

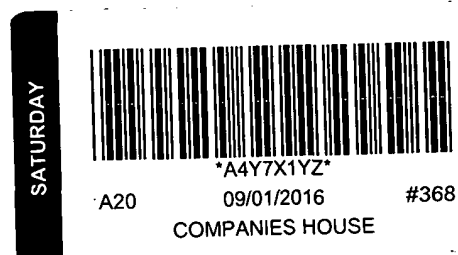
Wells Cathedral School (limited by guarantee)

**Governors' report and consolidated
financial statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2015



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GOVERNORS' REPORT

The governors of Wells Cathedral School Limited ("the school", "the charity") present their annual report for the year ended 31 July 2015 under 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 fulfils 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. The governors, executive officers, particulars of the charity's professional advisors and address of the charity are listed below.

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 about 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 95 children (about 14% of total pupils) from about 20 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 including pupils whose parents or guardians are in need of financial assistance; 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 from individuals, grant giving trusts and foundations, as well as from savings interest and returns on investments. During the year the foundation received £620,193 (2014: £516,596) in incoming resources and there were donations from the foundation to the school of £848,211 (2014: £78,906) representing donations for bursaries and specific projects.

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 governors are covered by the liability insurance purchased by the school, note 30

The Governing Body

The school governors who served during the year and up to the date of signing the financial statements are listed below. The governors of the school are directors of the school for Companies Act 2006 purposes:

The Very Reverend John Clarke *●, Dean of Wells Cathedral (*chairman*)
The Reverend Canon Andrew Featherstone* \$, Chancellor of Wells Cathedral
The Reverend Canon Nicholas Jepson-Biddle ♪○, Precentor of Wells Cathedral
Prebendary Barbara Bates \$
Prebendary Emeritus Helen Ball OBE \$◇
Mr Robert Sommers ◇♪
Mr Martin Smout ●
Mr Derek Pretty *
Mr Jonathan Vaughan ♪
Mr David Brown ●#
Mr Tim Lewis *(*appointed 23 March 2015*)

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 Sub 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 2014, Derek Pretty retired in accordance with the Articles of Association and, being eligible, was 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 sub 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 school 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 school 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.

Governors' Report (continued)

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 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 continues 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 company'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 (the Very Reverend John Clarke). 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 by Mr Derek Pretty. 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 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 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 Committee:** This committee meets three times a year, and is chaired by the Precentor of Wells Cathedral, the Reverend Canon Nicholas Jepson-Biddle. He 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 leadership team which consists of the head of the junior school, the deputy head, the director of music, the director of finance and resources, director of development, the director of admissions and assistant heads: education, pastoral and IT. The head attends all meetings and committees of the governors, and members of the leadership team attend meetings according to their responsibilities and the head or clerk to the governors' direction.

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 of Two Glass Wharf, Bristol BS2 0FR, as auditors of the company was approved at the Annual General Meeting in December 2014.

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
Somerset
BA5 2RE

Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

Insurance brokers: Hettle Andrews & Associates Ltd
Eleven Brindlyplace
2 Brunswick Square
Birmingham
B1 2LP

Governors' Report (continued)

Registered Office

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

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

Governors' Report (continued)

STRATEGIC REPORT

Review of Business Activity

During 2014/15, the in-year average numbers in the senior school decreased to 520 (2013/14: 527) and in the junior school increased to 158 (2013/14: 144), excluding the nursery. The overall school roll therefore increased to 678 (2013/14: 671). Admissions activity in the current year has meant that the school began the 2015/16 academic year in excess of 700 pupils, 525 in the seniors and 180 in the juniors, led principally by continued strong growth in the junior school, but with growth in both senior day and boarding categories too. This evolution in the overall size and disposition of pupils (the 'shape' of the school) is consistent with the board's desire to increase numbers towards approximately 750 pupils and, at the same time, to create a more even distribution of pupil numbers throughout all year groups.

Two new buildings, a sports pavilion and a maintenance facility were constructed and work began on the long awaited state of the art concert hall, Cedars Hall, which is due for completion in May 2016. The school has also completed discussions with a partner organisation in South Korea to open a Wells Cathedral School franchised kindergarten business and the first branch was opened in September 2015. Income received from the partnership will be applied to fund bursaries. Preparation and recruiting for the new Wells International Study Centre, which began in September 2015, was completed and initial registrations received. The school also expanded its provision of summer school activity with an expanded preparation for study in English course, ahead of plans to deliver new music summer schools in the summer of 2016 to coincide with the availability of Cedars Hall.

The conceptual development plan for the whole school site continues to be a benefit as it is amended and implemented according to changing needs. This year the school identified a requirement for an additional 5 teaching classrooms in order to accommodate the expansion of the Junior School. This capacity was generated through the relocation of the medical facility to a refurbished location with less expansive, en suite facilities, whilst additional classrooms were created in the former medical facility building. There was also a major refurbishment of the Grade 1 listed Shrewsbury House and improvements to the changing facilities in Jocelyn House, part of the Junior School. The school continues to work on options to extend boarding capacity and enhance boarding facilities further both through acquiring new property and through new build projects. This year a planning application was submitted to develop a new boarding facility next to Ritchie House and a decision is expected in January 2016, enabling delivery of the project for the academic year commencing in September 2017. The premises team was increased to include a school surveyor in order to enhance the school's capability in construction project management, tendering/procurement, and systematic management of the estates maintenance plan. The benefit of this additional capability has already been seen in the planning and delivery of effective and cost-efficient construction projects over 2014-15.

The school continues to develop its curriculum offering with the introduction of new subjects such as Computing and Classical Civilisations at GCSE and Film Studies at A-level. Alongside this the school has developed links with external experts including Bristol university, Dr Steve Bull, David Didau, and Dr Peter Vardy to augment our own internal expertise.

The school's specialist mathematics programme continues to be rolled out with the first cohort now in Year 11. The school remains committed to the scheme, and was delighted that every student on the scheme so far has achieved an A* in the IGCSE Mathematics courses they sat early.

The school is conscious of the need to be informed by academic research, and a number of our own teaching staff are engaged in research projects, supported by Bristol University; others are involved in 'lesson study' projects; and others are studying towards formal masters level qualifications.

The school continues to develop its approach to the use of technology, and makes significant use of cloud based technologies to support both teaching and administration, which enables it to provide access to all key school systems to staff and students anywhere in the world from a basic web browser.

Governors' Report (continued)

The school's key strategic objectives for welfare are:

- Maintain and develop the provision of excellent pastoral care by ensuring all members of the community have a sense of belonging, are contented, balanced and confident individuals who are able to live safe, healthy and fulfilling lives:
- Ensure a culture of learning around pastoral care by having a pastoral continuous professional development (CPD) programme to continually raise the standard of staff expertise, set up staff working parties looking into latest research and best practice, look to recruit experienced and enthusiastic staff, develop a well being programme for staff and pupils with systems for regularly monitoring and supporting, integrate lower school day pupils into houses, extend school counsellor provision,
- Ensure all members of the community have a high level of spiritual, emotional intelligence and self control and are also active and responsible citizens who make a positive contribution to the school and the wider world:
- Further develop the school's buddy and mentor system and the school's personal, social, health and economic (PSHE) programme, create more opportunities for pupil voice in the lower school, research projects into emotional intelligence and other pastoral areas
- Develop facilities to maintain the heritage, mystery and wonder of the historic Wells environment so that they can also be used for commercial opportunities above and beyond our core purpose:
- Rolling programme for renovating boarding houses,

The school's key strategic objectives for co-curriculum are:

- Develop first class facilities for sports, performance arts and activities so that the school can become a centre of excellence that can also be used in a commercial aspect. Ensure all staff are inspiring, highly skilled and qualified: Have a co-curricular CPD programme to continually raise the standard of staff expertise, look to employ specialist sports staff to support current staffing provision and introduce heads of sport.
- Offer exciting opportunities and a broad range of activities to provide all pupils with the opportunity to be physically and mentally fit and active and develop excellence: Extend the 909 programme.

Links with former students ('Old Wellensians') have been strengthened with the appointment of a new role in the development function of the External Relations Department. The Information (database) and Alumni Relations Officer works closely with the Chairman of the Old Wellensian Association (OWA) and has brought significant improvements to the record-keeping and data collection of former students. Regular gatherings in London and Wells, in Hong Kong, where the school supports the Wells Music Society of Hong Kong charity, annual overseas reunions of the America and Canada Friends of Wells and now annual receptions in Malaysia keep the 'extended family' of Wells increasingly close.

The admissions and recruitment element of External Relations is now well-staffed and the next academic year will see the results of a restructure within the team. This will allow for more scope in international recruitment and the building and strengthening of relationships with the school's chosen overseas recruitment agents. A school's liaison officer working within External Relations now programmes taster days on site and ensures presence at senior school exhibitions and activities in appropriate schools across the region and beyond. The entire marketing effort is now geared almost solely towards 'marketing for recruitment'.

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:

- The school provides boys and girls to form a choir at Wells Cathedral which is 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.
- 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; an annual orchestral concert at Wells Cathedral to which over 200 schools are invited; instrumental lessons to pupils

Governors' Report (continued)

- 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 from 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 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.
- Collaborative working with state schools is achieved mainly through the music outreach programme and the involvement of school pupils in the choristers' outreach programme, with local programmes partnering other schools.
- The school hosts an Annual Maths Festival each November for some 100-200 pupils, one day of which is dedicated to primary schools from the maintained sector. In 2013/14 the school also hosted the first Maths Circle in the South West, almost all of the participants being from local state schools. In addition the school runs three maths workshops a year for the most able mathematicians in Years 4-6, again almost all from the maintained sector.
- 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 (buildings and sports facilities) are available to many users during the year with little or no charge.
- Members of staff (6 in 2014/15) act as public examiners for GCSE and A level examinations taken by maintained school candidates. Some of the staff hold very senior positions in the examination organisations.
- At the other end of the scale, there are activities groups that visit the elderly weekly, work in charity shops and encourage students to help out with activities in local primary schools.

Operational Performance

The school set itself the following objectives for the year:

1. To embed changes in the senior team 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 cathedral block lease expectations in a way which enhances the school's facilities.
4. To initiate the construction 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.

Governors' Report (continued)

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 revised its annual challenges during the year so that the cycle will now be able to overlap academic and financial years. The school is seeking to accomplish the following with individual plans for each:

1. To provide leadership, vision and direction to ensure the school is best set to meet its greatest imaginable challenge.
2. To ensure that the school has an effective progression agenda and, within that, it recruits, develops and retains excellent staff throughout the school.
3. To implement the specialist maths scheme, whilst improving the effectiveness of assessment and marking practice across subjects.
4. With a focus on nurturing all students and their families, and whilst reducing its carbon footprint, become the primary school of choice in mid-Somerset.
5. Take forward all the strands required to transform this great music school into a World-famous one.
6. To be recognised within the independent schools community as a leader in the delivery of technology that inspires, engages and enables both teachers and learners, and which does so in a secure, reliable and cost effective manner.
7. To ensure that the structure and operation of the admissions office is fit for purpose and capable of efficiently processing, monitoring and reporting the increased throughput associated with whole-school recruitment with an increasingly international dimension of increased complexity.
8. Provide long term strategic development, funding and sustainability to one of the country's oldest and most cherished school communities.
9. To continue to resource the school and manage its budgets in such a way as to provide an operating surplus of £1million plus before depreciation and "one off" projects, to enable continuing investment in facilities.

The school has monitored performance on 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 significant 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, as well as the introduction of the GCSE level Higher Project Qualification.

The students continue to achieve excellent exam results at both GCSE and A level across a range of subject areas. At GCSE the school achieved its best results ever, this meant 65% (2014: 55%) of entries achieving A*s or As, and 34% (2014: 27%) achieving A*. At A level it meant almost half of all grades being awarded A* or A grades (15% A* (2014: 19%)). The majority of students achieved their first choices of university or conservatoire; this includes 7 students who took up places at Oxford or Cambridge as well as many others who took up places at Russell Group universities or other prestigious international establishments.

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 it is felt they offer a richer educational experience for the school's 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

Governors' Report (continued)

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 worked to understand better what it means by internationalism, and has started to develop its markets overseas in Korea, in Bermuda and in the USA, partly through music strategy. The Old Wellensians under new leadership have started to create opportunities to integrate better with current students, through career advice and social events, and have started to participate in more social events amongst themselves.

FINANCIAL PERFORMANCE

The financial performance for the year has been influenced by challenging environmental conditions. Pupil numbers have increased slightly from last year by a total of 7 (2014: decrease 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: senior pupil numbers fell by 1.4% (2014: 2%); bursaries and discounts increased by 4% (2014: 17%) and donations to the foundation increased by 22% (2014: decrease of 45%). 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 £526k (2014: £208k) 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 20. 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 of £783k (2014: £505k) before depreciation and non recurring premises projects. After depreciation and non recurring premises projects the operating result was £120k (2014: £ (141 k)).

The consolidated activities are summarised below:

	2015 £000	2014 £000
Operating income from school	14,830	14,476
Operating costs of school:		
School bursaries and discounts	(3,039)	(2,858)
Other operating costs (excl. depreciation)	(11,008)	(11,113)
Operating surplus	783	505
Less:		
Depreciation	(472)	(462)
Premises-non recurring projects	(191)	(184)
Operating result	120	(141)

Governors' Report (continued)

Income from generated funds	802	776
Realised gains on investments	(18)	(3)
Cost of generating funds	(169)	(326)
Cost of charitable activities not part of operating costs	(209)	(98)
Net incoming resources in SOFA	526	208

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

KPI	2015	2014	2013	2012	2011
Net fee income growth %	2%	0%	0%	3%	4%
Bursaries etc as a % of gross fees	16%	15%	14%	12%	12%
Voluntary income as a % of gross fees	4%	4%	6%	7%	26%
Teaching staff costs as a % of gross fees	40%	41%	41%	40%	40%
Welfare costs as a % of gross fees	10%	9%	9%	10%	10%
Premises costs as a % of gross fees	14%	15%	16%	16%	14%
Operating surplus %	3%	1%	6%	15%	31%

Operating result of Wells Cathedral School Foundation

During the year the foundation received £587,334 (2014: £481,959) 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 £848,211 (2014: £78,906). This year the operating costs of £165,616 (2014: £158,820), including staff costs and other direct costs associated with the foundation were not borne by the school. The net movement in funds of the foundation was a deficit of £378,790 (2014: surplus of £431,213).

It is the intention of the school's governors to gift the amount of £332k to the foundation during the financial year 2015/16 as an unrestricted donation. This will enable the foundation to meet operating expenses incurred in the fulfilment of its objectives in 2015/16 and to address the deficit in its unrestricted fund as at the end of the 2014/15. A further amount has also been agreed for the same purpose for the financial year 2016/17. The school's governors will review its ongoing commitment on an annual rolling basis.

The governors note that the school has generated an operating surplus, despite the challenging macro-economic conditions and the evident resultant pressure on bursaries and discounts, which increased by £278k in this financial year from 2014.

Governors' Report (continued)

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.

The investment held by the foundation is the £250,000 Cook legacy, which had previously been invested in a bond, was entrusted to Smith & Williamson Investment Management to invest in a portfolio of equities, funds and cash on 20 May 2014 after a series of meetings by the Investment Committee to consider the options available. The committee was greatly assisted in its deliberations by Mark Dodd, a Financial Adviser and Old Wellensian, who provided his services free of charge. An additional £21,215 was subsequently added to the initial amount invested, and it is anticipated that further amounts will be received in future years. The objective is to reinvest all capital gains and income earned from the portfolio until such time as there are sufficient funds to support a full bursary place at the school. The agreed target is £1 million. The investment is classed as a non-current asset as it will be held for longer than 12 months. The policy is reviewed every year by the investment committee.

Restricted funds

The school received £nil (2014: £nil) for the school's outreach scheme and utilised £26,349 (2014: £34,974) but there were restricted funds received by the foundation, £587k (2014: £512k). The sum of £1,047,225 of the total of £3,052,692 (2014: £332,972) of funds were utilized in year on the Cedars Field Development project. This completes the DfE funding realised in 2011, and the foundation funding so far. The remaining £2,005,467 and subsequent development costs will be attributed to the designated fixed asset fund.

All foundation transactions in the year are consolidated with the school accounts through the restricted funds and subsequently re-located through the funds and reserves.

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, are £1,690k (2014: £1,618k) 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 215 pupils (2014: 217 pupils) by the award of bursaries worth £1,461,939 (2014: £1,478,281). Within this level of bursary support were 6 free places (2014: 5) worth £103,271 (2014: £111,710).

In addition the school has subsidised the 78 pupils (2014: 78) whose places are funded by the Music and Dance Scheme to the extent of £771,604 (2014: £681,788), a fact acknowledged by the DfE. The DfE support to these pupils is also based upon careful means testing.

These bursaries were worth 10.03% (2014: 10.4%) of the school's gross fee income for 2014/15.

Governors' Report (continued)

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 46 pupils (2014: 52 pupils) by the award of scholarships worth £107,907 (2014: £91,694). This year the school awarded sport scholarships to 21 pupils (2014: 17 pupils) worth £27,606 (2014: £17,109) which is also included. These scholarships were worth 0.74% (2014: 0.65%) of the school's gross fee income for 2014/15.

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 £10,089 during the year (2014: £9,215).
- Members of the armed forces – fees were reduced by £19,945 during the year (2014: £11,946).
- Former pupils of the school – fees were reduced by £19,422 during the year (2014: £18,368).
- Parents with more than one child at the school – fees were reduced by £174,040 during the year (2014: £90,338).
- Employees of the school – fees were reduced by £473,523 during the year (2014: £444,741).

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 continuing 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.

Governors' Report (continued)

Financial risk management covers:

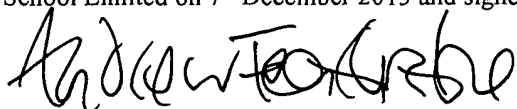
- Price risk. Fees are subject to annual review. Salary costs are communicated to staff during the formal annual review of salaries. Prices of significant materials purchased are subject to contracts with suppliers, based on current market prices and at least three quotations. Cedars Field Development is a fixed cost contract which was awarded to Shaylor Group plc in December 2014 after a tender process, the result of which was approved by the Board. The one-stage tender process, led by the project manager QSPM LLP, comprised a three stage technical and financial evaluation process, from identification of a pool of suitable contractors to a long-list and then short-list of candidates.
- 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 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 six 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 7th December 2015 and signed on its behalf by:



The Revd Canon Andrew Featherstone
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 2015 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 2015;
- 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; 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

17 December 2015

Consolidated Statement of Financial Activities

for the year ended 31 July 2015

	Note	Unrestricted funds Revenue £000	Designated £000	Restricted Funds £000	Endowment Funds £000	Total 2015 £000	Total 2014 £000
INCOMING RESOURCES:							
Incoming resources from generated funds:							
Voluntary income	5	-	-	574	-	574	505
Activities for generating funds	5	175	-	-	-	175	208
Investment income	10	10	-	43	-	53	63
Incoming resources from charitable activities:							
Fees receivable	3	11,533	-	-	-	11,533	11,351
Other educational income	4	143	-	-	-	143	163
Other ancillary trading income	4	115	-	-	-	115	104
Total incoming resources		11,976	-	617	-	12,593	12,394
RESOURCES EXPENDED							
Costs of generating funds	6	187	-	-	-	187	329
Charitable activities:							
School operating costs	6	11,118	407	272	-	11,797	11,785
Governance costs	6,7	81	-	2	-	83	72
Total resources expended		11,386	407	274	-	12,067	12,186
Net incoming/(outgoing) resources before transfers	9	590	(407)	343	-	526	208
Transfers	18,19	(505)	2,348	(1,889)	46	-	-
Net movement in funds		85	1,941	(1,546)	46	526	208
Fund balances brought forward at 1 August	18,19,20	1,606	6,525	7,879	662	16,672	16,464
Fund balances carried forward at 31 July	18,19,20	1,691	8,466	6,333	708	17,198	16,672

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 years stated above and their historical cost 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 2015 is £905k (2014: £(225)k).

Consolidated summary income and expenditure account
for the year ended 31 July 2015

	<i>Notes</i>	2015	2014
		£000	£000
Gross charitable income		14,783	14,472
Non-charitable income		749	713
		<hr/>	<hr/>
		15,532	15,185
Charitable expenditure		(14,829)	(14,635)
Non-charitable trading expenditure		(270)	(401)
		<hr/>	<hr/>
Net surplus before investment asset disposals		433	149
Gain on disposal of fixed assets		1	4
Interest payable	<i>11</i>	(7)	(5)
Interest receivable	<i>10</i>	53	63
		<hr/>	<hr/>
Net surplus of income over expenditure for the year		480	211
		<hr/>	<hr/>

Consolidated balance sheet
As at 31 July 2015

	Note	2015		2014	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12		14,853		11,989
Investments	15		716		1,170
Current assets					
Stocks	13	5		12	
Debtors	14	993		848	
Investments	15	1,800		2,000	
Cash at bank and in hand		2,034		3,540	
Total current assets		4,832		6,400	
Creditors: amounts falling due within one year	16	(1,298)		(1,105)	
Net current assets			3,534		5,295
Total assets less current liabilities			19,103		18,454
Creditors: amounts falling due after more than one year	17		(1,905)		(1,782)
Net assets			17,198		16,672
The funds of the charity					
Endowment funds	20,27		708		662
Restricted funds	19,27		6,333		7,879
Unrestricted funds:					
Revenue fund	27	1,691		1,606	
Designated asset fund	18,27	8,466		6,525	
Total unrestricted funds			10,157		8,131
Total charity funds			17,198		16,672

These financial statements on pages 19 to 47 were approved by the board of governors on 7th December 2015 and were signed on its behalf by:

Mr D Pretty
Governor



The Revd Canon Andrew Featherstone
Governor



School balance sheet
As at 31 July 2015

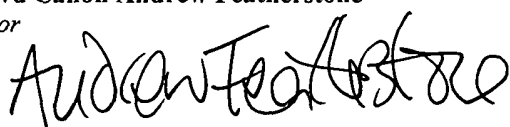
	<i>Note</i>	2015	2014
		£000	£000
Fixed assets			
Tangible assets	12	14,853	11,989
Investments	15	423	923
Current assets			
Stocks	13	5	12
Debtors	14	1,113	826
Investments	15	500	-
Cash at bank and in hand		944	2,854
Total current assets		2,562	3,692
Creditors: amounts falling due within one year	16	(1,295)	(1,090)
Net current assets		1,267	2,602
Total assets less current liabilities		16,543	15,514
Creditors: amounts falling due after more than one year	17	(1,905)	(1,782)
Net assets		14,638	13,732
The funds of the charity			
Endowment funds	20,27	415	415
Restricted funds	19,27	3,932	5,216
Unrestricted funds:			
Revenue fund	27	1,836	1,587
Designated asset fund	18,27	8,455	6,514
Total unrestricted funds		10,291	8,101
Total charity funds		14,638	13,732

These financial statements on page 19 to 47 were approved by the board of governors on 7th December 2015 and were signed on its behalf by:

D Pretty
Governor



The Revd Canon Andrew Featherstone
Governor



Consolidated cash flow statement
for the year ended 31 July 2015

	<i>Note</i>	2015	2014
		£000	£000
Net cash inflow/(outflow) from operating activities	24	1,846	(195)
Returns on investments and servicing of finance			
Interest received		53	63
Interest paid		(7)	(5)
Net cash inflow from returns on investments and servicing of finance		46	58
Capital expenditure and financial investment			
Purchase of tangible fixed assets	12	(3,336)	(736)
Sale of tangible fixed asset		1	3
Net cash outflow from capital expenditure and financial investment		(3,335)	(733)
Net cash (outflow) from investing activities before financing	25	(1,443)	(870)
Financing			
Repayment of bank loans	26	(63)	(15)
Net cash (outflow) from financing		(63)	(15)
(Decrease) in cash	26	(1,506)	(885)

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-subsidiary 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	-	12.5% pa straight line
Musical instruments and machinery	-	20% pa straight line
ICT equipment (including computer and data communications equipment)	-	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 Statement of Financial Activities 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)

Restricted funds

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

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 donations received, from which is credited to restricted funds to provide bursaries.

Designated Asset fund

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.

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 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 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:

	2015 £000	2014 £000
Tuition and boarding fees	12,930	12,560
Music tuition fees	1,642	1,649
	<hr/>	<hr/>
Total fees	14,572	14,209
Less: DfE Cap – Tuition and boarding fees	(772)	(682)
Bursaries, scholarships and other discounts	(2,267)	(2,176)
	<hr/>	<hr/>
Total fees invoiced	11,533	11,351
	<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 from the foundation of £43k (2014:£32k).

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

	2015	2014
	£000	£000
<i>Unrestricted:</i>		
Other educational income:		
Extra tuition	92	120
Wells Music College income	16	12
Registration and audition fees	33	28
Other income (instrument hire)	2	3
	<hr/> 143 <hr/>	<hr/> 163 <hr/>

	2015	2014
	£000	£000
<i>Unrestricted:</i>		
Other ancillary trading income:		
Clothing shop commission	5	9
Bus service for pupils	58	56
Concert income	17	17
Other income	35	22
	<hr/> 115 <hr/>	<hr/> 104 <hr/>

Notes (continued)

5 Incoming resources from generating funds

	Group		School	
	2015	2014	2015	2014
	£000	£000	£000	£000
Unrestricted:				
Voluntary income:				
Donations	-	1	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted:				
Donations:				
Donations	561	478	805	79
Donations for Sierra Leone	-	20	-	20
Donations to music	5	3	5	3
Donations for Outreach	8	3	8	3
	<hr/>	<hr/>	<hr/>	<hr/>
	574	504	818	105
	<hr/>	<hr/>	<hr/>	<hr/>

Donations to the school from the foundation totalled £805k, excluding bursaries of £43k (2014: £79k) and net restricted donations received by the foundation totalled £(244)k (2014: £398k).

Activities for generating funds

Unrestricted	2015	2014
	£000	£000
Lettings	135	175
Hire of facilities	27	26
Functions	12	3
Proceeds on disposals	1	4
	<hr/>	<hr/>
	175	208
	<hr/>	<hr/>

Notes (continued)

6 Analysis of total resources expended

Group	Staff costs £000	Other £000	Depreciation £000	2015 Total £000	2014 Total £000
Costs of generating funds					
Fundraising trading costs	39	59	-	98	95
Fundraising for voluntary resources	60	29	-	89	234
Total costs of generating funds	99	88	-	187	329
Charitable activities					
Teaching costs	5,766	536	76	6,378	6,533
Welfare costs	915	478	15	1,408	1,282
Premises - general	559	959	381	1,899	1,982
- non recurring projects	-	191	-	191	184
Support costs	1,052	744	-	1,796	1,711
Ancillary trading	42	83	-	125	93
Total costs of charitable activities	8,334	2,991	472	11,797	11,785
Governance costs	19	64	-	83	72
Total group resources expended	8,452	3,143	472	12,067	12,186

7 Support costs: Group

	Costs of generating funds £000	Governance costs £000	Charitable activities £000	Total 2015 £000	Total 2014 £000
Staff costs	99	19	1,052	1,170	1,117
Other support costs					
Staff expenses/development	4	2	143	149	123
Office	84	3	574	661	613
Professional advice	-	-	11	11	149
Finance costs	-	22	16	38	79
<i>Services provided by the company's auditors:</i>					
Fees payable for the audit (incl. foundation)	-	32	-	32	30
- Music & Dance Scheme grant	-	1	-	1	1
-Corporation tax computations	-	4	-	4	-
	187	83	1,796	2,066	2,112

The governance cost includes the net school audit charge for the year of £22,590 (2014: £22,145) and the foundation's audit charge of £1,790 (2014: £1,750).

Notes (continued)

8 Staff numbers and costs-Group

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	
	2015	2014
Teaching staff	101	104
Non-teaching staff - Welfare	60	59
-Premises	20	18
-Support	58	52
	<u>239</u>	<u>233</u>

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£000	£000
Wages and salaries	7,194	7,058
Social security costs	533	543
Other pension costs (see note 23)	725	709
	<u>8,452</u>	<u>8,310</u>

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

	Number of employees	
	2015	2014
£110,001 - £120,000	1	-
£100,001 - £110,000	-	1
£90,001 - £100,000	2	1
£80,001 - £90,000	-	1
£70,001 - £80,000	-	2
£60,001 - £70,000	2	-
	<u>2</u>	<u>-</u>

Of the above employees, three (2014: three) were members of the teachers' superannuation pension scheme which is a defined benefit scheme. The school's contribution was £30k (2014: £40k). The remaining two employees (2014: two) were members of a money purchase pension scheme for which the school's contribution was £16k (2014: £16k).

The governors did not receive any emoluments or benefits during the year (2014: Nil). See Note 29 for further information.

Notes (continued)

9 Net incoming/ (outgoing) resources before transfers

	2015 £000	2014 £000
<i>Net incoming/(outgoing)/resources before transfers are stated after charging:</i>		
Services provided by the company's auditors:		
Audit fees - school	23	22
- foundation	2	2
Other services - music and dance scheme grant	1	1
- additional costs (teachers pension)	1	1
- corporation tax computations	4	-
Rentals payable under operating leases		
- plant and machinery	27	29
- land and buildings	44	44
- other	52	50
Depreciation - owned assets	432	426
- leased assets	40	36

10 Investment income

	Group		School	
	2015 £000	2014 £000	2015 £000	2014 £000
Interest from short-term deposits	10	9	10	9
Interest from deposits of restricted funds	38	36	5	1
Interest from deposits of endowment funds	5	18	5	18
	<u>53</u>	<u>63</u>	<u>20</u>	<u>28</u>

11 Interest payable

	2015 £000	2014 £000
Interest on bank loans and overdraft	7	5
	<u>7</u>	<u>5</u>

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
Cost							
At 1 August	9,902	2,509	1,571	687	2,864	67	17,600
Additions	-	3,142	-	45	141	8	3,336
Transfers	1,745	(1,745)	-	-	-	-	-
Disposals	-	-	-	-	(2)	(8)	(10)
At 31 July	11,647	3,906	1,571	732	3,003	67	20,926
Accumulated Depreciation							
At 1 August	2,217	-	732	593	2,014	55	5,611
Charge for year	205	-	29	49	180	9	472
Disposals	-	-	-	-	(2)	(8)	(10)
At 31 July	2,422	-	761	642	2,192	56	6,073
Net book value							
At 31 July 2015	9,225	3,906	810	90	811	11	14,853
At 31 July 2014	7,685	2,509	839	94	850	12	11,989

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 £1k (2014: £2k).

The £810k (2014: £839k) in leasehold land and buildings relates to a long term lease.

The £3,906k (2014: £2,509k) in "assets in the course of construction" is the capitalisation of the Cedars Field Development (£3,052k), Ritchie house boarders accommodation (£79k) and Tor Lane improvements (£11k), to date.

Notes (continued)

13 Stocks

Group and school	2015 £000	2014 £000
Clothing accessories	-	7
Catering	5	5
	<u>5</u>	<u>12</u>

14 Debtors

	Group		School	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors-amounts due from parents	428	256	428	256
Other debtors	330	366	330	366
Amounts owed by group undertakings	-	-	166	-
Prepayments and accrued income	235	226	189	204
	<u>993</u>	<u>848</u>	<u>1,113</u>	<u>826</u>

15 Investments

Non-current investments

	Group		School	
	2015 £000	2014 £000	2015 £000	2014 £000
Stepped Fixed Rate bond	-	250	-	250
Stepped Fixed Rate bond	-	70	-	70
Corporate current and deposit account	423	103	423	103
Charity deposit account	-	500	-	500
Investment Management portfolio	293	247	-	-
	<u>716</u>	<u>1,170</u>	<u>423</u>	<u>923</u>

The Corporate Current and Deposit account issued by Santander Business banking at an interest rate of 0.8% from the 25 July 2014.

The non-current investments consist of a portfolio of equities, bonds and cash managed by Smith & Williamson Investment Management, the majority of which comprises UK assets. They are categorised as non-current assets as they are held for longer than 12 months. Any realised and unrealised gains and losses on sale or revaluation of investments are recorded within the statement of financial activities. It holds bursaries totalling £275k (2014: £250k) plus unrealised gains on the investments of £18k (2014: unrealised loss £3k).

Notes (continued)

15 Investments (continued)

Current investments

	Group		School	
	2015	2014	2015	2014
	£000	£000	£000	£000
Corporate Notice Business account	-	700	-	-
Charity Deposit account	1,300	1,300	-	-
Charity deposit account	500	-	500	-
	<u>1,800</u>	<u>2,000</u>	<u>500</u>	<u>-</u>

The Charity Deposit account is with Virgin Money at an interest rate of 1% and is an instant access account.

The Charity Deposit account for £500k is with Virgin Money at an interest rate of 1.0% and is an instant access account.

Group	2015	2014
	£000	£000
Investments at valuation		
At 1 August	3,170	2,423
Additions	46	2,070
Disposals	(700)	(1,323)
At 31 July	<u>2,516</u>	<u>3,170</u>

16 Creditors: amounts falling due within one year

	Group		School	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loans and overdrafts	60	63	60	63
Finance lease agreements	10	19	10	19
Fees received in advance including deposits	517	442	517	442
Trade creditors	8	27	8	27
Taxation and social security	176	164	176	164
Other creditors	136	137	136	137
Accruals and deferred income	391	253	388	238
	<u>1,298</u>	<u>1,105</u>	<u>1,295</u>	<u>1,090</u>

There are six (2014: seven) 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.

Notes (continued)

The bank loans are repayable as follows:

	2015 £000	2014 £000
Within:		
1 year	60	63
1 – 2 years	51	60
2 – 5 years	142	136
After 5 years	670	727
	<u>923</u>	<u>986</u>

17 Creditors: amounts falling due after one year

	2015 £000	2014 £000
Group and school:		
Bank loans (see note 16)	863	923
Pupils' deposits	1,041	851
Operating lease agreements	1	8
	<u>1,905</u>	<u>1,782</u>

Bank loans and operating lease agreements are instalment debts and pupil deposits are non-instalment debts.

18 Designated Asset fund

	School 2015 £000	Group 2015 £000	Group and School 2014 £000
At beginning of year	6,514	6,525	6,443
School operating costs (depreciation)	(407)	(407)	(397)
Transfers between funds	2,348	2,348	479
At end of year	<u>8,455</u>	<u>8,466</u>	<u>6,525</u>

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 £2,347,975 (2014:£479,641) comprises the following;

- a. £63,188 (2014:£65,768) reduction in the loans secured against the assets in the fund (see note 16);
- b. Net book value of fixed asset disposals £542 (2014: £3,642);
- c. Additions to fixed assets of £2,288,782 (2014:£402,682), which are not restricted; less
- d. Fixed assets funded by the friends of music of £4,537 (2014:£3,157)

Notes (continued)

19 Restricted funds

Group and school	"Other" Fund £000	Cedars Field Fund £000	Project Fund £000	Bursary Fund £000	Capital Fund £000	School 2015 £000	Foundation 2015 £000	Group 2015 £000	Group 2014 £000
Donations and other receipts	30	775	8	-	5	818	(244)	574	504
Bank and other interest received	-	-	10	-	-	10	33	43	54
Less: expenditure	(13)	-	(27)	-	(66)	(106)	(168)	(274)	(163)
(Deficit)/surplus for year	17	775	(9)	-	(61)	722	(379)	343	395
Transfers between funds	(5)	(1,047)	-	-	(954)	(2,006)	117	(1,889)	(10)
At beginning of year	125	272	139	71	4,609	5,216	2,663	7,879	7,494
At end of year	137	-	130	71	3,594	3,932	2,401	6,333	7,879

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

The Cedars Field Development 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 restricted fund of £1,889,623 (2014: £10,746) is in respect of:

- the transfer of £5,154 (2014: £6,735) from the "other fund" of the restricted money received via the foundation for gifts received towards the Cook Building;
- the movement of £117,461 (2014: £5,144) to the restricted fund from endowment fund £46,367 (2014: £1,698) and revenue fund £(163,828) (2014: £1,698);
- the transfer of £4,537 from designated asset fund to the capital restricted fund in respect of the musical instruments funded by the friends of music;
- The transfer of £1,047,225 (2014: £332,972) from Cedars Field restricted fund to the capital restricted fund is in respect of the costs aggregated related to the Cedars Field Development which equals the DfE and foundation funding, which are now being capitalised; and
- the transfer of £958,242 from the capital restricted fund to the designated asset fund in respect of the costs aggregated related to Cedars Field Development.

The Cedars Field Development at this stage has been funded by the DfE grant, funds from the foundation and the school's designated asset fund.

Notes *(continued)*

20 Endowment funds

Group	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	Bursary fund £000	Group Total £000
At beginning of year	80	6	40	25	250	14	247	662
Interest	-	-	-	-	-	-	7	7
Unrealised gain on investments	-	-	-	-	-	-	39	39
At end of year	80	6	40	25	250	14	293	708

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 Bursary fund, which includes 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:

	2015		2014	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In less than one year		-	19	-
In the second to fifth years inclusive	44	79	25	67
	<u>44</u>	<u>79</u>	<u>44</u>	<u>67</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 (2014: £43,870). 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:

	2015		2014	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Finance leases which expire:				
Within one to five years	-	9	-	12
In more than five years	68	-	68	-
	<u>68</u>	<u>-</u>	<u>68</u>	<u>-</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 one year and a tractor that also expires in two 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 was 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>

Notes (continued)

23 Pension scheme (continued)

Scheme Changes

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 which was 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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £986k (2014: £982k).

(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 £725,202 (2014: £708,852) analysed as follows:

	2015 £000	2014 £000
Non teaching staff	143	124
Teachers	582	585
	<hr/>	<hr/>
	725	709
	<hr/>	<hr/>
Contributions outstanding at 31 July 2015 were as follows:		
	2015 £000	2014 £000
Non-teaching schemes	20	16
Teaching schemes	91	89
	<hr/>	<hr/>
Net contributions outstanding	111	105
	<hr/>	<hr/>

Notes (continued)

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

	2015 £000	2014 £000
Net movement in funds	526	208
Depreciation charge	472	462
Decrease/(increase) in stocks	7	-
(Increase)/Decrease in debtors	(145)	63
Decrease/(Increase) in investments	654	(747)
(Decrease)/Increase in loans	(3)	3
Increase/(Decrease) in creditors	381	(126)
Interest receivable	(53)	(63)
Interest payable	7	5
Net cash inflow/(outflow) from operating activities	<u>1,846</u>	<u>(195)</u>

25 Analysis of changes in cash balances

	At 31 July 2014 £000	Cash flows £000	At 31 July 2015 £000
Cash in hand and at bank	3,540	(1,506)	2,034
Debt due within one year	(63)	3	(60)
Debt due after one year	(923)	60	(863)
Total	<u>2,554</u>	<u>(1,443)</u>	<u>1,111</u>

26 Reconciliation of net cash flow to movement in net funds

	2015 £000	2014 £000
(Decrease) in cash in the year	(1,506)	(885)
Cash outflow from repayment of loans and hire purchase agreements	63	15
Change in net funds resulting from cash flow	<u>(1,443)</u>	<u>(870)</u>
Net funds at start of year	2,554	3,424
Net funds at end of year	<u>1,111</u>	<u>2,554</u>

Notes (continued)

27 Allocation of net assets

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

Group	Fixed assets £000	Net current assets £000	Long term liabilities £000	Total £000
Designated funds	9,849	(520)	(863)	8,466
Restricted funds	5,720	613	-	6,333
Endowment funds	-	708	-	708
Revenue fund	-	2,733	(1,042)	1,691
	<u>15,569</u>	<u>3,534</u>	<u>(1,905)</u>	<u>17,198</u>

School	Fixed assets £000	Net current assets £000	Long term liabilities £000	Total £000
Designated funds	9,556	(238)	(863)	8,455
Restricted funds	5,720	(1,788)	-	3,932
Endowment funds	-	415	-	415
Revenue fund	-	2,878	(1,042)	1,836
	<u>15,276</u>	<u>1,267</u>	<u>(1,905)</u>	<u>14,638</u>

28 Changes in resources available for charity use

Group	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total £000
Net movement in funds for year (page 20)	319	1,941	(1,780)	46	526
Net increase in tangible fixed assets for direct charitable purposes	2,864	-	-	-	2,864
Net increase in funds available for future activities	<u>3,183</u>	<u>1,941</u>	<u>(1,780)</u>	<u>46</u>	<u>3,390</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 (2014: £67,725) under a repairing lease expiring in 2063 in respect of certain school buildings. At the year end there is a prepayment of £nil (2014: £10,306) and an accrual for back rent of £nil (2014: £nil).
- The Chapter contributed £63,740 (2014: £84,732) towards the fees of the Cathedral Choristers.

Notes (continued)

29 Related parties (continued)

- The school paid £24,310 (2014: £32,635) 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 £9,485 (2014: £36,083) from the school. The transactions were made at arm's length and in the normal course of business.

(b) Transactions with governors and trustees

During the year 2 (2014:4) of the governors received reimbursement for travel expenses of £141 (2014: £732).

During the year 1 governor and 1 trustee and governor (2014:3) 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 £848,211 (2014:£78,906) of donations from the foundation; £165,616 (2014:£158,820) of operating costs were recharged to the foundation and are in the balance sheet as an inter-company creditor plus £2,148 (2014: £2,410), 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 £8,563 (2014: £5,904) in the year for the group.

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 2015 £000	Total 2014 £000
Incoming resources					
Incoming resources from generating funds:					
Voluntary income-donations	1	565	21	587	482
Interest	4	22	7	33	34
Gifts in kind-school	-	-	-	-	159
Total incoming resources	5	587	28	620	675
Resources expended from generated funds:					
Costs of charitable activities					
- donations to school	-	848	-	848	79
- operating costs	166	-	-	166	159
Governance costs	2	-	-	2	2
Bank charges	1	-	-	1	1
Total resources expended	169	848	-	1,017	241
Unrealised gains/(losses) on investments	-	-	18	18	(3)
Net movement in funds	(164)	(261)	46	(379)	431
Balance brought forward at 1 August	14	2,678	247	2,939	2,508
Balance carried forward at 31 July	(150)	2,417	293	2,560	2,939

The net assets and liabilities were:

	2015 £000	2015 £000	2014 £000
Fixed assets: Investments		293	246
Current assets			
Cash at bank	1,090		686
Investments	1,300		2,000
Debtors	46		22
Total current assets	2,436		2,708
Creditors: amount falling due within one year	(3)		(15)
Net current assets		2,433	2,939
Total assets less current liabilities		2,726	2,939
Creditors: amount falling due after one year		(166)	-
Net assets		2,560	2,939

Notes *(continued)*

31 The Wells Cathedral School Foundation *(continued)*

	2015	2014
	£000	£000
Unrestricted funds	(150)	14
Restricted funds	2,417	2,678
Endowed funds	293	47
	<hr/>	<hr/>
	2,560	2,939
	<hr/>	<hr/>

Extract of
Minutes of the Governing Body of
Wells Cathedral School held on Monday 7th December 2015
at the Cedars, 15 The Liberty, Wells

Item 8 – Resolution re Loan Agreements

It was reported that National Westminster Bank Plc (the Bank) had offered to make available to the Company (school) Loans of £2,000,000 and £1,250,000 for the activities of the Company (school) on the terms set out in the Loan Agreements in the form now produced, and incorporating the Bank's Base Rate Loan Terms.

After considering all the circumstances and being satisfied that the Loan: Is permitted by the constitution of the Company (school) and is for the benefit of the Company (school), it was resolved that:

- The Loan Agreement be approved
- Andrew Featherstone and Derek Pretty be authorised to sign the Loan Agreement and any associated documents required by the Bank
- The signatories be kept indemnified out of the assets of the Company (school) in relation to all liabilities incurred by them under the Loans.

Derek Pretty proposed acceptance of the first loan. Martin Smout seconded. Approved unanimously.

Jonathan Vaughan proposed acceptance of the second loan. Martin Smout seconded. Approved unanimously."

I certify that this is a true extract from the minutes of a Meeting of the Directors (Governors) of the Company (school) at which a quorum entitled to vote was present and held on 7th December 2015.

T. D. Shorland Ball .

T D Shorland Ball
Assistant Clerk and Secretary