

THE KING'S SCHOOL, ELY
(company limited by guarantee)

Report and Financial Statements

31 August 1997

**Deloitte & Touche
Leda House
Station Road
Cambridge
CB1 2RN**



(- 03/03/98)



REPORT AND FINANCIAL STATEMENTS 1997

| CONTENTS | Page |
|--|-------------|
| Directors, governors, officers and advisors | 1 |
| Trustees' annual report and statutory directors' report | 3 |
| Statement of trustees' responsibilities | 5 |
| Auditors' report | 6 |
| Statement of financial activities | 7 |
| Balance sheet | 8 |
| Profit and loss account | 9 |
| Cash flow statement | 10 |
| Notes to the accounts | 11 |



DIRECTORS, GOVERNORS, OFFICERS AND ADVISORS

Directors and Governors (Directors): All the Directors are members of the Governing Body and Trustees of the Charity as well as being members of the Company. As members of the Company each have given guarantees not exceeding one pound whilst they are members of the Company and for one year after ceasing to be a member.

The Directors who served during the year were as follows:

| | Notes |
|---|--------------|
| Marilyn Thompson Nickson (Chairman) | 1,5,6,7 |
| Robin Bond Thain (Vice Chairman) | 1,5,6,7 |
| Dennis Albert Adams | 2,7 |
| Walter Bebbington | 3,6 |
| Marion Louise Hardiment (retired 21 June 1997) | 1,6 |
| Anthony John Merrifield (retired 21 June 1997) | 1,5,6,7 |
| Jane Margaret Renfrew | 1,5 |
| Michael John Higgins (ex-officio - The Dean of Ely Cathedral) | |
| Edmund John Phillip Browne | 1,6 |
| Yvonne Maria Cripps | 4,5 |
| James Brooke Fairbairn | 1,7 |
| Martin Harold Gruselle | 1,5,6,7 |
| Frederick James Kilner | 2,7 |
| Michael Valentine Bright | 1,7 |
| Janet May Evans | 1,6 |
| John Bourne Shropshire | 1,5 |
| Ian Matheson (appointed 21 June 1997) | 1,6 |

NOTES

1. Co-optative Governors
2. Dean & Chapter of Ely Cathedral Representative Governors
3. Ely Diocesan Board of Education Representative Governor
4. Cambridge University Representative Governor
5. Member of the Finance & General Purposes Committee
6. Member of the Management Committee
7. Member of the Building & Resources Committee

The Co-optative Governors are appointed by the Governing Body for the time being. The Dean & Chapter of Ely Cathedral is entitled to appoint 2 Governors (in addition to the Dean of Ely Cathedral who is normally an ex-officio Governor). The Ely Diocesan Education Board is entitled to appoint 1 representative Governor. Cambridge University is entitled to appoint 1 representative Governor. All other Governors are co-optative. One third of the Governing Body retire each year.

DIRECTORS, GOVERNORS, OFFICERS AND ADVISORS

OFFICERS

The Headmaster: Richard Hindmoor Youdale

Bursar, Clerk to the Governing Body and Company Secretary: Jonathan Mowbray Ayers

The day to day running of the School is delegated to the Headmaster and the Bursar.

NAME AND REGISTERED OFFICE OF THE CHARITY

The King's School Ely, Barton Road, Ely, Cambridgeshire CB7 4DB.

ADVISORS

Bankers: Lloyds Bank Plc, Minster Place, Ely

Solicitors: Archer & Archer, Market Place, Ely

Auditors: Deloitte & Touche, Leda House, Station Road, Cambridge

Architects: Purcell Miller & Tritton, St Mary's Street, Ely

Insurance Brokers: Holinwoods Insurance Services Limited, Rockwood House,
9-17 Perrymount Road, Haywards Heath, West Sussex

TRUSTEES' ANNUAL REPORT AND STATUTORY DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 August 1997.

Status and Administration

The Company was incorporated on 6 November 1989, under the terms of a Charity Commission Sealed Scheme last up-dated on the 31 August 1990. The assets of The King's School, Ely were vested in the Company and the Company became the trustee of the School. Under the Memorandum and Articles of Association of the Company only Directors of the Company shall be appointed Governors of the School. The Company has charitable status for taxation purposes.

Objects and Policy

The objects of the Company are to provide education and all facilities at The King's School, Ely for children of all ages and sexes. The School provides facilities for both day and (from age 7) boarding pupils. The boy choristers of the Ely Cathedral Choir are educated and accommodated by the School. It is the policy of the School to enable pupils to attain the highest academic levels as well as providing extra-curricular programmes which aim to develop life-long leisure interests and help build self-confidence and a desire to contribute to the community.

Management and Staff

The School operates in four sections; nursery, pre-preparatory, preparatory and senior; each having its own Head. The Head of the nursery reports through the Head of the pre-preparatory section. The Head of the pre-preparatory section and the Head of the preparatory section report to the Governors through the Headmaster.

Mrs Patricia Seekings, retired this year having served the School with distinction since 1971. She taught English and was the Housemistress of Etheldreda when girls were first admitted to the School. She was appointed Head of Acremont House when the School's pre-preparatory section was acquired in 1981. The Governors have been pleased to appoint Mrs Felicity Blake (previously Deputy Head) as her successor.

Two other long serving members of the teaching staff retired - Mr Colin Nickless and Mr Neil Shannassey both of whom had been members of staff for over 30 years. Dr Geoffrey Hutt has been appointed as Director of Studies and Mr Christopher Gordon-Jones has been promoted to Senior Master. Seven new members of staff have been recruited to replace those who left during the year to further their careers elsewhere.

Review of Activities

Total pupil numbers fell this year from 801 to 782 and the proportion of boarders fell unexpectedly from 28% to 23% which together had a significant effect on fee income for the year. The move of Year 4 pupils from Acremont House to Junior School was implemented satisfactorily and the additional places created by this change and by the move of Acremont House to its new premises have been filled ahead of forecast.

The loss of opportunity for some very able children to benefit from an education at the School resulting from the phasing out of the Government's Assisted Places Scheme is greatly regretted. The School increased its scholarship and bursary provision from September 1996 so that it may continue to offer its facilities to as wide a cross section of the community as possible.

The recruitment and marketing efforts made during the year have been successful in increasing pupil numbers to an historic high at 1 September 1997 while the proportion of boarders has been raised.

Both the senior and junior sections of the School have been inspected during the year (by HMC and HMI respectively). Both reports were full of praise for the School's performance and the few areas of criticism have been fully addressed.

TRUSTEES' ANNUAL REPORT AND STATUTORY DIRECTORS' REPORT

Developments

The new purpose built Design & Technology Centre was opened in September 1996 and is proving to be a great asset; the School are now offering 3 GCSE's in technology.

Plans to provide improved Library facilities for the Senior School by a sympathetic conversion of the "Porta" - perhaps the most important medieval building in Ely after the Cathedral - have now received all necessary consents and work will be carried out in 1998. This will be followed by the construction of a new Music School aimed at enhancing our already high reputation in music. Both these projects and improvements to our indoor sports facilities will be funded through a capital fundraising campaign. A campaign executive team, chaired by John Shropshire and advised by Compton International Fundraising Limited is in place and making excellent progress.

Financial Results

The financial results for the year are disappointing, largely due to the impact on fee income resulting from the drop in pupil numbers at the start of the year (but partly as a result of the decision to raise scholarships and bursaries). Expenditure also rose: major factors include the introduction of a new salary scale for teachers (above the rate of inflation) designed to ensure the School could compete in attracting the most able staff, and an increase in marketing and development expenditure.

Investment Powers

The Trustees' powers of investment are unfettered. It has been their recent practice to invest funds held for Bursaries, Scholarships and Prizes through the Charities Official Investment Fund. Notes 17 and 18 to the accounts shows the movements on these funds during the year and, where relevant, gives 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.

Asset Cover for Funds

The School's tangible assets consist principally of freehold and leasehold land and buildings; the leasehold buildings are mainly held on leases from the Church Commissioners or the Dean and Chapter of Ely Cathedral with more than 65 years to run. The Trustees consider it appropriate for these properties to be carried in the balance sheet on a cost less depreciation basis of £6.2 million. The properties are currently insured at a rebuilding cost of £22 million.

Auditors

A resolution for the reappointment of Deloitte & Touche as auditors is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on **4 MARCH 1998** and signed on its behalf by:



M Gruselle (Chairman of the Finance & General Purposes Committee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the directors of a charity (namely the trustees) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the financial year and the incoming resources and application of resources for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

Telephone: National 01223 460222
International +44 1223 460222
Fax (Gp. 3): 01223 350839
DX 5812

THE KING'S SCHOOL, ELY (company limited by guarantee)

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 22 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of trustees and auditors

As described on page 5 the trustees, who are also the directors of the charity for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 1997 and of the incoming resources and application of resources, including the income and expenditure, of the charity for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 August 1997

| | Note | Unrestricted funds £ | Restricted funds £ | Total 1997 £ | Total as restated 1996 £ |
|---|------|-------------------------|-----------------------|--------------------|-----------------------------------|
| INCOMING RESOURCES | | | | | |
| Donations | 2 | - | 1,500 | 1,500 | - |
| Fees receivable | 3 | 4,978,892 | - | 4,978,892 | 5,063,997 |
| Other charitable income | 4 | 328,175 | - | 328,175 | 339,585 |
| Investment income | 5 | 30,119 | 1,220 | 31,339 | 38,690 |
| Bank and other interest | 6 | 116,490 | - | 116,490 | 162,627 |
| Trading income | 7 | 40,681 | - | 40,681 | 10,034 |
| Total incoming resources | | 5,494,357 | 2,720 | 5,497,077 | 5,614,933 |
| RESOURCES EXPENDED | | | | | |
| Direct charitable expenditure | | | | | |
| Teaching costs | | 3,062,179 | 1,220 | 3,063,399 | 2,718,220 |
| Welfare | | 930,108 | - | 930,108 | 811,237 |
| Premises | | 1,132,244 | - | 1,132,244 | 1,012,709 |
| Administration of the School | | 721,052 | - | 721,052 | 693,896 |
| | | 5,845,583 | 1,220 | 5,846,803 | 5,236,062 |
| Other expenditure | | | | | |
| Administration of the charity | | 14,897 | - | 14,897 | 10,831 |
| Trading expenditure | 7 | 31,085 | - | 31,085 | 12,281 |
| Finance and other costs | | 254,245 | - | 254,245 | 227,286 |
| | | 300,227 | - | 300,227 | 250,398 |
| Total resources expended | 9 | 6,145,810 | 1,220 | 6,147,030 | 5,486,460 |
| NET (OUTGOING) INCOMING RESOURCES | 10 | (651,453) | 1,500 | (649,953) | 128,473 |
| Gains (losses) on investment assets: | | | | | |
| Unrealised | | 107,980 | 4,462 | 112,442 | 46,797 |
| NET MOVEMENT IN FUNDS | | (543,473) | 5,962 | (537,511) | 175,270 |
| Balances brought forward at 1 September 1996 | | 6,755,455 | 9,353 | 6,764,808 | 6,619,517 |
| Prior year adjustments | 20 | 173,228 | 17,283 | 190,511 | 160,532 |
| As restated | | 6,928,683 | 26,636 | 6,955,319 | 6,780,049 |
| Balances carried forward at 31 August 1997 | | 6,385,210 | 32,598 | 6,417,808 | 6,955,319 |

BALANCE SHEET
31 August 1997

| | Note | 1997 £ | 1996 as restated £ |
|--|------|------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible assets for use by the charity | 11 | 6,784,571 | 6,753,159 |
| Investments | 12 | 812,201 | 685,206 |
| | | <u>7,596,772</u> | <u>7,438,365</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 94,229 | 91,567 |
| Debtors: amounts falling due within one year | 14 | 326,270 | 236,169 |
| Debtors: amounts falling due after more than one year | 14 | 844,510 | 875,735 |
| Investments - short term deposits | | 3,089 | 392,076 |
| Cash at bank and in hand | | 4,316 | 3,102 |
| | | <u>1,272,414</u> | <u>1,598,649</u> |
| CREDITORS: amounts falling due within one year | 15 | <u>1,256,330</u> | <u>854,555</u> |
| NET CURRENT ASSETS | | <u>16,084</u> | <u>744,094</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,612,856</u> | <u>8,182,459</u> |
| CREDITORS: amounts falling due after more than one year | 16 | <u>1,195,048</u> | <u>1,227,140</u> |
| | | <u>6,417,808</u> | <u>6,955,319</u> |
| FUNDS | | | |
| Restricted funds | 17 | 32,598 | 26,636 |
| Unrestricted funds | 18 | 6,385,210 | 6,928,683 |
| | | <u>6,417,808</u> | <u>6,955,319</u> |

These financial statements were approved by the Trustees on **4 MARCH 1998** and signed on their behalf


 Trustee

PROFIT AND LOSS ACCOUNT
Year ended 31 August 1997

| | Note | 1997 £ | 1996 as restated £ |
|---|------|------------------|--------------------------|
| Turnover | | | |
| Charitable operations | | 5,456,396 | 5,604,899 |
| Non charitable trading activities | 7 | 40,681 | 10,034 |
| Total turnover | | <u>5,497,077</u> | <u>5,614,933</u> |
| Operating expenditure | | | |
| Charitable operations | | 6,112,325 | 5,471,883 |
| Non charitable trading activities | 7 | 28,260 | 12,281 |
| Total operating expenditure | | <u>6,140,585</u> | <u>5,484,164</u> |
| Operating (loss) profit | | (643,508) | 130,769 |
| Loss on disposal of fixed assets | | (3,620) | (2,296) |
| (Loss) profit on ordinary activities before tax | | <u>(647,128)</u> | <u>128,473</u> |
| Taxation | 7 | (2,825) | - |
| (Loss) profit on ordinary activities after tax and retained for the year | | <u>(649,953)</u> | <u>128,473</u> |

All activities derive from continuing operations.

Recognised gains or losses other than the (loss) profit for the financial year are shown in the statement of financial activities on page 7.

Total turnover comprises £5,494,357 for unrestricted funds and £2,720 for restricted funds. A detailed analysis by source is provided in the statement of financial activities on page 7.

A detailed analysis of operating expenditure is provided in the statement of financial activities on page 7.

The notes on pages 11 to 22 form part of these accounts.



CASH FLOW STATEMENT

Year ended 31 August 1997

THE KING'S SCHOOL, ELY
(company limited by guarantee)

| | Note | 1997 £ | 1996 as restated £ |
|--|------|------------------------|--------------------------|
| Net cash inflow from operating activities | 23 | 64,711 | 761,736 |
| Returns on investments and servicing of finance | 24 | (76,591) | (25,605) |
| Capital expenditure | 25 | <u>(386,527)</u> | <u>(1,387,853)</u> |
| Net cash outflow before use of liquid resources | | (398,407) | (651,722) |
| Management of liquid resources and financing | 26 | <u>345,678</u> | <u>148,546</u> |
| Decrease in cash in the year | 27 | <u><u>(52,729)</u></u> | <u><u>(503,176)</u></u> |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting by Charities" and applicable accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments.

Resources arising - income

All income is recognised in the 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:

Donations

Donations and all other receipts from fundraising are reported gross and the related fundraising costs are reported in other expenditure.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school.

Investment income

Investment income is accounted for when receivable.

Allocation of costs

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

Direct charitable expenditure

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

Other expenditure

Other expenditure includes costs relating to organisational administration, and compliance with constitutional and statutory requirements.

Fund accounting

The charity maintains various types of funds as follows:

Restricted funds

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

1. ACCOUNTING POLICIES (continued)

Fund accounting (continued)

Unrestricted funds

Designated funds are amounts which have been put aside at the discretion of the trustees, and comprise a capital development fund for funds to be invested in new building projects for use by the charity, which are therefore not available for other purposes, and general of ex-chorister bursary representing funds set aside to meet commitments made by the trustees.

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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation which is provided in equal annual instalments over the estimated useful lives of the assets.

No depreciation is charged on freehold land or assets in the course of construction. The rates of depreciation applied to other assets are:

| | |
|--|---------------|
| Freehold property | 2% per annum |
| Leasehold property | 10% per annum |
| Fixtures, fittings, furniture and equipment | 15% per annum |
| Catering equipment, teaching aids, mowers and implements | 20% per annum |
| Plant and musical instruments | 10% per annum |
| Motor vehicles | 25% per annum |

Investments (change in accounting policy - see note 20)

Investments are stated at market value. Realised and unrealised gains and losses are shown separately in the appropriate section of the statement of financial activities.

Stocks (change in accounting policy - see note 20)

Stocks are stated at the lower of cost and net realisable value.

Pension costs

The company operates a defined contribution money purchase pension scheme for administrative staff, and a separate superannuation scheme on behalf of teaching staff. Pension contributions are charged to the statement of financial activities in the year in which they fall due.

2. DONATIONS

| | 1997 £ | 1996 £ |
|----------------------------|-----------|-----------|
| Donation for school prizes | 1,500 | - |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

3. FEES RECEIVABLE

| | 1997 £ | 1996 £ |
|--|------------------|------------------|
| Fees receivable consist of: | | |
| Gross fees | 5,678,567 | 5,574,102 |
| Less total bursaries, grants, scholarships and allowances | (699,675) | (510,105) |
| | <u>4,978,892</u> | <u>5,063,997</u> |

4. OTHER CHARITABLE INCOME

| | 1997 £ | 1996 £ |
|--|----------------|----------------|
| Registration fees | 10,195 | 8,957 |
| Music tuition fees | 109,978 | 92,576 |
| Books | 48,394 | 61,393 |
| Rent of facilities for charitable purposes | 151,673 | 168,734 |
| Capital development fund contributions | 7,935 | 7,925 |
| | <u>328,175</u> | <u>339,585</u> |

5. INVESTMENT INCOME

| | 1997 £ | 1996 £ |
|---|---------------|---------------|
| Income from Charities Official Investment Fund income shares | 30,802 | 29,220 |
| Income from cash deposits | 537 | 9,470 |
| | <u>31,339</u> | <u>38,690</u> |

6. BANK AND OTHER INTEREST

| | 1997 £ | 1996 £ |
|-----------------------|----------------|----------------|
| Bank deposit interest | 6,424 | 49,750 |
| Loan interest | 110,066 | 112,877 |
| | <u>116,490</u> | <u>162,627</u> |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

7. GROSS INCOME AND EXPENDITURE FROM TRADING

| | 1997 £ | 1996 £ |
|---|---------------|---------------|
| Income | | |
| Hire of premises for non charitable functions | 40,681 | 10,034 |
| Expenditure | | |
| Catering and other costs for non charitable functions | 28,260 | 12,281 |
| Corporation tax | 2,825 | - |
| | <u>31,085</u> | <u>12,281</u> |

8. STAFF COSTS

| | 1997 £ | 1996 as restated £ |
|--|------------------|--------------------------|
| Wages and salaries | 3,077,345 | 2,758,942 |
| Social security costs | 241,587 | 212,225 |
| Pension contributions | 217,183 | 173,983 |
| Redundancy payments | 52,441 | - |
| | <u>3,588,556</u> | <u>3,145,150</u> |
| | No | No |
| The average number of employees in the year was: | | |
| Teaching - full time | 91 | 89 |
| Domestic | 84 | 83 |
| Administration | 3 | 4 |
| | <u>178</u> | <u>176</u> |

The directors received no remuneration, or reimbursement of expenses during the year.

The number of employees whose emoluments exceeded £40,000 were:

| | | |
|-------------------|---|---|
| £40,001 - £50,000 | 1 | 1 |
| £60,001 - £70,000 | 1 | 1 |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

9. ANALYSIS OF TOTAL RESOURCES EXPENDED

| | Staff costs £ | Other £ | Deprecia- tion £ | Total 1997 £ | Total 1996 £ |
|--------------------------------|---------------------|------------------|------------------------|--------------------|--------------------|
| Direct charitable expenditure: | | | | | |
| Teaching costs | 2,726,297 | 295,383 | 41,719 | 3,063,399 | 2,718,220 |
| Welfare costs | 108,065 | 747,868 | 74,175 | 930,108 | 811,237 |
| Premises | 386,928 | 533,529 | 211,787 | 1,132,244 | 1,012,709 |
| Administration of the School | 360,506 | 336,729 | 23,817 | 721,052 | 693,896 |
| | <u>3,581,796</u> | <u>1,913,509</u> | <u>351,498</u> | <u>5,846,803</u> | <u>5,236,062</u> |
| Other expenditure: | | | | | |
| Administration of the charity | 3,785 | 11,112 | - | 14,897 | 10,831 |
| Finance and other costs | - | 254,245 | - | 254,245 | 227,286 |
| Trading expenditure | 2,975 | 28,110 | - | 31,085 | 12,281 |
| | <u>6,760</u> | <u>293,467</u> | <u>-</u> | <u>300,227</u> | <u>250,398</u> |
| | <u>3,588,556</u> | <u>2,206,976</u> | <u>351,498</u> | <u>6,147,030</u> | <u>5,486,460</u> |

10. NET (OUTGOING) INCOMING RESOURCES

| | 1997 £ | 1996 £ |
|---|---------------|-----------|
| Net (outgoing) incoming resources for the year are stated after charging: | | |
| Auditors' remuneration: | | |
| For audit services | 7,800 | 7,500 |
| For consultancy services | 2,000 | - |
| Interest payable on bank loans and overdrafts | 114,354 | 114,045 |
| Depreciation of tangible fixed assets | 351,498 | 334,307 |
| Loss on disposal of fixed assets | 3,620 | 2,296 |
| Ex gratia payment | <u>15,000</u> | <u>-</u> |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

11. TANGIBLE FIXED ASSETS

| | Assets in course of construction £ | Freehold property £ | Long leasehold property £ | Equipment £ | Total £ |
|--------------------------|---|---------------------------|------------------------------------|----------------|------------|
| Cost | | | | | |
| At 1 September 1996 | 688,401 | 5,463,937 | 882,699 | 1,859,771 | 8,894,808 |
| Additions | 302,259 | - | 2,983 | 82,350 | 387,592 |
| Disposals | - | - | - | (5,408) | (5,408) |
| Transfers | (982,147) | 1,058,929 | - | (76,782) | - |
| At 31 August 1997 | 8,513 | 6,522,866 | 885,682 | 1,859,931 | 9,276,992 |
| Accumulated depreciation | | | | | |
| At 1 September 1996 | - | 573,718 | 460,693 | 1,107,238 | 2,141,649 |
| Charge for the year | - | 109,279 | 81,077 | 161,142 | 351,498 |
| On disposals | - | - | - | (726) | (726) |
| At 31 August 1997 | - | 682,997 | 541,770 | 1,267,654 | 2,492,421 |
| Net book value | | | | | |
| At 31 August 1997 | 8,513 | 5,839,869 | 343,912 | 592,277 | 6,784,571 |
| At 31 August 1996 | 688,401 | 4,890,219 | 422,006 | 752,533 | 6,753,159 |

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

12. INVESTMENTS HELD AS FIXED ASSETS

| | Unrestricted Short term deposit £ | Charities Official Investment Fund income shares £ | Restricted Charities Official Investment Fund income shares £ | Total £ |
|--|--|---|---|------------|
| Cost at 31 August 1996 (as previously stated) | 18,655 | 330,791 | 9,353 | 358,799 |
| Increase to market value (change in accounting policy note 20) | - | 309,124 | 17,283 | 326,407 |
| Market value at 31 August 1996 | 18,655 | 639,915 | 26,636 | 685,206 |
| Additions at cost | 80 | 12,973 | 1,500 | 14,553 |
| Net unrealised gains | - | 107,980 | 4,462 | 112,442 |
| Market value at 31 August 1997 | 18,735 | 760,868 | 32,598 | 812,201 |
| Historical costs at 31 August 1997 | 18,735 | 343,764 | 10,853 | 373,352 |

All assets are invested in the United Kingdom.

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

13. STOCKS

| | 1997 | 1996 |
|----------------------|---------------|--------------------------|
| | £ | as restated £ |
| Books and stationery | 81,729 | 81,542 |
| Provisions | 8,035 | 6,676 |
| Grounds materials | 4,313 | 2,805 |
| Fuel | 152 | 544 |
| | <u>94,229</u> | <u>91,567</u> |

14. DEBTORS

| | 1997 | 1996 |
|--|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Fees | 247,553 | 197,088 |
| Prepayments and accrued income | 58,177 | 18,541 |
| Deposit recoverable from Nelson Hind | 20,540 | 20,540 |
| | <u>326,270</u> | <u>236,169</u> |
| Amount falling due after more than one year: | | |
| Amount recoverable from the landlord for renovating certain of the company's leasehold properties | 1,292,479 | 1,245,890 |
| Less amounts not covered by estimated future rents | (447,969) | (370,155) |
| | <u>844,510</u> | <u>875,735</u> |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1997 | 1996 |
|---|------------------|----------------|
| | £ | £ |
| Bank overdraft | 55,589 | 1,646 |
| Trade creditors | 209,483 | 449,810 |
| Other taxation and social security | 67,328 | 69,660 |
| Acremont House bank loan | 16,000 | 16,000 |
| King's School bank loan | 29,961 | 27,229 |
| Payments received on account of future fees | 799,654 | 235,790 |
| Pension contributions payable | 36,732 | 29,295 |
| Acceptance deposits | 38,758 | 21,734 |
| Other creditors | - | 3,391 |
| Corporation tax payable | 2,825 | - |
| | <u>1,256,330</u> | <u>854,555</u> |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1997 £ | 1996 £ |
|--------------------------|------------------|------------------|
| Acremont House bank loan | 16,000 | 32,000 |
| King's School bank loan | 1,068,394 | 1,098,355 |
| Acceptance deposits | 110,654 | 96,785 |
| | <u>1,195,048</u> | <u>1,227,140</u> |

The King's School bank loan is secured on the company's freehold property known as Barton Farm and is repayable in quarterly instalments over 18 years. Interest is payable at a fixed rate of 9.864% until April 2005 whereupon the interest rate will be reviewed.

The Acremont House bank loan is secured by a legal charge on Acremont House. It is repayable by fixed instalments of £16,000 per annum.

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.

Repayments on bank loans can be analysed as follows:

| | 1997 £ | 1996 £ |
|--------------------------------|------------------|------------------|
| Due within one year | 45,961 | 43,229 |
| Between one and two years | 34,136 | 45,961 |
| Between two and five years | 123,888 | 123,864 |
| Due after more than five years | 926,370 | 960,530 |
| | <u>1,130,355</u> | <u>1,173,584</u> |

Amounts repayable by instalments some of which fall due after five years:

| | | |
|----------------------------------|----------------|----------------|
| Banks loans: | | |
| Total amount | 1,098,355 | 1,125,584 |
| Instalments due after five years | <u>926,370</u> | <u>960,530</u> |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

17. MOVEMENT IN RESTRICTED FUNDS

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

| | Balance at 1 September 1996 (restated) £ | Income £ | Expendi- ture gains and losses £ | Transfers £ | Balance at 31 August 1997 £ |
|--------------------------------------|---|--------------|---|----------------|--------------------------------------|
| School prizes and scholarships funds | 26,636 | 2,720 | 3,242 | - | 32,598 |
| New buildings fund | - | - | - | - | - |
| Total | 26,636 | 2,720 | 3,242 | - | 32,598 |

School prizes and scholarship funds represent a number of individually insignificant 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.

The new buildings fund campaign began during the year. As at 31 August 1997 the only expenditure incurred, creating an overdraft of £39,122, is either refundable by the campaign manager, the balance being included in debtors, or has been capitalised as "assets in the course of construction" (note 11). Since the year end donations have been received in excess of the costs incurred.

18. MOVEMENT IN UNRESTRICTED FUNDS

Unrestricted funds comprise the following:

| | Balance at 1 September 1996 (restated) £ | Income £ | Expendi- ture gains and losses £ | Transfers £ | Balance at 31 August 1997 £ |
|---------------------------------|---|------------------|---|----------------|--------------------------------------|
| Designated funds | | | | | |
| Capital Development fund | 140,442 | - | (293,746) | 153,304 | - |
| General bursary funds | 321,367 | 14,723 | (72,884) | 111,751 | 374,957 |
| Ex choristers bursary funds | 318,548 | 14,859 | 13,063 | 39,441 | 385,911 |
| General fund | 6,148,326 | 5,464,775 | (5,684,263) | (304,496) | 5,624,342 |
| Total unrestricted funds | 6,928,683 | 5,494,357 | (6,037,830) | - | 6,385,210 |

General bursary funds and Ex choristers bursary funds are represented by Charities Official Investment Fund income shares, the income from which is added to the fund. A transfer is made by the trustees to maintain these funds at the market value of the investments at the year end.

The Capital Development fund has been expended in the year. The shortfall against the expenditure incurred to complete the building projects undertaken has been met from general funds.

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

19. TAXATION

The charity's activities are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988, except to the extent that a surplus is made on non charitable trading activities as shown in note 7.

20. PRIOR YEAR ADJUSTMENTS

| | Unrestric- ted funds | Restricted funds | Total 1997 | Total 1996 |
|---|---------------------------------|-----------------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Reserves brought forward at 1 September 1996 (as previously stated) | 6,755,455 | 9,353 | 6,764,808 | 6,619,517 |
| Prior year adjustments | | | | |
| Investments | 309,124 | 17,283 | 326,407 | 279,608 |
| Stocks | (135,896) | - | (135,896) | (119,076) |
| Reserves restated at 1 September 1996 | <u>6,928,683</u> | <u>26,636</u> | <u>6,955,319</u> | <u>6,780,049</u> |

Investments have been restated to their market value as required by the Statement of Recommended Practice "Accounting by Charities". This has had the effect of increasing the balance sheet value by £279,608 in respect of periods prior to the year ended 31 August 1996, £46,799 in respect of the year ended 31 August 1996 and £112,442 for the year ended 31 August 1997.

The accounting policy in respect of stocks has been amended so that the costs of crockery, cutlery, linen and soft furnishings are written off as incurred, and not included and written down over a 4 year period. In the opinion of the trustees this more accurately reflects the net realisable value of the items, and ensures a more consistent approach with respect to the policies adopted in relation to tangible fixed assets.

The restatement reduces surpluses by £119,076 in respect of periods prior to the year ended 31 August 1996, £16,820 in respect of the year ended 31 August 1996 and £29,425 for the year ended 31 August 1997.

21. MEMBERS

The charity is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 August 1997 there were 17 members (1996 - 18).

22. RELATED PARTY TRANSACTIONS

The School has paid £4,188 (1996 - £3,175) in respect of the School fees for a child of the headmaster, a sum less than the discount he would receive if the child was educated at King's School.

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

23. RECONCILIATION OF NET (OUTGOING) INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1997 | 1996 |
|---|---------------|------------------|
| | £ | as restated £ |
| Net (outgoing) incoming resources | (649,953) | 128,473 |
| Depreciation | 351,498 | 334,307 |
| Loss on sale of tangible fixed assets | 3,620 | 2,296 |
| Rent foregone by landlord | 49,000 | 49,000 |
| Income from investments | (31,339) | (38,690) |
| Bank interest received | (6,424) | (49,750) |
| Bank interest payable | 114,354 | 114,045 |
| Interest recoverable from landlord | (110,066) | (112,877) |
| Increase in provision for loan interest | 77,814 | 83,931 |
| (Increase) decrease in stocks | (2,662) | 13,083 |
| Increase in debtors | (90,101) | (4,123) |
| Increase in creditors | 358,970 | 242,041 |
| Net cash inflow from operating activities | <u>64,711</u> | <u>761,736</u> |

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | 1997 | 1996 |
|---|-----------------|-----------------|
| | £ | £ |
| Investment income received | 30,802 | 29,220 |
| Interest received | 6,961 | 59,220 |
| Interest paid | (114,354) | (114,045) |
| Net cash outflow from returns on investments and servicing of finance | <u>(76,591)</u> | <u>(25,605)</u> |

25. CAPITAL EXPENDITURE

| | 1997 | 1996 |
|--|------------------|--------------------|
| | £ | £ |
| Purchase of tangible fixed assets | (387,592) | (1,412,677) |
| Sale of tangible fixed assets | 1,062 | 33,080 |
| Purchase of Charities Official Investment Fund income shares | (14,473) | - |
| Capital repaid on School Fees Composition Scheme Annuity | - | 1,153 |
| Loan repaid by landlord | 14,476 | - |
| Additional loan made to landlord | - | (9,409) |
| Net cash outflow from capital expenditure | <u>(386,527)</u> | <u>(1,387,853)</u> |

NOTES TO THE ACCOUNTS
Year ended 31 August 1997

26. MANAGEMENT OF LIQUID RESOURCES AND FINANCING

| | 1997 £ | 1996 £ |
|---|----------------|----------------|
| Withdrawals of short term deposits | 388,907 | 188,962 |
| Repayment of bank loans | (43,229) | (40,416) |
| | <u>345,678</u> | <u>148,546</u> |
| Net cash inflow from management of liquid resources and financing | <u>345,678</u> | <u>148,546</u> |

27. ANALYSIS OF NET DEBT/NET FUNDS

| | At 1 September 1996 £ | Cash flow £ | Other non- cash changes £ | At 31 August 1997 £ |
|---------------------------|--------------------------------|-------------------|------------------------------------|------------------------------|
| Cash at bank and in hand | 3,102 | 1,214 | - | 4,316 |
| Bank overdraft | (1,646) | (53,943) | - | (55,589) |
| | | <u>(52,729)</u> | | |
| Debt due after one year | (1,130,355) | - | 45,961 | (1,084,394) |
| Debt due within one year | (43,229) | 43,229 | (45,961) | (45,961) |
| | | <u>43,229</u> | | |
| Current asset investments | 392,076 | (388,987) | - | 3,089 |
| Fixed asset investments | 18,655 | 80 | - | 18,735 |
| | | <u>(388,907)</u> | | |
| Total | <u>(761,397)</u> | <u>(398,407)</u> | <u>-</u> | <u>(1,159,804)</u> |

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 1997 £ | 1996 £ |
|---|--------------------|------------------|
| Decrease in cash in the year | (52,729) | (503,176) |
| Cash outflow from decrease in debt | 43,229 | 40,416 |
| Cash inflow from decrease in liquid resources | (388,907) | (188,962) |
| Movement in net debt in the year | (398,407) | (651,722) |
| Net debt at start of year | (761,397) | (109,675) |
| Net debt at end of year | <u>(1,159,804)</u> | <u>(761,397)</u> |