

Charity Registration No. 1080641

Company Registration No. 3834841 (England and Wales)

THE KING'S SCHOOL, GLOUCESTER
GOVERNORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 JULY 2003



THE KING'S SCHOOL, GLOUCESTER

LEGAL AND ADMINISTRATIVE INFORMATION

Visitor

The Lord Bishop of Gloucester

Governors

Ex-Officio Governors:

*The Dean of Gloucester

**The Very Reverend Nicholas Bury, M.A.

The Canons Residentiary of Gloucester Cathedral:

Canon N.C. Heavisides, M.A.

**Canon G. Bridgewater

Canon C. Thomson, M.A.

Lay Governors:

Mr. Humphrey Chamberlayne, B.Sc.

Farmer in Gloucestershire

Miss C. Holme, J.P., LL.B.

University Administrator (retired)

Mrs. A.L.K. Cadbury, O.B.E., J.P., DL

Deputy Lieutenant of Gloucestershire

*Mr. T.F.H. Heal, F.R.I.C.S.

**Partner, Alder King, Chartered Surveyors, Gloucester

*Mr. A. Siddall, F.C.C.A.

Mr. J.H. Smith B.Sc Dip.Ed.

Retired Headmaster, Central Technology College

Canon M.J. Irving

Clergyman

*Mr. P.A. Lachecki, B.Sc.

**Marketing Director Kraft Foods Away From Home

*Mr. J.H. Holroyd, C.B., C.V.O., M.A.

Former Crown Appointments Secretary

*Mr. C. Collier, F.C.I.B.

Former Banker

*Mr. C. Major, LL.B.

Solicitor

**Mrs. S. White, M.A.

Former Arts Administrator

* *Members of the Finance and General Purposes Sub Committee.*

** *Governors who are also parents of children currently at the school.*

THE KING'S SCHOOL, GLOUCESTER

LEGAL AND ADMINISTRATIVE INFORMATION

Offices

The Headmaster	Mr. P.R. Lacey, M.A., P.G.C.E., F.R.S.A.
The Deputy Heads	Mr. D.J. Evans, M.A., P.G.C.E. (Academic) Miss. V. Scholes (Pastoral)
Charity number	1080641
Company number	3834841
Principal address	Pitt Street Gloucester GL1 2BG
Registered office	Pitt Street Gloucester GL1 2BG
Auditors	Pitt Godden & Taylor Brunel House George Street Gloucester GL1 1BZ
Bankers	Lloyds TSB Bank plc Eastgate Street Gloucester GL1 1NU
Solicitors	Rickerbys Ellenborough House Wellington Street Cheltenham GL50 1YD

THE KING'S SCHOOL, GLOUCESTER

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THE KING'S SCHOOL, GLOUCESTER

GOVERNORS' REPORT FOR THE PERIOD ENDED 31 JULY 2003

The Governors present their report and accounts for the period ended 31 July 2003.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

Status and administration

The King's School was established by Henry VIII by statute in 1541 following the dissolution of the monasteries.

The School is a charity (no. 1080641) and was incorporated as a limited company by guarantee (no. 3834841) on 26 August 1999.

The school had originally been constituted as a charity (no. 311745) under a scheme framed by the Board of Education under the Endowed Schools Acts, 1869, 1873 and 1874. The scheme was approved by His Majesty King George V by way of Order of Council dated 30 July 1928.

The assets and liabilities of the old charity were transferred to the new charity on 1 September 2000. The Endowed Funds were transferred to a separate charity (no. 3961979).

Objects of the charity

To provide for the training and instruction of pupils in any school acquired or established, and on the basis of Church of England principles, to provide such pupils with spiritual, moral, mental and physical training.

The school was originally established as a boarding and day school for boys. Prior to September 1985, the school admitted junior girls up to the age of 11 years. With effect from September 1985, the Governors voted to admit girls throughout the entire age range of 4 to 18 years on sound educational, social and financial grounds. Full boarding has been phased out with effect from September 2003.

Policy

The main policy adopted by the Governors to further the objects of the school is to ensure that proper resources, both human, spiritual, physical and financial, of the highest possible standard are made available and that there is a sound financial base for making this provision. The Governors are also actively developing the School's role in the wider community.

There has been no material change in this policy in the past year.

Investment powers

To invest any moneys of the school not immediately required for its purposes, in or upon such investments, securities or property or whatsoever nature as may be thought fit, and to vary investment thereof in such a manner as may from time to time be determined.

THE KING'S SCHOOL, GLOUCESTER

GOVERNORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

Review of activities

The improvement in the School's financial situation, which began some five years ago, continues. This has not only allowed the School to continue with its improvement and capital programme contained in the Development Plan, but also helps to maintain the spirit of optimism which prevails in the School community. Capital projects during the year included a complete refurbishment of the Sixth Form Centre in Dulverton House, the first phase in the relocation of the administrative offices to a former boarding house and a new School entrance more fitting to its prestigious position in the city centre. The latter particularly, is expected to significantly raise the profile of the School locally.

The refurbishment of the grade 1 listed external wall bounding the main school, part of which is also an ancient monument, continues to be the cause of much discussion and dispute with English Heritage. Unfortunately, despite major grants the refurbishment is likely to be a considerable drain on the School's valuable resources. The culmination of a busy year of music and drama was a spectacular production of *The Mikado* at the end of the summer term. This was, as would be expected, a resounding success and testament to the standards that can be achieved by amateurs, through hard work and dedication. Sport also was once again well to the fore and in the Junior School an increasing number of fixtures are being played with other schools, including many away matches.

Examination results were once again impressive with a 99% pass rate at 'A'Level, whilst at GCSE level there has been an 80% increase in the number of students gaining A and A* passes over the last three years. The Headmaster took sabbatical leave during the Lent term, during which he visited South Africa, Australia and New York with the aim of developing international links with overseas schools. This proved to be an extremely valuable experience and it was encouraging that The King's School appeared to be ahead of its international counterparts in some respects.

Three years into the development plan, the School is on course to exceed the financial forecasts contained in the projections. With the imminent fundraising campaign the School can be confident that the proposed sports hall will become a short-term reality, thus providing a much needed and long-awaited facility.

Governors

The Governors, who are also the directors for the purpose of company law, who served during the period were:

The Very Reverend N. Bury, M.A.

Canon N.C. Heavisides, M.A.

Canon R.D.M. Grey, A.K.C.

(Resigned 29 January 2003)

Canon G. Bridgewater

Canon C. Thomson, M.A.

H. Chamberlayne, B.Sc

C. Holme, J.P., LL.B.

A.L.K. Cadbury, O.B.E., J.P., DL

A. Siddall, F.C.C.A.

T.F.H. Heal, F.R.I.C.S.

Canon M.J. Irving

J.H. Smith, B.Sc Dip.Ed

P.A. Lachecki, B.Sc.

S. White, M.A.

J.H. Holroyd C.B., C.V.O., M.A.

C. Collier, F.C.I.B.

C. Major, LL.B.

THE KING'S SCHOOL, GLOUCESTER

GOVERNORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

None of the Governors has any beneficial interest in the company.

Reserves policy

At present, the unrestricted fixed assets amounting to £1,497,510 are financed partly by reserves (£1,206,672) and the balance of £290,838 by creditors.

It is the policy of the Governors to minimise the amount of funding from creditors for this purpose, balanced with the need to invest in fixed assets at the appropriate time. In the current year the Governors restricted borrowing from creditors to a maximum of one half of one term's fees and intend to continue this policy for the time being.

Risk factors

The Governors have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

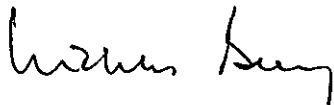
Asset cover for funds

Note 17 sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Pitt Godden & Taylor be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Governors



The Very Reverend N. Bury, M.A

Governor

Dated: 5 November 2003

THE KING'S SCHOOL, GLOUCESTER

STATEMENT OF GOVERNORS' RESPONSIBILITIES

Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the charitable company's state of affairs at the end of the year and of its income and expenditure for that period.

In preparing those accounts, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. they are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE KING'S SCHOOL, GLOUCESTER

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KING'S SCHOOL, GLOUCESTER

We have audited the accounts of The King's School, Gloucester for the period ended 31 July 2003 set out on pages 6 to 21. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 10.

This report is made solely to the directors, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in the auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As described on page 4, the Governors, who are also the directors of The King's School, Gloucester for the purpose of company law, are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Governors' Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Governors' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Governors' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

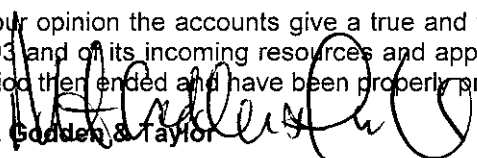
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Governors in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company'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 as to whether the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the charitable company's state of affairs as at 31 July 2003 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Pitt Golden & Taylor
Chartered Accountants

Registered Auditor

Brunel House

George Street

Gloucester

GL1 1BZ

Dated: 5 November 2003

THE KING'S SCHOOL, GLOUCESTER

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 JULY 2003

	Notes	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
<u>Incoming resources</u>					
Donations and legacies	2	5,500	58,591	64,091	61,525
Activities in furtherance of the charity's activities	3	3,630,445	-	3,630,445	3,015,053
Trading income	4	23,113	-	23,113	49,411
Investment income	5	-	3,491	3,491	2,975
Other incoming resources	6	26,342	-	26,342	65,241
Total incoming resources		3,685,400	62,082	3,747,482	3,194,205
<u>Resources expended</u>					
Trading costs	4	8,183	-	8,183	35,220
Charitable expenditure					
Welfare and teaching costs	7	2,064,290	-	2,064,290	1,840,555
Support costs		454,181	-	454,181	376,295
Catering		222,809	-	222,809	207,856
Premises		710,157	-	710,157	665,471
Scholarships awarded		-	6,050	6,050	19,206
Management and administration		29,425	949	30,374	46,466
Total resources expended	8	3,489,045	6,999	3,496,044	3,191,069
Net incoming resources		196,355	55,083	251,438	3,136
Gains/(losses) on investment assets		188	-	188	(620)
Net movement in funds		196,543	55,083	251,626	2,516
Fund balances at 1 August 2002		1,010,129	21,996	1,032,125	1,029,609
Fund balances at 31 July 2003		1,206,672	77,079	1,283,751	1,032,125

THE KING'S SCHOOL, GLOUCESTER

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 JULY 2003

	ended 31 July 2003 £	ended 31 July 2002 £
Total income	3,747,482	3,194,205
Total expenditure from income funds	3,496,044	3,191,069
Net income for the period	251,438	3,136

The summary income and expenditure account is derived from the statement of financial activities on page 6 which, together with the notes on pages 10 to 21, provides full information on the movements during the period on all funds of the charity.

STATEMENT OF RECOGNISED GAINS AND LOSSES

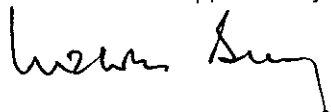
Net income for the period	251,438	3,136
Unrealised gains/(losses) on investment assets held by income funds	188	(620)
	251,626	2,516

THE KING'S SCHOOL, GLOUCESTER

BALANCE SHEET AS AT 31 JULY 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,497,510		1,387,593
Investments	12		3,661		3,473
			<u>1,501,171</u>		<u>1,391,066</u>
Current assets					
Stocks		20,903		17,191	
Debtors	13	241,674		225,906	
Cash at bank and in hand		167,623		6,304	
		<u>430,200</u>		<u>249,401</u>	
Creditors: amounts falling due within one year	14	(582,906)		(509,434)	
Net current liabilities			<u>(152,706)</u>		<u>(260,033)</u>
Total assets less current liabilities			<u>1,348,465</u>		<u>1,131,033</u>
Creditors: amounts falling due after more than one year	15		(64,714)		(98,908)
Net assets			<u>1,283,751</u>		<u>1,032,125</u>
Income funds					
Restricted funds			77,079		21,996
Unrestricted funds			1,206,672		1,010,129
			<u>1,283,751</u>		<u>1,032,125</u>

The accounts were approved by the Board on 5 November 2003



The Very Reverend N. Bury, M.A
Governor

THE KING'S SCHOOL, GLOUCESTER

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2003

	Notes	ended 31 July 2003 £	ended 31 July 2002 £
Net cash inflow from operating activities	18	420,941	45,573
Payments to acquire tangible fixed assets		(178,936)	-
Increase in cash	19	<u>242,005</u>	<u>45,573</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2003

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

1.2 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

Fees receivable and charges for services are accounted for in the year in which the service is provided. 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.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings	2% straight line
Leasehold property	2% straight line
Leasehold improvements	7.5% straight line
Fixtures, fittings & equipment	10% straight line
Motor vehicles	20% straight line

1.4 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.5 Investments

Fixed asset investments are stated at market value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the period in accordance with FRS 17.

The school participates in a multi employer pension scheme, the Governments' Teachers Pension Defined Benefits Scheme, for its teaching staff. The pension liability is the responsibility of the Teachers Pension Agency. As a result it is not possible to identify the assets and liabilities of the scheme that are attributable to the school. Accordingly, under FRS 17 the scheme is accounted for as if it were a defined contributions scheme.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

1 Accounting Policies

(continued)

1.9 Unrestricted Funds

The General Funds comprise the accumulated surplus on the School Management Account consolidated with donations and bequests received towards completed capital expenditure projects on the school's tangible fixed assets. As such the Governors' consider these funds to be Unrestricted Funds within the definitions contained in the Charities Acts in that they are funds over which they have complete discretion as to their use.

1.10 Restricted Funds.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

2 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Legacies receivable	5,500	58,591	64,091	61,525

3 Activities in furtherance of the charity's activities

	2003 £	2002 £
Fees receivable consist of:		
Gross fees	4,325,928	3,646,378
Less: Total bursaries, grants and allowances	(701,533)	(650,531)
	<u>3,624,395</u>	<u>2,995,847</u>
Add back: Scholarships, grants etc. paid for by restricted funds	6,050	19,206
	<u>3,630,445</u>	<u>3,015,053</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

4 Trading income

	2003 £	2002 £
Turnover	23,113	49,411
Operating expenses	(8,183)	(35,220)
Net income from trading	14,930	14,191

5 Investment income

	2003 £	2002 £
Investment income	3,491	2,975

6 Other incoming resources

	2003 £	2002 £
Rents receivable	7,570	10,858
Commissions	9,724	11,013
Harry Potter	-	26,967
Bank interest	5,670	1,655
Other	3,378	14,748
	26,342	65,241

7 Welfare and teaching costs

	2003 £	2002 £
Teaching costs	1,993,769	1,772,697
Welfare	70,521	67,858
	2,064,290	1,840,555

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

8 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2003 £	Total 2002 £
Costs of generating funds:					
Trading costs	-	-	8,183	8,183	35,220
Charitable expenditure:					
Welfare and teaching costs	1,846,224	-	218,066	2,064,290	1,840,555
Support costs	292,377	-	161,804	454,181	376,295
Catering	-	-	222,809	222,809	207,856
Premises	214,813	69,019	426,325	710,157	665,471
Management and administration	-	-	36,424	36,424	65,672
	<u>2,353,414</u>	<u>69,019</u>	<u>1,065,428</u>	<u>3,487,861</u>	<u>3,155,849</u>
	<u>2,353,414</u>	<u>69,019</u>	<u>1,073,611</u>	<u>3,496,044</u>	<u>3,191,069</u>

Management and administration costs includes payments to the auditors of £3,830 excl. vat (2002 - £3,525) for audit fees.

9 Governors

During the year Mrs Major (wife of a current Governor, Mr C Major) was employed by the school on a part-time basis as a teacher and received a remuneration package of £8,300.

During the year the school incurred £560 (2002 - £560) in respect of Governors Liability Insurance.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

10 Employees

Number of employees

The average monthly number of employees during the period was:

	2003 Number	2002 Number
Teacher Staff	71	65
Support Staff	46	41
	<u>117</u>	<u>106</u>

The number of employees whose annual emoluments were £50,000 or more were:

	2003 Number	2002 Number
£50,001 - £60,000	-	1
£60,001 - £70,000	1	-
	<u>1</u>	<u>-</u>

Of the employees whose emoluments exceed £60,000, 1 (2002 : 1) have retirement benefits accruing under defined benefit pension schemes.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

11 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 August 2002	2,021,063	848,609	2,869,672
Additions	178,936	-	178,936
At 31 July 2003	2,199,999	848,609	3,048,608
Depreciation			
At 1 August 2002	674,230	807,849	1,482,079
Charge for the period	53,346	15,673	69,019
At 31 July 2003	727,576	823,522	1,551,098
Net book value			
At 31 July 2003	1,472,423	25,087	1,497,510
At 31 July 2002	1,346,833	40,760	1,387,593

11a Freehold and leasehold property

Accumulated Costs

	2003 £	2002 £
Freehold		
Old Bishop's Palace	517,930	497,608
Archdeacon Meadow	271,768	271,768
	789,698	769,376
Leasehold improvements to land and buildings leased from the Chapter of Gloucester Cathedral:		
King's School House	95,490	95,490
Little Cloisters - Junior School	44,325	44,325
Wardle House	37,841	37,841
Paddock House - 5 Pitt Street	142,972	82,650
Dulverton House and Coachhouse	39,207	13,157
Paddock Entrance	72,242	-
	432,077	273,463

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

(continued)

Junior School Buildings on Paddock Land	978,224	978,224
	<u>2,199,999</u>	<u>2,021,063</u>

(i) The freehold property occupied by the school is held in trust by the Chapter of Gloucester Cathedral for The King's School.

(ii) The leasehold property is leased from the Chapter of Gloucester Cathedral under renewable 20 year leases expiring next on 24th December 2013. The terms provide for full repairing liability and at rents independently reviewed at 5 yearly intervals. The current rents amount to £51,500 pa and the next reviews are due in December 2003.

(iii) The school occupies the Paddock Land which is owned by the Chapter of Gloucester Cathedral. The school has erected buildings thereon with the latter's consent. The Chapter has granted a 99 year lease in favour of the school at a peppercorn rent of £10 per annum.

(iv) The lease of No. 3 Pitt Street was cancelled on 29th September 2002, as notice was given on 29th March 2002.

During the accounting year ended July 2000 the school entered into a 12 month lease in connection with Finch's Yard. The school continues to occupy these premises under license at a rent of £6,500 per annum, until this lease is incorporated into the main school leases.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

12 Fixed asset investments

	1,530.81p War Loan Stock 3.5% £	438.80p War Loan Stock 3.5% £	276.82p C.O.I.F Inc Shares £	Total £
Market value at 1 August 2002	1,081	310	2,082	3,473
Change in value in the period	36	10	142	188
Market value at 31 July 2003	1,117	320	2,224	3,661
Historical cost:				
At 31 July 2003	983	210	400	1,593
At 31 July 2002	983	210	400	1,593

The school owns 100% of Serlo Enterprises Limited which is a trading company selling services and goods relating to the school. It covenants its taxable profits to the school. Its trading results, extracted from its audited accounts were:

	2003 £	2002 £
Turnover	23,053	49,369
Cost of sales	(3,981)	(28,389)
Gross profit	19,072	20,980
Administration	(4,202)	(6,785)
Operating profit	14,870	14,195
Interest receivable	60	42
Profit on ordinary activities before taxation	14,930	14,237
Taxation	-	46
Gross covenant to The King's School	14,930	14,191
Retained profit for the year	-	191

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

12 Fixed asset investments

(continued)

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Serlo Enterprises Limited	United Kingdom	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
Serlo Enterprises Limited	782	-

13 Debtors

	2003	2002
	£	£
Trade debtors	73,169	44,114
Other debtors	81,618	105,252
Prepayments and accrued income	86,887	76,540
	241,674	225,906

14 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank overdrafts	-	80,686
Trade creditors	145,860	194,784
Taxes and social security costs	100,951	64,242
Refundable fee deposits	98,614	80,207
Deferred income	3,938	11,938
Fees Received in advance	140,529	38,065
Accruals	93,014	39,512
	582,906	509,434

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

15 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Funds held as custodian	64,314	29,961
Sundry loans	400	400
Dean & Chapter advance fees	-	4,000
Overseas deposits/fees received in advance	-	64,547
	<hr/>	<hr/>
	64,714	98,908
	<hr/>	<hr/>

16 Pension costs

The school participates in the Governments' Teachers Pension Defined Benefits Scheme, for its teaching staff.

As of 1 April 2003 the scheme recommends a normal contribution of 19.5%, 6% to be paid by the teachers and 13.5% by the employer.

The school's contributions represent a minor proportion of the payments into the scheme. The superannuation charge represents contributions payable to the fund and amounted to £139,664 (2002 - £95,193), including outstanding contributions payable to the fund of £40,469 (2002 - £14,192) this amount is included in creditors and was paid by it's due date in August 2003.

The school also runs a scheme for its non-teaching staff, which is a defined contributions scheme. The cost for the year represents the school's contributions to the scheme of £28,880 (2002 - £15,241). There were contributions of £3,542 (2002 - £2,689) outstanding at the year end, this amount is included in creditors and was paid by it's August due date..

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 July 2003 are represented by:			
Tangible fixed assets	1,497,510	-	1,497,510
Investments	3,661	-	3,661
Current assets	353,121	77,079	430,200
Creditors: amounts falling due within one year	(582,906)	-	(582,906)
Creditors: amounts falling due after more than one year	(64,714)	-	(64,714)
	<u>1,206,672</u>	<u>77,079</u>	<u>1,283,751</u>
Unrealised gains included above:			
On investments (see below)	188	-	188
	<u>188</u>	<u>-</u>	<u>188</u>
Reconciliation of movements in unrealised gains on investment assets			
Net gains on revaluations in period	188	-	188
Unrealised gains at 31 July 2003	<u>188</u>	<u>-</u>	<u>188</u>

18 Net cash inflow from operating activities

	2003 £	2002 £
Reconciliation to changes in resources		
Changes in resources before revaluations	251,438	3,136
Depreciation of tangible fixed assets	69,019	66,730
Increase in stocks	(3,712)	(2,700)
Increase in debtors	(15,768)	1,946
Increase in creditors	119,964	(2,883)
	<u>420,941</u>	<u>45,573</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2003

19 Reconciliation of net cash flow to movement in net debt	2003 £	2002 £
Increase in cash	242,005	45,573
Net debt at 1 August 2002	(74,382)	(256,136)
Net debt at 31 July 2003	<u>167,623</u>	<u>(210,563)</u>

Please refer to the cash flow statement on page 9 of the financial statements.

20 Analysis of net cash balances

	At 1 August 2002 £	Cash flow £	Non-cash changes £	At 31 July 2003 £
Cash at bank and in hand	6,304	161,319	-	167,623
Bank overdrafts	(80,686)	80,686	-	-
	<u>(74,382)</u>	<u>242,005</u>	<u>-</u>	<u>167,623</u>

21 Capital commitments

	2003 £	2002 £
At 31 July 2003 the School had capital commitments as follows:		
Expenditure approved and not yet contracted for and not provided in the accounts	<u>71,064</u>	<u>150,000</u>

22 Capital Contingencies

	2003 £	2002 £
At 31 July 2003 the School had capital contingencies as follows:		
Expenditure authorised for 2003/2004 but not yet fully approved, contracted for and provided in the accounts	<u>113,000</u>	<u>75,000</u>