



HEREFORD
CATHEDRAL
SCHOOL

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2020

Hereford Cathedral School, a company limited by guarantee
Company number: 2081261
Charity number: 518889



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MESSAGE FROM THE CHAIR OF GOVERNORS

The first half of the period maintained the School's significant progress over recent years and the Board had every expectation that the year would end on yet another high. Negotiations were ongoing with the staff over the future of TPS, the boarding house was forecast to be full for 2020/21 and we were confident that our Vision 2030 for the School could and would be achieved.

As Easter approached it became increasingly clear that the Covid-19 pandemic would have a huge impact on the UK, the education sector and the School. There was little if any clarity initially about how the government would support businesses, organisations and schools and the Board, Headmaster and Senior Leadership considered a wide-range of scenarios including one that would eventually turn out to be over pessimistic. Governors were aware of their responsibilities as Trustees throughout and met frequently to be assured that the school remained, and was forecast to remain solvent.

Through the professionalism, outstanding commitment, determination, flexibility and agility of the Headmaster, Head of the Junior School, the Bursar, the Senior Leadership Team and the teaching and support staff of the School, Hereford Cathedral School ends the year in a strong education and financial position. The Board wish to pay tribute to the whole staff and the leadership for their efforts over the past 5 months; without their personal engagement and loyalty, the School would have ended the year in a very different place.

Yet the Board are also acutely aware that the end of Covid-19 is not yet in sight. Substantial challenges and risks remain and the Board are determined to ensure that they and the School will remain alert to any changing circumstances and will take the necessary swift action if necessary to mitigate or remove any risks to the School's future. That said, the Board remain determined to achieve our Vision 2030 which includes Hereford Cathedral School being the premier independent school in the region.

Rear Admiral Philip Wilcocks
Chair of Governors

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2020

The Governors present the Report of the Trustees for the year ended 31 July 2020, which incorporates the Strategic Report under the Companies Act.

REFERENCE AND ADMINISTRATIVE INFORMATION

The regulating document of Hereford Cathedral School is a Charity Commission Scheme made under the Endowed Schools Acts on 26 June 1893, with the latest amendment 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.

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.

Senior School and Registered Office:	Junior School:
Old Deanery	28 Castle Street
The Cathedral Close	Hereford
Hereford	HR1 2NG
HR1 2NG	

www.herefordcs.com

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Management

Governors, as the charity trustees, are legally responsible for the overall management and control of the School. 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, Head of the Junior School and Bursar and their respective Senior Leadership Teams (SLT) and together this group are the key management personnel. The Headmaster, Head of Junior School and the Bursar attend all meetings of the governing body's committees, which discuss issues for forwarding to the full governors' meetings. The main governor committees are Finance, Education, and General Purposes. In addition to these meetings, governors and senior leaders also attend meetings covering Health & Safety and Development (fundraising). Mr W Hanks is the designated governor for Safeguarding issues.

Remuneration is set by the Governors, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools and the maintained sector to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point on the pay scale. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Recruitment and Training of Governors

The recruitment of new governors 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 and diverse board, with a broad experience base, covering all of the topics outlined above. New governors are inducted into the workings of the School, including governing body policy and procedures, at an induction workshop specially organised for them by the Headmaster, the Head of the Junior School and Clerk. The new governors also attend specialist external and/or online courses on the role and responsibilities of charity trustees. 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. Governors attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of the School. The School has recently agreed to recognise the National Education Union (NEU) for the purposes of negotiating pay, hours and holidays.

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

Investment policy and objectives

The School's investment objectives are to balance the current and future needs by:

- Maintaining (at least) the value of the investments in real terms;
- Producing a consistent and sustainable amount to support expenditure; and
- Delivering these objectives within acceptable levels of risk.

To meet these objectives, the School's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the Charity Commission has been made aware of the School's intention to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. The investment strategy and policy are monitored by the Finance Committee, as is investment performance, which is reported below, within the Strategic Report.

CHARITY TRUSTEES AND COMMITTEE MEMBERS

The Governors are elected at a full governors' meeting. The Dean and Chapter of Hereford Cathedral have the right to recommend 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 10, or more than 18. The Governors of the School, who are also the charity trustees and the directors of the company who served during the year and up to the date of approving these financial statements, were:

Elected Members

Rear Admiral P Wilcocks (Chairman)
Mr C D Hitchiner
Mr A Teale
Mr W Hanks
Mr S Borthwick
Mr T Keyes
The Rt Rev'd A Magowan (resigned 5 April 2020)
Mr J Sheldon
Mrs K Usher
Mr J Preece
Mr D Ashcroft (appointed 21 November 2019)
Mrs A Bentley (appointed 21 November 2019)
Mrs J Millar (appointed 21 November 2019)
Mr C Jones (appointed 4 July 2020)

Nominated Members

Mr W Hanks
The Rt Rev'd A Magowan (resigned 5 April 2020)
Mr A Teale

Officers

Mr P A Smith	Headmaster
Mr C Wright	Head of the Junior School
Mr R Pizzi	Secretary, Bursar and Clerk to the Governors

Finance Committee

Mr J Sheldon (Chairman)
Mr CD Hitchiner
Mr W Hanks
Mrs J Millar
Mr D Ashcroft

In attendance: Headmaster, Head of the Junior School, Bursar, Accountant, Chairman of the Board.

Education Committee

Mr T Keyes (Chairman)
Mr S Borthwick
Mr A Teale

In attendance: Headmaster, Head of the Junior School, Bursar, Academic Deputy, Director of Studies, Assistant Director of Studies, Chairman of the Board.

General Purposes Committee

Mr J Preece (Chairman)
Mr S Borthwick
Mr J Sheldon
Mrs K Usher

In attendance: Headmaster, Head of the Junior School, Bursar, Chairman of the Board.

SUBSIDIARIES

During the financial year, the School had one trading wholly-owned subsidiary, HCS Educational Services Limited. Hereford International School was dormant during the year.

SOLICITOR

Humfrys & Symonds
St John's Chambers
St John Street
Hereford
HR1 2NG

BANKER

Lloyds Bank Plc
6-8 High Street
Hereford
HR1 2AE

AUDITOR

Crowe U.K. LLP
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

INVESTMENT MANAGERS

Brewin Dolphin
St James' House
St James' Square
Cheltenham
GL50 3PR

Investec
30 Gresham Street
London
EC2V 7QP

PRINCIPAL RISKS AND UNCERTAINTIES

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 political, 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 Board has established a new risk register, covering the risks of insolvency. This new register included new risks and also pulling in existing risks from other areas, such as finance, education and estate.

The other key control mechanisms used to mitigate risk wherever possible are:

- Formal agendas for all governors' meetings;
- Full and thorough management accounting, budgeting and 5-year planning;
- Preparation of, and reference to, written policies and committee terms of reference;

- Operational management through an organisational structure;
- Clear authorisation and approval levels for expenditure of budgets;
- Robust procedures for legislative compliance educationally, financially and legally;
- Membership of professional bodies which advise and support the school: AGBIS, ISBA, BSA, IAPS and HMC; and
- Full insurance cover which is reviewed annually.

Principal Risks

The Governors are mindful of the intense pressures facing the UK as a consequence of the global pandemic. The country is experiencing the deepest recession in decades with an uncertain route to recovery until a successful vaccine is developed or other measures are adopted to balance conflict between the economic and health impacts. It is typically the case that the effects of a recession are not felt for a year or two by the independent school sector and so the Board will remain alert to the possibility that the current situation may deteriorate further.

The School's boarding has directly suffered in the short term, due in large part to a lack of confidence held by many Chinese parents regarding the UK's response to the crisis. Other nationalities are also likely to choose to keep their children at home, at least in the short term.

The Board has also considered the impact on the successful delivery of Vision 2030. The Board's Strategy day examined whether some elements of the Vision should be accelerated.

They have identified the following principal risks facing the school and are taking appropriate steps to mitigate them:

- National and potentially global recession, particularly the affordability of fees in the continuing economic climate;
- Replacement of the Headmaster;
- Ongoing impact of the Coronavirus pandemic;
- Further increased costs of the Teachers' Pension Scheme (TPS). The school has now reached agreement with the teachers to adopt a "Total Benefits Package" which will substantially mitigate the threat of any future increases to the employer's contributions to the Teachers' Pension Scheme (TPS). The School has managed the consequences of the four terms of higher costs through salary freezes and cost cutting;
- Implications of BREXIT on boarding; and
- Herefordshire's demographic and economic situation.

The Governors consider the impact of the ongoing global pandemic and resultant recession to be the principal risk faced by the School in the coming year. These are challenging times but the Board is confident that the School is strong enough to weather the challenges. They also recognise that post Covid-19 there may well be substantial changes to the education sector.

Uncertainty

"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."

- Donald Rumsfeld

Governors and the SLT are fully aware of Donald Rumsfeld's "known unknowns" and "unknown unknowns". They endeavour to understand the implications of uncertainty by keeping abreast of developments within the sector through regular networking meetings, ongoing training and the use of consultants where appropriate.

Insofar 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.

OBJECTIVES

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

It is the policy of the School to attain the highest academic standards for our pupils and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. The 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 provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

AIMS

The School's aims and the intended impact of its activities are:

- 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 (DoE) award scheme and the Combined Cadet Force (CCF).
- To provide a structured educational environment that develops 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. The school recognises that a diverse range of cultures will significantly add to this goal, and therefore welcomes pupils from other countries who would directly benefit from our unique Cathedral School education. 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.

The global coronavirus pandemic had a substantial impact on the School and consequently the principle aims from mid-March 2020 to the end of the period were adjusted to be:

- To ensure the continued delivery of a high-quality education for the School's pupils, and
- To ensure School's survival during unprecedented financial challenges.

REPORT ON OBJECTIVES TO DATE

Governors and the SLT conducted a series of joint working groups to review and inform the Development Plan which is now being redrafted and also forms part of the School's Self Evaluation Plan. The Development plan is aligned to the goals of Vision 2030 which was jointly developed by the Governors and SLT and widely briefed to the School community. The main objectives for the period were:

- Prepare for Inspection; which will include a focus on academic monitoring, improving the use of data and also developing methods to measure output with regard to academic achievement and personal development.
- Ensure boarding is a success and develop recruitment
- Support the Governors in their deliberations over the Teachers' Pension scheme (TPS).
- Establish working groups to continue working towards the 2030 Development Plan objectives.
- Continue to explore Franchise opportunities overseas.

As ever all Aims will include continual review and improvement of academic, pastoral and extra-curricular dimension of school.

STRATEGIES TO ACHIEVE OBJECTIVES IN 2019/20

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

- The Education Committee seeks to continually develop the academic, pastoral and extra-curricular provision offered at the School, and also encourages facility development in conjunction with the General Purposes and Finance Committees.
- The Finance Committee continues to apply controls to ensure that the development of the staffing and the fabric of the School is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, as a mainstay of the School's delivery of public benefit.
- The General Purposes Committee seeks to prioritise those areas of the School identified as needing physical improvement and works to a medium-term plan, with surpluses in excess of budget used to accelerate the plan.
- The Finance sub-committee, together with the full Board held additional meetings throughout the Summer Term to address the issues of the National Lockdown, with a particular emphasis placed on the matters of Covid-19 security, solvency and 'going concern', and the provision of outstanding virtual learning for the pupils.
- The Trustees hold an annual 'Strategy Day', devoted to developing the School's long-term vision and objectives.

The Governors continued to support the SLT to build links and encourage community access of the School facilities for educational purposes and the delivery of outreach programmes.

GRANT-MAKING POLICY

The Governors' policy, in line with other independent schools, is to award scholarships on the basis of the individual's academic, musical, dramatic, artistic 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. Hardship bursaries are also awarded, usually of a short-term duration, for families facing immediate financial crises and who would otherwise be required to withdraw their children from the School.

PLANS FOR FUTURE PERIODS

In these challenging times, the current economic climate and localised demographic dips in pupil numbers, good schools need to look to the future, to build upon their successes and to maintain a dynamic momentum that will ensure their future success. Hereford Cathedral School has not stood still in recent years. Through self-evaluation and development, the School will continue to adapt to ever changing circumstances in ways that will maintain its status as one of the top independent Schools in the country. The School's international reputation is also growing, through the opening of Boarding, to the expansion of the boarding house, and initial contacts regarding establishing an overseas franchise.

Governors and Senior Leadership are continuing to develop a medium and long-term strategy for the School and have taken decisive steps towards increasing the number of international students which will help secure the future of the School for generations to come. The Governors' have further refined the details of Vision 2030 and discussed contingencies to mitigate the impact of the risks facing the School.

OVERVIEW OF 2019/20

PUBLIC BENEFIT – FEES ASSISTANCE

The School offers substantial financial provision, funding a significant number of transformational bursaries and provides a greater ratio of bursaries to scholarships within its recruitment and charitable strategies, including free places to some individuals. The school seeks to provide approximately 10% of gross fee income in the form of scholarship and bursary awards. Bursaries and scholarships awarded in 2019/20 were 10% and 2% of fee income, respectively. Bursaries were awarded to 19% of pupils and included 14 100% awards.

The School prospectus and website includes reference to the availability of Fees Assistance; "Entrance Bursaries" are only awarded after undertaking robust means testing procedures, including home visits and interviews of all parents by an independent company. In assessing means we take a wide range of factors into consideration which include family net worth, including: income, investment and savings, and family circumstances such as dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee. Parents in receipt of significant bursary awards (over 50%) will also be interviewed by the Headmaster and Bursar. "Hardship Bursaries" are not always subject to the same assessment procedure and are normally awarded to pupils who have been at the School for at least 12 months (although exceptions may be made in the event of extraordinary circumstances, e.g. death of a parent). These are generally short-term awards to allow parents time to resolve their financial difficulties.

In the Summer Term 2020, the School was able to establish a modest short-term "Covid" hardship bursary fund, supported by a number of generous parents, with the aim of supporting those who lost their income as a direct consequence of the pandemic. A total of 29 families paid full fees for the Summer Term, building a fund of £28,031.

PUBLIC BENEFIT – OTHER

Local groups and clubs have the opportunity to hire and use the School's facilities, including the sports hall, the Powell Theatre, St David's hall and minibuses which are used for a variety of sporting, educational and music activities within the local community. The CCF partnership with a local academy school continues to flourish.

The School hosts and sponsors sporting events involving local primary and secondary schools, usually including: a primary school football tournament and a variety of county schools' events. Our sports pitches are used weekly by a local community football club, Hinton FC, and the youth section of Hereford Rugby Club. The School is also establishing closer ties with the County Cricket.

The School continues to support the local community with outreach work in the state education sector, including science, maths, music, sport, design and technology and classical civilisation workshops, as well as providing education to the Cathedral choristers.

Music outreach includes a regular Saturday morning music school and series of concerts, details of which are on the School's website. Summer and Easter Residential music courses are open to local children and subsidised for those in financial need. The School's music department brings together a number of the County's primary schools for a number of large-scale events: such as the Words and Music for Remembrance (400 children), a Primary Schools' Advent carol service (600 children) and major choral & orchestral concert in the Spring Term (400 children).

Other members of staff help at local schools and academies, particularly with exam moderation. The School's activities and partnerships are recorded in the Schools Together website: www.schoolstogether.org. The School's Charity Committee continues to be busy raising money for various worthwhile causes locally and nationally.

It is with regret that the partnership and outreach work ceased during the National Lock-down. The School will re-instate these activities as soon as local conditions and national guidelines allow.

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.

SCHOOL PERFORMANCE

Hereford Cathedral School's GCSE and A Level results place the school as the highest performing School or College in the County and it remains a highly respected and well established coeducational HMC School. This year and the exam group cohorts will long be remembered as having suffered from a unique break in public exams. Our pupils were awarded either the "Centre Assessed Grades" (CAG) or higher grades in those cases where the national algorithm calculated a better grade. Our teachers used all available data to produce a rigorous and appropriate set of CAGs, based on the criteria

and guidance set by the examination boards and OFQUAL. The CAGs were firmly rooted in data and applied both the prior year results and the cohorts' performance in previous examinations. However, there is little doubt that the confusion, controversy and hype nationally resulted in the outcome being sub-optimal for all concerned. A summary of the 2020 results is available on the School's website: <https://www.herefordcs.com/about/reports-policies-results/exam-results>.

Wilmot House is now fully operational and is proving very popular, recruiting is above expectations and will provide greater diversity to the School's pupil population. It is a great testament to the residential staff that the boarding pupils, stranded by national lockdown and international travel restrictions were happy and well-looked after while living in virtual isolation, attending remote lessons. The last of the international pupils finally managed to get home at the end of the Summer Term. Recruiting for the 2020/21 academic year has been adversely affected by the pandemic and the perception that the UK nationally did not deal effectively with the crisis. However, a number of the overseas pupils did return as anticipated and a number are attending remote lessons from home, mainly in China.

FUNDRAISING PERFORMANCE

Progress continues to be made in the School's on-going work of raising voluntary funding and building a legacy/bequest stream. A Bursary Fund Appeal was launched in Feb 2020 and the Development Office continues to be involved in a number of School and alumni events. Since the introduction, in May 2018, of our new data protection policies and Privacy Notices on website, magazines and social media platforms, we have received no complaints.

For the Academic year 2019/20 the following voluntary income has been generated:

- Funds raised from sale of advertising space – event cancelled due to flooding; two advertisers allowed us to retain funds towards next year in the amount £0.2k;
- HCS received £40.3k in bursary support from grant making bodies in 2019/20 and has been pledged £48k for 2020/21 with an additional £125.7k currently pledged for the academic years 2021/22 to 2024/25;
- The Knapton Legacy continues to grow and generate income for a full funded place;
- Restricted Funds - Bursary Funds and Awards, excluding the Knapton Bursary, grew in value to £690k (including gift aid), including donations received from the new Bursary Appeal;
- The Bursary Fund Appeal also saw a donor declare a new legacy pledge.

The School is grateful to the Bulmer Foundation; The Mosawi Foundation, The Tabor Fund; The School Fees Charitable Trust, EAC Educational trust and The French Huguenot Church for their continued support.

All of the above means that the Development Office has been a net contributor to the School and has raised more than its costs including salary and on-costs.

The Governors are aware of the increasing regulations with regards to fundraising and are keen to adopt an ethical and transparent approach in this respect.

The School employs a full-time member of staff in a development role and their duties include fundraising. The School raises funds either through applications to external grant making bodies or through appeals to alumni. Funds raised are almost exclusively used for fee support for pupils. The School does not use external or "professional" fundraisers. The School is a member of The Institute for Development Professional in Education (IDPE) which is a body that advises members on best practice in fundraising and compliance with fundraising regulations. Our development Director is regional Vice President of that organisation. The charity monitors its fundraising activities of any person acting on its behalf through regular meetings with the Headmaster and termly reports to the Governors. There is a governor with specific focus on Fundraising compliance as part of their role and governors attend the Development Board meetings.

The Governors do not know of any failure by the charity, or of any person acting on its behalf, to comply with fundraising standards. The charity received no complaints relating to its fundraising activities. The charity protects vulnerable people and other members of the public from behaviour which; is unreasonable intrusion on a person's privacy, is unreasonable persistent, places undue pressure on a person to give money. The charity does not approach members of the public for fundraising. The School raises funds from grant making bodies by application. All applications relating to pupils are confidential and data is handled accordingly. The school raised some money from alumni and parents in the last year. These people have an existing relationship with the school. The school does not undertake cold calling, telephone campaigns or employ any third parties to raise funds on our behalf. The School, through its Head and Development Director, is aware of the duty of care when raising money from former pupils and parents who might be classed as vulnerable and of the need to be sensitive; not invade privacy or be unreasonably persistent. The Development Director regularly attends industry conferences and regional networking meetings to ensure we are aware of, compliant with and sensitive to, the letter and spirit of regulatory guidelines, legislation and best practice in our fundraising.

COVID-19

The School and particularly the teachers reacted magnificently to the unexpected and unprecedented challenges of the pandemic. The last week of the Spring Term was spent in lock-down, with teachers and pupils finding their way to establish high quality remote teaching on Firefly, Teams, Zoom and other previously unknown platforms. A new timetable was introduced for the Summer Term, specially designed by the SLT to give teachers and learners an education experience which was meaningful and sustainable. The safeguarding and mental health challenges to the entire community were recognised from the outset and measures put in place to maintain a good balance between learning, safety and wellbeing. The outcome for most learners was that they ended the academic year ahead, in curriculum terms, but some subjects require to catch up in practical exercises, experiments and manufacturing.

The School provided live child-care and teaching provision to the children of key-workers through the national lockdown.

The majority of the support staff were placed on furlough and most of the estate was mothballed less for essential H&S checks and cleaning. A small cohort of essential support staff worked throughout the lockdown, providing IT, finance, HR and estates functions.

The School initially projected an ominous financial outcome, based on a set of assumptions of substantially reduced fee income, reduced future pupil numbers and little (if any) government support. The SLT and Board reacted immediately and strongly to this forecast; more detail is provided later in the report. Fortunately, the outcome was very different to the initial projections and the School survived the first wave of Covid-19 in a strong position; in particular fee income from parents was much higher, forecast pupil numbers for September 2020 were the highest for over 15 years and substantial government support such as the furlough scheme was provided. In addition, those staff that continued working voluntarily took a pay cut of 20%.

The early signs, at the start of the new academic year, are very positive: staff and pupils are upskilled in the use and application of IT, remote working, teaching and learning is now firmly established and common-place and most significantly, the School's reputation has been substantially enhanced. New pupils have joined in September, based on the academic performance and offering during lock-down. The School is also benefitting from inward migration to the County of former office workers seeking a better quality of life.

The Senior School is bigger than it has been for many years and interest for September 2021 is strong.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year is set out on page 19. The financial statements comply with the applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice applicable to charities (Charities SORP 2015 (FRS 102)).

Fee income increased by £7,448 (0.1%) during the year.

Tuition fees were discounted by 20% for the Summer Term in recognition of the constraints imposed by lockdown. In hindsight, the discount was more generous than the average offered by other schools but was considered appropriate by the Board at the time.

The Bursary worked hard with parents to manage fee payments, flexibility was offered over timing and ultimately a high percentage of the fees due were paid in the period. 27 parents very generously paid the full fees, resulting in a short-term Covid-19 Hardship fund of £28,031, which was used to assist other parents who unexpectedly suffered financial hardship due to the lockdown.

The School's financial survival was not a foregone conclusion at the beginning of the lockdown period. The Board met regularly to discuss matters of cashflow and solvency. The forecasts and financial performance were tested and challenged on a daily and weekly basis. At no time was the School trading while insolvent and the strong closing position gives the Board confidence that the School was, and still remains, a "going concern".

The surplus for the year (before transfers between funds and losses on investment assets) amounted to £183,023 (2019: £54,614). The surplus for the year after transfers between funds and losses on investment assets amounted to £100,463 (2019: £99,226) and has been transferred to reserves. Total funds amounted to £5,837,657 (2019: £5,737,195).

INVESTMENT POLICY AND PERFORMANCE

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

Governors 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.

In common with other independent schools, the Governors have invested substantial sums into School buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The "free reserves" as at 31 July 2020 consist of unrestricted net current liabilities as shown in note 17 amounting to £(1,251,824) (2019: £(1,043,206)). The Governors have chosen to invest in a new boarding house as part of the long-term strategy to increase pupil numbers and widen the diversity of the School and therefore do not consider it appropriate at this time to place a great deal of emphasis on this figure. Rather, the figure illustrates the extent of the investment in our School, which is a common practice by independent schools which have to finance their own capital investment plans. The closing value of our tangible assets, property, plant and equipment, was £8,283,085 (2019: £8,175,507). This small increase reflects the reduced level of capital activity undertaken in the year, in response to the economic challenges of Covid-19.

The Governors consider that given the strength of the Charity's Balance Sheet, the stable cash flow, the on-going popularity and academic success of our School, and the available banking facility that can be called upon if need arises, that there is no current need to build up a large free reserve.

The School had total reserves of £5,862,834 at the year-end (2019: £5,737,195), of which £1,092,184 is restricted (2019: £1,058,862), £512,445 is endowed (2019: £545,716), leaving £4,258,205 of unrestricted funds (2019: £4,132,617).

The Governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements with our bank are in place to provide an adequate "safety net" should it be required.

The School's long-term investments are managed by two investment companies. At the year-end the total value of the investment portfolio was £1,245,768 (2019: £1,320,167). The overall investment loss amounted to £62,221 (calculated as the net investment loss of £82,560 plus dividends and interest received of £29,378 less management fees of £9,039). Although not favourable, such a result was anticipated given the prevailing economic conditions at the reporting date. Given the objective to hold these investments in the long-term and the expected recovery of the market, this result is not deemed to be cause for concern.

Under the total return accounting basis, it is the Governors' policy to extract as income one tuition fee. This fee is used to support the bursary of the "Knapton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knapton and Mrs Kathleen Cavill. The Governors will keep the level of income withdrawn under review to balance the need and interests of current and future beneficiaries of the School's activities.

GOING CONCERN

The Board has paid due attention to the advice and modelling of the School's employees, the SLT and professional advisors including the School's auditors and consider that the School remains financially viable.

This conclusion has not been reached lightly. As the national lockdown began in March the forecast indicated that radical action was required for the School to survive the summer period. The initial assumptions of reduced fee income recovery, in addition to the 20% fee discount, and a reduction in pupil numbers was worrisome but ultimately proved to be very much the worse-case. The Board and Finance Committee held regular extraordinary meetings to discuss matters of solvency and cashflow. Throughout the Board was fully aware of the dangers of trading while insolvent and were provided with regular updates to demonstrate that the School never reached such a situation.

A range of five-year scenarios were modelled, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. These models were adjusted as the Summer Term progressed, as it became clear that the initial scenario had under-estimated the School's performance and recovery. By July it was clear that the closing position and next year's forecast would be substantially stronger than even the best-guess model, given the savings and fee recovery achieved through the term.

The high-quality remote teaching, coupled with very close cooperation between the bursary staff and the parental body resulted in over 95% of fees being recovered in the period, against an initial forecast of 60%. Pupil numbers for September totalled 745 against an initial forecast of 744 and boarding also exceeded the initial assumptions. The proportion of fee income in the new academic year has also exceeded the early modelling.

The government's furlough scheme was a significant factor in the School's financial performance. Staff were initially sent home on 80% pay, this was increased to full pay after three months. All remaining staff took a substantial pay cut for three months. There is no doubt that this sacrifice was a significant factor in keeping the School afloat.

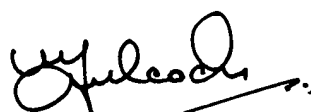
Savings were also taken throughout the non-pay areas of the School. All CAPEX, major projects and routine maintenance were halted, the vehicle fleet was taken off the road, heating was turned off and only essential expenditure was authorised. All resources were focussed on remote teaching, provision of care to key-worker children and the recovery plan.

Future costs were scrutinised and cut through a redundancy programme and rigorous assessment of whether leaving staff needed to be replaced.

The School's accountants, Crowe, were commissioned to examine the assumptions and cashflow in preparation for an application for a Coronavirus Business interruption Loan (CIBL). Crowe modelled two distinct scenarios: the most likely, based on the current numbers and projections, and a stressed model which assumed lower pupil numbers and fee recovery. The School's bankers, Lloyds, were presented the evidence of the study and agreed to the CIBL application which was drawn in October.

The Board are extremely grateful to the Headmaster, Head of the Junior School, the Bursar and the senior leadership team whose knowledge of the School and its community ultimately proved the initial assumptions to be inaccurate.

The Trustees Annual Report is approved by the Board of Governors and the Strategic Report (included therein) is approved by the board of Governors in their capacity as directors at their meeting on 13.11.2020 and signed on its behalf by:



Rear Admiral P Wilcocks
Director

STATEMENT OF GOVERNORS' RESPONSIBILITIES

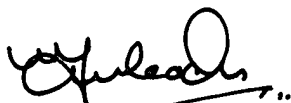
The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, governors 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.

Approved by the order of the Board of Governors on 13.11.2020 and signed on its behalf by:



Rear Admiral P Wilcocks
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL

OPINION

We have audited the financial statements of Hereford Cathedral School for the year ended 31st July 2020 which comprise the Consolidated Statements of Financial Activities, the Consolidated and Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the charitable company's affairs as at the 31st July 2020 and of the group's 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 requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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.

RESPONSIBILITIES OF TRUSTEES


As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Cheltenham
Date: 29 January 2021

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2020

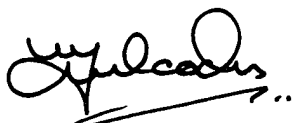
		Unrestricted funds	Restricted funds	Permanent endowment fund	Total funds 2020	Total funds 2019
		£	£	£	£	£
INCOME & ENDOWMENTS FROM						
Charitable activities						
School fees receivable	2	8,153,700	-	-	8,153,700	8,146,252
Ancillary trading income	3	898,555	-	-	898,555	1,109,238
Other educational income	3	7,225	-	-	7,225	6,300
Voluntary sources						
Donations and legacies		-	256,340	-	256,340	64,380
Investments						
Income from investments	4	1,996	17,316	11,177	30,489	30,323
Other trading activities						
Non-ancillary trading income	5	521,325	-	-	521,325	128,278
TOTAL INCOMING RESOURCES		9,582,801	273,656	11,177	9,867,634	9,484,771
EXPENDITURE ON						
Raising funds	8	100,724	6,634	4,543	111,901	134,428
Charitable activities						
Schools and educations	8	8,738,523	184,260	-	8,922,783	8,616,972
School trips and activities	8	500,885	-	-	500,885	552,784
		9,239,408	184,260	-	9,423,668	9,169,756
Financing costs						
Interest	10	149,042	-	-	149,042	125,973
TOTAL EXPENDITURE		9,489,174	190,894	4,543	9,684,611	9,430,157
Net income from operations before investment (losses)/ gains		93,627	82,762	6,634	183,023	54,614
Net (losses) / gains on investments		-	(49,440)	(33,120)	(82,560)	44,612
Transfers between funds		6,785	-	(6,785)	-	-
NET MOVEMENT IN FUNDS		100,412	33,322	(33,271)	100,463	99,226
Total funds brought forward		4,132,616	1,058,862	545,716	5,737,194	5,637,969
Total funds carried forward		4,233,028	1,092,184	512,445	5,837,657	5,737,195

The notes on pages 21 to 31 form part of these financial statements.

BALANCE SHEETS AS AT 31 JULY 2020

		Group 2020 £	Group 2019 £	School 2020 £	School 2019 £
FIXED ASSETS					
<i>Tangible assets</i>	12	8,283,085	8,175,507	8,044,742	8,175,507
<i>Investments</i>	13	1,245,768	1,320,168	1,245,769	1,320,168
		<u>9,528,853</u>	<u>9,495,675</u>	<u>9,290,511</u>	<u>9,495,675</u>
CURRENT ASSETS					
<i>Debtors</i>	14	477,843	651,056	741,362	651,056
<i>Cash at bank and in hand</i>		181,616	453,312	181,616	453,312
		<u>659,459</u>	<u>1,104,368</u>	<u>922,978</u>	<u>1,104,368</u>
CURRENT LIABILITIES					
<i>Amounts falling due within one year</i>	15	(1,552,272)	(1,863,163)	(1,522,272)	(1,863,163)
NET CURRENT LIABILITIES		<u>(892,813)</u>	<u>(758,795)</u>	<u>(629,294)</u>	<u>(758,795)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,636,040	8,736,880	8,661,217	8,736,880
LONG-TERM LIABILITIES					
<i>Amounts falling due after more than one year</i>	16	(2,798,383)	(2,999,685)	(2,798,383)	(2,999,685)
NET ASSETS		<u>5,837,657</u>	<u>5,737,195</u>	<u>5,862,834</u>	<u>5,737,195</u>
CAPITAL AND RESERVES					
<i>Permanent endowment fund</i>	20	512,445	545,716	512,445	545,716
<i>Restricted fund</i>	19	1,092,184	1,058,862	1,092,184	1,058,862
<i>Unrestricted fund</i>	21	4,233,028	4,132,617	4,258,205	4,132,617
TOTAL FUNDS		<u>5,837,657</u>	<u>5,737,195</u>	<u>5,862,834</u>	<u>5,737,195</u>

The financial statements were approved and authorised for issue by the board of directors on 15.11.2020 and signed on its behalf by:



Rear Admiral P Wilcocks (Director)



J Sheldon (Director)

The notes on pages 21 to 31 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2020

	2020 £	2019 £		
NET CASH INFLOW FROM OPERATIONS	(i) 742,653	904,514		
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Dividend income	29,378	29,832		
Investment income receipts	1,111	491		
Interest on bank loans	(126,697)	(102,385)		
	(96,208)	(72,062)		
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets	(477,634)	(1,634,350)		
Payments to acquire fixed assets investments	(8,162)	(2,889)		
	(485,796)	(1,637,239)		
	160,649	(804,787)		
FINANCING				
Advance fees scheme				
- Receipts from new contracts	185,337	449,401		
- Utilised during the year	(433,077)	(517,205)		
New loans	-	1,380,364		
Capital element of bank loans repaid	(184,605)	(162,331)		
	(432,345)	1,150,229		
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD	(271,696)	345,442		
CASH AND CASH EQUIVALENTS AT START OF PERIOD	453,312	107,870		
CASH AND CASH EQUIVALENTS AT END OF PERIOD	181,616	453,312		
NOTES TO THE CONSOLIDATED CASH FLOW				
(i) Reconciliation of operating surplus to net cash				
Net incoming resources	100,463	99,226		
Returns on investments and servicing of finance	96,208	72,062		
Loss / (gain) on investments	82,560	(44,612)		
Operating surplus	279,231	126,676		
Depreciation	370,056	283,070		
Decrease in debtors	173,213	4,764		
(Debtors) / increase in creditors	(79,847)	490,004		
	463,422	777,838		
Net cash inflow from operating activities	742,653	904,514		
(ii) Reconciliation in net debt				
	At 1 August 2019	Cash flows	Non-cash changes	At 31 July 2020
Cash at bank and in hand	453,312	(271,696)	-	181,616
Debt due within one year	(253,534)	253,534	(233,349)	(233,349)
Debt due after more than one year	(2,480,686)	(68,925)	233,349	(2,316,262)
	(2,280,908)	(87,087)	-	(2,367,995)

The notes on pages 21 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting Policies

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

a. Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investment assets.

b. Basis of consolidation

The Consolidated Statement of Financial Activities (SOFA), the Consolidated Balance Sheets and the Consolidated Cash Flow Statement include the financial statements of the School and its subsidiary undertaking made up to 31 July 2020. The Charity has taken advantage of the exemption available to a qualifying entity under FRS 102 from the requirement to present a charity-only Cash Flow Statement within the consolidated financial statements. No separate statement of financial activities has been presented for the School alone as permitted by Section 408 of the Companies Act 2006 and paragraph 1.12 (c) of the SORP. The net result of the parent (the charity) is shown on the balance sheet.

c. Charity information

Hereford Cathedral School is a charitable company limited by guarantee. The School is registered with the Charity Commission England and Wales (registered no: 518889). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02081261). Its registered and principal office is Old Deanery, The Cathedral Close, Hereford, Herefordshire, HR1 2NG.

d. Going concern

These financial statements have been prepared on the going concern basis, which the Governors consider to be appropriate as a result of projections prepared. Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows. This review included detailed consideration of the ongoing impact of the Covid-19 pandemic, concluding that there are no resulting material uncertainties. The Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainty's over the school's financial viability and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Accounting and Reporting Responsibilities on page 15.

e. Subsidiary

Hereford Cathedral School has a wholly-owned subsidiary, HCS Educational Services Limited (registered company number: 11613027), a charitable company limited by share capital of £1 owned by Hereford Cathedral School. HCS Educational Services Limited shares the same address as its parent company. The Company has traded during the year, and the financial statements have therefore been prepared on a consolidated basis.

f. 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.

To secure a place at the School, a registration fee is paid by all pupils, both domestic and international. This sum is non-refundable and goes towards the HCS Charitable Bursary Scheme, which is used to support pupils who would not otherwise be able to access education at an independent school. As the fee is non-refundable, the income is recognised in the Statement of Financial Position upon receipt of the funds.

g. 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 on receipt.

h. Investment income

All investment income is credited according to the date of receipt into the investment cash account.

i. Government grants: Job Retention Scheme

Income from government grants, whether 'capital' grants or 'revenue' grants, is recognised when the School has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Where entitlement occurs before income is received, the income is accrued. Where income is received in advance of the School having entitlement to the funds the income is deferred.

j. Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes the costs of all fundraising activities, events and non-charitable trading.

k. Charitable activities

Expenditure is 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 governors' meetings and of preparing statutory accounts and satisfying public accountability.

l. 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, for teaching staff. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the school. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme. Pension costs are recognised in the profit and loss account in the accounting period in which the contributions are payable.

m. 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.

n. Tangible fixed assets

The School decided to take advantage of the transition option under FRS 102 to accept the property revaluation done in 2016 as deemed cost.

Freehold Property is depreciated between 1% and 2% each year. Land is not depreciated. The non-depreciable land element of the Freehold Property has been deemed to be 30% of the full cost, with depreciation being charged on the remaining 70%.

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

Equipment costing more than £1,000, or less than £1,000 as part of a larger project and new build projects are capitalised and carried in the balance sheet at historic cost.

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

Motor vehicles	-	7 years
Equipment	-	5 - 20 years
Computers & Media	-	3 - 5 years

No depreciation is charged on assets under the course of construction.

o. Investments

Investments are stated at market value. Realised and unrealised gains or losses arising on the sale and revaluation of investments are taken to the Statement of Financial Activities.

p. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of one month or less from the date of acquisition or opening of the deposit or similar account.

r. Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s. 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 expenditure as incurred.

t. Advance fees

Fees paid in advance are included in creditors and released to the Statement of Financial Activities as they fall due.

u. Deposits

The Governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held at the reporting date has been included within current liabilities. The prior year pupil fee deposits balance has been similarly represented.

v. Termination benefits

Termination benefits are recognised immediately as an expense when committed to terminate the employment of an employee or to provide termination benefits.

w. Fund accounting

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

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.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefits. Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the charity. 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. It can be invested on a Total Returns basis.

x. Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, school fees and extras, accrued income, and other debtors. A specific provision is made for debts for which recoverability is in doubt. Financial liabilities held at amortised cost comprise trade creditors, bank loans other creditors, accruals and deposits.

y. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where estimates and judgements have been made include the following:

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangible assets and note 1m) for the useful lives for each class of asset.

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

2 School Fee Income

	2020 £	2019 £
Gross fees	9,469,562	9,283,466
Less: Total bursaries, scholarships, allowances and discounts	<u>(1,500,122)</u>	<u>(1,501,196)</u>
	7,969,440	7,782,270
 Add back: Bursaries paid from restricted funds	 184,260	 200,982
	<u>8,153,700</u>	<u>7,983,252</u>

As a result of the Covid-19 pandemic during the year, Summer term fees were discounted by 20% at a cost of £668,895.

The Old Herefordian Fund contributed £163,000 (2018: £163,000) towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and is therefore categorised as a restricted donation. During the year £175,814 (2018: £175,814) of rent was paid to the Old Herefordian fund.

3 Other Charitable Income

	2020 £	2019 £
Other educational income		
Entrance fees	<u>7,225</u>	<u>6,300</u>
Ancillary trading income		
Meals	185,185	265,839
School trips, activities, tuition and transport	<u>713,370</u>	<u>843,399</u>
	<u>898,555</u>	<u>1,109,238</u>

4 Investment Income

	2020 £	2019 £
Bank deposit account interest	1,111	491
Dividend income	<u>29,378</u>	<u>29,832</u>
	<u>30,489</u>	<u>30,323</u>

5 Other income

	2020 £	2019 £
Teacher release	694	9,916
Rent and hire of school facilities	23,753	21,883
Hire of sports hall	9,567	16,144
Educations activities	400	21,532
Coronavirus job retention scheme grant	428,809	-
Other	<u>58,102</u>	<u>58,803</u>
	<u>521,325</u>	<u>128,278</u>

6 Staff Costs

	2020 £	2019 £
Wages and salaries	5,191,836	5,045,212
Social security costs	411,312	440,291
Pension contributions	<u>772,606</u>	<u>631,416</u>
	<u>6,375,754</u>	<u>6,116,919</u>

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 (2019: £Nil).

The Headmaster, Head of Junior School and Bursar are considered to be the key management personnel, along with the Senior Leadership Team. Aggregate employee-benefits of key management personnel totalled £759,659 during the year (2019: £751,015).

6 Staff costs (continued)

The number of employees whose emoluments exceeded £60,000 were:	2020	2019 (restated)
£60,000 - £69,999	1	2
£70,000 - £79,999	1	1
£80,000 - £89,999	-	-
£90,000 - £99,999	-	-
£100,000 - £109,999	1	1
The average number of persons employed during the year was:		
Teaching and teaching support staff	135	136
Administration and support staff	43	37
Domestic and maintenance staff	42	36
	220	209

The School paid £47,846 (2019: £38,241) in respect of the higher paid employees to the defined benefit scheme.

During the year, there were termination payments made which amounted to £32,904 (2019: £21,521). None were outstanding at the year-end (2019: £Nil).

7 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 £101,426 (2019: £95,815).

Defined benefit scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £684,139 (2019: £535,601) and at the year-end £85,974 (2019: £69,995) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

8 Analysis of total resources expended

	Staff costs £	Other £	Interest £	Depreciation £	2020 £	2019 £
Raising funds						
Generating donations	100,496	11,405	-	-	111,901	134,428
Charitable activities						
Academic	5,428,073	842,531	-	173,681	6,444,285	6,487,184
Domestic	312,241	214,067	-	-	526,308	575,626
Premises	195,689	786,952	-	196,375	1,179,016	1,051,936
Support costs	428,506	313,873	-	-	742,379	471,940
Schools & education	6,364,509	2,157,423	-	370,056	8,891,988	8,586,686
Trips & activities	-	500,885	-	-	500,885	552,784
Interest	-	-	149,042	-	149,042	125,972
	6,364,509	2,658,308	149,042	370,056	9,541,915	9,256,442
Governance costs	8,522		-	-	30,795	30,287
Total resources expended	6,473,527		149,042	370,056	9,684,611	9,430,157

9 Support costs

	2020 £	2019 £
Wages and salaries	428,506	242,296
Legal and professional fees	121,420	58,349
Insurance	54,998	55,659
Advertising and marketing	43,801	45,988
Health and safety	448	3,248
Telephone	22,744	18,685
Printing, postage and stationery	10,157	8,839
Computer expenses	4,741	4,568
Bank charges	24,244	28,197
Miscellaneous	31,320	6,111
	742,379	471,940

10 Interest

	2020 £	2019 £
Bank loans for the purchase of property	126,697	102,385
Fees in advance agreements	22,345	23,588
	149,042	125,973

11 Net incoming resources

Net income is presented after charging the following:

	2020 £	2019 £
Depreciation of tangible fixed assets	370,056	283,070
Operating lease rentals		
- Land and buildings	303,850	302,325
- Equipment	102,541	109,657
Auditors' remuneration		
- Audit services	15,700	13,800
- Non-audit services	24,600	4,950

12 Tangible fixed assets

<i>Group</i>	Freehold land and buildings	Short leasehold buildings	Long leasehold buildings	Fixtures, fittings, equipment and vehicles	2020
	£	£	£	£	£
Cost					
At 1 August 2019	4,402,548	690,528	3,694,735	1,455,816	10,243,627
Additions	94,899	118,263	79,626	184,846	477,634
Disposals	-	-	-	-	-
At 31 July 2020	4,497,447	808,791	3,774,361	1,640,662	10,721,261
Depreciation					
At 1 August 2019	19,900	350,356	1,015,974	681,890	2,068,120
Charge for the year	50,833	28,151	117,391	173,681	370,056
On disposals	-	-	-	-	-
At 31 July 2020	70,733	378,507	1,133,365	855,571	2,438,176
Net book value					
At 31 July 2019	4,382,648	340,172	2,678,761	773,926	8,175,507
At 31 July 2020	4,426,714	430,284	2,640,996	785,091	8,283,085

<i>School</i>	Freehold land and buildings	Short leasehold buildings	Long leasehold buildings	Fixtures, fittings, equipment and vehicles	2020
	£	£	£	£	£
Cost					
At 1 August 2019	4,402,548	690,528	3,694,735	1,455,816	10,243,627
Additions	94,899	118,263	79,626	174,425	467,213
Disposals	-	-	-	(260,310)	(260,310)
At 31 July 2020	4,497,447	808,791	3,774,361	1,369,931	10,450,530
Depreciation					
At 1 August 2019	19,900	350,356	1,015,974	681,890	2,068,120
Charge for the year	50,833	28,151	117,391	147,368	343,743
On disposals	-	-	-	(6,075)	(6,075)
At 31 July 2020	70,733	378,507	1,133,365	823,183	2,405,788
Net book value					
At 31 July 2019	4,382,648	340,172	2,678,761	773,926	8,175,507
At 31 July 2020	4,426,714	430,284	2,640,996	546,748	8,044,742

13 Fixed asset investments

	Philpotts educational charity	Music bursary fund	Bursary fund	2020
	£	£	£	£
Market value				
At 1 August 2019	558,516	440,137	321,514	1,320,167
Additions	28,125	81,293	34,665	144,083
Disposals	(71,560)	(79,657)	(55,321)	(206,538)
Gains / (losses)	(33,120)	(34,908)	(14,532)	(82,560)
Movement in cash	50,265	(3,505)	23,857	70,617
At 31 July 2020	532,226	403,360	310,183	1,245,769
Split as				
Investments held	474,767	382,322	280,332	1,137,421
Cash and pending settlements	57,458	21,038	29,851	108,347
At 31 July 2020	532,225	403,360	310,183	1,245,768
Investment in subsidiary				1
Total investments held				1,245,769

14 Debtors

	Group 2020 £	Group 2019 £	School 2020 £	School 2019 £
School fees	253,201	316,094	253,201	316,094
School fee extras	7,608	61,732	7,608	61,732
Other debtors	1,267	162,161	1,267	162,161
Prepayments and accrued income	215,767	111,069	215,767	111,069
Amounts owed by subsidiary	-	-	263,519	-
	477,843	651,056	741,362	651,056

15 Creditors Amounts falling due within one year

Group and School

	2020 £	2019 £
Instalments due on bank loans	233,349	253,534
Trade creditors	73,938	65,304
Taxation and social security	113,548	116,835
Other creditors	128,985	82,705
Accruals	405,537	271,237
Deferred income	348,420	636,099
Fees in advance	122,390	333,249
Registration deposits	126,105	104,200
	1,522,272	1,863,163

16 Creditors Amounts falling after more than one year

Group and School

	2020 £	2019 £
Instalments due on bank loans	2,316,262	2,480,683
Fees in advance	482,121	519,002
	2,798,383	2,999,685

Maturity of bank loans

Due within one year	233,349	253,534
Due between one and two years	246,380	209,291
Due between two and five years	447,559	594,3030
Due after five years	1,622,323	1,677,089
	2,549,611	2,734,217

- a. Bank loans are being repaid by instalments as follows:
 - 12 monthly instalments with interest at a fixed rate of 6.99% per annum. The loan matures on 31st December 2024.
 - 12 monthly instalments with interest at a fixed rate of 4.99% per annum. The loan matures on 31st August 2023.
 - 12 monthly instalments with interest at a variable rate. The loan matures on 7th August 2023.
 - 12 monthly instalments at a fixed rate of 4.34% per annum, after an initial interest-only period which ended in July 2020. The loan matures on 30th June 2044.
- b. Bank loans are being repaid by instalments as follows:
 - The bank loans are secured by first legal charges over Nos. 28 and 31 Castle Street, St. David's Hall Hereford, Quay House & Wilmot House.

17 Advance fee payments

Group and School

	2020	2019
	£	£
Within one year	240,977	333,249
Between one and two years	131,940	207,877
Between two and five years	112,405	279,236
After more than 5 years	119,189	31,889
	604,511	852,251
Balance at 1 August 2019	852,251	
Amount received in the year	185,337	
Amount utilised in the payment of fees	(396,196)	
	(36,881)	
Balance at 31 July 2020	604,511	

18 Analysis of net assets between funds

	Permanent endowment fund	Restricted funds	Unrestricted funds	Total
	£	£	£	£
Group				
Tangible fixed assets	-	-	8,283,085	8,283,085
Investments	532,226	713,543	-	1,245,769
Net current liabilities	(16,631)	378,641	(1,251,824)	(892,814)
Net long term liabilities	-	-	(2,798,383)	(2,798,383)
	512,595	1,092,184	4,232,878	5,837,657
School				
Tangible fixed assets	-	-	8,283,085	8,283,085
Investments	532,226	713,543	1	1,245,770
Net current (liabilities) / assets	(19,631)	378,641	(1,226,648)	(867,638)
Net long term (liabilities) / assets	-	-	(2,798,383)	(2,798,383)
	512,595	1,092,184	4,258,055	5,862,834

19 Restricted funds

	Balance at 1 August 2019	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2020
	£	£	£	£	£
Old Herefordian Bursary Fund	-	163,000	(163,000)	-	-
Charitable Bursary Fund	436,484	73,795	(2,690)	(14,532)	493,057
Music Bursary Fund	443,952	11,432	(18,104)	(34,908)	402,372
Friends Bursary Fund	112,096	12,360	-	-	124,456
Other Bursary Funds	65,025	13,069	(7,100)	-	70,994
Rowing Fund	1,305	-	-	-	1,305
	1,058,862	273,656	(190,894)	(49,440)	1,092,184

The income on restricted funds comprised donations received during the current academic year.

- The Old Herefordian Bursary Fund includes donations of £163,000 from The Old Herefordian Fund which contribute to the costs of scholarships and bursaries.
- The source of the Charitable Bursary Fund is the donation of bursary fund contributions paid by parents when their child starts at Hereford Cathedral School. 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 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 set up which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees. Funds are received in the form of donations made by friends of the school.
- Other bursary funds are other small donations restricted for use towards school bursaries.
- The rowing fund is used to support the rowing activities of the school.

20 Permanent endowment funds

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers, investment gain £	Balance at 31 July 2020 £
Philpotts Educational Charity					
Preserved value	154,417	-	-	-	154,417
Unapplied total return	391,299	11,177	(4,543)	(39,905)	358,028
	545,716	11,177	(4,543)	(39,905)	512,445

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 School operates a policy of total return on its Endowment Funds and the School extracts the dividend income and investment management fees each year. This totals £6,785 and can be seen as a transfer on the Statement of Financial Activities from Endowment Funds to Unrestricted Funds.

21 Unrestricted funds

<i>Group</i>	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers, investment gain £	Balance at 31 July 2020 £
General fund	4,132,617	9,582,801	(9,489,174)	6,785	4,233,028
	4,132,617	9,582,801	(9,489,174)	6,785	4,233,028

<i>School</i>	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers, investment gain £	Balance at 31 July 2020 £
General fund	4,132,617	9,473,541	(9,354,738)	6,785	4,258,205
	4,132,617	9,473,541	(9,354,738)	6,785	4,258,205

22 Related party transactions

During the year governors made donations to the School towards bursary funds of £300 (2019: £300). A number of governors have, or did have, children who are educated at the School. All fees are paid under normal terms.

The Old Herefordian Fund (charity number: 504119) is a charity in which J Sheldon, a governor at the School, is also a trustee. During the course of the year the School paid rent to and received restricted donations from the Old Herefordian Fund, details of which can be found in note 2 of these accounts.

23 Financial instruments

Group and School

	2020 £	2019 £
a. Financial assets measured at amortised cost	549,461	993,299
b. Financial assets measured at fair value	1,245,769	1,320,168
c. Financial liabilities measured at amortised cost	(3,284,178)	(3,257,663)
	(1,488,948)	(944,196)

- a. Financial assets include cash, trade and fee debtors, other debtors and accrued income.
- b. Financial assets held at fair value include assets held as investments.
- c. Financial liabilities include loans, fee deposits, trade creditors, other creditors and accruals.

24 Operating leases

<i>Group and School</i>	Land and buildings £	Equipment £	Total £	Land and buildings £	Equipment £	Total £
Within 1 year	303,850	109,404	413,254	303,850	102,541	406,391
Within 2 to 5 years	1,138,520	55,936	1,194,456	1,138,520	126,827	1,265,347
After 5 years	9,964,275	-	9,964,275	10,248,905	-	10,248,905
	11,406,645	165,339	11,571,984	11,691,275	229,368	11,920,643

25 Post balance sheet events

The School applied for a Coronavirus Business Interruption Loan facility during the year to 31 July 2020. Following the reporting date, this loan was approved by the lender and subsequently drawn down in full.

26 Analysis of net assets between funds – prior year

	Unrestricted funds	Restricted funds	Permanent endowment fund	Total
	£	£	£	£
Group and School				
Tangible fixed assets	8,175,507	-	-	8,175,507
Investments	1	761,651	558,516	1,320,168
Net current (liabilities) / assets	(1,043,206)	297,211	12,800	(758,795)
Net long term (liabilities) / assets	(2,999,685)	-	-	(2,999,685)
	<u>4,132,617</u>	<u>1,058,862</u>	<u>545,716</u>	<u>5,737,195</u>

27 Statement of Financial Activities for the year ended 31 July 2019

	Unrestricted funds	Restricted funds	Permanent endowment fund	Total funds 2019	Total funds 2018
	£	£	£	£	£
INCOME & ENDOWMENTS FROM					
Charitable activities					
School fees receivable	7,938,252	163,000	-	8,146,252	7,664,047
Ancillary trading income	1,109,238	-	-	1,109,238	1,155,843
Other educational income	6,300	-	-	6,300	6,375
Voluntary sources					
Donations and legacies	-	64,300	-	64,380	35,854
Investments					
Income from investments	2,127	17,069	11,127	30,323	31,003
Other trading activities					
Non-ancillary trading income	128,278	-	-	128,278	104,434
TOTAL INCOMING RESOURCES	<u>9,229,195</u>	<u>244,449</u>	<u>11,127</u>	<u>9,484,771</u>	<u>8,997,556</u>
EXPENDITURE ON					
Raising funds	123,002	6,878	4,548	134,428	100,852
Charitable activities					
Schools and educations	8,415,990	200,982	-	8,616,972	7,855,723
School trips and activities	552,784	-	-	552,784	886,576
	<u>8,968,774</u>	<u>200,982</u>	<u>-</u>	<u>9,169,756</u>	<u>8,742,299</u>
Financing costs					
Interest	125,973	-	-	125,973	95,046
TOTAL EXPENDITURE	<u>9,217,749</u>	<u>207,860</u>	<u>4,548</u>	<u>9,430,157</u>	<u>8,938,197</u>
Net income from operations before investment (losses)/ gains	11,446	36,589	6,579	54,614	59,359
Net (losses) / gains on investments	-	27,511	17,101	44,612	69,107
Transfers between funds	<u>5,630</u>	<u>950</u>	<u>(6,580)</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS	<u>17,076</u>	<u>65,050</u>	<u>17,100</u>	<u>99,226</u>	<u>128,466</u>
Total funds brought forward	<u>4,115,541</u>	<u>993,812</u>	<u>528,616</u>	<u>5,637,969</u>	<u>5,509,503</u>
Total funds carried forward	<u>4,132,617</u>	<u>1,058,862</u>	<u>545,716</u>	<u>5,737,195</u>	<u>5,637,969</u>