

**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**REPORT AND ACCOUNTS**

**31 JULY 2012**

**Company Registration No. 02081261**  
**Charity Registration No. 518889**

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**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**REPORT AND ACCOUNTS**

**for the year ended 31 July 2012**

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**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**GOVERNORS, OFFICERS AND ADVISERS**

**31 July 2012**

**Governors**

The Governors of the School, who are also the Charity Trustees, and the Directors of the Company who served during the year were

The Earl of Darnley (retired 6<sup>th</sup> July 2012)

R Haydn Jones Esq\* (Chairman)

C D Hitchiner Esq\*

Mrs D Bradshaw

C R Potter Esq\*

C Poole Esq (resigned 8<sup>th</sup> December 2011)

Prof E Ellis

Lady Fiona Mynors

Mrs V Oliver-Davies

P Andrews Esq

A Teale Esq

Ms K Skerrett (appointed 23<sup>rd</sup> March 2012)

\* Members of the Finance Sub-Committee

The Governors are elected at a full Governors' Meeting. The Dean and Chapter of Hereford Cathedral have the right to appoint up to one quarter of the total number of Governors. One third of the Governors, or if their number is not three or a multiple of three, then the number nearest to, retire from office at each annual general meeting. They can be re-elected. The Governors had no interests which were required to be disclosed under the Companies Act 2006. Unless otherwise determined by the Company by Ordinary Resolution the number of Governors shall not be less than 8, or more than 18.

Members appointed by The Dean and Chapter of Hereford Cathedral -

The Very Reverend Michael Tavinor, Dean of Hereford

The Reverend Canon A Piper

**Governors retiring by rotation**

The Governors retiring in accordance with the Articles of Association, and being eligible, offering themselves for re-election, are as follows -

C R Potter Esq\*

Prof E Ellis

Lady Fiona Mynors

Mrs V Oliver-Davies

**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**GOVERNORS, OFFICERS AND ADVISERS**

**31 July 2012**

**(continued)**

**Professional advisers and key personnel**

**Officers**

Secretary	Mr N J Moon
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The Headmaster	P A Smith Esq
The Head of Junior School	T Wheeler Esq
Director of Finance and Resources and Clerk to the Governors	Mr N J Moon

<b>Address</b>	Senior School and Registered Office	Hereford Cathedral School Old Deanery The Cathedral Close Hereford HR1 2NG
	Junior School	Hereford Cathedral Junior School 28 Castle Street Hereford HR1 2NW

**Advisors**

<b>Bank</b>	Lloyds TSB Bank plc 8 High Town Hereford HR1 2AE
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<b>Solicitors</b>	Humfrys & Symonds St John's Chambers St John Street Hereford HR1 2ND
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<b>Auditors</b>	Baker Tilly UK Audit LLP Elgar House Holmer Road Hereford HR4 9SF
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<b>Insurance Brokers</b>	Marsh Brokers Limited Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU
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**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**GOVERNORS' REPORT**

**31 July 2012**

The Governors present their annual report including the audited financial statements of the charitable company for the year ended 31 July 2012

**Structure, governance and management**

***Status and administration***

The regulating document is a Charity Commission Scheme made under the Endowed Schools Acts on the 26 June 1893. The latest amendment was in 1987. The School is a registered Charity, number 518889. The registered company number is 2081261. The Governing instrument is the Memorandum and Articles of Association, adopted on 5 December 1986.

***Status***

The charitable company does not have a share capital, but the directors, as members, have undertaken to contribute a sum not exceeding one pound each in the event of a deficiency on winding up the company's affairs.

***Recruitment and Training of Governors***

New Governors' recruitment is based on a pre-determined set of skills and competences in the areas of Education, Finance, Law, Religion, Medicine, Land & Buildings and Business. The policy of the Governors is to maintain a balanced board, with a broad experience base, covering all of the topics outlined above. All new Governors are issued with an induction manual, which seeks to assist in the understanding of the complex issues faced by a new Charity Trustee and Non-executive Director.

In addition all new Governors are expected in their first year to sit on each of the sub-committees in order to understand all aspects of the School's business.

***Organisational Management***

The Governors determine the general policy, as well as being responsible for the strategic management and control of the business activities of the school. Meetings of the full governing body are held at least once a term, with occasional extra meetings called, if matters arise of a sufficiently serious nature.

The operational management of the school is delegated to the Headmaster, Director of Finance and Resources and their respective management teams. The Headmaster, Director of Finance and Resources and Head of Junior School attend a series of Governor sub-committee meetings, which discuss issues for forwarding to the full Governors' meeting. The main Governor sub-committees are listed below -

Finance -chaired by Mr R Haydn Jones (resigned 6<sup>th</sup> July 2012) Mr C D Hitchiner (appointed 6<sup>th</sup> July 2012)

Education -chaired by Lady F Mynors

General Purposes -chaired by Lord Darnley (retired 6<sup>th</sup> July 2012) Mr P Andrews (appointed 6<sup>th</sup> July 2012)

In addition to these meetings, Governors and senior management also attend meetings covering Health & Safety and Salaries & Personnel.

***Risk Management***

The Governors undertake a full review of risk management procedures each year, with each sub-committee tasked with assessing and rating risks relevant to the areas for which they hold responsibility. The risks faced by the school include buildings (on-going maintenance and health and safety considerations), demographic and economic changes and retention of staff and pupils. Issues are identified and discussed with the specific purpose of reducing risk in all areas, with the findings reviewed annually at full board level. The other key control mechanisms used to mitigate risk wherever possible are -

- \* Formal agendas for all Board and Committee meetings
- \* Full and thorough management accounting, budgeting and 5 year planning
- \* Preparation of, and reference to, written policies and committee terms of reference

**HEREFORD CATHEDRAL SCHOOL**  
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**GOVERNORS' REPORT**

**31 July 2012**

***Risk Management (continued)***

- \* Operational management through an organisational structure
- \* Clear authorisation and approval levels for expenditure of budgets
- \* Robust procedures for legislative compliance educationally, financially and legally

**Objectives and activities**

***Charitable objects***

The objects of the Charity are to promote the advancement of education by acquiring, establishing, providing, conducting and carrying on schools in which boys and girls of all sections of the community may receive a sound general education (including religious instruction in accordance with the doctrines of the Church of England)

***Aims and intended impacts***

To produce well rounded individuals through not only the national curriculum, but also through a series of additional activities, including music, sport, Duke of Edinburgh award scheme and CCF To provide a structured educational environment that develops our pupils' capabilities, where each student can develop and fulfil his or her potential, building their self confidence and creating a desire to contribute to the wider community In addition, the school provides music and community support to the Cathedral, as well as the sub-letting and sharing of school facilities with the wider community

***Objectives for the Year***

Governors and Senior Management Team continue to monitor the educational development plan on a regular basis with continual reassessment to drive future improvements and change

The Development Office continued to embed and expand its role to support the School in developing links with the wider community including setting up a development fund to enable further bursaries to be awarded to gifted and talented individuals who would not normally be able to attend the School due to financial restrictions

The Governors continued to support the Senior Management team in the School to build links and encourage community access for educational purposes to the School facilities The music department further developed community links, through a series of outreach events and concerts, working particularly closely with the Cathedral, its choir and other local primary schools

There has been a continued focus on the achievement of academic, musical and sporting performance further widening access to the education provision provided by the School to encourage the fulfilment of pupils potential

***Strategies to achieve the year's objectives***

The various committees work together to assess the needs of the school from an educational, charitable and financial perspective

The Education Committee seeks not only to continually develop the academic, pastoral and extra-curricular provision offered at the school, but also encourages facility development in conjunction with the General Purposes and Finance Committees

The Finance Committee continues to apply rigid controls to ensure that the development of the fabric of the school is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, in line with Charity Commission guidelines

The General Purposes Committee seeks to prioritise those areas of the school identified as being in need of physical improvement and works to a medium term plan, with surpluses in excess of budget used to accelerate the plan, with an expectation of the eventual complete refurbishment of the school

**HEREFORD CATHEDRAL SCHOOL**  
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**GOVERNORS' REPORT**

**31 July 2012**

***Principal activity***

The charitable company's principal activity continues to be the running of the Hereford Cathedral Senior and Junior Schools

***Policy***

It is the policy of the School to attain the highest academic standards and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. Our School welcomes pupils from all backgrounds. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

The Charity provides education in Herefordshire for boys and girls from the age of 3-18 in its two schools.

***Grant making policy***

The Governors' policy, in line with other independent schools, is to award scholarships and grants on the basis of the individual's educational, musical and sporting ability. Bursaries are awarded to individuals who qualify under a stringent means-testing system, but are not required to be academic high-flyers. The only restriction to entry is the ability to pass the standard school entrance examination.

***Public Benefit***

The school offers a substantial Bursary provision, funding a significant number of bursaries through fee income and provides a greater ratio of Bursaries to Scholarships within its recruitment and charitable strategies, including full places to some individuals.

The school prospectus includes reference to the availability of bursary awards and all Bursaries are awarded after undertaking robust means testing procedures, including interviews of parents where necessary. In assessing means we take a number of factors into consideration including family income, investment and savings and family circumstances for example dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee.

Bursaries and Scholarships awarded in 2011/12 were 6% and 3% of fee income, respectively. Bursaries were awarded to 15% of pupils and included several 100% awards.

Additional third party funding has been put in place to allow the school to offer free places to the children of service personnel killed in action; the school is considering how to further develop this worthy cause.

Local groups and clubs have the opportunity to hire and use the school's facilities, including the sports hall, St David's hall and minibuses which are used for a variety of sporting, educational and music activities within the local community. The School has also commenced a transport sharing scheme with one of the state maintained high schools in order to reduce traffic congestion in the city and encourage good relations between pupils of the two schools.

The school continues to support the local community with outreach work in the state education sector, including music, sport and Classical Civilisation workshops, as well as providing education to the Cathedral Choristers. The school encourages all pupils to have an input into charitable events with pupils organising and running their own fundraising activities. The School sports hall enables the School to use this space to host a number of literary and charitable events which local state schools have attended.

As well as the requirements of public benefit, the school has adopted a strategy to continue the recruitment of a wide ranging, non-elitist pupil base, in line with traditional practices, developed during many years as a Direct Grant and Assisted Places school.

In drafting the above statements, the Governors have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

**HEREFORD CATHEDRAL SCHOOL**  
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**GOVERNORS' REPORT**

**31 July 2012**

**Achievements and performance**

***Operational Review and Performance of the School***

Hereford Cathedral School has continued to maintain high academic standards and as an HMC School is widely recognised as being one of the top 250 independent schools in the country. League table positions in national newspapers place the School as one of the highest performing coeducational day schools in the country. The results in both GCSE and A Level were once again the best in Herefordshire.

At GCSE 38% of all grades awarded were an A\*, 62.7% were A\*/A and 83.5% were at least a B grade. Nearly a quarter of the pupils achieved all A\*/A grades and 8 pupils achieved straight A\* grades in all subjects. The school continues to achieve excellent results in the traditionally 'tough' subjects such as Mathematics, English and Science. As last year, 10 of the school's GCSE Departments witnessed 100% 'A\*'-'C' pass rates.

Last year's record A level results were exceeded with over 25% of candidates achieving an A\*, 56.4% of all grades were A\*/A, and 79.3% were above a B grade. No student failed, two thirds of students gained all A\*-B grades and 19 students achieved all A\*/A. Eight of the 24 subjects offered achieved nothing less than a B grade.

As with GCSE, consistently strong results were achieved in the traditionally 'difficult' subjects. Last Year the RS department achieved a 100% A\* grades, this year it was the Art Department that achieved this accolade. All 14 students taking Art or Art Textiles achieved an A\*.

The AS results were also excellent with 45.6% of all grades achieved being an 'A' and 80.5% of all grades were 'C' or above.

The high standard of performance in a wide range of extra-curricular activities continues to be a major characteristic of the school's success. Our musicians are in high demand, and were delighted to be asked to sing in front of 80,000 rugby fans and a television audience during the Six Nations Competition. The Cathedral Choristers, educated at the School, regularly perform in major public events. Pupils continue to represent their school, county, region and country in sport and music, and the school competes in various activities at a national level. The Combined Cadet Force, Duke of Edinburgh, Drama and Debating are all highly successful and popular activities.

The School is also actively engaged in various outreach projects including teaching Latin to pupils from the state maintained sector, running workshops in art and music, enabling primary schools pupils to participate in science week and organising various public events such as lectures and concerts. The school was pleased to play a major role in welcoming HM Queen to Hereford, and the school's Director of Music was charged with organising a county wide choir of 1,000 pupils to perform for Her Majesty.

The School's facilities are regularly used by various organisations, including the internationally renowned Three Choirs Festival, which took place in Hereford this year. The School's Charity Committee, run by pupils, continues to raise money for various good causes and this is considered an important feature of the School's Christian ethos.

The Development Office has successfully organised a number of Alumni events and supported the School's initiatives in outreach, developing a bursary fund and introducing international students to the Sixth Form.

**HEREFORD CATHEDRAL SCHOOL**  
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**GOVERNORS' REPORT**

**31 July 2012**

**Financial review**

***Financial Review and Results for the Year***

Fee income increased by £140,037 (2%) during the year

The surplus for the year (before transfers between funds and gains on investment assets) amounted to £233,329 (2011 £524,325). The surplus for the year after transfers between funds and gains on investment assets amounted to £244,987 (2011 £548,601) and has been transferred to reserves. Total funds amounted to £3,324,714 (2011 £3,079,727). Following a period of recovery, surpluses have stabilised at the level targeted by Governors in the five year strategic plan, enabling a sustainable position and sufficient funds to further develop education and the fabric of the school.

***Investment policy***

The trustees' investment powers are set out in the regulating document.

We have continued to manage the investments in conformity with this policy and their returns are considered to be satisfactory in view of the performance of the stock market during the year.

***Reserves policy***

The capital of the permanent endowment fund must be retained, but income can be used for the benefit of the school generally.

The restricted fund comprises donations or gifts given to the school for specific purposes.

"Free reserves" which are unrestricted net current assets as shown in note 18 amounted to £397,570 (2011 "Free reserves" of £295,351).

The Governors are satisfied that they have sufficient resources available to meet liabilities and any unscheduled future costs.

**Future Developments**

The academic life of the School is closely monitored using modern techniques to track pupil progress. The School will continue to strive for further improvements in the educational provision to enable our pupils to achieve their potential and gain entry to their 1<sup>st</sup> choice university.

The Development Office, which has now been operational for 2 years, will continue to support the School in developing and maintaining links with the wider community, including ex-pupils and friends. Having established a 'Friends Bursary Fund', with regular contributions primarily from Old Herefordians, it is planned that further initiatives to raise funds for School projects will be launched in 2013.

The new academic year will start with 6 new international students in the Sixth Form, recruited from China with the assistance of third party agencies. This recruitment programme will continue, with opportunities emerging from enquiries and initiatives in China and other international centres.

**HEREFORD CATHEDRAL SCHOOL**  
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**GOVERNORS' REPORT**

**31 July 2012**

**Future Developments (continued)**

The Governors continue to apply strategies to ensure that greater emphasis is placed on bursaries over scholarships, whilst always being mindful of the financial sustainability of the school. Each Year 7 intake is awarded approximately 10% of fee income, with nearly three-quarters of these awards being given to means-tested bursaries. It is hoped that the continued strong recruitment at 11+, along with the improved financial stability, will enable an even greater diversity to the pupil base. The Governors are committed to adding to the number of full fee bursaries currently awarded, as well as maintaining the many part funded places currently available to widen access to the School.

The Governors will continue to support the Senior Management team in the School to build links and encourage community access for educational purposes to the School facilities. The music department will look to further develop community links, through a series of outreach events and concerts, working particularly closely with the Cathedral, its choir and other local primary schools.

The whole School development plan is reviewed by the Board of Governors on a regular basis and forms the strategy for future development. The main objective of the plan is to ensure that the School retains its status as the leading co-educational day school in the Marches. Governors will offer strategic oversight of the School's implementation of this objective through targeted recruitment and retention, ensuring that pupil numbers are maintained. Investment will be structured to support the primary objective, inspiring pupils through improvements in their environment. This will include the continuation of classroom refurbishment and upgrading of the technology infrastructure, the capacity of the minibus fleet and transport routes will be reviewed continuously, responding to pupils' and parents' needs, menu options in the School Refectory will be revised regularly. Governors will also consider strategic investments in property and building projects to enhance the educational experience.

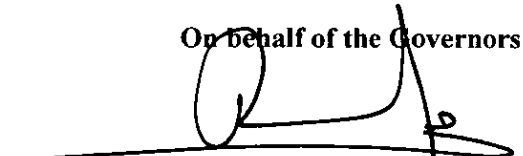
**Statement as to disclosure of information to auditors**

The trustees who were in office on the date of approval of these financial statements have confirmed that as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditors**

Baker Tilly UK Audit LLP have agreed to offer themselves for re-appointment as auditor of the company.

**Hereford Cathedral School**  
**Old Deanery**  
**Cathedral Close**  
**Hereford**  
**HR1 2NG**

On behalf of the Governors  
  
R Haydn Jones  
Chair of Governors  
23/11/12

**HEREFORD CATHEDRAL SCHOOL**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

**for the year ended 31 July 2012**

The Governors (who are also the Directors of the charity for purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, we are required to

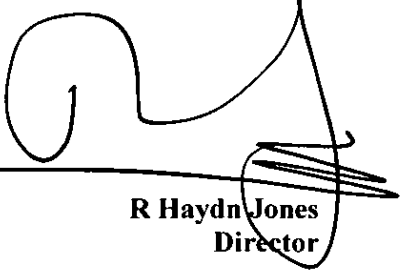
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware

- there is no relevant audit information of which the charity's auditor is unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

On behalf of the Board

  
\_\_\_\_\_  
R Haydn Jones  
Director  
23/11/12

Hereford Cathedral School  
Old Deanery  
Cathedral Close  
Hereford  
HR1 2NG

## **Independent auditors' report to the members of Hereford Cathedral School**

We have audited the financial statements of Hereford Cathedral School for the year ended 31 July 2012 on pages 11 to 29. 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Governors' responsibilities set out on page 9, the governors (who are also the directors of the company for the purposes of company law) 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2012 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

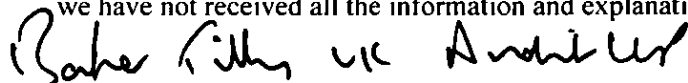
### **Opinion on other requirement of the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



KATHRYN REID (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Elgar House

Holmer Road

Hereford

HR4 9SF

Date 26/11/12

**HEREFORD CATHEDRAL SCHOOL**  
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**STATEMENT OF FINANCIAL ACTIVITIES**

for the year ended 31 July 2012

	Notes	Unrestricted Funds School Fund £	Designated Fund £	Restricted Funds £	Permanent Endowment Fund £	Total Funds 2012 £	Total Funds 2011 £
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from Charitable activities:</b>							
School fees	3	7,091,207	-	(23,600)	-	7,067,607	6,927,570
Other ancillary income	4	225,719	-	640,065	-	865,784	850,678
Other educational income	4	3,850	-	-	-	3,850	3,400
<b>Incoming resources from generated funds:</b>							
Restricted donations		-	-	56,257	-	56,257	379,445
Investment income	5	8,771	-	9,722	-	18,493	3,214
<b>Other incoming resources</b>	5a	68,591	-	-	-	68,591	57,479
<b>Total incoming resources</b>		<u>7,398,138</u>	<u>-</u>	<u>682,444</u>	<u>-</u>	<u>8,080,582</u>	<u>8,221,786</u>
<b>RESOURCES EXPENDED</b>							
<b>Cost of generating funds</b>							
Cost of generating donations		89,051	-	-	-	89,051	58,333
<b>Charitable activities</b>							
Schools and education		6,985,106	-	-	-	6,985,106	6,865,569
School trips and activities		-	-	640,065	-	640,065	638,355
Interest	10	115,594	-	-	-	115,594	119,061
		<u>7,100,700</u>	<u>-</u>	<u>640,065</u>	<u>-</u>	<u>7,740,765</u>	<u>7,622,985</u>
<b>Governance costs</b>		<u>17,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,437</u>	<u>16,143</u>
<b>Total resources expended</b>	7	<u>7,207,188</u>	<u>-</u>	<u>640,065</u>	<u>-</u>	<u>7,847,253</u>	<u>7,697,461</u>
<b>Net Incoming Resources</b>		<u>190,950</u>	<u>-</u>	<u>42,379</u>	<u>-</u>	<u>233,329</u>	<u>524,325</u>
<b>Other Recognised Gains and Losses</b>							
Gains/(Losses) on investments - unrealised	13	-	-	(1,005)	12,663	11,658	24,276
<b>Transfers between funds</b>		<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Movement in Funds</b>		<u>230,950</u>	<u>(40,000)</u>	<u>41,374</u>	<u>12,663</u>	<u>244,987</u>	<u>548,601</u>
Fund balances at 1 August 2011		<u>2,309,461</u>	<u>40,000</u>	<u>434,187</u>	<u>296,079</u>	<u>3,079,727</u>	<u>2,531,126</u>
<b>Fund balance at 31 July 2012</b>	18	<u>2,540,411</u>	<u>-</u>	<u>475,561</u>	<u>308,742</u>	<u>3,324,714</u>	<u>3,079,727</u>

The notes on pages 15 to 29 form part of these accounts

**HEREFORD CATHEDRAL SCHOOL**  
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**SUMMARY INCOME AND EXPENDITURE ACCOUNT**

**for the year ended 31 July 2012**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Gross Charitable Income</b>	8,080,582	8,221,786
<b>Total Charitable Expenditure</b>	(7,847,253)	(7,697,461)
	<hr/>	<hr/>
<b>Net Income for the year</b>	233,329	524,325
	<hr/>	<hr/>

Educational activities during the year resulted in net income of £190,950 (2011 £156,143) As a result of restricted donations during the previous year, including a £325,000 legacy, the total charitable net income amounted to £524,325

Analyses of the income and expenditure are provided in the Statement of Financial Activities and the notes to the accounts

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 12 which together with the notes to the accounts on pages 15 to 29 provides full information on the movements during the year on all the funds of the company

No activities were acquired or discontinued during the year

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**BALANCE SHEET**

at 31 July 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets for operational use	12	4,109,832	4,102,216
Investments	13	598,959	418,252
		<u>4,708,791</u>	<u>4,520,468</u>
<b>Current assets</b>			
Stocks	14	9,060	10,093
Debtors - amounts falling due within one year	15	530,048	454,683
Cash at bank and in hand		891,152	806,731
		<u>1,430,260</u>	<u>1,271,507</u>
<b>Creditors: amounts falling due within one year</b>	16	(847,346)	(624,142)
<b>Net current assets</b>		<u>582,914</u>	<u>647,365</u>
<b>Total assets less current liabilities</b>		<u>5,291,705</u>	<u>5,167,833</u>
<b>Creditors: amounts falling due after more than one year</b>	17		
Final term deposits		54,985	67,900
Other		1,912,006	2,020,206
		<u>(1,966,991)</u>	<u>(2,088,106)</u>
<b>Net assets</b>		<u>3,324,714</u>	<u>3,079,727</u>
<b>Capital and reserves</b>	18		
Permanent endowment fund			
- Capital reserve		146,490	146,490
- Revaluation reserve		162,252	149,589
		<u>308,742</u>	<u>296,079</u>
Restricted fund		475,561	434,187
Unrestricted funds			
- General Fund		2,540,411	2,309,461
- Designated Fund		-	40,000
		<u>3,324,714</u>	<u>3,079,727</u>

The accounts on pages 11 to 29 were approved and authorised for issue by the board of directors on 23/11/12 and signed on its behalf by

R Haydn Jones (Director)

C D Hitchiner (Director)

The notes on pages 15 to 29 form part of these accounts

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**CASH FLOW STATEMENT**

**for the year ended 31 July 2012**

	2012	2011
	£	£
<b>Net cash inflow from operations (note 19)</b>	648,908	799,813
<b>Returns on investment and servicing of finance</b>		
Investment income receipts	6,591	1,717
Finance costs paid	(115,594)	(119,061)
	(109,003)	(117,344)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(184,663)	(106,677)
Payments to acquire fixed asset investments	(169,049)	(169,049)
	(353,712)	(275,726)
	186,193	406,743
<b>Financing</b>		
Advance fees scheme - receipts from new contracts	145,822	139,900
- utilised during the year	(156,834)	(150,351)
Capital element of finance leases taken out	-	-
Capital element of bank loan introduced	-	-
Capital element of bank loans repaid	(90,760)	(98,987)
	(101,772)	(109,438)
<b>Net cash inflow/(outflow)</b>	84,421	297,305
<b>Reconciliation of net cash inflow to movement in net debt</b>		
Net cash inflow/(outflow)	84,421	297,305
Change in net debt	90,759	98,987
Net debt at 31 July 2011	(876,461)	(1,272,753)
<b>Net debt at 31 July 2012 (note 20)</b>	(701,281)	(876,461)

The decrease in net debt reflects repayment of the capital element of bank loans repaid

Further details are given in notes 19 and 20

**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**NOTES ON ACCOUNTS**

**31 July 2012**

**1 Principal accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention (apart from investments which have been stated at market valuation) and in accordance with The Companies Act 2006, the Statement of Recommended Practice - "Accounting and Reporting by Charities" 2005 (the Charities SORP), and with applicable accounting standards

**Basis of preparation**

These financial statements have been prepared on a going concern basis, which the Governors consider to be appropriate as a result of projections prepared

**Fees and similar income**

Fees consist of charges for the school year, less scholarships, bursaries and allowances granted by the school. Fees receivable and charges for services and use of premises, are accounted for in the period in which the service is provided

**Donations**

Donations subject to specific wishes of the donors are carried to relevant restricted funds. Any donations received for the general purposes of the School are credited to "Unrestricted Funds". Donations are accounted for when receivable

**Resources expended**

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to the activity in the year. Irrecoverable VAT is included with the item of expense to which it relates. Support costs are those costs incurred in directly administering school operations as an educational establishment

Governance costs comprise the costs of running the charity, including strategic planning (for its future development), also external audit, any legal advice for the Governors, and all the costs of complying with constitutional and statutory requirements, such as costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of the inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability

Rentals paid under operating leases are charged against income as incurred

**Pension costs**

The company operates a defined contribution pension scheme with Halifax Bank of Scotland Investment Service (HBOS) for non-teaching staff and has opted to join the Teachers Pension Scheme, a defined benefit scheme operated by the Department for Education and Skills, for teaching staff. Pension costs are recognised in the profit and loss account in the accounting period in which the contributions are payable

**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**NOTES ON ACCOUNTS**

**31 July 2012**

**(continued)**

**1 Principal accounting policies (continued)**

**Taxation**

As a charity the company is generally exempt from the corporation tax on income it receives. Although this exemption does not normally extend to trading income the company benefits from a concession, which also exempts such income from taxation, as the trade carried out is part of the primary purpose of the charity i.e. provision of education.

**Tangible fixed assets**

Equipment costing more than £1,000 and new build projects are capitalised and carried in the balance sheet at historic cost.

The freehold property is maintained as a matter of company policy by a programme of repair and refurbishment such that the expected useful lives of the freehold buildings exceed 100 years. The directors consider that the residual value of buildings is such that any resulting depreciation charge would not be material to these accounts. For these reasons the directors consider that freehold properties should not be depreciated.

Leasehold property improvements are depreciated over the shorter of the lease term or the expected useful life of the asset.

Other fixed assets are being depreciated over their useful lives on a straight-line basis as follows:

Motor vehicles	-	5 years
Equipment	-	5 - 10 years
Computers	-	3 years

**Investments**

Investments are stated at market value.

Unrealised gains or losses are calculated as the difference between opening and closing market value and are taken to the Statement of Financial Activities.

**Stock**

Stocks are stated at the lower of cost and net realisable value and consist of items for resale.

**Fund accounting**

Unrestricted general funds are available for use at the discretion of the governors in furtherance of the general objectives of the charity.

Unrestricted designated funds are those funds set aside by the governors from the unrestricted general fund for specific purposes.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the charity.

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

<b>2</b>	<b>Net incoming resources</b>	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
	<b>Charitable Activity expenditure includes:</b>		
	Depreciation of tangible fixed assets - owned assets	177,047	177,664
		<u>          </u>	<u>          </u>
	Operating lease rentals - land and buildings	316,769	303,089
		<u>          </u>	<u>          </u>
	<b>Governance expenditure includes:</b>		
	Auditors' remuneration - for audit	10,630	9,811
	- for other work	504	-
		<u>          </u>	<u>          </u>
<b>3</b>	<b>School fees</b>		
	The school fee income comprised		
	Gross Fees	8,120,471	7,922,141
	Less Bursaries	515,772	489,179
	Scholarships	199,930	210,113
	Staff Allowances	335,734	312,083
	Other Allowances	109,628	92,216
		<u>(1,161,064)</u>	<u>(1,103,591)</u>
		6,959,407	6,818,550
	Add back Bursaries paid from restricted funds	131,800	120,000
		<u>          </u>	<u>          </u>
		7,091,207	6,938,550
		<u>          </u>	<u>          </u>

The above awards were made to 291 individuals (2011 287)

The Old Herefordian Fund contributed £120,000 towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and can therefore be categorised as a restricted donation. Due to the fact that bursaries are offset against fees in the Statement of Financial Activities and are always used in full during the year of donation it is not considered to be necessary or practicable to disclose the contribution on the face of the Statement of Financial Activities within the restricted fund column.

<b>4</b>	<b>Other Charitable Income</b>	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
	<b>Other educational activities</b>		
	Entrance examination fees	3,850	3,400
		<u>          </u>	<u>          </u>
	<b>Other ancillary activities</b>		
	Meals	225,719	212,323
	School trips and activities	640,065	638,355
		<u>          </u>	<u>          </u>
		865,784	850,678
		<u>          </u>	<u>          </u>

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

**(continued)**

	<b>2012</b>	<b>2011</b>
<b>5 Investment income</b>	<b>£</b>	<b>£</b>
Bank deposit account interest	6,591	1,717
Dividend income	11,902	1,497
	<hr/>	<hr/>
	18,493	3,214
	<hr/>	<hr/>
<b>5a Other incoming resources</b>	<b>£</b>	<b>£</b>
Teacher release	4,914	4,688
Hire of school facilities	15,250	13,876
Hire of Sports Hall	25,342	22,475
Educational Activities	12,678	14,025
Other	<u>10,407</u>	<u>2,415</u>
	68,591	57,479
	<hr/>	<hr/>
	<b>2012</b>	<b>2011</b>
<b>6 Directors and employees</b>	<b>£</b>	<b>£</b>
Staff costs		
Wages and salaries	4,283,382	4,234,839
Social Security costs	338,226	327,639
Pension costs (teaching staff)	431,074	439,237
Other pension costs (non-teaching staff)	46,026	35,121
	<hr/>	<hr/>
	5,098,708	5,036,836
	<hr/>	<hr/>

No directors or persons connected with them received emoluments, fees, benefits in kind or reimbursement of expenses from the school or any connected organisation during the year (2011 £Nil)

The number of higher paid employees was	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
£50,001 - £60,000	4	4
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

The school paid £36,455 in respect of 4 higher paid employees to the defined benefit scheme

**HEREFORD CATHEDRAL SCHOOL**  
**(a company limited by guarantee)**

**NOTES ON ACCOUNTS**

**31 July 2012**

**(continued)**

**6 Directors and employees (continued)**

The average number of full time equivalent  
Employees in the year was

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Teaching and teaching support staff	94 8	96 5
Administration and Support staff	21 9	22 0
Domestic and maintenance staff	19 0	19 1
	<u>135 7</u>	<u>137 6</u>

**Pension costs**

**Defined contribution scheme**

The company operates a defined contribution scheme for non-teaching staff. The assets of the non-teaching staff scheme are held separately from those of the company in a fund independently administered by HBOS. The pension cost charge represents contributions payable by the company to the non-teaching staff fund and amounted to £46,026 (2011: £35,121).

**Defined benefit scheme**

The Teachers Pension Scheme (TPS) is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The school is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the school has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The pension cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	4.5% per annum
Market value of assets at date of last valuation	£163,240 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	100%

During the year an amount of £431,074 (2011: £439,237) was paid to the scheme for teaching staff.

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

**7 Analysis of total resources expended**

	<b>Staff Costs £</b>	<b>Other £</b>	<b>Interest £</b>	<b>Depreciation £</b>	<b>2012 Total £</b>	<b>2011 Total £</b>
<b>Costs of generating funds</b>						
Generating donations	89,051	-	-	-	89,051	58,333
<b>Charitable activities</b>						
Academic	4,459,590	533,398	-	84,838	5,077,826	5,161,446
Domestic	221,364	290,805	-	-	512,169	491,829
Premises	165,795	811,754	-	92,209	1,069,758	891,394
Support costs (note 8)	156,605	168,748	-	-	325,353	320,900
Schools and education	5,003,354	1,804,705	-	177,047	6,985,106	6,865,569
School trips and activities	-	640,065	-	-	640,065	638,355
Interest	-	-	115,594	-	115,594	119,061
	5,003,354	2,444,770	115,594	177,047	7,740,765	7,622,985
<b>Governance Costs (note 9)</b>	6,303	11,134	-	-	17,437	16,143
	5,009,657	2,455,904	115,594	177,047	7,758,202	7,639,128
<b>Total Resources expended</b>	5,098,708	2,455,904	115,594	177,047	7,847,253	7,697,461

<b>8 Support Costs</b>	<b>2012 £</b>	<b>2011 £</b>
Wages and salaries	156,605	146,711
Legal and professional fees	33,411	39,044
Insurance	51,266	52,088
Advertising and marketing	35,424	39,164
Health and safety	7,890	8,947
Telephone	16,644	18,463
Printing, postage and stationery	8,136	7,679
Computer expenses	3,024	2,660
Bank charges	10,915	4,185
Miscellaneous	2,038	1,959
	325,353	320,900

**HEREFORD CATHEDRAL SCHOOL**  
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**NOTES ON ACCOUNTS**

**31 July 2012**

**(continued)**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>9 Governance costs</b>		
Audit fees	10,630	9,811
Auditor's other fees	504	-
Staff Costs	6,303	6,332
	<hr/>	<hr/>
	17,437	16,143
	<hr/>	<hr/>
	<b>£</b>	<b>£</b>
<b>10 Interest payable</b>		
Bank loans and overdrafts wholly repayable within five years	-	217
Bank loans re purchase of property	107,962	109,366
Fees in advance agreements	7,632	9,478
	<hr/>	<hr/>
	115,594	119,061
	<hr/>	<hr/>
<b>11 Tax on profit on ordinary activities</b>		

The directors do not believe the company is liable for any corporation tax arising out of its activities during the year on the grounds referred to in note 1 Principal Accounting Policies - Taxation

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

**12 Tangible assets**

	<b>Freehold Buildings £</b>	<b>Short Leasehold Buildings £</b>	<b>Long Leasehold Buildings £</b>	<b>Fixtures, Fittings Tools and Equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 August 2011	658,871	562,621	3,173,999	1,667,147	6,062,638
Additions	-	-	62,792	121,871	184,663
Disposals	-	-	-	(48,494)	(48,494)
At 31 July 2012	<u>658,871</u>	<u>562,621</u>	<u>3,236,791</u>	<u>1,740,524</u>	<u>6,198,807</u>
<b>Depreciation</b>					
At 1 August 2011	-	174,965	311,551	1,473,906	1,960,422
Charge for year	-	11,252	79,452	86,343	177,047
On disposals	-	-	-	(48,494)	(48,494)
At 31 July 2012	<u>-</u>	<u>186,217</u>	<u>391,003</u>	<u>1,511,755</u>	<u>2,088,975</u>
<b>Net book values</b>					
At 31 July 2012	<u>658,871</u>	<u>376,404</u>	<u>2,845,788</u>	<u>228,769</u>	<u>4,109,832</u>
At 31 July 2011	<u>658,871</u>	<u>387,656</u>	<u>2,862,448</u>	<u>193,241</u>	<u>4,102,216</u>

All fixed assets are held for use by the charity

The school has obtained an informal professional valuation of its freehold properties, which shows a current market value for those properties of approximately £1 485 million

The net book amount of fixtures, fittings, tools and equipment includes £nil (2011 £nil) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 2

Short leasehold buildings (leaseholds with 50 years or less unexpired) comprise improvements to property leased from the Old Herefordian Fund and the Church Commissioners

Long leasehold buildings (leaseholds with more than 50 years unexpired) comprise improvements to property leased from the Dean and Chapter of Hereford Cathedral

**Future capital commitments**

The annual capital expenditure budget for the coming year is £265,000 to allow for replacement classroom fixtures and fittings as well continued investment in technology (2011 £205,000)

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

<b>13 Fixed asset investments</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>COIF Accumulation Shares</b>		
Market value at 1 August 2011	255,752	224,927
Additions	6,549	6,549
Unrealised gains on investments	12,663	24,276
	<hr/>	<hr/>
Market value at 31 July 2012	274,964	255,752
	<hr/>	<hr/>
Number of Shares	<u>2,858</u>	<u>2,771</u>
<b>Historic cost</b>		
At 31 July 2012 and 31 July 2011	<u>112,713</u>	<u>106,164</u>
All investments form part of the Philpotts Educational Charity Permanent Endowment Fund, further details of which can be found in Note 18a		
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Music bursary fund investment</b>		
Market value at 1 August 2011	162,500	-
Additions	162,500	162,500
Unrealised gains/(losses) on investments	(1,005)	-
	<hr/>	<hr/>
Market value at 31 July 2012	323,995	162,500
	<hr/>	<hr/>
Number of Shares	<u>398,835</u>	<u>352,265</u>
Total market value of investments at 31 July 2012	<u>598,959</u>	<u>418,252</u>

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

**(continued)**

	<b>2012</b>	<b>2011</b>
<b>14 Stocks</b>	<b>£</b>	<b>£</b>
Goods for resale	9,060	10,093
	<u>          </u>	<u>          </u>
<b>15 Debtors</b>	<b>£</b>	<b>£</b>
Amounts falling due within one year		
School fees	257,900	213,218
School fee extras	149,675	152,832
Other debtors	8,865	8,324
Prepayments and accrued income	113,608	80,309
	<u>          </u>	<u>          </u>
	530,048	454,683
	<u>          </u>	<u>          </u>
<b>16 Creditors: amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Instalments due on bank loans	96,757	90,759
Trade creditors	130,593	105,935
Other taxes and social security costs	104,289	105,242
Other creditors	70,516	65,761
Accruals	292,612	125,071
Fees in advance	140,829	118,374
	<u>          </u>	<u>          </u>
	835,596	611,142
Registration deposits	11,750	13,000
	<u>          </u>	<u>          </u>
	847,346	624,142
	<u>          </u>	<u>          </u>
<b>17 Creditors: amounts falling due after more than one year</b>	<b>£</b>	<b>£</b>
Other		
Instalments due on bank loans	1,495,676	1,592,433
Fees in Advance	416,330	427,773
	<u>          </u>	<u>          </u>
	1,912,006	2,020,206
Registration deposits	54,985	67,900
	<u>          </u>	<u>          </u>
	1,966,991	2,088,106
	<u>          </u>	<u>          </u>

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

	2012	2011
	£	£
<b>17 Creditors: amounts falling due after more than one year (continued)</b>		
<b>Registration deposits</b>		
Amounts fall due on registration deposits as follows		
In one year or less (note 16)	11,750	13,000
Between one and two years	18,533	30,500
Between two and five years	17,750	18,250
Over five years	18,702	19,150
	<hr/>	<hr/>
	66,735	80,900
	<hr/>	<hr/>
<b>Bank loans</b>		
Amounts fall due on bank loans as follows		
In one year or less (note 16)	96,757	90,759
Between one and two years	103,277	96,756
Between two and five years	353,041	330,530
Over five years	1,039,358	1,165,147
	<hr/>	<hr/>
	1,592,433	1,683,192
	<hr/>	<hr/>
<b>Fees in Advance</b>		
Amounts fall due on fees in advance as follows		
In one year or less (note 16)	140,829	118,374
Between one and two years	85,283	74,567
Between two and five years	173,595	151,425
Over five years	157,452	201,781
	<hr/>	<hr/>
	557,159	546,147
	<hr/>	<hr/>

- a) Bank loans are being repaid by instalments as follows
- 15 annual instalments with interest at a fixed rate of 6.99% per annum. The loan matures on 31<sup>st</sup> December 2024
  - 12 annual instalments with interest at a fixed rate of 4.99% per annum. The loan matures on 31<sup>st</sup> August 2023
- b) The bank loans are secured by first legal charges over Nos 28 and 31 Castle Street & St David's Hall Hereford
- c) Registration deposits are refunded to pupils when they leave the School. The accounts have been prepared on the assumption that these are repayable in more than one year except where pupils are in their final year

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

**18 Analysis of net assets between funds**

The net assets are held for the various funds as follows

	<b>Tangible Fixed Assets £</b>	<b>Investments £</b>	<b>Net Current Assets £</b>	<b>Net Long Term (Liabilities) £</b>	<b>Total £</b>
Permanent endowment fund	-	274,964	33,778	-	308,742
Restricted fund	-	323,995	151,566	-	475,561
Unrestricted funds					
- General Fund	4,109,832	-	397,570	(1,966,991)	2,540,411
- Designated Fund	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,109,832	598,959	582,914	(1,966,991)	3,324,714
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**18a Permanent Endowment Fund**

	<b>Balance at 1 August 2011 £</b>	<b>Investment Gains £</b>	<b>Balance at 31 July 2012 £</b>
Philpotts Educational Charity	296,079	12,663	308,742
	<hr/>	<hr/>	<hr/>

The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the school generally

The Charity Commissioners authorised Hereford Cathedral School Limited to borrow from their Permanent Endowment, subject to terms of recoupment over a period of 20 years (i.e. £6,000 per year), an amount of £120,000 which has been used towards the refurbishment of the Zimmerman Building. A further £549 a year is being recouped over the same period for an outstanding amount of £10,966 which was the subject of earlier recoupment orders. All of the recoupment orders have been consolidated under the most recent order dated 24 July 1996.

**HEREFORD CATHEDRAL SCHOOL**  
(a company limited by guarantee)

**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

**18b Restricted Funds**

	Balance at 1 August 2011 £	Incoming Resources £	Resources Expended £	Balance at 31 July 2012
Old Herefordian Bursary Fund	-	120,000	(120,000)	-
Charitable Bursary Fund	89,145	21,094	-	110,239
Music Bursary Fund	325,000	9,722	(12,805)	321,917
Friends Bursary Fund	-	20,955	-	20,955
Other Bursary Funds	10,042	14,208	(11,800)	12,450
Rowing Fund	10,000	-	-	10,000
Other Educational Activities	-	640,065	(640,065)	-
	<hr/> 434,187	<hr/> 826,044	<hr/> (784,670)	<hr/> 475,561
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The incoming resources for the restricted fund comprised donations received during the current academic year

Bursaries and scholarships include donations of £120,000 from The Old Herefordians Fund which contribute to the costs of scholarships and bursaries. Due to the fact that bursaries are offset against fees in the Statement of Financial Activities and are always used in full during the year of donation it is not considered to be necessary or practicable to disclose the contribution on the face of the Statement of Financial Activities within the restricted fund column

The purpose of the Charitable Bursary Fund is to make the school accessible to pupils who would not otherwise be able to access education at an independent school. The Governors consider that giving access in this way fits with the ethos of the school, and is appropriate to a school which has close links to the church

In 2011 the school was given a £325,000 legacy from the estates of two generous benefactors. The legacy stipulated that it should be used for a musical purpose. The Governors decided that the legacy would be to used to provide assistance for musically gifted children who would not otherwise be in a position to attend the school

A Friends Bursary Fund has been setup which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees

Other educational activities consists of restricted income and expenditure which occurred for specific purposes such as school trips and other activities during the year

**HEREFORD CATHEDRAL SCHOOL**  
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**NOTES ON ACCOUNTS**

**31 July 2012**

(continued)

**18c Unrestricted Funds**

	Balance at 1 August 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Balance at 31 July 2012 £
- General Fund	2,309,461	7,398,138	(7,207,188)	40,000	2,540,411
- Designated Fund	40,000	-	-	(40,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,349,461	7,398,138	(7,207,188)	-	2,540,411
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The designated fund had been setup to allow for completion of works required under our lease obligations for the property known as School House, which are now complete

	2012 £	2011 £
<b>19 Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Net incoming/(outgoing) resources	233,329	524,325
Returns on investments and servicing of finance	109,003	117,344
	<hr/>	<hr/>
Operating surplus	342,332	641,669
Depreciation / loss on disposal	177,047	177,664
Decrease/(increase) in stock	1,033	(4,076)
(Increase)/decrease in debtors	(75,366)	72,803
Increase/(decrease) in creditors	192,850	(98,698)
Movement in advance fees	<u>11,012</u>	<u>10,451</u>
	306,576	158,144
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>648,908</u>	<u>799,813</u>

The increase in creditors of £192,850 does not include bank loans, instalments due on loans and bank overdrafts

**Returns on investments and servicing of finance**

Bank interest received	6,591	1,717
Bank interest paid	(107,962)	(109,583)
Finance lease and hire purchase interest paid	-	-
Fees in advance agreements	(7,632)	(9,478)
	<u>(109,003)</u>	<u>(117,344)</u>

**HEREFORD CATHEDRAL SCHOOL**  
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**NOTES ON ACCOUNTS**

**31 July 2012**

**(continued)**

**20 Analysis of changes in net debt**

	At 1 August 2011 £	Cash Flows £	At 31 July 2012 £
Cash in hand, at bank	806,731	84,421	891,152
Overdrafts	-	-	-
	<hr/>	<hr/>	<hr/>
	806,731	84,421	891,152
Debt due within 1 year	(90,759)	(5,998)	(96,757)
Debt due after 1 year	(1,592,433)	96,757	(1,495,676)
	<hr/>	<hr/>	<hr/>
Total	(876,461)	175,180	(701,281)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**21 Guarantees and other financial commitments**

The following payments were made in the year to 31 July 2012 in respect of non-cancellable operating leases for land and buildings which expire as follows -

	2012 £	2011 £
Expired in year	-	-
Within one year	-	-
Within two to five years	32,072	21,452
After five years	284,697	281,592
	<hr/>	<hr/>
	316,769	303,044
	<hr/> <hr/>	<hr/> <hr/>

**22 Related party transactions**

No transaction with related parties, disclosable under Financial Reporting Standard 8 and the Charities SORP 2005, were entered into during the year or the previous year