

Company Registration Number 2440509
Charity Number 802427

The King's School Ely

(A Company Limited by Guarantee)

Annual Report and Financial Statements

for the year ended 31 August 2012

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**Directors, Governors, Officers and Advisers
for the year ended 31 August 2012**

Directors and Governors
see next page

Head and Chief Executive
Mrs Susan Freestone

Clerk to the Board of Governors and Company Secretary
Miss Lynn Simpson

Name and Registered Office of the Company
The King's School Ely
Barton Road
Ely
Cambridgeshire
CB7 4DB

Registered Charity Number
802427

Registered Number
2440509

Advisers

Bankers
Lloyds TSB Bank plc
Ely

Solicitors
Veale Wasbrough Vizards
Bristol

Farrer & Co LLP
London

Mills and Reeve LLP
Cambridge

Independent auditors
PricewaterhouseCoopers LLP
Cambridge

Insurance Brokers
Marsh Brokers Limited
Haywards Heath

Investment Managers
Cazenove Capital Management Limited
London

CCLA Investment Management Limited
London

Buildings Consultants
Bidwells LLP
Cambridge

**Directors, Governors, Officers and Advisers (continued)
for the year ended 31 August 2012**

Trustee and Governors

The trustee of the Charity is The King's School Ely, a company limited by guarantee. The directors of that Company are the members of the Board of Governors as well as being members of the Company. As members of the Company each has given a guarantee not exceeding one pound whilst they are members of the Company and for one year after ceasing to be a member.

The Governors who served during the financial year and up to the date of approving the financial statements were as follows

		Notes
Mr Richard Slogrove	(Chairman to 31 August 2012)	1,5,6
Mr Jeffrey Hayes	(Chairman from 1 September 2012)	1,5,6
Mr Richard Phillips	(Vice-Chairman from 6 September 2012)	1
Air Vice-Marshal Clive Bairsto		1
Mrs Mary Benfield		3,6
The Very Reverend Mark Bonney	(ex-officio - Dean of Ely)	
The Very Reverend Dr Michael Chandler	(ex-officio - Dean of Ely)	
Mr Bruce Fraser		1,5
Mrs Fenella Martin-Redman		1,5
Mrs Anthea Kenna		2,6
Mr Anthony Morbey	(Chairman, Executive and Finance Committee from 9 November 2012)	1,5,6
Mr Charles Morris		1,5
Mrs Isobel Newport-Mangell		3
The Reverend Canon David Pritchard		2,6
Professor Michael Proctor		4
Dr Nigel Richardson	(Chairman, Education Committee)	1,6
Dr Kathryn Skoyles		1
Mrs Julie Swan	(Chairman, Executive and Finance Committee to 9 November 2012)	1,5
Professor Andrew Wyllie		1,6

On 8 December 2011 Air Vice-Marshal Clive Bairsto was appointed onto the Board of Governors, Mrs Anthea Kenna retired and was re-elected as the Chapter of Ely Representative Governor under the one year rule, Dr Nigel Richardson, as Co-opted Governor, retired and was re-elected under the three year rule, Dr Kathryn Skoyles was appointed as Boarding Liaison Governor, and Mrs Anthea Kenna was appointed onto the Education Committee.

On 22 March 2012, Professor Michael Proctor and Dr Kathryn Skoyles retired and were re-elected under the one year rule, Mr Charles Morris retired and was re-elected under the three year rule, Mrs Isobel Newport-Mangell was appointed onto the Board as Ely Diocesan Board of Education Representative Governor.

On 21 June 2012 Mr Richard Slogrove resigned as Chairman and Co-opted Governor with effect from 31 August 2012, Mrs Mary Benfield resigned as Ely Diocesan Board of Education Representative Governor with effect from 6 July 2012, Mr Jeffrey Hayes was elected Chairman for a three year renewable term of office.

On 6 September 2012 the Board ratified the appointment of The Reverend Canon Mark Bonney, The Dean of Ely elect as ex-officio member of the Board of Governors with effect from 22nd September 2012 and The Very Reverend Dr Michael Chandler resigned as ex-officio member on 8th September 2012, Mr Richard Phillips was elected Vice-Chairman, Mrs Anthea Kenna was appointed King's Ely Acremont Liaison Governor, and Mrs Isobel Newport-Mangell was appointed Health and Safety Liaison Governor.

On 9 November 2012 Mrs Julie Swan retired as Chairman of the Executive and Finance Committee, Mr Anthony Morbey was appointed Chairman of the Executive and Finance Committee.

All Governors other than Mr Richard Slogrove, Mrs Mary Benfield and The Reverend Dr Michael Chandler were serving at the date of this report.

Notes

- 1 Co-opted Governors
- 2 Chapter of Ely Cathedral Representative Governors
- 3 Ely Diocesan Board of Education Representative Governor
- 4 Cambridge University Representative Governor
- 5 Member of the Executive and Finance Committee
- 6 Member of the Education Committee

The Co-opted Governors are appointed by the Board of Governors for the time being. The Chapter of Ely Cathedral is entitled to appoint two Governors (in addition to the Dean of Ely who is normally an ex-officio Governor). The Ely Diocesan Education Board is entitled to appoint one representative Governor. Cambridge University is entitled to appoint one representative Governor. All other Governors are co-opted.

**Annual Report
for the year ended 31 August 2012**

The Governors present their annual report and the audited consolidated financial statements for the year ended 31 August 2012 under the Charities Act 2011 and the Companies Act 2006 and confirm that the audited financial statements comply with the requirements of those Acts and the Charities SORP 2005 (updated May 2008)

The information on Governors, officers and advisers on pages 2 and 3 forms part of this Governors' Annual Report

Accomplishments for 2011-12 include:

- maintenance of a pupil roll exceeding 1,000 students,
- the rolling out of the programme for the Old Palace with the selection of contractors, granting of planning consents, negotiation and provision of a loan at competitive rates from the School's bankers to fund building renovation and fitting out of facilities,
- implementation of the School Identity programme, including new website, uniform, signage and marketing materials,
- resolution on the rental agreement with the Chapter on four caputular properties within the Cathedral precincts,
- continuance of satisfactory financial results,
- establishment of the Development programme with the appointment of a Development Director and formation of the Development Advisory Group to initiate fund raising,
- formalisation of the selection process for the appointment of Chairman

Governors wish to record their gratitude to the donors who have given substantial sums for the provision of bursaries, applaud the professionalism and dedication of staff at a time of constrained compensation and increasing pension contributions, and recognise the contribution to the community of the departing Chairman of Governors and his seven years of leadership of the Board

Status and Structure

The King's School Ely is a Trust established in 970 AD. The sole trustee of the Trust is The King's School Ely, a separately constituted company limited by guarantee. The assets of the School are registered in the name of the Company as trustee, but ownership is retained by the Trust. Under a Charity Commission uniting direction dated 20 February 2003, the Trust's original charity registration number (311440) was changed to 802427 and the Charity was formally linked to its Trustee Company.

The Articles of Association of the Company were revised in September 2009. Under the Articles of Association only members of the Company shall be appointed governors of the School. The Governors acting as trustees on behalf of the Company are responsible for the financial statements of the Trust. The Trust has charitable status for taxation purposes.

Governance and Management

Board of Governors

Particulars of the Governors who served during the year are given on page 3.

Recruitment and Training of Governors

New governors are appointed at a Board meeting on recommendation by a nomination committee chaired by the Chairman of the Board of Governors. Nominations and suggestions are invited from across the School community. The Nominations Committee considers these in accordance with the requirements detailed in the Articles of Association. Importance is placed on appointing new Governors who would attract support for the School both within the local community, among parents and staff, and on a national or international scale. Weight is also given to the specific experience and qualifications possessed by retiring Governors, and by those due to retire within two years, to ensure continuity of representation of a broad variety of men and women with a cross section of talents.

**Annual Report (continued)
for the year ended 31 August 2012**

Recruitment and Training of Governors (continued)

A formal induction is arranged for all new Governors. This ensures that they are familiar with the School, the way in which it operates, and the current issues which face Governors and Management. This involves provision of a comprehensive pack of relevant papers, followed by meetings and visits to familiarise the Governor with the School and the key personalities including the Chairman, the Head, the Heads of the five elements of the School, Heads of Departments, including Support staff and the Clerk to the Governors. Training of Governors is carried out through the medium of internal seminars or presentations. Governors are also encouraged to attend external seminars such as those run by AGBIS, ISC, HMC or ISBA.

Organisational Management

The Governors, as the charity Trustees, are legally responsible for the overall management and control of the School and normally meet four times a year. Much of the detailed work is carried out by the members of the Executive and Finance Committee (E&F), who meet in advance of the full Board meetings and at other times as required. The Education Committee meets four times during the year and reports to the full Board termly. Other committees of Governors are formed as required from time to time. All committees report to the full Board of Governors, the Chairman of Governors is an ex-officio member of the E&F and the Education Committee. In September 2011 Governors approved a working party to review fundraising, which held its inaugural meeting in November 2011, following the appointment of the Development Director in July 2012, the formation of the Development Advisory Group is underway.

The School has adopted a unified organisation structure, appointing the Head as Chief Executive. The School has five elements: King's Acremont (KEA), including the Nursery (KEN), King's Junior (KEJ), King's Senior (KES) and King's International (KEI). The Head of the King's School Ely is Head and Chief Executive of all five sections. The posts of Director of Business and Administration and Director of Operations, who are responsible for all non-academic staff and functions needed to support the School's educational objects, report directly to the Head. The day-to-day running of the School is co-ordinated by the School Management Team and the affairs of each School managed by a committee chaired by the respective Head and attended by the Head of the King's School, Director of Business and Administration and the Director of Operations.

Group Structure

The Charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom, The King's School Ely Enterprises Limited, whose activities and trading performance are discussed below in note 3 of the financial statements.

Risk Management

The Board of Governors is responsible for the management of the risks faced by the School. The Head reports regularly in accordance with the Risk Strategy Document that concerns all aspects of school life including health and safety (H&S), child protection, financial borrowing, charitable status, disaster planning and governance and management. The management of risk is a routine part of all school activities and appropriate procedures are in place. These are coordinated at regular meetings of the Board of Governors, School Management Team, and the School's Health and Safety Committee, at which the Board of Governors, all parts of the School and principal departments are represented. A formal review of the risk management policy is conducted annually by Governors.

The key controls used by the School include

- formal agendas for all Committee and Board activity,
- detailed terms of reference for all Committees,
- comprehensive strategic planning, budgeting and management accounting,
- established organisational structure and lines of reporting,
- formal written policies,
- clear authorisation and approval levels, and
- vetting procedures as required by law for the protection of the vulnerable

The major risks to which the School are exposed, as identified by the Governors, have been reviewed and systems or procedures are in place to manage those risks. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed. Compliance in all areas of child protection, education, business, health and safety, employment, and charity law continued to be a high priority.

**Annual Report (continued)
for the year ended 31 August 2012**

Governors' indemnities

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

Object, Aims, Objectives and Policy***Charitable Object***

The object, for which the Company is established, is to advance the education of the public including education in the teachings and practice of the Church of England.

At The King's School Ely, children of all ages and both sexes, both day and boarding (from age 6) are accommodated. The education of boy and girl choristers of Ely Cathedral is supported by the School and they are accommodated within the School community.

Aims and Intended Impact

In the context of a secure, stable yet dynamic environment rooted in Christian values, The King's School Ely aims

- to provide and maintain a culture of integrity and trust in which childhood and youth are honoured and people of all races, faiths and backgrounds feel valued and respected,
- to promote self knowledge and develop skills for life built on sound foundations,
- in every context to provoke high expectation, strong self-esteem and high achievement,
- to meet individual needs, be they educational or pastoral, and to allow each pupil to find a voice,
- to promote personal and social responsibility for self, the School and for local and wider communities,
- to seek and embrace the challenges and opportunities life presents thereby enhancing personal development and leadership skills,
- to foster creativity and independence of mind and to incite a love of learning and a life-long zest for Education.

Public Benefit

Our immediate beneficiaries are the young people whose attendance can be funded by their parents or guardians, or else from bursaries or other forms of charitable grant support provided by the School under the Remissions Policy and external charitable organisations, or a combination of these. In addition, we believe that society in general is the ultimate beneficiary of a King's Ely education and the inculcation of sound social values and personal responsibility in our pupils will be of benefit to any community in which they live and work.

In addition to the means-tested bursaries and choral awards, the School is involved in a number of activities which benefit the local and wider communities and the School maintains a public benefit register which lists many of the opportunities we offer. During 2011-2012 these activities included

- providing, free of charge, access to our facilities for sports, academic and social events for children both locally and nationally,
- initiatives to promote links with local state schools including the Government Independent/State School Partnerships scheme (ISSPG) and SHINE programme for Chemistry Network programme,
- musical productions to support other charities and schools, including support of the Cathedral Outreach project, taking singing into local primary schools,
- work experience schemes within the School for students from local schools and colleges,
- community action projects run by our own staff and students, including local care and primary education providers,
- contributions to academic events for children from across the region.

Close links between parents/guardians and our teachers, as well as Old Eleans, in addition to our monitoring and contributing to the development of national education initiatives, enable us to ensure that the schooling we provide is modern, relevant and imaginative and thereby represents best practice. Active liaison with local organisations and the community at large enables us to maintain dynamic and relevant activities for the public benefit.

**Annual Report (continued)
for the year ended 31 August 2012**

Remissions policy

The policy is reviewed annually by the Board of Governors during the School's budgeting process

Governors are committed to broadening access to the School. They review the Remissions Policy annually and authorise a percentage of the gross fee income (less staff discounts) to be allocated for allowances, bursaries, choral awards, discounts, exhibitions and scholarships. For 2011-12, a figure of 9% [2010-11 - 9%] was approved. Such awards are at the discretion of the Head and confirmed by Governors. Full details of procedures, which are published in the General Information Booklet and on the School's web-site, and advice are freely available from the School. In the year to 31 August 2012, the value of allowances, bursaries, choral awards and discounts made to pupils was £1,543,042 [2011 £1,424,325] and, in addition, the value of scholarships and exhibitions was £300,832 [2011 £270,860]

Governors offer means-tested financial support of up to 100% for a number of eligible children who would not otherwise be able to take advantage of the education offered. These bursaries may apply to new applicants on entry to the School or to existing pupils in the event of changed circumstances and all awards are reviewed annually. The Ovin Bursary is awarded to a deserving and outstanding pupil from East Anglia seeking to be a day pupil in the Sixth Form, whose circumstances would normally preclude such an opportunity. This award is means-tested and may represent up to 100% of day fees.

As the School does not have an endowment for funding bursary awards, Governors are mindful that a balance be achieved between those parents who make considerable personal sacrifices to fund their children's school fees and those benefiting from bursary assistance.

Governors support the education of the Boy and Girl Choristers of Ely Cathedral by providing Choral awards and provide allowances for families of the Armed Forces of the Crown and the Clergy serving the Christian faith within the Anglican Communion. Families with three or more children attending the School, receive a sibling discount.

Scholarships and exhibitions with a fixed remission on fees of between 5% and 25% are awarded to talented pupils to promote the continuation of excellence.

In order to attract and retain the very best academic and support staff, the School operates a discount scheme for all staff members who choose to educate their children at the School.

Governors are satisfied that due regard has been given to the public benefit guidance published by the Charity Commission as required by section 17 of the Charities Act 2011. In 2010 at the request of the Charity Commission, the School submitted a report on the public benefit, which was acknowledged and filed.

Review of Achievements and Performance for the Year

Report on the Strategic Plan for the Year 2011-12

This year has been another year of achievements for the School, operating within a competitive regional market, whilst applying the concept of affordability rigorously, offering generous bursaries and allowances and consistently applying below average fee increases.

Internationally we attract over 40 students a year into King's International from an increasingly diverse and balanced number of countries. An encouraging number of these students opt to study A levels in the Sixth Form. Pupils from overseas are welcome throughout the School and constitute around 11% of the pupil body.

We are a school to watch and believe in *learning adventurously*, where school is not a preparation for life, it is life.

The School Improvement plan for 2011-2012 identified ten major initiatives. Achievements during the year include

- the achievement of maximum benefit through the renovation and employment of the Old Palace,
- the successful introduction of a new system of Staff Professional Review,
- the launch of the new School identity programme, including new uniform,
- the maintenance and improvement of facilities around the campus

**Annual Report (continued)
for the year ended 31 August 2012**

Principal Activities of the Year

The School principally provides education in Ely to boys and girls from the ages of 3 - 18 in King's Ely Nursery, King's Ely Acremont, King's Ely Junior, King's Ely Senior and King's Ely International. In addition, during the holiday times courses are run for overseas students and sports training events for local children.

This year average attendance totalled 1,010 (2011 1,003) and consisted of

	Total Boarding	Total Day	Total Pupils
King's Ely Senior	128	329	457
King's Ely Junior	41	316	357
King's Ely Acremont	-	102	102
King's Ely Nursery	-	43	43
King's Ely International	51	-	51
Total	220	790	1,010

Day numbers have increased by 22 over the level in 2011 and boarding numbers have reduced by 14, additional pupils in King's Ely Senior, King's Ely Junior and King's Ely International offsetting reduced numbers in King's Ely Acremont. Effective marketing throughout the year has reversed the trend and recruitment for King's Ely Junior has been buoyant.

Volunteers

The active Old Eleans' association continued to support the School this year. The Friends of the King's School Ely (FoKSE), an independent body operating under its own constitution, provided an effective focus for the parent body, numerous ex-members of staff and those with close associations with the School enabling them all to continue to be part of our activities. The success of FoKSE activities continued to demonstrate the strength of feeling for the School and the level of support locally.

Operational Performance of the School

A report on the operational performance of the School, adapted from the Head's report at Prize Giving in May 2012, advised:

Against the concerns generated by a world economy in a state of flux, King's Ely has, again, enjoyed a full complement of pupils and recruitment continues to be buoyant. Furthermore, September 2012 marks the beginning of a new era in the life of the School when we will have facilities fitting to a modern Sixth Form, all be they in a medieval palace, and King's Ely will finally have a welcoming front door, right next to the cathedral with which our history has intertwined for nearly a thousand years.

Academic***Exam results***

Another set of excellent A-level results were celebrated last summer with one in five of our students achieving straight A* and A grades. Overall, 86% of results were graded A*-C in a total of 31 subjects and the overall pass rate was 99%, whilst three King's sixth formers celebrated A* and A passes in four subjects. Charlotte Bain, our joint Head of School last year, achieved three A*s, exceeding the requirements that allowed her to take up her place to read History at St Peter's College Oxford.

Yet again, the majority of our 2011 Year 13 leavers progressed to Russell Group universities, none went through the clearing process and all have gone on to courses of their choosing or taken gap years, providing abundant proof of the quality of the higher education advice they received at King's.

Another set of excellent GCSE results were achieved last summer with 51% of all exams graded A* or A and 80% graded A*-B. 98% of all pupils achieved five or more GCSEs at A*-C with 91% achieving A*-C passes in eight or more subjects. Four students achieved at least ten A*s.

**Annual Report (continued)
for the year ended 31 August 2012**

Operational Performance of the School (continued)

Academic (continued)

Exam results (continued)

In January this year, twenty pupils in the top Maths set sat their GCSE exam six months early and, for the third year running, all secured A* grades

Art

King's Art students have been busy again this year with exhibitions and excursions. Year 11, 12 and 13 students' fashion design work was displayed at The Royal Ballet in Covent Garden in October, to great acclaim, as part of the Society of Heads 50th Anniversary celebrations. This has led to four of the students being offered work experience at the Royal Ballet School and Royal Opera this summer. The students' fashion design work has also been exhibited at St Peter's Church in Ely. Last term we had the Spring Exhibition featuring work by all year groups in King's Ely Senior. The Summer Open Studios event is in June, again featuring work from all year groups in King's Ely Senior and plans are coming together for students' textiles work to be displayed at the National Exhibition Centre, Alexandra Palace and in Dublin in the near future.

Drama

The drama department has had another successful year. In the Michaelmas Term, we enjoyed a production of *Improbable Fiction* by Alan Ayckbourn, the busy Lent Term embraced the A/AS Level Theatre Studies Showcase, the GCSE Drama and Dance Showcase, the National Theatre New Connections play *Littlefoot* by Craig Higginson and the major school musical of the year, Disney's *Beauty and the Beast*. Our New Connections team went on to perform *Littlefoot* at the Norwich Playhouse during the first week of the Summer Term which still holds in store the LAMDA Showcase and the outdoor production of scenes from Shakespeare.

Fifteen KEJ pupils and five KES pupils passed their LAMDA exams in December. Seven candidates were awarded distinctions and Alexandra McIrvine passed her Grade 8 Acting Gold Medal. In March a further twelve KES pupils passed their LAMDA exams. This time six gained distinctions. Many congratulations to them all.

Music

King's choristers and musicians have performed far and wide over the past year with the boys' choir touring Norway during Lent half-term and members of the Chapel Choir performing in New York this summer.

In the Michaelmas Term we enjoyed the hullabaloo of the House Music Competition. This time Osmond were the Ensemble winners, Torfrida the Unison winners and Hereward the overall winners. In the Lent Term, our Music Festival reached its conclusion with a particularly high standard across all categories. The following students were winners in each category.

Overall winner & Young Musician of the Year was flautist, Christiane Lewien, the Intermediate Young Musician of the Year was Yuki Kimura, winner of the Senior Singing Prize was Sally Cheng and winner of the Intermediate Singing Prize was Georgia Schneider.

We have enjoyed this year's series of 'Lunchtime Live' concerts, designed to give members of the local community a chance to hear our students perform in both St Mary's Church and Ely Cathedral. Major events of the year have included choral concert, *Christ the King* and the King's Ely Charity Concert in the Michaelmas Term, the Music Festival Finalists' Concert and *Mixing their Music* in the Lent Term and the last major concert of the year, *Frame by Frame*, which took place at the beginning of May. Still to come are the King's Barbers 20th Anniversary Concert and King's Concerto Concert, in addition to an occasional major service running right up to the end of term.

There were many individual achievements in music throughout the year. Of the Associated Board of the Royal Schools of Music examinations taken this year, a very significant percentage passed with distinction. At the end of the year we were delighted to learn that Luke Cave has been awarded the Diploma of the Associated Board of the Royal Schools of Music on the clarinet.

**Annual Report (continued)
for the year ended 31 August 2012**

Charity Action

Charitable giving is intrinsic to life at King's and it is often fuelled by the passion our pupils have, from King's Ely Junior right through to Year 13, for the houses to which they belong. The monies raised for charity by the pupils of KEJ have been humbling whilst King's Ely Senior pupils have raised over £10,000. We were able to buy thirty-three Unicef Schools in a Box and to donate a further £5,000 to the Teenage Cancer Trust (TCT) which the School has supported for seven years. We have raised more than £30,000 for the TCT and it is really good to see that Addenbrookes Hospital now has a fully operational Teenage Cancer Trust unit, a specialist lead nurse and a youth support.

Ely Scheme and Duke of Edinburgh's Award

Each weekend and school holiday brings trips and expeditions throughout the year for Ely Scheme and Duke of Edinburgh participants. Last summer saw an Ely Scheme expedition to the Pyrenees, Ely Scheme climbers went to Fontainebleau whilst Duke of Edinburgh Gold participants travelled the River Wye for their assessed canoeing trip and would-be Ely Scheme Instructors headed to North Norfolk for training. Over New Year, the Ely Scheme Mountaineering group spent a week in Morocco, including reaching the summit of North Africa's highest peak, Mt Toubkal. During the Easter holidays the Year 10 Challenge expedition took place on Dartmoor along with the Duke of Edinburgh gold participants, the Year 9 Challenge expedition was in the Peak District where the Duke of Edinburgh silver participants were also assessed, during the same period, Ely Scheme climbers were in South Wales.

Later this summer, the Kayak club are off to the French Alps, Ely Scheme trekkers are heading to Corsica and the Climbing club will return to Fontainebleau.

Many successful young candidates have achieved Bronze and Silver Duke of Edinburgh Awards over the past year. We are immensely proud that four of our leavers of 2011, James McWilliam, Charlotte Bain, Johnny East and Alex Garner, have achieved Gold Duke of Edinburgh Awards this year whilst Rowland Daniel has achieved the singular feat of gaining his Gold Award whilst still in Year 13.

Trips, Exchanges and Visitors

Two major trips last summer saw a group of KES pupils and staff head to China for a cultural tour, whilst our U15 and U14 cricketers went on tour to Sri Lanka. Last Summer Term saw our, now annual, Year 9 trip to the Holocaust Centre in Newark whilst the History Department led some thirty Year 9 pupils to the Battlefields of Northern Europe, whilst the remainder of the year group enjoyed Science and Technology project days on and off site.

Our sports teams enjoyed further tours during the Michaelmas half-term with a squad of U14 and U15 girls heading to Malta for a netball and hockey tour, finishing runners-up in the end of tour tournament, whilst the 1st XV rugby squad went on tour to Italy. Also in the Michaelmas Term we welcomed students from Benjamin de Tudela School in Spain on exchange, with our students heading to Spain for a week's reciprocal exchange during the Lent half-term break. The Christmas holidays brought successful ski trips in the Alps for both KEJ and KES. During the Lent half-term, Year 11 and Year 13 students of French went to Normandy for a week whilst the boy choristers went on tour to Norway.

As the year draws to a close we also see the departure of a significant number of students. It is hard to let go of the people we have seen grow in gravitas, wisdom, experience and courage as they have passed through the school, it is our job as teachers, to render ourselves redundant and we wave them off without regret. We see them launch forth into the next phase of life with a passing sorrowful pang but, over-ridingly, with pride in all they have achieved and with excited anticipation about what comes next for them.

Most of all, this School is what it is because of the courage, energy, commitment and sense of fun that our pupils possess in abundance. I thank them for the year that draws to a close and look forward to all they will achieve next time around.

**Annual Report (continued)
for the year ended 31 August 2012**

Financial Review and Results for the Year

The results for the financial year are set out in the consolidated Statement of Financial Activities on page 15 and demonstrate that the School has had another satisfactory year

There were net incoming resources for the year of £65,471 as compared with net incoming resources of £1,830,870 in the previous year, which had included a donation of £1,538,468. After including net gains on the School's investments there was an overall net increase in funds of £102,298 as compared with £1,901,534 in the previous year

Fee income in the year was £13,849,151, an increase of £455,376 over the previous year, reflecting the increase in pupil numbers, the boarding/day mix of pupils and changes in fee levels

Expenditure on projects has totalled £4,039,913, of which £3,877,204 has been capitalised, including the refurbishment of the Old Palace and the continued upgrading of boarding and day facilities and the estate to meet health and safety requirements

Performance of subsidiary company

During the year the King's School Ely Enterprises Limited accrued £15,468 (2011 £6,908) for a gift aid payment to the School, thereby transferring all its taxable profits to the School. Activity in the subsidiary company is expected to remain at a similar level during 2012-13

Reserves Policy

The School's unrestricted funds stood at £11,754,888 which continues to be less than the book value of its fixed assets. In the absence of free reserves, day-to-day working capital can be met by use of a bank overdraft facility and careful management of short term liquid resources. The School's policy, which is reviewed annually by Governors, is to continue to build reserves out of future annual operating surpluses, subject to prior capital demands, to ensure the School's continuing ability to provide first class educational services. Through steady recruitment of pupils at all stages of the School and by prudent budgetary control, Governors seek to achieve an annual operating cash flow of £100,000 and to increase fundraising to build reserves

The Group had a net cash inflow from operating activities of £2.1 million. This cash flow was used to finance the refurbishment of the Old Palace, other planned and approved development activities and for interest and capital repayments of various loans. After these activities there was net cash inflow of £1,347,935

The Governors' powers of investment are unfettered. Funds donated for specific scholarships and school prizes continue to be invested through the Charities Official Investment Fund. Other undesignated funds are now invested through Cazenove Capital Management. Notes 15 and 16 to the financial statements show the movements on these funds during the year and, where relevant, give a description of the terms on which the funds are held. The investments are sufficient to meet the School's obligations on a fund by fund basis. Governors review the policy annually

Investment Policy and Objectives

Since July 2006 the Charity's unrestricted investments have been managed by Cazenove Capital Management Limited who report to the Board of Governors on a regular basis. The restricted funds, managed by CCLA Management Limited, are held in COIF Charities Investment Fund (Income Units). The larger unrestricted funds, totalling £2,040,971, are held in a series of Collective Investment vehicles with appropriate investment targets. The value of the investment has increased by 3.5% over the year, a satisfactory increase in the current economic climate and is in line with the Governors' policy to achieve, over the long term, an increase in the fund's capital value, in real terms (inflation adjusted)

Employee involvement

Regular meetings are held throughout the organisation in which all subjects, teaching and non-teaching, are discussed with the staff at all levels. The Governors are committed to ensuring that The King's School Ely provides equality of opportunity in recruitment and employment. All applicants for employment and existing employees are treated by reference to their particular aptitudes, abilities and relevant qualifications and receive equal treatment as provided by law regardless of gender, sexual orientation, marital status, race, colour, nationality, ethnic or national origins, religious belief, age or disability

**Annual Report (continued)
for the year ended 31 August 2012**

Future Plans

The School Improvement plan identifies major initiatives and was endorsed by Governors in September 2012 and is reviewed and updated annually. Key strategic objectives extracted from the plan for 2012-13 are

- to maximise the value of the investment made in the Old Palace, including capitalising on opportunities to raise the School's profile and to ensure the successful launch of the new Sixth Form Choral Scholarship,
- to capitalise on the culmination of our new facilities in conjunction with our new identity,
- to inculcate Development as part of the King's Ely culture,
- to clarify priorities for development of sports provision at King's Ely,
- to conduct a full review of curriculum and co-curriculum

Independent Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006

Statement of Governors' Responsibilities

The Governors (who are also directors of The King's School Ely for the 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 charitable company will continue in business

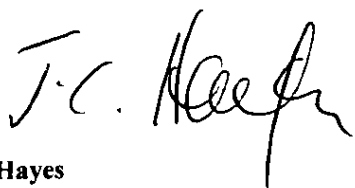
The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

Statement of disclosure of information to auditors

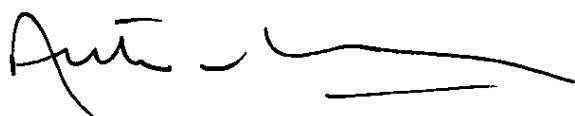
In so far as the Governors are aware

- there is no relevant audit information of which the charitable Company's auditors are unaware, and
- the Governors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditors are aware of that information

Approved by the Board on 6 December 2012 and signed on its behalf by



Mr Jeffrey Hayes
Chairman



Mr Anthony Morbey
Chairman of Executive and Finance Committee

**Independent Auditors' Report to the Governors of the King's School Ely
for the year ended 31 August 2012**

We have audited the financial statements of The King's School Ely for the year ended 31 August 2012 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable, Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the Governors (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.

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2012, and of the group's incoming resources and application of resources, including its income and expenditure and group's cash flows, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent Auditors' Report to the Governors of the King's School Ely
for the year ended 31 August 2012 (continued)**

Matters on which we are required to report by exception

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

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



Adrian Bennett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Cambridge

Date 7 December 2012

The financial statements may be published on The King's School Ely website (www.kingsschoolely.co.uk), the maintenance and integrity of which is the responsibility of The King's School Ely. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Financial Activities
(incorporating a consolidated Income and Expenditure account and a statement of recognised gains and losses)
for the year ended 31 August 2012

	<u>Note</u>	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>Total</u> <u>2012</u> <u>£</u>	<u>Total</u> <u>2011</u> <u>£</u>
Incoming Resources from Charitable activities					
Fees receivable	2	13,849,151	-	13,849,151	13,393,775
Other educational activities	4	516,454	-	516,454	301,036
Other ancillary trading income	4	34,097	-	34,097	27,445
Incoming resources from generated funds					
Activities for generating funds	3	38,612	-	38,612	31,564
Investment income	5	79,948	1,881	81,829	60,950
Voluntary income	4	59,763	150,000	209,763	1,623,904
Other incoming resources	4	<u>5,466</u>	<u>-</u>	<u>5,466</u>	<u>750</u>
Total Incoming Resources		<u>14,583,491</u>	<u>151,881</u>	<u>14,735,372</u>	<u>15,439,424</u>
Resources Expended					
Charitable activities					
School's operations	6	14,158,470	1,376	14,159,846	13,181,184
Costs of generating funds					
Cost of goods sold and services provided	6	17,821	-	17,821	14,438
Financing costs	6	453,947	-	453,947	384,788
Governance costs	6	<u>38,287</u>	<u>-</u>	<u>38,287</u>	<u>28,144</u>
Total Resources Expended	6	<u>14,668,525</u>	<u>1,376</u>	<u>14,669,901</u>	<u>13,608,554</u>
Net (outgoing)/incoming resources for the year		(85,034)	150,505	65,471	1,830,870
(Losses)/gains on investments realised	9	<u>(25,575)</u>	<u>-</u>	<u>(25,575)</u>	<u>57,430</u>
Net (expenditure)/income for the year		(110,609)	150,505	39,896	1,888,300
Gains on investments unrealised	9	<u>60,007</u>	<u>2,395</u>	<u>62,402</u>	<u>13,234</u>
Net movement in funds for the year		(50,602)	152,900	102,298	1,901,534
 Fund balances at 1 September		<u>11,805,490</u>	<u>124,260</u>	<u>11,929,750</u>	<u>10,028,216</u>
Fund balances at 31 August		<u>11,754,888</u>	<u>277,160</u>	<u>12,032,048</u>	<u>11,929,750</u>

All activities are classed as continuing

There are no other gains or losses apart from those recognised above and therefore no separate statement of gains and losses has been prepared

The notes on pages 18 to 31 form part of these financial statements

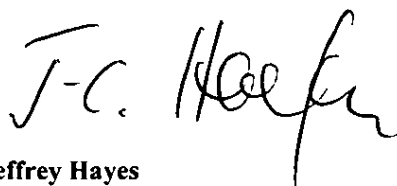
**Balance Sheets
as at 31 August 2012**

	Note	2012 £	Group 2011 £	2012 £	School 2011 £
Non Current Assets					
Tangible assets	8	17,381,285	14,344,973	17,381,285	14,344,973
Investments	9	2,040,971	1,971,586	2,041,071	1,971,686
Debtors amounts due after more than one year	11	<u>382,885</u>	<u>427,498</u>	<u>382,885</u>	<u>427,498</u>
		<u>19,805,141</u>	<u>16,744,057</u>	<u>19,805,241</u>	<u>16,744,157</u>
Current Assets					
Stocks	10	89,110	72,274	89,110	72,274
Debtors amounts due within one year	11	474,500	494,101	503,485	508,877
Cash at bank and in hand		<u>3,879,972</u>	<u>2,532,037</u>	<u>3,850,767</u>	<u>2,517,161</u>
		<u>4,443,582</u>	<u>3,098,412</u>	<u>4,443,362</u>	<u>3,098,312</u>
Creditors: amounts falling due within one year	12	<u>(5,218,278)</u>	<u>(4,209,400)</u>	<u>(5,218,158)</u>	<u>(4,209,400)</u>
Net Current Liabilities		<u>(774,696)</u>	<u>(1,110,988)</u>	<u>(774,796)</u>	<u>(1,111,088)</u>
Total Assets less Current Liabilities		19,030,445	15,633,069	19,030,445	15,633,069
Creditors: amounts falling due after more than one year	13	<u>(6,998,397)</u>	<u>(3,703,319)</u>	<u>(6,998,397)</u>	<u>(3,703,319)</u>
Net Assets		<u>12,032,048</u>	<u>11,929,750</u>	<u>12,032,048</u>	<u>11,929,750</u>
Funds					
Restricted funds	15	277,160	124,260	277,160	124,260
Unrestricted funds	16	<u>11,754,888</u>	<u>11,805,490</u>	<u>11,754,888</u>	<u>11,805,490</u>
Total Funds		<u>12,032,048</u>	<u>11,929,750</u>	<u>12,032,048</u>	<u>11,929,750</u>

Total funds include a revaluation gain of £93,776 (2011 £27,255 gain) reflecting the cumulative investment gains made on investments

The notes on pages 18 to 31 form part of these financial statements

These financial statements were approved by the Governors (as Trustees) on 6 December 2012 and signed on its behalf by



Mr Jeffrey Hayes

6 December 2012

**Consolidated Cash Flow Statement
for the year ended 31 August 2012**

	Note	<u>£</u>	<u>2012</u> <u>£</u>	<u>£</u>	<u>2011</u> <u>£</u>
Net cash inflow from operating activities	20		2,058,092		2,922,005
Returns on investments and servicing of finance					
Investment income receipts		35,526		45,812	
Bank interest received		36,277		12,278	
Bank and loan interest paid		<u>(327,006)</u>		<u>(234,201)</u>	
			(255,203)		(176,111)
Capital expenditure and financial investment					
Payment for tangible fixed assets		(3,720,743)		(2,451,228)	
Proceeds from sale of tangible fixed assets		<u>25,597</u>		<u>750</u>	
		(3,695,146)		(2,450,478)	
Payment for investments	9	(92,058)		(93,495)	
Proceeds from sale of investments		<u>176,180</u>		<u>454,944</u>	
			(3,611,024)		(2,089,029)
Management of liquid resources					
Movement in cash held by investment company		<u>(112,876)</u>		<u>(396,291)</u>	
			<u>(112,876)</u>		<u>(396,291)</u>
Net cash flow before financing			(1,921,011)		260,574
Financing					
New loans		3,500,000		-	
Repayment of bank loans		<u>(231,054)</u>		<u>(217,574)</u>	
			<u>3,268,946</u>		<u>(217,574)</u>
Increase in cash in the year			<u>1,347,935</u>		<u>43,000</u>
Reconciliation of net cash flow to movement in net debt					
Increase/(decrease) in cash in the financial year		1,347,935		43,000	
(Increase)/decrease in debt in the financial year		<u>(3,268,946)</u>		<u>217,574</u>	
			(1,921,011)		260,574
Net debt at 1 September			<u>(836,123)</u>		<u>(1,096,697)</u>
Net debt at 31 August	21		<u>(2,757,134)</u>		<u>(836,123)</u>

The notes on pages 18 to 31 form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 August 2012**

1 Accounting policies

The financial statements are prepared on the going concern basis under the Companies Act 2006, the Charities Act 2011 and in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice on Accounting and Reporting by Charities the Charities SORP 2005 (updated May 2008)

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of investment assets. The principal accounting policies, which have been applied consistently throughout the year, are set out below

Basis of consolidation

The financial statements consolidate those of the School and its wholly owned non-charitable subsidiary trading company The King's School Ely Enterprises Limited. In accordance with paragraph 397 of the Charities SORP 2005, no separate Statement of Financial Activities has been presented for the School alone. The Consolidated Statement of Financial Activities (SOFA), the consolidated balance sheet and the consolidated cash flow statement include the results of the School and its subsidiary undertaking made up to 31 August 2012 and consolidated on a line by line basis. Intra-group transactions and profits are eliminated fully on consolidation. Uniform accounting policies have been adopted across the Group.

Resources arising - income

All income is recognised in the consolidated Statement of Financial Activities when the conditions for receipt have been met and there is reasonable assurance of receipt. Where a claim for repayment of income tax has or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to income:

a) Fees and other educational activities

Fees receivable and charges for use of premises are accounted for in the period in which the service is provided. Registration fees are accounted for on receipt. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School, but include contributions received from Restricted Funds for scholarships, bursaries and other grants. Payments received in respect of future fees are deferred in creditors and are released to the Statement of Financial Activities in the relevant term.

b) Fees in advance

Future school fees may be paid to the School in accordance with a written contract. Deposits are held in creditors and are released to the consolidated Statement of Financial Activities in the appropriate term for which school fees have been provided. Such deposits may be returned to the payer, subject to specific conditions.

c) Acceptance deposits

Acceptance deposits are deposits placed when pupils join the School and are refunded at the end of the final term after deducting any outstanding debts. Deposits are held in creditors until refunded.

d) Other ancillary trading income

Charges for non-educational services and use of premises and rentals are accounted for in the period in which the service is provided.

e) Activities for generating funds

Charges for services provided by the King's School Ely Enterprises Limited are accounted for in the period in which the service is provided.

f) Investment income

Investment income is accounted for when receivable.

g) Donations

Donations and all other receipts from fund-raising are reported gross and the related fund-raising costs are reported in expenditure. Donations receivable for the general purposes of the School are credited to Unrestricted Funds. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors of The King's School Ely.

**Notes to the Financial Statements
for the year ended 31 August 2012**

1 Accounting policies (continued)

Resources expended

Expenditure is allocated to expense headings on a direct cost basis. The irrecoverable element of VAT is included with the item of expense to which it relates. Liabilities are recognised when an obligation arises to transfer economic benefit as a result of past transactions or events.

Costs of generating funds

Costs of generating funds comprise the cost of sales of the trading subsidiary, King's School Enterprises Limited, unrecovered debts for school fees and interest and charges in respect of the banking facility, loans, finance arrangements and the investment portfolio. Expenditure is accounted for on an accruals basis.

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the School, and is accounted for on an accruals basis.

Governance costs

Governance costs comprise the costs of running the School, including strategic planning for its future development, also external audit, any legal advice for the Governors of The King's School Ely and all the costs of complying with constitutional and statutory requirements.

Fund accounting

The School maintains various types of funds as follows:

a) Restricted Funds

Restricted funds represent grants, donations and legacies received which are given by the donor for specific purposes. Income on these investments is also restricted by the donor.

b) Unrestricted Funds

Designated funds comprise amounts set aside by the Governors for specific purposes.

General unrestricted funds represent funds which are expendable at the discretion of the Governors in the furtherance of the objects of the School. Such funds may be held in order to finance both working capital and capital investment.

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation which is provided in equal annual instalments over the estimated useful lives of the assets. Assets over a cost of £1,000 are capitalised. Properties are maintained throughout the year and an impairment review is carried out on an annual basis. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset into its working condition for its intended use.

No depreciation is charged on freehold land or assets in the course of construction. The rates of depreciation applied to other assets are as follows, unless the period of any lease is shorter:

Freehold property	-	2%	on cost
Leasehold property	-	2% - 10%	on cost
Fixtures, fittings, furniture and equipment	-	15%	on cost
Catering equipment, teaching aids, mowers and implements	-	20%	on cost
Plant and musical instruments	-	10%	on cost
Motor vehicles	-	25%	on cost
Computer equipment	-	33½%	on cost

**Notes to the Financial Statements
for the year ended 31 August 2012**

1 Accounting policies (continued)

Investments

Listed investments are stated at the market closing price on 31 August 2012. Realised and unrealised gains and losses are shown separately in the appropriate section of the consolidated Statement of Financial Activities and are in accordance with the Governors' investment policy explained in the Annual Report (page 11). Investments in subsidiary undertakings are stated at cost. Impairment reviews are performed where there has been an indication of impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value and are measured on the First In First Out method.

Pension costs

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the scheme actuary and advised to the Governors by the Scheme Administrator. 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 FRS17 therefore, the scheme is accounted for as a defined contribution scheme. The School also contributes to a defined contribution money purchase scheme for non-teaching staff at 14.1% of annual pay. Contributions to both schemes are charged in the consolidated Statement of Financial Activities as they become payable in accordance with the rules of the schemes.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the consolidated Statement of Financial Activities on a straight line basis over the period of the lease.

Finance lease agreements

Assets held under finance lease agreements are capitalised and disclosed under tangible fixed assets at cost less depreciation. The capital element of the future payments is treated as a liability and the interest is charged to the consolidated Statement of Financial Activities on a straight line basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities held on the balance sheet are translated at that date and any resulting gain or loss transferred to the consolidated Statement of Financial Activities.

2 Fees receivable

	2012 £	2011 £
The School's fee income comprised:		
Gross fees	15,912,133	15,220,556
less scholarships	(300,832)	(270,860)
less bursaries and allowances	(1,543,042)	(1,424,325)
less commission	(220,158)	(132,639)
	13,848,101	13,392,732
Add back scholarships and bursaries paid for by Restricted Funds	1,050	1,043
	<u>13,849,151</u>	<u>13,393,775</u>
Grants, awards and prizes paid for by Restricted Funds comprised:		
Scholarships and bursaries	1,050	1,043
Prizes	326	326
	<u>1,376</u>	<u>1,369</u>

The above educational awards were made to 357 individuals (2011: 357), the number of scholarships awarded was 184 (2011: 169) and the number of bursaries and allowances was 289 (2011: 285).

**Notes to the Financial Statements
for the year ended 31 August 2012**

3 Trading activities of subsidiary

The School has a wholly owned trading subsidiary which is incorporated in the United Kingdom. The King's School Ely Enterprises Limited provides catering and conference services. The Company donates its taxable profits under Gift Aid to The King's School Ely. A summary of its trading results for the year, as extracted from the audited financial statements, is shown below, together with the School's own results for the year to distinguish them from the group results in the consolidated Statement of Financial Activities. Audited financial statements will be filed with the Registrar of Companies.

	Subsidiary		School	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	38,612	31,564	14,399,702	13,722,256
Cost of sales KSE Enterprises Ltd	(17,821)	(14,438)		
Rental charge from School	(3,759)	(8,780)	3,759	8,780
Gross profit KSE Enterprises Ltd	17,032	8,346	14,403,461	13,731,036
Administration KSE Enterprises Ltd	(1,564)	(1,438)		
Other income	-	-	215,229	1,624,654
Investment income receivable	-	-	81,829	60,950
Net income for the year	15,468	6,908	14,700,519	15,416,640
Gift aid donation to The King's School Ely	(15,468)	(6,908)	15,468	6,908
Gross incoming resources School	-	-	14,715,987	15,423,548
Costs of charitable activities			(14,120,233)	(13,181,184)
Governance costs of the School			(36,849)	(26,756)
Costs of Generating Funds School			(493,434)	(384,738)
Net incoming resources	-	-	65,471	1,830,870
Total assets of subsidiary	29,630	15,408		
Total liabilities of subsidiary	(29,530)	(15,308)		
Total assets less liabilities of subsidiary	100	100		

4 Other Income

	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>
Other educational charitable activities		
Registration fees	34,421	30,014
School uniform and trips	252,263	-
Educational holiday lettings	229,770	271,022
	516,454	301,036
Other ancillary activities		
Surcharge on late payment of fees	11,565	4,188
Rental income	16,974	11,031
Commission and sundry income	9,317	21,006
Total School	37,856	36,225
Charge to KSE Enterprises Ltd for use of facilities	(3,759)	(8,780)
Total Group	34,097	27,445
Other incoming resources		
Gains on sale of tangible fixed assets	5,466	750
Total Group	5,466	750
Voluntary income		
Anonymous donation	-	1,538,468
Clara Taylor Music award	25,000	82,051
The Relithan Charitable Trust	125,000	-
Unclaimed fee deposits	52,478	-
Other	7,285	3,385
Total Group	209,763	1,623,904

Notes to the Financial Statements
for the year ended 31 August 2012

5 Investment income

	2012 £	2011 £
Income from investments	41,427	48,672
Bank interest receivable for the School	36,277	12,278
Interest on loan	4,125	-
Total School and Group	81,829	60,950

6 Resources expended

	Staff costs £	Other £	Depreciation £	Total 2012 £	Total 2011 £
Costs of generating funds					
Financing costs for the School	-	453,821	-	453,821	384,738
Financing costs for the subsidiary	-	126	-	126	50
Total for the Group	-	453,947	-	453,947	384,788
Trading costs for the subsidiary	-	17,821	-	17,821	14,438
Total for the School	-	453,821	-	453,821	384,738
Total for the Group	-	471,768	-	471,768	399,226
Charitable activities					
Teaching	6,649,327	869,394	31,285	7,550,006	6,927,290
Welfare	869,047	609,995	16,904	1,495,946	1,407,811
Premises	928,010	1,647,994	641,523	3,217,527	3,010,793
Support costs of schooling	862,283	892,251	131,047	1,885,581	1,823,445
School's operating costs	9,308,667	4,019,634	820,759	14,149,060	13,169,339
Grants, awards and prizes	-	10,786	-	10,786	11,845
Total for the School	9,308,667	4,030,420	820,759	14,159,846	13,181,184
Support costs for the subsidiary	-	-	-	-	-
Total for the Group	9,308,667	4,030,420	820,759	14,159,846	13,181,184
Governance costs					
Governance costs for the School	-	36,849	-	36,849	26,756
Governance costs for the subsidiary	-	1,438	-	1,438	1,388
Total for the Group	-	38,287	-	38,287	28,144
Total Resources Expended					
Total for the School	9,308,667	4,521,090	820,759	14,650,516	13,592,678
Total for the Group	9,308,667	4,540,475	820,759	14,669,901	13,608,554

Governance costs	2012 £	2011 £
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Auditors' remuneration.

additional fee for external audit services	7,806	1,762
for external audit services 2012	24,790	24,091
for consultancy	1,200	-

Total School 33,796 25,853

Audit fee for King's School Ely Enterprises Ltd 1,424 1,374

Total Group 35,220 27,227

Governors' expenses for the School: **Total School** 1,786 571

Professional fees:

School	1,267	332
Subsidiary	14	14

Total Group 1,281 346

Total School 36,849 26,756

Total Group 38,287 28,144

**Notes to the Financial Statements
for the year ended 31 August 2012**

7 Employee information

	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>
Total staff costs comprises:		
Wages and salaries	7,795,201	7,336,025
Social security costs	626,665	593,628
Pension contributions	843,375	825,563
Employee benefits in kind paid	28,413	34,449
Agency staff costs	<u>15,013</u>	<u>2,202</u>
	<u>9,308,667</u>	<u>8,791,867</u>

The average number of employees (full time equivalents) in the year was

	<u>No</u>	<u>No</u>
Teaching and support	156	155
Welfare	48	47
Premises	52	44
Support staff	<u>29</u>	<u>26</u>
Total for the School and Group	<u>285</u>	<u>272</u>

The number of employees employed by the subsidiary was nil (2011 nil)

Neither the Governors of The King's School Ely nor persons connected with them received any remuneration or other benefits from the School Expenses totalling £1,363 (2011 £422) incurred in performing their duties were reimbursed to four (2011 two) Governors

	<u>2012</u>	<u>2011</u>
	<u>No</u>	<u>No</u>
The number of higher paid employees was		
Taxable emoluments band:		
£ 60,000 - £ 70,000	3	2
£ 80,000 - £ 90,000	1	1
£130,000 - £140,000	1	1

For those staff whose emoluments exceed £60,000, pension contributions amounting to £8,013 (2011 nil) were paid for the provision of a money purchase benefit and four staff members have benefits accruing under a defined benefit scheme

	<u>2012</u>	<u>2011</u>
	<u>No</u>	<u>No</u>
The number with retirement benefits accruing in:		
- Money purchase schemes was	68	61
for which the contributions amounted to	£162,291	£157,128
- Defined benefit scheme was	131	125
for which the contributions amounted to	£681,416	£668,103

**Notes to the Financial Statements
for the year ended 31 August 2012**

8 Tangible Fixed Assets

	<u>Assets under construction</u>	<u>Land and Freehold Property</u>	<u>Long Leasehold Property</u>	<u>Equipment</u>	<u>Group and School Total</u>
	£	£	£	£	£
Cost					
At 1 September 2011	454,567	13,195,587	3,704,851	4,942,284	22,297,289
Additions	2,797,973	25,260	-	1,053,971	3,877,204
Disposals	-	-	-	(824,726)	(824,726)
Transfers	(3,252,540)	-	3,252,540	-	-
At 31 August 2012	-	13,220,847	6,957,391	5,171,529	25,349,767
Accumulated depreciation					
At 1 September 2011	-	3,236,392	959,537	3,756,387	7,952,316
Charge for the year	-	262,417	133,597	424,745	820,759
On disposals	-	-	-	(804,593)	(804,593)
At 31 August 2012	-	3,498,809	1,093,134	3,376,539	7,968,482
Net book value					
At 31 August 2012	-	9,722,038	5,864,257	1,794,990	17,381,285
At 31 August 2011	454,567	9,959,195	2,745,314	1,185,897	14,344,973

Assets under construction represent the costs incurred to date in renovating the Old Palace

In March 2011 the current market value of the leased and freehold properties was £21,475,000

The net book value of assets used for the administration of the charity is insignificant

9 Fixed asset investments

Group	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total Funds</u>
	£	£	£
Valuation at 1 September 2011	1,931,178	40,408	1,971,586
Additions at cost	92,058	-	92,058
Disposals at carrying value	(176,180)	-	(176,180)
Net increase in cash	116,680	-	116,680
Net realised losses	(25,575)	-	(25,575)
Net unrealised revaluation gains	60,007	2,395	62,402
Valuation at 31 August 2012	1,998,168	42,803	2,040,971
Historical costs at 31 August 2012	1,935,232	11,963	1,947,195

Governors believe that the carrying value of investments is supported by their underlying net assets

All assets are invested through United Kingdom institutions

Investments included in the above with a market value greater than 5% of the total portfolio market value at 31 August 2012 are

Cazenove Cash account	£585,257	38.4%
Cazenove Equity Income Trust for Charities	£242,814	16.0%
Cazenove Investment Fund Management Growth Trust for Charities	£218,760	14.4%
Cazenove Absolute Return Trust for Charities	£179,805	11.8%
Cazenove Capital Manager's Trojan Fund	£147,412	9.7%

**Notes to the Financial Statements
for the year ended 31 August 2012**
9 Investments held as fixed assets (continued)

Asset distribution of the investments included in the above is

	Equities	Portfolio funds	Hedge funds	Property	Others	Cash	Total
	%	%	%	%	%	%	%
UK	30.3	9.7	11.8	3.3	0.0	38.4	93.5
Europe (ex-UK)	0.6	0.0	0.0	0.0	0.0	0.0	0.6
North America	1.0	0.0	0.0	0.0	0.0	0.1	1.1
Japan	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Pacific (Ex-Japan)	0.3	0.0	0.0	0.0	0.0	0.0	0.3
Emerging markets	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Global	3.9	0.0	0.0	0.0	0.0	0.0	3.9
Total	36.7	9.7	11.8	3.3	0.0	38.5	100.0

School

The School also has a 100% holding of 100 ordinary shares of £1 each in King's School Ely Enterprises Limited, a limited company incorporated and registered in England and Wales

10 Stocks

	<u>Group and School</u> <u>2012</u> £	<u>Group and School</u> <u>2011</u> £
Teaching resources	52,763	53,156
Catering and domestic provisions	26,570	16,375
Grounds materials	1,200	400
Clothing	8,577	2,343
	<u>89,110</u>	<u>72,274</u>

11 Debtors

	<u>Group</u> <u>2012</u> £	<u>School</u> <u>2012</u> £	<u>Group</u> <u>2011</u> £	<u>School</u> <u>2011</u> £
Amounts falling due within one year				
School fees	446,466	446,466	373,720	373,720
less provision for doubtful debts	(422,309)	(422,309)	(362,852)	(362,852)
Net school fees	24,157	24,157	10,868	10,868
Trade debtors	425	-	533	-
Rent foregone on Capitular Properties	47,000	47,000	47,000	47,000
Prepayments and accrued income	402,918	402,918	435,700	435,700
Due from subsidiary undertaking	-	29,410	-	15,309
	<u>474,500</u>	<u>503,485</u>	<u>494,101</u>	<u>508,877</u>
Amount falling due after more than one year				
Rent foregone on Capitular Properties	382,885	382,885	427,498	427,498

In 1989 an agreement was entered into between the School and the Dean and Chapter of the Ely Cathedral whereby the finance required to renovate the four capitular properties occupied for many years by the School would be provided to the Dean and Chapter by the School. This advance, and the interest costs borne by the School of the bank loan to finance it, was repayable by the Dean and Chapter by it foregoing annual rent and under a term of the agreement, any part of the advance not repaid by August 2024 would be forgiven by the School. In July 2011 under a Letter of Agreement it was agreed that the School reduce the Chapter's liability to repay the loan by reducing the balance by 40% in September 2011, a further 40% in September 2015 and to expunge the remaining 20% in September 2024, in consideration of any rent reviews being waived and the annual rent being agreed until 2024. The net benefit of the reduced rents to the School is shown as rent foregone on capitular properties.

**Notes to the Financial Statements
for the year ended 31 August 2012**

12 Creditors: amounts falling due within one year

	<u>Group</u> <u>2012</u> £	<u>School</u> <u>2012</u> £	<u>Group</u> <u>2011</u> £	<u>School</u> <u>2011</u> £
Bank loans	247,242	247,242	231,055	231,055
Trade creditors	478,089	478,089	310,603	310,603
Other taxation and social security	186,358	186,358	178,766	178,766
Payments received on account of future fees	2,657,149	2,657,149	1,874,757	1,874,757
Pension contributions payable	109,698	109,698	105,682	105,682
Acceptance deposits	202,171	202,171	227,366	227,366
Other creditors and accruals	478,243	478,123	568,162	568,162
Advance fees	<u>859,328</u>	<u>859,328</u>	<u>713,009</u>	<u>713,009</u>
	<u>5,218,278</u>	<u>5,218,158</u>	<u>4,209,400</u>	<u>4,209,400</u>

13 Creditors: amounts falling due after more than one year

	<u>Group and</u> <u>School</u> <u>2012</u> £	<u>Group and</u> <u>School</u> <u>2011</u> £
Bank loans	6,389,864	3,137,105
Acceptance deposits	212,123	209,887
Advance fees	<u>396,410</u>	<u>356,327</u>
	<u>6,998,397</u>	<u>3,703,319</u>

Acceptance deposits

212,123 209,887

The analysis of acceptance deposits between those repayable between one and two years, between two and five years and after five years cannot be readily determined as their repayment only falls due on the event of a pupil leaving the School

Bank loans

	<u>The King's</u> <u>School loan</u> <u>2012</u> £	<u>Barton</u> <u>Square loan</u> <u>2012</u> £	<u>Arts Centre</u> <u>loan</u> <u>2012</u> £	<u>Old Palace</u> <u>loan</u> <u>2012</u> £	<u>Group and</u> <u>School</u> <u>2012</u> £	<u>Group and</u> <u>School</u> <u>2011</u> £
due after five years	-	-	2,137,848	2,478,743	4,616,591	2,263,415
due within two to five years	-	-	355,685	690,265	1,045,950	334,281
due within one to two years	-	<u>193,284</u>	<u>203,047</u>	<u>330,992</u>	<u>727,323</u>	<u>539,409</u>
	-	193,284	2,696,580	3,500,000	6,389,864	3,137,105
due within one year	<u>124,218</u>	<u>29,874</u>	<u>93,150</u>	-	<u>247,242</u>	<u>231,055</u>
	<u>124,218</u>	<u>223,158</u>	<u>2,789,730</u>	<u>3,500,000</u>	<u>6,637,106</u>	<u>3,368,160</u>

The King's School bank loan, arranged in 2002, is secured on the School's freehold property known as Barton Farm and is repayable in quarterly instalments (capital and interest) over 11 years at the rate of £129,640 per annum. Interest is payable at a fixed rate of 6.959%.

The Barton Square bank loan, arranged in 2003, is secured by a legal charge. It is repayable in quarterly instalments (capital and interest) over 10 years at the rate of £43,914 per annum and a final payment of £196,515. Interest is payable at a fixed rate of 6.63665%.

**Notes to the Financial Statements
for the year ended 31 August 2012**

13 Creditors: Amounts falling due after more than one year (continued)

The Arts Centre bank loan, arranged in January 2010, is secured by a legal charge. It is repayable in monthly instalments (capital and interest) over 20 years at the rate of £257,757 per annum. Interest is payable at a fixed rate of 5.99%.

The Old Palace bank loan, arranged in January 2012, is secured by a legal charge. It is repayable in monthly instalments, interest only over the first 2 years and capital and interest over the remaining 13 years at the rate of £350,829 per annum. Interest is payable at a fixed rate of 4.245%.

	<u>Group and School 2012 £</u>	<u>Group and School 2011 £</u>
Advance fees		
due after five years	29,423	130,303
due within two to five years	135,377	174,127
due within one to two years	<u>231,610</u>	<u>51,897</u>
	396,410	356,327
due within one year	<u>859,328</u>	<u>713,009</u>
	<u>1,255,738</u>	<u>1,069,336</u>

The balance represents the accrued liability under the contracts.

The movements during the year were:

Balance at 1 September	1,069,336	931,284
New deposits	1,160,631	832,924
Amounts accrued to deposits as debt financing costs	<u>29,691</u>	<u>19,791</u>
	2,259,658	1,783,999
Amounts utilised in school fees to the School	<u>(1,003,920)</u>	<u>(714,663)</u>
Balance at 31 August	<u>1,255,738</u>	<u>1,069,336</u>

14 Net assets of the funds of School and Group

The School's net assets relate to the various funds as follows:

	Fixed Assets £	Investments £	Net current Assets/ (Liabilities) £	Net long term Liabilities £	Fund Balances £
Restricted funds	-	42,803	234,357	-	277,160
Unrestricted funds	<u>17,381,285</u>	<u>1,998,268</u>	<u>(1,009,153)</u>	<u>(6,615,512)</u>	<u>11,754,888</u>
School	17,381,285	2,041,071	(774,796)	(6,615,512)	12,032,048
Subsidiary's reserves	-	(100)	100	-	-
Group	<u>17,381,285</u>	<u>2,040,971</u>	<u>(774,696)</u>	<u>(6,615,512)</u>	<u>12,032,048</u>

**Notes to the Financial Statements
for the year ended 31 August 2012**

15 Movement in restricted funds

Restricted funds comprise the following unexpended donations and grants given for specific purposes

	<u>Balance at 1 September 2011</u>	<u>Income</u>	<u>Gains and losses</u>	<u>Expenditure</u>	<u>Balance at 31 August 2012</u>
	£	£	£	£	£
School scholarships and bursaries	104,608	151,051	1,337	(1,050)	255,946
School prizes	<u>19,652</u>	<u>830</u>	<u>1,058</u>	<u>(326)</u>	<u>21,214</u>
	<u>124,260</u>	<u>151,881</u>	<u>2,395</u>	<u>(1,376)</u>	<u>277,160</u>

School prizes and scholarship funds represent a number of individually low value funds donated to the School for use towards prizes and scholarships. These funds are represented by investments in the Charities Official Investment Fund income shares. Income from these shares is brought into the Statement of Financial Activities as restricted income.

Further to the generous donation of £75,000 made in 2011, the School received in 2012 a further donation of £25,000 from Rodney Lewellen in memory of his late wife, Clara Taylor, past vice Chairman of the Board of Governors. The Clara Taylor Music Award is given to enable talented pupils with musical excellence, the opportunity to extend their studies. The donation was gift aided and income tax on £25,000 of the gift had been received, an application to reclaim income tax on the remaining £75,000 has been lodged with HM Revenue and Customs.

16 Movement in unrestricted funds

Unrestricted funds comprise the following

	<u>Balance at 1 September 2011</u>	<u>Income</u>	<u>Gains and losses</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>Balance at 31 August 2012</u>
	£	£	£	£	£	£
Designated funds						
Reserve Fund	1,459,296	35,636	34,432	(6,884)	-	1,522,480
Fixed Asset Fund	9,851,310	-	-	-	(277,248)	9,574,062
Fees in Advance	1,069,336	1,190,322	-	(1,003,920)	-	1,255,738
Un-designated funds						
General Fund	<u>(574,452)</u>	<u>13,318,921</u>	<u>-</u>	<u>(13,638,336)</u>	<u>296,475</u>	<u>(597,392)</u>
Total School	11,805,490	14,544,879	34,432	(14,649,140)	19,227	11,754,888
Non-charitable trading	<u>-</u>	<u>38,612</u>	<u>-</u>	<u>(19,385)</u>	<u>(19,227)</u>	<u>-</u>
Total Group	11,805,490	14,583,491	34,432	(14,668,525)	-	11,754,888

The Reserve Fund is a designated fund represented by Cazenove investment funds. It is available at Governors' discretion for expenditure on the future development of the School. The Fixed Asset Fund is a designated fund representing the net book value of sums expended on tangible fixed assets together with the long term debtor due to the School from its landlord, less bank loans and borrowing facilities, a transfer is made each year between this fund and the General Fund which represents the movement on the Fixed Asset Fund. The General Fund represents net working capital to meet the day to day requirements of the School.

**Notes to the Financial Statements
for the year ended 31 August 2012**

17 Pension Costs

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The Government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

The Government Actuary's Department has, in a report dated 9 March 2012, concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The total pension cost for the Teachers' Pension Scheme for the year was £681,416 (2011 £668,103). At 31 August 2012 outstanding employer and employee contributions amounted to £86,777 (2011 £82,231). This is shown in current liabilities.

The School also operates a Defined Contribution Pension Scheme for non-teaching staff. The assets of the Scheme are administered by trustees, independent from those of the School. The pension cost relating to the Scheme, charged in the financial statements in the year, was £162,291 (2011 £157,128). It is estimated that a similar amount will be charged in the financial statements in 2012-13.

At 31 August 2012 outstanding employer and employee contributions amounted to £20,187 (2011 £20,255). This is shown in current liabilities.

18 Financial commitments

At 31 August 2012, the School and Group had annual commitments under non-cancellable operating leases as follows:

	<u>2012</u> <u>Land and</u> <u>Buildings</u> <u>£</u>	<u>2012</u> <u>Equipment</u> <u>£</u>	<u>2011</u> <u>Land and</u> <u>Buildings</u> <u>£</u>	<u>2011</u> <u>Equipment</u> <u>£</u>
Expiring within one year	-	-	-	-
Expiring in one to two years	-	38,430	-	10,402
Expiring in two to five years	-	18,177	-	51,012
Expiring in more than five years	<u>50,617</u>	<u>-</u>	<u>50,617</u>	<u>-</u>
Total	<u>50,617</u>	<u>56,607</u>	<u>50,617</u>	<u>61,414</u>

**Notes to the Financial Statements
for the year ended 31 August 2012**

18 Financial commitments (continued)

The total rentals under operating leases, charged as an expense in the Statement of Financial Activities, were

	<u>2012</u> £	<u>2011</u> £
Land and buildings	50,617	50,617
Equipment	<u>61,414</u>	<u>60,910</u>
Total	<u>112,031</u>	<u>111,527</u>

At 31 August 2012, the School and Group had contracted capital expenditure of £1,063,090 (2011 £265,865)

19 Ultimate Parent Company

The ultimate parent company is The King's School Ely, a charitable company incorporated in England and Wales and limited by guarantee. The level of guarantee for each member is limited to £1 per member. King's School Ely Enterprises Limited is a wholly owned subsidiary of The King's School Ely.

20 Reconciliation of net incoming resources to net cash inflow from operating activities

	<u>2012</u> £	<u>2011</u> £
Net incoming resources	65,471	1,830,870
Depreciation	820,759	724,522
(Profit) on sale of tangible fixed assets	(5,466)	(750)
Rent foregone by landlord	39,613	49,000
Income from investments	(35,526)	(48,672)
Bank and other interest received	(36,277)	(12,278)
Bank and loan interest payable	327,006	234,201
Interest recoverable from landlord	-	(21,400)
Increase in provision for loan interest	-	14,563
Increase in stocks	(16,836)	(15,457)
Decrease/(increase) in debtors	19,601	(204,422)
Increase in creditors	<u>879,747</u>	<u>371,828</u>
Net cash inflow from operating activities	<u>2,058,092</u>	<u>2,922,005</u>

21 Analysis of net debt/net funds

	<u>At</u> <u>1 September</u> <u>2011</u> £	<u>Cashflow</u> £	<u>At</u> <u>31 August</u> <u>2012</u> £
Cash at bank and in hand	<u>2,532,037</u>	<u>1,347,935</u>	<u>3,879,972</u>
Debt due after one year	(3,137,105)	(3,252,759)	(6,389,864)
Debt due within one year	<u>(231,055)</u>	<u>(16,187)</u>	<u>(247,242)</u>
Total debt	<u>(3,368,160)</u>	<u>(3,268,946)</u>	<u>(6,637,106)</u>
Net debt	<u>(836,123)</u>	<u>(1,921,011)</u>	<u>(2,757,134)</u>

**Notes to the Financial Statements
for the year ended 31 August 2012**

22 Reconciliation of net cash flow to movement in net debt

	<u>2012</u> £	<u>2011</u> £
Increase in cash in the year	1,347,935	43,000
Cash outflow from new bank loan	(3,500,000)	-
Loan repayment in the year	<u>231,054</u>	<u>217,574</u>
Change in net debt	(1,921,011)	260,574
Net funds at 1 September	<u>(836,123)</u>	<u>(1,096,697)</u>
Net debt at 31 August	<u>(2,757,134)</u>	<u>(836,123)</u>

23 Related party transactions

The School has a number of related party transactions with the Chapter of Ely Cathedral. In the year the Chapter contributed £129,834 (2011 £125,550) towards the cost of educating the Cathedral Choristers. The School supported Choristers and ex Choristers with £226,440 (2011 £169,191) of bursary assistance towards school fees. The School paid to the Chapter £36,215 (2011 £36,215) in rents, including rent for the capitular properties. The Dean of Ely is an ex-officio member of the Board of Governors and there are two additional Chapter of Ely Representative Governors.

During the year the School held investments which were managed by Cazenove Capital Management Limited, of which Jeffrey Hayes, Governor from 24 June 2010, was a shareholder and Chairman of the Cazenove Capital Pension Trust. The level of shareholding held by Jeffrey Hayes was not considered to have any influence over the transactions that the School has had with Cazenove during the year as disclosed in note 9.

At 31st August 2012 the School held a bank account on behalf of the Independent State School Partnership Grant, funded by the Government to run The Chemistry Network programme amongst the King's School Ely and local state schools. The balance on the account at 31st August 2012 was £34,364 (2011 £64,380), which is not included in the School's financial statements.

24 Post Balance Sheet events

Renovation work continues on The Old Palace to provide the Sixth Form Centre, student accommodation and the consolidation of other activities. Phase 1 was completed and occupied during the Summer Term. Handover of Phase 2 took place in October 2012. Funding for the project has been provided through a 15 year fixed interest bank loan of £3.5 million, which was drawn in January 2012, with a further £300,000 loan available to be drawn as required.