registered office of the school's incorporated company and connected charity is:

Registered office	The Bursary Wells Cathedral School Limited College Road Wells Somerset England BA5 2SX www.wells-cathedral-school.com
Connected charity:	Wells Cathedral School Foundation The Bursary College Road Wells Somerset BA5 2SX

Post Balance Sheet Events

The school has entered into a contract with Shaylor Group plc to construct a new musical performance, practise and rehearsal facility. The value of the contract is £6.24m and payments will be made over a 13 month period starting March 2015. The project has a start date of February 2015 with anticipated completion in April 2016. It will comprise a recital hall of around 350 seats, plus sectional rehearsal spaces for brass, woodwind and percussion. The project will equip the school with a world-class performance and education space which will match the school's reputation for excellence in music and the creative arts as well as facilitating innovative pedagogy and providing leading edge recording facilities, all in an environment of outstanding acoustic quality.

Governors' Report (continued)

STRATEGIC REPORT

Review of Business Activities

Principal Activities

During 2013/14, the numbers in the senior school decreased to 527 (2013: 546) and in the junior school increased to 144 (2013: 139), excluding the nursery. Boarding places were fully used throughout the whole school, and recruitment occurred throughout the academic year, with new pupils joining each term. The continuing demand of the boarding market has led the school to seek ways of expanding boarding. During the previous year the school purchased two adjacent properties overlooking the Cathedral Green and Music School, which were conjoined and extensively refurbished and converted into a senior female boarding house. Subsequent development is anticipated to come from on-site extensions to existing boarding houses and two potential schemes are in the planning approval stage of development.

Fundraising for capital projects (Cedars Field development – the music building, sports pavilion and maintenance facility) continued. To date £2,008k has been gifted and a further £1,060k pledged (pledges are promises of funds that are not legally binding and have not been accounted for) on top of commitments by the government to the school of which £3.51m has now been received. The success of this fundraising has enabled the construction of the first two buildings in this sequential programme to begin. The maintenance building and the sports pavilion have anticipated completion dates of January 2015 and May 2015 respectively, the maintenance building being an enabling project for the subsequent construction of the new music building.

The school has developed 'wrap around care' in the junior school, with weekly mother and toddler music activities, and day opportunities for early starts, with breakfast, and late activities, extending the school day for those whose parents welcome this. The nursery is now also open throughout the year (previously term-times only) offering a facility to match the needs of full-time working parents.

Links continue to be strengthened with former students through the Old Wellensians Association, with regular social events in London; dinners in Australia and New York; events in Hong Kong, supported also by the Wells Cathedral School Hong Kong music society and attendance at a concert programme in Baden Wurttemberg. More regular dinners are planned, including in San Francisco.

The beneficiaries of the charity also include other children who are not pupils of the school who have the opportunity to benefit from educational activities undertaken at, or by, the charity. Such educational activities undertaken at, or by, the charity in the year include the following:

- Music outreach, re-branded as "Wells Music Academy" in July 2012 has an extensive programme which includes: a musical partnership with local primary schools incorporating Singing Days, etc; an annual orchestral concert at Wells Cathedral to which over 200 schools are invited; instrumental lessons to pupils from local schools; three annual Christmas concerts in Wells Cathedral for 800+ primary school children including leadership from senior school students. These concerts are prepared for by primary schools using musical materials released by Wells Music Academy. For some primary schools it is their main Christmas performance attended with their families, which fills the Cathedral on three nights.
- Since introducing Instrument Days in 2011 a programme of 6 instrument days per year has been developed for 2012/13 onwards. The teaching resources of the Music Department and guest players are deployed to give a full day of instruction and demonstration, which has been well received.
- Since 2012, two new Music Clubs have been formed which meet monthly in term time. This gives a unique opportunity for players in the South West region to rehearse and perform a challenging repertoire with professional leadership.
- Through its Wells Music Academy programme and its innovative on-line gamelan and African drums teaching software, the school seeks to bring its musical excellence into the wider community, locally, nationally and internationally.

Governors' Report (continued)

- The school provides boys and girls to form a choir at Wells Cathedral and they are an integral part of the worship at Wells Cathedral and a significant benefit to the members of the wider community. The school supports non Wells students to "Be a chorister for a Day" providing staffing, students and physical resources.
- Collaborative working with state schools is achieved mainly through the music outreach programme, the leading edge programme and the involvement of school pupils in the choristers' outreach programme, with local programmes partnering other schools
- The school runs its own specialist mathematics programme, paralleling the specialist music scheme, starting in year 7. Designed for highly gifted mathematicians it gives them the opportunity to learn and develop maths at their own level with similar peers, whilst enabling all round education in a real school. Many of these children need and receive significant bursaries from the school.
- The school has also secured charitable funds for an intervention programme in the junior school to give support and development to those who find maths hard. As with the specialist maths scheme this will be monitored.
- The school has given support to Bristol Cathedral Choir School, now an academy, at the request of its headmaster, to the academy's bid to open a free school – a primary school to be a feeder school for the academy. Significantly, this will also be a choir school.
- The facilities of the school are available to many users during the year with little or no charge and specific members of staff act as public examiners for maintained school candidates.
- At the other end of the scale, there are activities groups that visit the elderly weekly, work in charity shops and send students to help out with activities in local primary schools.

Operational Performance

The school set itself the following objectives for the year:

1. To implement and embed changes in the management and at other senior levels in the school.
2. To continue to improve the provision of sport and co-curricular education.
3. To extend the refurbishment of key buildings, tackling more of them within the year, as well as tackling major quinquennial expectations in a way which enhances the school's facilities.
4. To launch the public phase of the Cedars Field projects (music building, pavilion and maintenance facility).
5. To raise the level of fundraising for capital projects and for bursaries both at home and abroad.
6. To increase the level and rate of recruitment of pupils at all stages in the school.
7. To support families and parents better so that being a member of the Wells community is easier.
8. To develop leadership and accountability at all levels throughout the school, especially within the music school.
9. To grasp the challenge of the school's diversity and market it accordingly.

The school has monitored performance of key indicators throughout the year. At Wells there are many unseen exam factors, not least that many of the ablest students do fewer GCSEs or A levels than at other schools because of their musical programme or because so many individual pathways are crafted. The only criterion for entry into the school at any level is that the girl or boy will be able to flourish and to help other people to do so.

Large numbers of students go to Russell Group and other excellent universities across the world, to Oxford and Cambridge, or onto Music College - often with important scholarships. Wells focuses most on how they will use all their education to be flexibly minded people of integrity, balance and determination. The increasing emphasis on independent learning has meant that the number of students taking the Extended Project Qualification has increased, and work has been undertaken to enable us to develop this initiative at younger ages also.

The students continue to achieve excellent exam results at both GCSE and A level across a range of subject areas. At GCSE this meant 55% of entries achieving A*s or As, and 27% achieving A*. At A level it meant almost half of all grades being awarded A* or A grades (19% A*). The majority of students achieved their first choices of university or

Governors' Report (continued)

conservatoire, this includes 6 students who took up places at Oxford or Cambridge as well as many others who took up places at prestigious international establishments such as New York State University and the Juilliard School of Music.

Instrumental music exam results have again been excellent throughout the year, with several students achieving diploma level qualifications in a range of instruments, including voice. A number of subject areas including Maths, English, Science, Geography and History are now working towards IGCSE qualifications where we feel they offer a richer educational experience for our students.

Links continue to be strengthened and developed with partner schools at home and abroad including: the lead school Preston Manor in Wembley Park; Xinghai Music Middle School in Guanzhou, Southern China; the Xinghai Conservatory of Music in China; the Po Leung Kuk Choi Kai Yau School, Heep Yunn School and the Diocesan Girls' and Boys' Schools in Hong Kong; Sam's Project in Sri Lanka; the JT Reffel Primary School; the Freetown cultural village; the Ballanta Music Academy in Freetown Sierra Leone; and schools in Kuala Lumpur, Malaysia, and the Bentley Music Academy. All these links have again given opportunities in this academic year for exchanges and development for pupils, staff or both, as well as providing focus for the school's own charitable fundraising and wider opportunities for music performance. A large group of Year 11 pupils again visited Sri Lanka and a large group of sixth form pupils and staff went to Sierra Leone. A languages teacher taught for two weeks in Hong Kong, and her exchange partner returned to Wells for two weeks.

The school has again responded to the economic challenges imposed on it by the current financial climate by rigorous planning and control and a continued focus on recruitment. It has worked to further develop its nascent markets overseas, particularly in South Korea, the BRIC countries and the Ukraine. In South Korea the school has entered into a partnership as franchisor of a number of kindergartens linked to Wells, through a franchisee. The first kindergarten is expected to open in March 2015.

FINANCIAL PERFORMANCE

The financial performance for the year has been influenced by challenging environmental conditions. Pupil numbers have decreased slightly from last year by a total of 14 pupils across the junior and senior school and the demand for bursary and other discount funding for those pupils has increased. The school has determined to maintain the quality of its provision whilst ensuring that it operates at a financially sustainable level of surplus.

Consolidated operating result

The operating environment for the year was challenging: pupil numbers fell by 2% (2013: 4%); bursaries and discounts increased to 17% (2013: 15%) and donations to the foundation decreased by 45% (2013: increase of 1%). The school has also continued to maintain its investment in staffing and infrastructure in order to maintain the quality of its provision. The cumulative impact of these factors was a reduction in surplus, despite the delivery of several cost efficiency projects that have reduced costs without affecting outputs.

The consolidated net incoming resources for the year is a surplus of £208k (2013: £831k) which is composed of the net income results of the school and foundation. The consolidated results for the year are set out in the statement of financial activities (SOFA) on page 17. Under accounting rules for charities this statement combines transactions of a capital and revenue nature. The operating results for the two constituent charities are outlined below.

Operating result of the school

During the year the school produced an operating surplus from trading of £505k (2013: £912k) before depreciation and non recurring premises projects. After depreciation and non recurring premises projects the operating result from trading was £(141)k (2013: £186k). The costs of the school include a gift in kind to the foundation of £158,820 (2013: £168,037). After adjusting operating costs to reflect this gift the underlying operating result for the school was £17k (2013: £354k).

Governors' Report (continued)

The school's activities are summarised below:

	2014 £000	2013 £000
Operating income from school	14,476	14,187
Operating costs of school:		
School bursaries and discounts	(2,858)	(2,493)
Other operating costs (excl. depreciation)	(11,113)	(10,782)
Operating surplus	505	912

Governors' Report (continued)

Less:		
Depreciation	(462)	(464)
Premises-non recurring projects	(184)	(262)
Operating result	(141)	186
Income from generated funds	776	1,053
Un-realised losses on investments	(3)	-
Cost of generating funds	(326)	(291)
Cost of charitable activities not part of operating costs	(98)	(117)
Net incoming resources in SOFA	208	831

Analysis of the business using key performance indicators (KPI's)

KPI	2014	2013	2012	2011	2010
Net fee income growth %	0%	0%	3%	4%	7%
Bursaries as a % of gross fees	17%	15%	13%	13%	13%
Voluntary income as a % of gross fees	4%	7%	8%	30%	27%
Teaching staff costs as a % of gross fees	52%	52%	52%	52%	51%
Welfare costs as a % of gross fees	10%	10%	12%	12%	12%
Premises costs as a % of gross fees	17%	19%	18%	16%	20%
Operating surplus %	2%	7%	20%	36%	15%

Governors' Report (continued)

Operating result of Wells Cathedral School Foundation

During the year the foundation received £481,959 (2013: £806,237) in financial contributions in the form of voluntary income. The foundation continued its substantial donations to the school, which in the year under review totalled £78,906 (2013: £50,136). The operating costs, including staff costs and other direct costs associated with the foundation, are borne by the school. These costs of £158,820 (2013: £168,037) are reflected as gifts in kind in the foundation's financial statements. The operating result of the foundation was £431k (2013: £784k) and after accounting for the impact of the gift in kind provided by the school, the operating surplus of the foundation was £273k (2013: £616k).

The governors note that both the school and the foundation have generated operating surpluses, despite the challenging macro-economic conditions and the evident resultant pressure on bursaries and discounts, which increased by £365k in this financial year from 2013.

Investment policy, powers and performances

The governors of the school and trustees of the foundation may authorise the funds of the group to be invested in any stocks, shares or insurance policies. The aim will be to generate long-term total return from endowment funds invested, combining both capital growth and income, and to invest other funds received in bank deposits and bonds at attractive rates of interest.

Restricted funds

The school received £nil (2013: £nil) for the school's outreach scheme and utilised £34,974 (2013: £46,999). A total of £332,972 (2013: £418,442) of funds were incurred in year on the Cedars Field Development project.

Reserves policy

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 governors 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 that are carrying excessive free reserves.

The free reserves in the consolidated balance sheet, as defined by the guidelines, were £1,618k (2013: £1,862k) at the end of the financial 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 considerably higher than the current level of free reserves. It is unlikely that the target will 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.

Bursaries

Bursaries are awarded solely on the basis of parental need and are all means tested. During the year, the school supported 217 pupils (2013: 216 pupils) by the award of bursaries worth £1,478,281 (2013: £1,273,990). Within this level of bursary support were 5 free places (2013: 3) worth £111,710 (2013: £74,646).

In addition the school has subsidised the 78 pupils (2013: 79) whose places are funded by the Music and Dance Scheme to the extent of £681,788 (2013: £605,589), a fact acknowledged by the DfE. The DfE support to these pupils is also based upon careful means testing.

These bursaries were worth 10.4 % (2013: 9.66%) of the school's gross fee income for 2013/14

Scholarships

Scholarships are awarded to recognise a pupil's academic, musical or sporting achievement and as with all school awards are means tested. During the year, the school supported 52 pupils (2013: 40 pupils) by the award of scholarships worth £91,694 (2013: £79,506). This year the school awarded sport scholarships to 17 pupils' worth £17,109 which is also included. These scholarships were worth 0.65% (2013: 0.60%) of the school's gross fee income for 2013/14.

Governors' Report (continued)

Discounts

Discounts are also given to specific groups of parents in order to assist them in educating their children at the school:

- Members of the clergy of the Church of England – fees were reduced by £9,215 during the year (2013: £7,968).
- Members of the armed forces – fees were reduced by £11,946 during the year (2013: £18,375).
- Formers pupils of the school – fees were reduced by £18,368 during the year (2013: £20,144).
- Parents with more than one child at the school – fees were reduced by £90,338 during the year (2013: £90,208).
- Employees of the school – fees were reduced by £444,741 during the year (2013 £388,475).

Future Plans

The school will revise its annual objectives for the next financial and academic years with particular emphasis on:

- Working with the foundation to build endowment and funding for scholarships and bursaries other than from fee income.
- Increasing recruitment and retention throughout the whole school, with particular focus on continuity from year 11 to the sixth form
- Completing and implementing its site master plan, including the completion of the first phase of the Cedars Field and the commencement of the second and final phase.
- Extending its international reach to nascent and new markets
- Extending the flexibility of its boarding offer, by introducing a weekly boarding option, aimed at prospective pupils living in the region, but outside convenient daily travelling distance.
- Creating ways of expanding boarding further and to continue to enhance the flexibility of the boarding provision
- Reviewing and developing language teaching throughout the whole school, including the development of an international school and of enhanced support for English as an additional language.
- Opening the school's first overseas operation, a kindergarten in Seoul South Korea, in partnership with an established operator of educational establishments.

Risk Management

The board of governors is responsible for the management of the risks faced by the school. Detailed consideration of risks is delegated through the head to the deputy head and the director of finance and resources, who are assisted by other members of the executive, leadership and management teams. Risks are identified, assessed and controls established throughout the year. A register of key risks has been created and, together with the charity's risk management process, is reviewed formally by the governors on an annual basis.

Specific risks identified include public benefit and charitable status, the future of the Music and Dance Scheme within continued governmental spending reviews, possible risks to the wellbeing of pupils and financial risks. These risks are mitigated through regular monitoring of government decisions and through the school's established health and safety framework. The school has recorded all activities that give rise to a public benefit in support of its status as a charity.

Financial risk management covers:

- Price risk. Fees are subject to annual review. Salary costs are communicated to staff during the formal annual review of salaries. Prices of significant materials purchased are subject to contracts with suppliers, based on current market prices and at least three quotations;

Governors' Report (continued)

- Credit risk. The credit risk on amounts owed to the school by its customers is low, due to the nature of the income being received;
- Liquidity risk. The school is currently in the advanced planning stage of a capital project to build a new music learning and performance building. The school has prepared cash flow forecasts and is monitoring these regularly. The project is jointly financed by contributions from the Department for Education (DfE), the foundation, the school itself and retained surpluses, utilising long and short term borrowing; and
- Interest rate cash flow risk. The school has five bank loans secured on property on which it pays interest at 0.9 to 1.5% above base rate. An interest offset arrangement is in place (see note 16). The school receives interest income on short term deposits, endowment and restricted funds which helps to offset any increase in interest payable.
- Treasury risk. The school's long-term, capital and working capital cash-cycle requirements mean that the school has maintained deposits in cash and cash equivalents as well as longer term investments. These holdings expose the school to the risk of loss through investments whose risk profile does not include a guaranteed return and/or from the failure of the organisations holding the investments. The deposits and investments held by the school are actively managed by the school, with investment policy set by the investment committee of the foundation and by the school finance and audit committee who consider the risk and return profile, duration, and disbursement of the funds under deposit/investment.

The key controls used by the charity to manage identified risks include:

- Formal agendas for all committee and board activity;
- Terms of reference for all committees;
- Comprehensive strategic planning, budgeting and management accounting;
- A register of key risks, identifying and assessing the risks as well as a responsible manager and risk mitigation strategy for each risk;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established by the school, the governors are satisfied that the major risks identified have been mitigated where deemed appropriate. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The governor's report including the strategic report was approved by the board of governors of Wells Cathedral School Limited on Monday 8 December 2014 and signed on its behalf by:



Very Reverend J M Clarke
Governor

Independent auditors' report to the members of Wells Cathedral School

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2014 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent charitable company financial statements (the "financial statements"), which are prepared by Wells Cathedral School, comprise:

- the consolidated and parent charitable company balance sheets as at 31 July 2014;
- the consolidated statement of financial activities and the consolidated summary income and expenditure account for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Governors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Governors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Governors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Governors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

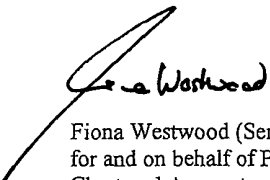
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Governor's

As explained more fully in the Statement of Governors' Responsibilities, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and Governors' as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Fiona Westwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
18 December 2014

11

Consolidated Statement of Financial Activities
for the year ended 31 July 2014

	<i>Note</i>	Unrestricted funds Revenue £000	Designated £000	Restricted Funds £000	Endowment funds £000	Total 2014 £000	Total 2013 £000
INCOMING RESOURCES:							
Incoming resources from generated funds:							
Voluntary income	5	1	-	504	-	505	830
Activities for generating funds	5	208	-	-	-	208	160
Investment income	10	9	-	54	-	63	63
Incoming resources from charitable activities:							
Fees receivable	3	11,351	-	-	-	11,351	11,376
Other educational income	4	163	-	-	-	163	139
Other ancillary trading income	4	104	-	-	-	104	179
Total incoming resources		11,836	-	558	-	12,394	12,747
RESOURCES EXPENDED							
Costs of generating funds	6	329	-	-	-	329	291
Charitable activities:							
School operating costs	6	11,227	397	161	-	11,785	11,538
Governance costs	6,7	70	-	2	-	72	87
Total resources expended		11,626	397	163	-	12,186	11,916
Net incoming resources before transfers	9	210	(397)	395	-	208	831
Transfers	18,19	(466)	479	(10)	(3)	-	-
Net movement in funds		(256)	82	385	(3)	208	831
Fund balances brought forward at 1 August	18,19,20	1,862	6,443	7,494	665	16,464	16,464
Fund balances carried forward at 31 July	18,19,20	1,606	6,525	7,879	662	16,672	16,464

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

There is no material difference between the surplus for the financial year stated above and their historical costs equivalents.

The incoming resources and net movement in funds arose from continuing operations.

The school's net movement in funds for the year ended 31 July 2014 is £208k (2013: £831k).

Consolidated summary income and expenditure account
for the year ended 31 July 2014

	<i>Notes</i>	2014	2013
		£000	£000
Gross charitable income		14,472	14,187
Non-charitable income		713	990
		<hr/>	<hr/>
		15,185	15,177
Charitable expenditure		(14,635)	(14,025)
Non-charitable trading expenditure		(401)	(378)
		<hr/>	<hr/>
Net surplus before investment asset disposals		149	774
Gain on disposal of fixed assets		4	-
Interest payable	<i>11</i>	(5)	(6)
Interest receivable	<i>10</i>	63	63
		<hr/>	<hr/>
Net surplus of income over expenditure for the year		211	831

Consolidated balance sheet
As at 31 July 2014


	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	12	11,989	11,720
Investments	15	1,170	423
Current assets			
Stocks	13	12	12
Debtors	14	848	911
Investments	15	2,000	2,000
Cash at bank and in hand		3,540	4,425
Total current assets		6,400	7,348
Creditors: amounts falling due within one year	16	(1,105)	(1,274)
Net current assets		5,295	6,074
Total assets less current liabilities		18,454	18,217
Creditors: amounts falling due after more than one year	17	(1,782)	(1,753)
Net assets		16,672	16,464
The funds of the charity			
Endowment funds	20,27	662	665
Restricted income funds	19,27	7,879	7,494
Unrestricted income funds:			
Revenue fund (page 24)	27	1,606	1,862
Designated funds	18,27	6,525	6,443
		8,131	8,305
Total charity funds		16,672	16,464

These financial statements on pages 17 to 43 were approved by the board of governors on 8 December 2014 and were signed on its behalf by:

Mr D Pretty
Governor



Very Revd J Clarke
Governor



School balance sheet
As at 31 July 2014

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	12	11,989	11,720
Investments	15	923	423
Current assets			
Stocks	13	12	12
Debtors	14	826	898
Cash at bank and in hand		2,854	3,918
Total current assets		3,692	4,828
Creditors: amounts falling due within one year	16	(1,090)	(1,262)
Net current assets		2,602	3,566
Total assets less current liabilities		15,514	15,709
Creditors: amounts falling due after more than one year	17	(1,782)	(1,753)
Provision for liabilities and charges	18	-	-
Net assets		13,732	13,956
The funds of the charity			
Endowment funds	20,27	415	415
Restricted income funds	19,27	5,216	5,267
Unrestricted income funds:			
Revenue fund	27	1,587	1,831
Designated funds	18,27	6,514	6,443
Total charity funds		13,732	13,956

These financial statements on page 17 to 43 were approved by the board of governors on 8 December 2014 and were signed on its behalf by:

D Pretty
Governor

Very Revd J Clarke
Governor

Consolidated cash flow statement
for the year ended 31 July 2014

	<i>Note</i>	2014	2013
		£000	£000
Net cash (outflow) from operating activities	24	(195)	(408)
Returns on investments and servicing of finance			
Interest received		63	63
Interest paid		(5)	(6)
Net cash inflow from returns on investments and servicing of finance		58	57
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(736)	(2,032)
Sale of tangible fixed asset		3	-
Net cash outflow from capital expenditure and financial investment	12	(733)	(2,032)
Net cash (outflow) from investing activities before financing	25	(870)	(2,383)
Financing			
Repayment of bank loans	26	(15)	(66)
Net cash (outflow) from financing		(15)	(66)
(Decrease) in cash	26	(885)	(2,449)

Notes

(forming part of the financial statements)

1 Company status

The company is limited by guarantee, not having any share capital. The 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 on the going concern basis under the historic cost convention, in accordance with applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' Statement of Recommended Practice 2005 updated in 2008 ("the SORP"), and the Charities Act 2011 and the Companies Act 2006.

Basis of consolidation

These consolidated financial statements include the financial statements of Wells Cathedral School Limited ("the school") and The Wells Cathedral School Foundation ("the foundation").

The foundation is not a direct subsidiary of the school but has been consolidated into the school's financial statements. Under accounting standard FRS 2, Subsidiary Undertakings, the foundation is classified as a quasi-subsubsidiary as the school indirectly controls and directs the foundation's activities which the school benefits from. The SORP states that where the objects of the charity (foundation) are substantially or exclusively confined to the benefit of another charity (i.e. the school) and where the school influences the foundation in its operational plans, i.e. the nature and timing of support, then the criteria for consolidation of the financial statements are deemed to have been met.

These financial statements consolidate the results of the school and the foundation on a line by line basis.

The results of the foundation are disclosed in note 31 to these financial statements.

In accordance with the provisions of s408 of the Companies Act 2006 and paragraph 397 of the SORP, the school is exempt from the requirement to present its own income and expenditure account and Statement of Financial Activities.

Tangible fixed assets and depreciation

All tangible fixed assets are accounted for at cost less accumulated depreciation. Cost includes the original purchase price of the asset plus the costs attributed to bringing the asset to its working condition for its intended use. Depreciation is provided by the school to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Freehold land and buildings	-	2% pa straight line
Long leasehold land and buildings	-	2% pa straight line
Fixtures & fittings	-	changed to straight line over 8 years in 13/14
Musical instruments and machinery	-	20-25% pa straight line
ICT equipment (including computer and data communications equipment)	-	20-25% pa straight line
Motor vehicles	-	25% pa straight line

The useful economic lives and residual value of fixed assets are reviewed annually.

No depreciation is provided on freehold land. The capitalisation threshold is £1,000. Items under this level are expensed to the Statement of Financial Activities.

Assets in the course of construction are not depreciated until they are completed and brought into use.

Notes (continued)

2 Accounting policies (continued)

Grants

Grants received in respect of revenue expenditure are credited to income in the period to which they relate.

Grants in respect of fixed assets are recognised in the Statement of Financial Activities when they are receivable, i.e. when the school is entitled to the income. Grant income is deferred on the balance sheet where pre-conditions exist that require the expenditure to be incurred in a future period or where there is uncertainty as to whether the school will be able to fulfil the pre-conditions attached to the grant or part thereof.

In the case of grant income received in respect of Cedar's Field development, and under the terms of the Financial Memorandum with the Department for Education, the school was deemed to have satisfied the pre-conditions relating to the grant in 2011.

The school's contribution to match the grant income on the Cedar's Field development project is considered as a designated reserve and the expenditure capitalised in the balance sheet under "Assets in the course of construction". The grant income received by the school was treated as a restricted reserve. The balance in the restricted reserves will be transferred to unrestricted reserves in the Statement of Financial Activities when, in the case of fixed assets, depreciation is charged. This will occur once the asset is in use.

Scholarships, bursaries and discounts

Scholarships, bursaries and discounts are awarded to pupils who attend the school and are accounted for as a reduction in fees. Each award made is matched against fee income for that pupil at the time the fee invoice is raised. Each award is reviewed annually.

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 within 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.

Pension costs

The teaching staff are members of the Teachers' Superannuation Scheme, which is a defined benefit scheme. Under the definitions set out in Financial Reporting Standard 17, the teachers' pension scheme is a multi employer pension scheme. Accordingly the school has taken advantage of the exemptions allowable to multi employer pension schemes and contributions to the scheme are charged to the Statement of Financial Activities when they are payable.

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.

Stock

Stocks are stated at the lower of cost and net realisable value and using the "first in first out" method. Cost represents the invoice value charged by suppliers. Stocks are reviewed annually and a provision created for any slow moving stock where necessary.

Repairs provision

In accordance with the requirements of the block lease, the school commissions a quinquennial survey of the state of the repairs of the leased buildings. The surveyor's suggestions and recommendations for repairs are then categorised into major repair works and ongoing repairs. The school undertakes this work within its ongoing programme of maintenance over a five year period. A provision is created equal to the cost of any works which were identified in the surveyor's report but which have not been completed at the end of the subsequent five year period.

Notes (continued)

2 Accounting policies (continued)

Capital fund (restricted)

The capital fund represents the cost of buildings that were funded by the Wells Cathedral School Development Trust ("the trust") and transferred to the school prior to 2005, and contributions by the trust towards capital projects undertaken by the school. This trust closed in July 2005. The capital fund also includes amounts received by the school towards specific fixed assets from other organisations and is subject to an attributable depreciation charge.

Endowment funds (restricted)

Endowment funds represent capital received which are permanent and cannot be reduced, the income from which is credited to restricted funds to provide bursaries.

Asset fund (designated)

The governors have elected to designate funds equal to the value of land and buildings which are not held within the restricted funds. The asset fund therefore represents the net book value of the tangible fixed assets not funded by the capital fund, less outstanding loans secured on specific assets.

Restricted funds

These funds have been donated for specific purposes, such as bursaries, scholarships or projects.

Revenue fund

The revenue fund represents the working capital of the school. Parts of these funds have been designated as an asset fund.

Transfers between reserves

Transfers between revenue and designated funds are made at the trustees' discretion to set aside funds as required. Expenditure on new tangible fixed assets not funded by the capital fund, less any outstanding loans secured on these assets, is transferred to designated reserves.

Transfers between revenue and restricted funds reflect the depreciation charge on the capital fund and any purchases of restricted assets.

Investments

All the investments made by the group are bonds and deposits held in the UK. Any realised and unrealised gains and losses on sale or revaluation of investments are recorded within the Statement of Financial Activities.

Income

Income in furtherance of the school's activities represents the amounts (excluding value added tax) derived from the provision of education services and boarding facilities to the pupils during the year and are accounted for on a receivable basis.

School fees received in the current year in respect of the next academic year of 2014/15 are not recognised in income in the current year and are transferred to fees received in advance and included in creditors in the balance sheet.

Deposits received from pupils' parents are held in creditors and are classified as falling due within one year and after one year, as appropriate. Deposits are repaid when the pupil leaves the school.

Donations of cash are accounted for on an accruals basis. Donations of assets are brought into the balance sheet and statement of financial activities (as incoming resources) at market value, at the date of acquisition. This is deemed to be a reasonable estimate of their gross value to the charity. Legacies are accounted for on an accruals basis.

Accrued income

When, as a result of performing a service or otherwise meeting the requirements of any arrangements with a third party, income falls due but has not been invoiced in the year, an accrual is made for this income.

Notes (continued)

2 Accounting policies (continued)

Expenditure

All expenditure is accounted for on an accruals basis. Costs directly attributable to a specific expense heading are allocated to that heading. Expenditure is recognised when a liability is incurred.

- Costs of generating funds are those costs incurred in attracting voluntary income;
- Charitable activities include expenditure incurred in teaching, boarding and music programmes and include both the direct costs and support costs relating to these activities; and
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it is incurred.
- Support costs are assigned directly to the category of expenditure to which they relate.

Taxation

The school and the foundation are registered as charities. Under s505 ICTA 1988 charities are not subject to taxation on their charitable activities.

3 Fees receivable

Fees receivable consist of:

	2014 £000	2013 £000
Tuition and boarding fees	12,560	12,177
Text book charges	-	81
	<hr/>	<hr/>
Total tuition fees	12,560	12,258
Music tuition fees	1,649	1,611
	<hr/>	<hr/>
	14,209	13,869
Less: DfE Cap – Tuition and boarding fees	(682)	(606)
Bursaries, scholarships and other discounts	(2,176)	(1,887)
	<hr/>	<hr/>
Total fees invoiced	11,351	11,376
	<hr/>	<hr/>

The DfE cap is the contribution by the school to cover any shortfall which arises because the fees allowed by the DfE for the Aided Pupils Scheme are below full fees. The bursaries also include restricted bursaries of £32k (2013: £8k).

Scholarships, bursaries and discounts

The cost of these scholarships, bursaries and discounts is recognised at the time the fee invoice is raised. Each award is reviewed annually.

Notes *(continued)*

4 Other incoming resources from charitable activities

	2014 £000	2013 £000
<i>Unrestricted:</i>		
Other educational income:		
Extra tuition	120	104
Wells Music College income	12	11
Registration and audition fees	28	21
Other income (instrument hire)	3	3
	<hr/>	<hr/>
	163	139
	<hr/>	<hr/>

	2014 £000	2013 £000
<i>Unrestricted:</i>		
Other ancillary trading income:		
Clothing shop commission	9	8
Bus service for pupils	56	65
Concert income	17	16
Other income	22	90
	<hr/>	<hr/>
	104	179
	<hr/>	<hr/>

Notes (continued)

5 Incoming resources from generating funds

	Group		School	
	2014 £000	2013 £000	2014 £000	2013 £000
Unrestricted:				
Voluntary income:				
Donations	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted:				
Donations:				
Donations	478	805	79	50
Donations for Sierra Leone	20	20	20	20
Donations to music	3	4	3	4
Donations for Outreach	3	-	3	-
	<hr/>	<hr/>	<hr/>	<hr/>
	504	829	105	74
	<hr/>	<hr/>	<hr/>	<hr/>

Donations to the school from the foundation totalled £79k (2013: £50k) and net restricted donations held by the foundation totalled £398k (2013: £755k).

Activities for generating funds

Unrestricted	2014 £000	2013 £000
Lettings	175	134
Hire of facilities	26	15
Functions	3	11
Proceeds on disposals	4	-
	<hr/>	<hr/>
	208	160

Notes (continued)

6 Analysis of total resources expended

Group	Staff costs £000	Other £000	Depreciation £000	2014 Total £000	2013 Total £000
Costs of generating funds					
Fundraising trading costs	38	57	-	95	71
Fundraising for voluntary resources	170	64	-	234	220
Total costs of generating funds	208	121	-	329	291
Charitable activities					
Teaching costs	5858	607	68	6,533	6,327
Welfare costs	831	436	15	1,282	1,255
Premises - general	504	1,099	379	1,982	2,008
- non recurring projects	-	184	-	184	262
Support costs	886	825	-	1,711	1,594
Ancillary trading	-	93	-	93	92
Total costs of charitable activities	8,079	3,244	462	11,785	11,538
Governance costs	23	49	-	72	87
Total group resources expended	8,310	3,414	462	12,186	11,916

7 Support costs: Group

	Costs of generating funds £000	Governance costs £000	Charitable activities £000	Total 2014 £000	Total 2013 £000
Staff costs	208	23	886	1,117	1,141
Other support costs					
Staff expenses/development	11	3	109	123	120
Office	110	-	503	613	635
Professional advice	-	-	149	149	11
Finance costs	-	15	64	79	37
<i>Services provided by the company's auditor:</i>					
Fees payable for the audit (incl. foundation)	-	30	-	30	27
- Music & Dance Scheme grant	-	1	-	1	1
	329	72	1,711	2,112	1,972

The governance cost includes the net school audit charge for the year of £22,145 (2013: £21,500) and the foundation's audit charge of £1,750 (2013: £1,700).

Notes (continued)

8 Staff numbers and costs

The monthly average number of persons employed (full time equivalents) by the group during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Teaching staff	104	101
Non-teaching staff - Welfare	59	53
-Premises	18	19
-Support	52	51
	<u>233</u>	<u>224</u>

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£000	£000
Wages and salaries	7,058	6,842
Social security costs	543	533
Other pension costs (see note 23)	709	664
	<u>8,310</u>	<u>8,039</u>

The number of employees earning in excess of £60,000 per annum excluding pension contributions was:

	Number of employees	
	2014	2013
£100,000 - £120,000	1	2
£90,001 - £100,000	1	-
£80,001 - £90,000	1	1
£70,001 - £80,000	2	2
£60,001 - £70,000	-	-
	<u></u>	<u></u>

Of the above employees, three (2013: three) were members of the teachers' superannuation pension scheme which is a defined benefit scheme. The school's contribution was £40k (2013: £39k). The remaining two employees (2013: two) were members of a money purchase pension scheme for which the school's contribution was 16k (2013: £21k).

The governors did not receive any emoluments or benefits during the year (2013: Nil). See Note 29 for further information.

Notes (continued)

9 Net incoming/ (outgoing) resources before transfers

	2014 £000	2013 £000
<i>Net incoming/(outgoing)/resources before transfers are stated after charging:</i>		
Services provided by the company's auditor:		
Audit fees - school	22	22
- foundation	2	2
Other services - music and dance scheme grant	1	1
- additional costs (teachers pension)	1	1
Rentals payable under operating leases		
- plant and machinery	29	32
- land and buildings	44	43
- other	50	32
Depreciation - owned assets	426	428
- leased assets	36	36

10 Investment income

	Group		School	
	2014 £000	2013 £000	2014 £000	2013 £000
Interest from short-term deposits	9	4	9	4
Interest from deposits of restricted funds	36	45	1	14
Interest from deposits of endowment funds	18	14	18	14
	<hr/> 63	<hr/> 63	<hr/> 28	<hr/> 32
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Interest payable

	2014 £000	2013 £000
Interest on bank loans and overdraft	5	6
	<hr/> 5	<hr/> 6
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Tangible fixed assets

Group and School	Freehold land and buildings	Assets in the course of construction	Leasehold land and buildings	ICT equipment	Fixtures, fittings, musical instruments and machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
<i>Cost</i>							
At 1 August	9,857	2,176	1,571	1,118	2,610	77	17,409
Additions	45	333	-	57	297	4	736
Disposals	-	-	-	(488)	(43)	(14)	(545)
At 31 July	9,902	2,509	1,571	687	2,864	67	17,600
<i>Accumulated Depreciation</i>							
At 1 August	2,020	-	703	1,021	1,886	59	5,689
Charge for year	197	-	29	60	169	7	462
Disposals	-	-	-	(488)	(41)	(11)	(540)
At 31 July	2,217	-	732	593	2,014	55	5,611
<i>Net book value</i>							
At 31 July 2014	7,685	2,509	839	94	850	12	11,989
At 31 July 2013	7,837	2,176	868	97	724	18	11,720

The school has a finance lease on properties leased from Wells Cathedral, which dates back to 1983. Due to the age of the lease, there is insufficient data to be able to accurately disclose the net amount of the associated asset and depreciation for the year. This is not considered to be material to the financial statements.

Included within the ICT category are assets held under a finance lease with a net book value of £2k (2013: £8k).

The £839k (2013: £869k) in leasehold land and buildings relates to a long term lease.

The £2,509k (2013: £2,176k) in "assets in the course of construction" is the capitalisation of the Cedars Field development to date.

Notes (continued)

13 Stocks and work in progress

Group and school	2014 £000	2013 £000
Clothing accessories	7	7
Catering	5	5
	<u>12</u>	<u>12</u>

The clothing accessories stock the school still holds relates to the colours, ties and badges.

14 Debtors

	Group		School	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade debtors-amounts due from parents	256	166	256	166
Other debtors	366	432	366	432
Prepayments and accrued income	226	313	204	300
	<u>848</u>	<u>911</u>	<u>826</u>	<u>898</u>

15 Investments

Non-current investments

	Group		School	
	2014 £000	2013 £000	2014 £000	2013 £000
Stepped Fixed Rate bond	250	250	250	250
Stepped Fixed Rate bond	70	70	70	70
Stepped Fixed Rate bond	-	80	-	80
Unbreakable Fixed Rate deposit	-	23	-	23
	<u>103</u>	<u>-</u>	<u>103</u>	<u>-</u>
Corporate Current and Deposit account				
Charity deposit account	500	-	500	-
Investment Management portfolio	247	-	-	-
	<u>1,170</u>	<u>423</u>	<u>923</u>	<u>423</u>

The Stepped Fixed Rate bond for the £250k and the £70k was issued by National Westminster Bank at an interest rate of 2.5% for the first year which matured on 09 September 2012; the second year at a rate of 3.5% matured on 09 September 2013 and the final year at a rate of 5.1% matures on the 09 September 2014.

The Stepped Fixed Rate bond for the £80k was issued by National Westminster Bank at an interest rate of 2.75% and the first year which matured on 24 May 2013 and the second year at a rate of 3.5% matured on the 24 May 2014. This has been reinvested into a Corporate Current and Deposit account issued by Santander Business banking at an interest rate of 0.8% from the 25th July 2014.

Notes (continued)

15 Investments (continued)

The Unbreakable Fixed Rate deposit for £23k was issued by National Westminster Bank at an interest rate of 3.0% and matured on the 21 August 2013. This has been reinvested into a Corporate Current and Deposit account issued by Santander Business banking at an interest rate of 0.8% from the 25 July 2014

The Charity Deposit account for £500k was issued by Virgin Money at an interest rate of 1.0% from the 1 May 2014 and is an instant access account.

The Investment Management portfolio is managed by Smith & Williamson Investors. At the moment it holds the John Cook legacy of £250k less unrealised loss in the investment of £3k.

Current investments

	Group		School	
	2014	2013	2014	2013
	£000	£000	£000	£000
Corporate Notice Business account	700	1400	-	-
Charity Deposit account	1,300	350	-	-
Business bond	-	250	-	-
	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>

The Corporate Notice Business account is a 95 day notice account issued by Santander Business Banking at an interest rate of 1.35%.

The Charity Deposit account was issued by Virgin Money at an interest rate of 1.64% and is an instant account and on the 30 July 2014 the interest rate reduced to 1%.

The Business bond was issued by Santander Business Banking at an interest rate of 2.0% and matured on 1 March 2014.

Group	2014	2013
	£000	£000
Investments at valuation		
At 1 August	2,423	1,023
Additions	2,070	4,500
Disposals	(1,323)	(3,100)
At 31 July	<u>3,170</u>	<u>2,423</u>

16 Creditors: amounts falling due within one year

	Group		School	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts	63	66	63	66
Finance lease agreements	19	32	19	32
Fees received in advance including deposits	442	472	442	472
Trade creditors	27	40	27	40
Taxation and social security	164	183	164	183
Other creditors	137	109	137	109
Accruals and deferred income	253	372	238	360
	<u>1,105</u>	<u>1,274</u>	<u>1,090</u>	<u>1,262</u>

Notes (continued)

16 Creditors: amounts falling due within one year (continued)

There are seven (2013: five) bank loans secured on school properties.

The capital for the loans is repayable in monthly instalments which vary from £333 to £2,777. The interest rates on these loans vary from 0.9% to 1.5% above base rate.

There is an interest offset arrangement in place with the Bank whereby a sweep of the loans and cash balances is made daily. A net interest adjustment is then made reflecting the balance of interest received on cash held and the interest to be paid on the outstanding loan balances.

The bank loans are repayable as follows:

	2014 £000	2013 £000
Within:		
1 year	63	66
1 – 2 years	60	63
2 – 5 years	136	152
After 5 years	727	720
	<hr/> 986	<hr/> 1,001
	<hr/> <hr/>	<hr/> <hr/>

17 Creditors: amounts falling due after more than one year

Group and school:	2014 £000	2013 £000
Bank loans (see note 16)	923	935
Pupils' deposits	851	785
Operating lease agreements	8	15
Other creditors	-	18
	<hr/> 1,782	<hr/> 1,753
	<hr/> <hr/>	<hr/> <hr/>

Bank loans and finance lease agreements are instalment debts and pupil deposits and other creditor are non-instalment debts.

18 Designated funds

	School 2014 £000	Group 2014 £000	Group and School 2013 £000
At beginning of year	6,443	6,443	5,168
School operating costs (depreciation)	(397)	(397)	(400)
Transfers between funds	479	479	1,675
At end of year	<hr/> 6,525	<hr/> 6,525	<hr/> 6,443
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Designated funds (continued)

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

The transfer to the designated fund of £479,641 (2013:£1,675,049) comprises the following;

- a. £65,768 reduction in the loans secured against the assets in the fund (see note 16);
- b. Net book value of fixed asset disposals £3,642;
- c. Designated funds of £10,600 transferred from the revenue fund;
- d. Additions to fixed assets of £402,682, which are not restricted; less
- e. Fixed assets funded by the friends of music of £3,157.

19 Restricted funds

Group and school	"Other" Fund £000	Cedars Field Fund £000	Project Fund £000	Bursary Fund £000	Capital Fund £000	School 2014 £000	Foundation 2014 £000	Group 2014 £000	Group 2013 £000
Donations and other receipts	99	-	4	-	3	106	398	504	829
Bank and other interest received	-	1	-	18	-	19	35	54	59
Less: expenditure	(57)	-	(39)	-	(65)	(161)	(2)	(163)	(181)
(Deficit)/surplus for year	42	1	(35)	18	(62)	(36)	431	395	707
Transfers between funds	(6)	(333)	-	(12)	336	(15)	5	(10)	(11)
At beginning of year	89	604	174	65	4,335	5,267	2,227	7,494	6,798
At end of year	125	272	139	71	4,609	5,216	2,663	7,879	7,494

The "Other" fund comprises funds from the foundation and other specific educational based projects such as Sierra Leone.

The Cedars Field fund represents the capital fund for a new performance space.

The Project fund comprises funds from the DfE in respect of specific education based projects with state sector schools. The current projects are the South West Music Initiative and outreach project

The Bursary fund represents restricted bursaries received and awarded during the year.

The Capital fund represents the cost of buildings that were funded by the Wells Cathedral School Development Trust ("the trust") and transferred to the school prior to 2005, and contributions by the trust towards capital projects undertaken by the school. This trust closed in July 2005. The capital fund also includes amounts received by the school towards specific fixed assets from other organisations and is subject to an attributable depreciation charge.

The transfer from the revenue reserve of £10,746 (2013:£11,564) is in respect of:

- the transfer of £6,735 from the "other fund" of the restricted money received via the foundation for gifts received towards the Cook Building;

Notes (continued)

19 Restricted funds (continued)

- the transfer of £12,312 from the Bursary fund from the Vandervell endowment bond only. The school holds endowment bonds for the Vandervell Trust and the Chandler Trust, and the interest goes towards bursaries and scholarships;
- the movement of £5,144 to the endowment fund £3,446 and revenue fund £1,698;
- the transfer of £3,157 from designated assets to the capital restricted fund in respect of the musical instruments funded by the friends of music; and

The transfer of £332,972 from restricted fund to the capital restricted fund is in respect of the costs aggregated related to the Cedars Field development, which are now being capitalised.

The Cedars Field development at this stage has been funded entirely by the DfE grant.

20 Endowment funds

Group	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	John Cook fund	Group Total £000
At beginning of year	80	6	40	25	250	14	250	665
Unrealised losses on investments	-	-	-	-	-	-	(4)	-
At end of year	80	6	40	25	250	14	246	661

School	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	School Total £000
At beginning of year	80	6	40	25	250	14	415
At end of year	80	6	40	25	250	14	415

The Chandler fund represents an endowment, the income from which is to be used for music bursaries.

The Alan Quilter fund provides scholarships and bursaries.

The Dulverton fund is to fund bursaries for ex boy choristers at the Cathedral.

The Carnegie fund is to fund a folk singing scholarship.

The Vandervell fund is to fund scholarships and bursaries.

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

The John Cook fund represents an endowment, the income from which is to be used to fund bursaries.

All endowment funds above are permanent.

Notes (continued)

21 Commitments

Group and school

Operating leases

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

	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In less than one year	19	-	18	-
In the second to fifth years inclusive	25	67	25	65
	<u>44</u>	<u>67</u>	<u>43</u>	<u>65</u>

The majority of leases of land and buildings are subject to rent reviews which occur over 1 to 7 years. The revised rent for the properties in Vicars Close has been finalised at £43,870 p.a (2013:£42,500). The lease on 17 and 18 Vicars Close is held under a rolling one year lease. The leases for 16 and 26 Vicars Close expire in 2019.

Finance leases

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

	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Finance leases which expire:				
Within one to five years	-	12	-	8
In more than five years	68	-	68	-
	<u>68</u>	<u>12</u>	<u>68</u>	<u>8</u>

Annual commitments under finance leases relate to:

- the rental of properties from Wells Cathedral. The lease agreement dates back to 1983 and there is insufficient data to be able to accurately disclose the finance lease creditor amount. This is not considered to be material to the financial statements; and
- a finance lease of a dishwasher which expires in three years and a tractor that also expires in three years.

Notes (continued)

22 Taxation

The school and foundation, which are registered charities, are not liable to taxation on the net revenue from their primary activity or investment income and gains.

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

23 Pension scheme

The school operates two pension schemes.

(a) Teachers

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Notes (continued)

23 Pension scheme (continued)

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection. Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £982k (2013: £974k).

(b) Non teaching staff

Most of the non teaching staff are members of a defined contribution scheme.

The pension cost charge for the year represents contributions payable by the school to the funds (Employers Contribution) and amounted to £708,852 (2013: £664,328) analysed as follows:

	2014 £000	2013 £000
Non teaching staff	124	96
Teachers	585	568
	<hr/> 709	<hr/> 664
	<hr/> <hr/>	<hr/> <hr/>
Contributions outstanding at 31 July 2014 were as follows:		
	2014 £000	2013 £000
Non-teaching schemes	16	-
Teaching schemes	89	85
	<hr/> 105	<hr/> 85
	<hr/> <hr/>	<hr/> <hr/>
Net contributions outstanding	105	85

Notes (continued)

24 Reconciliation of net movement in funds to net cash inflow/(outflow) from operating activities

	2014 £000	2013 £000
Net movement in funds	208	831
Depreciation charge	462	464
(Increase)/Decrease in stocks	-	2
(Decrease)/Increase in debtors	63	(198)
Decrease in investments	(747)	(1400)
Increase/(Decrease) in loans	3	-
(Decrease) in creditors	(126)	(50)
Interest receivable	(63)	(63)
Interest payable	5	6
Net cash outflow from operating activities	<u>(195)</u>	<u>(408)</u>

25 Analysis of changes in cash balances

	At 31 July 2013 £000	Cash flows £000	At 31 July 2014 £000
Cash in hand and at bank	4,425	(885)	3,540
Debt due within one year	(66)	3	(63)
Debt due after one year	(935)	12	(923)
Total	<u>3,424</u>	<u>(870)</u>	<u>2,554</u>

26 Reconciliation of net cash flow to movement in net funds

	2014 £000	2013 £000
(Decrease) in cash in the year	(885)	(2,449)
Cash outflow from repayment of loans and hire purchase agreements	15	66
Change in net funds resulting from cash flow	(870)	(2,383)
Net funds at start of year	3,424	5,807
Net funds at end of year	<u>2,554</u>	<u>3,424</u>

Notes (continued)

27 Allocation of net assets

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

Group

	Fixed assets	Net current assets	Long term liabilities	Total
	£000	£000	£000	£000
Designated funds	8,490	(1,042)	(923)	6,525
Restricted funds	4,669	3,210	-	7,879
Endowment funds	-	662	-	662
Revenue fund	-	2,465	(859)	1,606
	<u>13,159</u>	<u>5,295</u>	<u>(1,782)</u>	<u>16,672</u>

School

	Fixed assets	Net current assets	Long term liabilities	Total
	£000	£000	£000	£000
Designated funds	8,243	(806)	(923)	6,514
Restricted funds	4,669	547	-	5,216
Endowment funds	-	415	-	415
Revenue fund	-	2,446	(859)	1,587
	<u>12,912</u>	<u>2,602</u>	<u>(1,782)</u>	<u>13,732</u>

28 Changes in resources available for charity use

Group	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total
	£000	£000	£000	£000	£000
Net movement in funds for year (page 17)	(244)	72	380	-	208
Net increase in tangible fixed assets for direct charitable purposes	269	-	-	-	269
Net increase in funds available for future activities	<u>25</u>	<u>72</u>	<u>380</u>	<u>-</u>	<u>477</u>

29 Related parties

(a) Connected persons

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

During the year:

- Rent was due to the Chapter of £67,725 (2013: £67,725) under a repairing lease expiring in 2063 in respect of certain school buildings. At the year end there is a prepayment of £10,306 (2013: £10,233) and an accrual for back rent of nil (2013: £9,476).
- The Chapter contributed £84,732 (2013: £70,762) towards the fees of the Cathedral Choristers.

Notes (continued)

29 Related parties (continued)

- The school paid £32,635 (2013: £24,146) to the Chapter in respect of use of Cathedral facilities.

During the year Burges Salmon LLP, of which a governor and a trustee are partners, received £36,083 (2013: £21,323) from the school. The transactions were made at arm's length and in the normal course of business.

During the year Bristol Water PLC, of which a governor is a non-executive director, received £57,822 (2013: £47,032) from the school. The transactions were made at arm's length and in the normal course of business.

During the year GB Building Solutions Ltd, of which a governor is the chairman and chief executive, received nil (2013: £12,000) from the school. The school reimbursed the time taken by the governor away from his company, and the transaction was made at arm's length and in the normal course of business.

(b) Transactions with governors and trustees

During the year 4 (2013: 1) of the governors received reimbursement for travel expenses of £732 (2013: £55).

During the year 1 governor and 2 trustees (2013: 2) were parents of pupils at the school and paid fees on the same terms as any other parent and received the benefits of clergy and sibling discounts where appropriate.

(c) Transactions with Wells Cathedral School Foundation

Wells Cathedral School Foundation, which is a charitable company limited by guarantee, is not a directly owned subsidiary of the school. However the results of the foundation have been consolidated into the school's financial statements as the foundation is indirectly controlled and influenced by the school.

Within the year the school received £78,906 (2013: £50,136) of donations from the foundation; gifted in kind £158,820 (2013: £168,037) to the foundation for operating costs and £2,410 (2013: £2,040) was outstanding to the school at the year end.

30 Indemnity insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The school also purchased and maintained throughout the financial year governors' and officers' liability insurance in respect of itself, its governors and the trustees of the foundation.

The cost of insurance is included in the cost of public liability cover which amounted to £5,904 (2013: £5,651) in the year for the group.

31 Post Balance Sheet Event

The school has entered into a contract with Shaylor Group plc to construct a new musical performance, practise and rehearsal facility. The value of the contract is £6.24m and payments will be made over a 13 month period starting March 2015. The project has a start date of February 2015 with anticipated completion in April 2016. It will comprise a recital hall of around 350 seats, plus sectional rehearsal spaces for brass, woodwind and percussion. The project will equip the school with a world-class performance and education space which will match the school's reputation for excellence in music and the creative arts as well as facilitating innovative pedagogy and providing leading edge recording facilities, all in an environment of outstanding acoustic quality.

Notes (continued)

31 The Wells Cathedral School Foundation

The Wells Cathedral School Foundation is a separate charity, number 1118159, established to oversee all fundraising in the name of the school. A summary of its results is shown below:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £,000	Total 2014 £'000	Total 2013 £'000
Incoming resources					
Incoming resources from generating funds:					
Voluntary income-donations	2	480	-	482	806
Interest	2	32	-	34	31
Gifts in kind-school	-	159	-	159	168
Total incoming resources	4	671	-	675	1,005
Resources expended from generated funds:					
Costs of charitable activities					
- donations to school	3	76	-	79	50
- operating costs	-	159	-	159	168
Governance costs	2	-	-	2	2
Bank charges	1	-	-	1	1
Total resources expended	6	235	-	241	221
Unrealised losses on investments	-	-	(3)	(3)	
Net movement in funds	(2)	436	(3)	431	784
Balance brought forward at 1 August	16	2,242	250	2,939	2,508
Balance carried forward at 31 July	14	2,678	247	2,939	2,508
The net assets and liabilities were:					
			2014 £000	2014 £000	2013 £000
Fixed assets: Investments				246	-
Current assets					
Cash at bank			686		507
Investments			2,000		2,000
Debtors			22		13
Total current assets				2,954	2,520
Current liabilities				(15)	(12)
Total assets less current liabilities				2,939	2,508
Funds and reserves					
Unrestricted funds				14	15
Restricted funds				2,678	2,243
Endowed funds				247	250
				2,939	2,508