

Charity Registration No 1080641

Company Registration No 03834841 (England and Wales)

**THE KING'S SCHOOL, GLOUCESTER**  
**GOVERNORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2013**

SATURDAY FRIDAY



\*A309LQPV\*  
A32 24/01/2014 #33  
COMPANIES HOUSE

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A04 18/01/2014 #401  
COMPANIES HOUSE

# THE KING'S SCHOOL, GLOUCESTER

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Visitor

The Lord Bishop of Gloucester

### Governors

The Reverend Canon N M Arthy (ex-officio)  
Residentiary Canon of Gloucester Cathedral

Mr A T Brett, B Sc (Hons), psc, MInst RE  
Bursar

Mrs A L K Cadbury, O B E , J P , DL  
Deputy Lieutenant of Gloucestershire

Mr C Collier, F C I B  
Former Banker

Mr T F H Heal, F R I C S  
Partner, Alder King, Chartered Surveyors, Gloucester

Canon N C Heavysides, M A (ex-officio)  
Residentiary Canon of Gloucester Cathedral

Miss C Holme, J P , LL B  
University Administrator (retired)

Mr J H Holroyd, C B , C V O , D L , M A  
Former Crown Appointments Secretary

Mr M Hurrell  
Managing Editor, BBC Radio Gloucestershire

The Very Reverend Stephen D Lake (ex-officio)  
The Dean of Gloucester

\*\*Mr P Lacheck, B Sc  
Managing Director, Lacheck Consulting

Mr P Lapping, BA (Hons) Natal, MA Oxon  
Retired Headmaster

Mr C Major, LL B  
Retired Solicitor and District Judge

Mr P Markey, BA (Hons), F C A  
Managing Director, Markey Group

Mr L J Rake BA (Oxon) FIS  
Vice Principal (Further Education)

Mr R Slawson, RIBA  
Retired Architect

Mr J H Smith, B Sc Dip Ed  
Retired Headmaster, Central Technology College

Canon C Thomson, M A (ex-officio)  
Residentiary Canon of Gloucester Cathedral

Mrs S White, M A  
Former Arts Administrator

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

# THE KING'S SCHOOL, GLOUCESTER

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Officers

The Headmaster	Mr A K J Macnaughton, M A
The Deputy Heads	Mr D J Evans, M A , P G C E (Academic) Miss V Scholes, B Ed , M B A (Pastoral)
The Head of JuniorSchool	Mr C W Dickie, B Ed
The Bursar and Company Secretary	Ms J M Millar ACMA

**Charity number** 1080641

**Company number** 03834841

**Principal address** Pitt Street  
Gloucester  
GL1 2BG

**Registered office** Pitt Street  
Gloucester  
GL1 2BG

**Auditor** Crowe Clark Whitehill LLP  
Camck House  
Lypiatt Road  
Cheltenham  
GL50 2QJ

**Bankers** Lloyds TSB Bank Plc  
Eastgate Street  
Gloucester  
GL1 1NU

**Solicitors** Rickerbys LLP  
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 YEAR ENDED 31 JULY 2013

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The Board of Governors present their consolidated annual report for the year ended 31 July 2013 under the Companies Act 2006 and the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" the Charities SORP 2005

### Status and Administration

The King's School, Gloucester was established by Henry VIII by statute in 1541 following the dissolution of the monasteries. The School had originally been constituted as a chantry (no 311745) under a scheme framed by the Board of Education under the Endowed School 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 School is a chantry (no 1080641) and was incorporated as a limited company by guarantee (no 03834841) on 26 August 1999. The assets and liabilities of the old chantry were transferred to the new chantry on 1 September 2000. The Endowed Funds were transferred to a separate chantry, King's School Prize and Scholarship Fund (chantry no 3961979), and are consolidated within these accounts.

The Governors, who are also directors for the purposes of company law, who served during the year were

The Reverend Canon N M Arthy  
A T Brett, BSc (Hons), psc, MInst RE, \*♦  
Mrs A L K Cadbury, OBE, JP, DL ♦  
C Collier, FCIB \*  
T F H Heal FRICS \*# ♦  
M Hurrell  
Canon N C Heavysides, MA  
Miss C Holme, JP LLB # ♦  
J H Holroyd, CB, CVO, MA, DL \*#  
P Lachecki, BSc ♦  
The Very Reverend S D Lake \*  
P Lapping, BA (Hons) Natal, MA Oxon  
C Major, LLB \*#  
P Markey, BA (Hons) FCA \*# ♦  
L J Rake BA (Oxon) FIS  
R Slawson, RIBA ♦  
J H Smith, BSc Dip Ed  
Canon C Thomson, MA  
Mrs S White, MA

\* Member of Finance Committee

# Member of the Fabric & Development Committee

♦ Retired by rotation and re-appointed at Annual General Meeting

### Structure, Governance and Management

#### Governing Document

The School is governed by its Memorandum and Articles of Association, last amended on 20 November 2002.

#### Governing Body

The Governors, who are also required under the Articles to serve as members of the School, are elected at a full Governors' meeting on the basis of nominations received.

# THE KING'S SCHOOL, GLOUCESTER

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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The Governing Body shall not be less than 16 and not more than 21 and is comprised of not more than 6 ex-officio Governors, who shall be the Dean of the Gloucester Cathedral and not more than 5 Residentiary Canons of the Cathedral. Such ex-officio Governors shall hold office by virtue of their respective offices.

The balance of the Governing Body comprises of Governors, one-third of which retire at the School's Annual General Meeting. A retiring Governor is eligible to stand for re-election.

### Organisational Management

The Governors meet as a Board at least four times a year to determine the general policy of the School and to review its overall management and control, for which they are responsible. There are four key sub-committees to the Governing Body, the Finance Committee, the Fabric and Development Committee, the Strategic Planning Committee and the Nominations Committee. Each of these committees meets at least four times a year, preceding the Board of Governors meetings, to report to the Governing Body. The day to day running of the School is delegated to the Headmaster supported by the Senior Management Team.

### Recruitment and Training of Governors

Governors are appointed at a meeting of Members on the basis of nominations received from Governors and the Head of The King's School, Gloucester following agreed specifications concerning eligibility, personal competence, specialist skills and local availability. The process is supervised by the Nominations Committee.

New Governors are inducted in the workings of the School, and the Company as a registered charity, including Board Policy and Procedures, at an induction day specially organised for them by the Head and Bursar, who also organise regular strategic and trustee-training workshops for all Governors.

### Group Structure and Relationships

Serlo Enterprises Limited is a wholly owned non-charitable trading subsidiary of The King's School, Gloucester, whose activities are the organising and marketing of events at The King's School, Gloucester.

King's School Gloucester Prize and Scholarship Fund is a charitable subsidiary of The King's School, Gloucester, whose objects are to further the education of pupils attending the School particularly (but not exclusively) by the provision of prizes and scholarships.

The King's School, Gloucester is an HMC school and HMC exists to serve and support its members, to represent their views and to exemplify excellence in education. It is also a member of the Choir Schools Association which is a group of schools attached to cathedrals, churches and college chapels around the country enabling pupils to have unlimited access to a first-class schooling and musical training, giving them an excellent start in life.

### Risk Management

The Governors have carried out an assessment of the risks and uncertainties facing the School and those identified relate to long term demand for places in the School and membership of the Government Teachers' Pension Scheme.

Within the locality there are four state grammar schools. Through prudent structuring of the curriculum and extra-curricular activities offered by the School, Governors aim to ensure that pupils are not lost to the grammar schools.

In addition the physical location of the School provides constraints on the expansion and development of the School within its current boundaries. This is mitigated by the environment and history associated with the School's location.

Membership of the Teachers' Pension Scheme is seen to be important in terms of recruitment of good quality teaching staff. As a final salary scheme, there is a risk that it may become too cost prohibitive to

# THE KING'S SCHOOL, GLOUCESTER

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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sustain membership. It is felt that this risk will affect all similar schools and is largely beyond the immediate control of the Governors.

### **Objectives, Aims and Activities**

#### Charitable Objects

The School's Objects, as set out in its Memorandum of Association, are the advancement of education of the public, within the meaning of English law, and is based on Church of England principles, to provide such pupils with spiritual, moral, mental and physical training. Within these Objects, the School also has to create and administer scholarships, exhibitions and bursaries.

#### Public Benefit Aims and Intended Impact

In meeting these Objects, the School's public benefit aim is to provide a first class independent education, both through strong academic tuition, and through developing wider sporting, artistic and social skills in all its pupils. This is intended to provide an environment where each pupil can develop and fulfil his or her potential, thus help to build self-confidence and inculcate desire to contribute to the wider community.

In furtherance of these aims the Governors, as charity trustees, have complied with the duty in s 17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under the Act.

#### Objectives for the Year

This year the focus has been on the continued achievement of academic, musical and sporting performance, further widening of access to the education provided by the School, to encourage the fulfilment of pupils' potential.

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

These included maintaining a high teacher-pupil ratio, treating each pupil as an individual and development of the curriculum. Extra-curricular activities offered to support the achievement of pupils at the School. Alongside this the professional development of staff is comprehensively recorded and reported to match the personal development of staff and support the continuing development of the curriculum and extra-curricular activities. The School encourages further development of links with local junior and senior schools in both the state and independent sector which facilitates the wider community access to our facilities.

#### Principal Activity

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. With effect from September 1985, the Governors voted to admit girls throughout the entire range of 3 to 18 years on sound educational, social and financial grounds. Boarding has now been phased out, as such the School is now a co-educational day school for pupils aged 3 to 18.

#### Grant-making

This year, the value of scholarships, exhibitions and other awards to the School's pupils out of unrestricted funds exceeded £413,000. The Governor's policy, in line with that of other Independent Schools, is to make these awards on the basis of the individual's educational potential. As a Choir School a further £82,821 was awarded in scholarships by the Governors to support the education of the Choristers of Gloucester Cathedral.

Further awards of approximately £239,241 in bursaries were made from unrestricted funds, where the policy is to relieve hardship where the pupil's education and future prospects would otherwise be at risk.

The availability of all such awards for fee-assistance, together with the terms and conditions of each kind of award, is advertised on our website at [www.thekingsschool.co.uk](http://www.thekingsschool.co.uk)

### **Review of Activities and Achievements**

Pupil numbers during the year averaged 508 (2012: 507). Numbers remained constant throughout the year and were in line with School's budget.

# THE KING'S SCHOOL, GLOUCESTER

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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Academic results at A level in 2013 continue the trend of current improvement, with an overall pass rate of 100%, with 35% of the grades being at A\* or A and 82% at A\*- C. This success of our pupils in public examinations bears testament to the School's core objective of encouraging pupils with a wide range of ability to develop their full potential. The pupils' achievement is naturally enhanced by the high quality of the teaching staff, by their constant readiness to support the pupils and by the existence of a culture at the school which promotes and enhances teaching and learning.

Pupils at King's are invariably very involved in Sport, Music, Drama and a wide range of extra-curricular activities, including activities in the local community – helping in local primary schools, visiting the elderly in sheltered accommodation and doing pastoral work at Gloucester Royal Hospital. The school works in close partnership with other local schools, including the Crypt and Gloucester Academy. Beyond this, the School enjoys productive relationships with a number of schools in America, Australia and India, particularly raising funds for and supporting the education of pupils at the English Medium Speaking School in Domakal, South India.

The King's School also supports a wide range of other charities, both local and national. A recent development has been fundraising for Chantry through the School's three houses, Laud, Serlo and Wheeler.

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

Net incoming resources for the year of £232,960 (2012 £363,840). This was mainly as a result of an increase in staffing costs and utility costs. The surplus at the operating level, whilst being below the targeted percentage of fee income as set out in the longer term plans the outcome, is considered to be satisfactory.

The financial strength of the School continues to increase which will enable it to continue with capital development to enhance the facilities for the future.

### **Investment Policy and Objectives**

The School has absolute power to invest any monies of the School not immediately required for its purpose in or upon such investments, securities or property of whatsoever nature as may be thought fit and to vary the investment thereof in such manner as may from time to time be determined.

Investments are currently held in COIF Charities Investment Fund and 3.5% War Loan Stock, to support the Prize and Scholarship Fund with a view to achieving an above-average annual dividend, relative to UK equities, to enable the provision of prizes and scholarships.

### **Investment Performance**

The investment performance for the year yielded a total return of 14.7%. Investments are made to maximise the total return and generate investment for the granting of prizes and scholarships. The investment performance for the year has generated an annual dividend yield of 4.2%.

### **Reserves Policy**

The School's policy is to invest in its facilities to support the educational and business needs of the School. This investment is subject to the availability of funds to adequately support the day to day operational needs and to maintain adequate resources to meet any contingencies. Any major investment in buildings will be financed by borrowings or fundraising. The level of borrowings will not exceed a level which the Governors are confident can be serviced by the prudent projection of future income and expenditure and associated cash flows.

Free reserves, as defined by the Charities SORP, excluding fixed assets were negative £196,629 at the year end (2012 negative £736,394). These free reserves are within the parameters set by the Governors, thereby ensuring there are adequate resources in place to continue current operations.



# THE KING'S SCHOOL, GLOUCESTER

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Risk Factors

The Governors have previously assessed the major risks to which the school is exposed, and are satisfied that systems are in place to manage exposure to the major risks

### **Future Plans**

The school has a highly developed system of planning and the Whole School Development Plan is devised by the Senior Management Team and staff generally before it is then considered by the Board of Governors. There is also regular review. The core objectives are

- 1 to create a vibrant culture of learning which meets the needs of – and yet also challenges – all our pupils
- 2 to prepare our pupils thoroughly for public examinations whilst constantly emphasising the importance of creativity and independent thinking
- 3 to cherish the well-being, moral and spiritual development of each individual whilst also reinforcing the community's core values
- 4 to offer – and encourage participation – a wide range of activities within and beyond the classroom
- 5 to boost pupil numbers, ensuring at least a combined pupil roll of 500, and to raise the School's profile further in a competitive environment
- 6 to develop the School's facilities through an ongoing programme of capital development and, imminently by improving the facilities for Music, Dance and Drama

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors (who are also directors of The King's School, Gloucester 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards)

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they 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 group for that period. In preparing these financial statements, the Governors 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

So far as the Governors are aware, there is no relevant audit information of which the Charity's auditors are unaware. The Governors have each taken all of the steps that we ought to have taken as Governors in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information

# THE KING'S SCHOOL, GLOUCESTER

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Auditor

In accordance with Section 385 of the Companies Act 2006, a resolution proposing the re-appointment of Crowe Clark Whitehill LLP as auditor to the school will be put to the annual general meeting

Approved by the Board of Governors of The King's School, Gloucester on 19 November 2013 and signed on its behalf by

C. Major  
Governor



# **THE KING'S SCHOOL, GLOUCESTER**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KING'S SCHOOL, GLOUCESTER**

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We have audited the accounts of The King's School, Gloucester for the year ended 31 July 2013 set out pages 12 to 29 and the related notes numbered 1 to 24

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

### **Respective responsibilities of Governors and auditor**

As explained more fully in the Statement of Governors Responsibilities, the Governors (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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.

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 accounts.

In addition, we read all the financial and non-financial information in the Governors Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

# THE KING'S SCHOOL, GLOUCESTER

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KING'S SCHOOL, GLOUCESTER (continued)

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

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

- the parent charitable company has not kept adequate accounting records, or
- the parent charitable company accounts 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

Michael Hall  
Senior Statutory Auditor  
for and on behalf of **Crowe Clark Whitehill LLP**  
Statutory Auditor

Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

Date 21 November 2013

# THE KING'S SCHOOL, GLOUCESTER

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from charitable activities</b>					
School fees	3	5,749,782	-	5,749,782	5,471,641
Other ancillary trading income	6	69,264	-	69,264	63,168
<b>Incoming resources from generated funds</b>					
Trading turnover – Serlo Enterprises	4	92,496	-	92,496	64,733
Investment income	5	118	202	320	8,739
Voluntary income	2	4,150	8,864	13,014	31,282
<b>Other incoming resources</b>	6	<u>11,585</u>	<u>-</u>	<u>11,585</u>	<u>8,781</u>
<b>Total incoming resources</b>		<u>5,927,395</u>	<u>9,066</u>	<u>5,936,461</u>	<u>5,648,344</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Serlo Enterprises trading costs	4	81,850	-	81,850	55,921
Fundraising costs – other		3,509	-	3,509	17,403
Finance costs		49,199	-	49,199	4,160
<b>Charitable activities</b>					
Education and grant making costs		5,517,277	20,736	5,538,013	5,179,690
<b>Governance costs</b>		<u>30,930</u>	<u>-</u>	<u>30,930</u>	<u>27,330</u>
<b>Total resources expended</b>	7	<u>5,682,765</u>	<u>20,736</u>	<u>5,703,501</u>	<u>5,284,504</u>
<b>Net incoming resources for the year before transfers</b>		244,630	(11,670)	232,960	363,840
<b>Transfer between funds</b>		150,121	(150,121)	-	-
<b>Unrealised investment gains</b>	11	<u>-</u>	<u>5,946</u>	<u>5,946</u>	<u>625</u>
<b>Net movement in funds</b>		394,751	(155,845)	238,906	364,465
<b>Fund balances as at 1 August 2012</b>		<u>2,945,262</u>	<u>395,455</u>	<u>3,340,717</u>	<u>2,976,252</u>
<b>Fund balances as at 31 July 2013</b>	16	<u>3,340,013</u>	<u>239,610</u>	<u>3,579,623</u>	<u>3,340,717</u>

All amounts relate to continuing operations

The notes on pages 16 to 29 form part of these accounts

# THE KING'S SCHOOL, GLOUCESTER

## CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2013

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	2013 £	2012 £
Total income	5,936,461	5,648,344
Total expenditure from income funds	<u>5,703,501</u>	<u>5,284,504</u>
Net income for the year	<u>232,960</u>	<u>363,840</u>

The summary income and expenditure account is derived from the Statement of Financial Activities on page 12 which, together with the notes on pages 16 to 29, provides full information on the movements during the year on all funds of the School

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	2013 £	2012 £
Net income for the year	232,960	363,840
Unrealised gains on investment assets held by income funds	<u>5,946</u>	<u>625</u>
Total recognised gains and losses relating to the year	<u>238,906</u>	<u>364,465</u>

The notes on pages 16 to 29 form part of these accounts

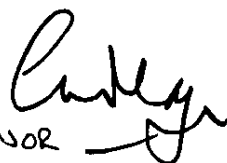
**THE KING'S SCHOOL, GLOUCESTER**  
**COMPANY REGISTRATION NUMBER 03834841**

**BALANCE SHEETS**  
**AS AT 31 JULY 2013**

	Note	Group 2013 £	2012 £	School 2013 £	2012 £
<b>Fixed assets</b>					
Tangible assets	10	3,501,420	3,702,238	3,501,420	3,702,238
Investments	11	56,708	50,762	4,804	4,780
		<u>3,558,128</u>	<u>3,753,000</u>	<u>3,506,224</u>	<u>3,707,018</u>
<b>Current assets</b>					
Stocks		48,912	36,399	47,664	34,860
Debtors	12	460,107	339,011	513,037	345,584
Cash at bank and in hand		1,545,029	1,285,889	1,486,906	1,266,887
		<u>2,054,048</u>	<u>1,661,299</u>	<u>2,047,607</u>	<u>1,647,331</u>
<b>Creditors amounts falling due within one year</b>	13	<u>(614,250)</u>	<u>(974,373)</u>	<u>(608,604)</u>	<u>(961,197)</u>
<b>Net current assets</b>		<u>1,439,798</u>	<u>686,926</u>	<u>1,439,003</u>	<u>686,134</u>
<b>Total assets less current liabilities</b>		<u>4,997,926</u>	<u>4,439,926</u>	<u>4,945,227</u>	<u>4,393,152</u>
<b>Creditors amounts falling due after more than one year</b>	14	<u>(1,418,303)</u>	<u>(1,099,209)</u>	<u>(1,418,303)</u>	<u>(1,099,209)</u>
<b>Net assets</b>		<u>3,579,623</u>	<u>3,340,717</u>	<u>3,526,924</u>	<u>3,293,943</u>
<b>Income funds</b>					
Restricted funds	17a	239,610	395,455	187,690	349,460
Designated and general funds	17b	3,340,013	2,945,262	3,339,234	2,944,483
	16	<u>3,579,623</u>	<u>3,340,717</u>	<u>3,526,924</u>	<u>3,293,943</u>

The accounts were approved and authorised for issue by the Board on 19/11/2013 and were signed on its behalf by

Governor  
 MR CLIVE MAJOR



The notes on pages 16 to 29 form part of these accounts

# THE KING'S SCHOOL, GLOUCESTER

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2013

	Note	2013 £	2012 £
<b>Net cash inflow from operating activities</b>	18	(73,908)	881,935
<b>Returns on investments and servicing of finance</b>			
Finance costs paid		(49,199)	(4,160)
Investment income receivable		5,946	625
<b>Capital expenditure and financial investment</b>			
Payment for tangible fixed assets		(107,962)	(2,475,128)
Receipt from tangible fixed assets disposed		132,163	-
<b>Net cash (outflow)/inflow before financing</b>		(92,960)	(1,596,728)
<b>Financing: advance fee schemes</b>			
Receipts from new advance fee contracts		272,375	70,112
Amounts accrued to advance fee contracts		3,133	9,996
Amounts utilised		(199,044)	(173,989)
Bank loan introduced		275,636	875,000
<b>(Decrease)/increase in cash</b>	19	<u>259,140</u>	<u>(815,609)</u>

The notes on pages 16 to 29 form part of these accounts



# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2013

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### 1. Accounting policies

#### 1.1 Basis of preparation

The accounts are prepared under the Companies Act 2006 on the historical cost convention modified to include the revaluation of certain investments

The accounts have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities The Charities SORP 2005

These accounts consolidate the accounts of the School and its wholly owned non-charitable subsidiary trading company, Serlo Enterprises Limited, and the charitable trust King's School Prize and Scholarship Fund For Serlo Enterprises Limited the period included in the consolidation is the year to 31 August 2013 The year end for Serlo Enterprises Limited is different to the that of the School in order to account for the full summer activities operated by the company, this difference in accounting reference date does not significantly affect the numbers

As permitted by Section 408 of the Companies Act 2006 and in accordance with the Charities SORP 2005, no separate SOFA has been presented for the School alone The parent company's surplus for the year was £222,314 (2012 £355,028)

#### 1.2 Going concern

After making enquires, the Governors have a reasonable expectation that the school has adequate resources to continue its activities for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities on page 8

#### 1.3 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 received for education to be provided in future years are carried forward as deferred income in the balance sheet

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

#### 1.4 Resources expended

Expenditure is accounted for on an accruals basis and is summarised under functional headings on a direct cost basis or, for overheads, apportioned according to management estimates The irrecoverable element of VAT is included with the item of expenditure

Governance costs comprise costs of running the school, any legal advice and all costs of complying with constitutional and statutory requirements

Fundraising costs include costs associated with the planning and organisation of fundraising events and the costs of the trading subsidiary

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Accounting policies (continued)

#### 1.5 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 useful economic life, as follows:

Freehold land is not depreciated	
Freehold and long leasehold buildings	2% - 10% straight line
Fixtures, fittings and equipment	10% - 33% straight line
Motor vehicles	20% straight line

Leasehold improvements to buildings held on short term leases are depreciated over the remaining term of the short term lease when incurred, which is currently 9% straight line.

Items costing less than £5,000 are written off as an expense when acquired.

#### 1.6 Operating lease commitments

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

#### 1.7 Investments

Fixed asset investments are stated at market value at the balance sheet date. Changes in the valuation of investments during the year are shown as unrecognised gains or losses in the Statement of Financial Activities.

#### 1.8 Stock

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

#### 1.9 Taxation

The School is a registered charity and as such is entitled to tax exemptions on all its income and gains properly applied for its charitable purposes.

#### 1.10 Pensions

The School participates in the Teachers' Pension Defined Benefits Scheme, for its teaching staff, at rates set by the Scheme Actuary and advised to the School 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 that are attributable to the School. Accordingly, under FRS 17 the Scheme is accounted for as if it were a defined contributions scheme and the contributions are accounted for when advised as due by the Scheme Administrator.

The School also contributes to a defined contribution pension scheme for non-teaching staff at a rate of 6% of annual basic pay and these contributions are accrued accordingly.

#### 1.11 Unrestricted funds

The General Funds comprise the accumulated surplus. As such the Governors consider these funds to be unrestricted funds within the definitions contained in the Charities Act in that they are funds over which they have complete discretion as to their use.

#### 1.12 Designated funds

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the accounts.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### Accounting policies (continued)

#### 1.13 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.

#### 1.14 Recognition of liabilities

Liabilities are recognised once there is a legal or constructive obligation that commits the charity to the obligation.

### 2 Voluntary Income

	2013 £	2012 £
Donations	<u>13,014</u>	<u>31,282</u>

### 3. School Fees

	2013 £	2012 £
<b>a) Fees receivable consist of:</b>		
Gross fees	6,816,730	6,445,995
Less Total bursaries, grants and allowances	<u>(1,067,083)</u>	<u>(975,926)</u>
	5,749,647	5,470,069
Add back Scholarships and grants paid for by restricted funds	<u>135</u>	<u>1,572</u>
	<u>5,749,782</u>	<u>5,471,641</u>

	2013 £	2012 £
<b>b) Grants, awards and prizes paid for by restricted funds</b>		
Scholarships, grants etc	-	1,490
Prizes and leaving awards	<u>135</u>	<u>82</u>
	<u>135</u>	<u>1,572</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 4. Trading Income

	2013 £	2012 £
Turnover	92,496	64,733
Operating expenses	<u>(81,850)</u>	<u>(55,921)</u>
<b>Net income from trading</b>	<b><u>10,646</u></b>	<b><u>8,812</u></b>

### 5. Investment Income

	2013 £	2012 £
Interest receivable	<u>320</u>	<u>8,739</u>

### 6 Other Income

	2013 £	2012 £
<b>Other ancillary activities</b>		
Insurance commissions	6,693	6,302
After School holiday clubs	59,814	53,346
Late payment surcharges	<u>2,757</u>	<u>3,520</u>
	<b><u>69,264</u></b>	<b><u>63,168</u></b>
<b>Other incoming resources</b>		
Other	<u>11,585</u>	<u>8,781</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 7 Resources Expended

	Staff Costs £	Deprec- iation £	Other Costs £	Total 2013 £	Total 2012 £
<b>Charitable expenditure:</b>					
School operating costs					
Teaching costs	2,967,542	-	398,732	3,366,274	3,204,553
Welfare costs	35,587	-	-	35,587	31,421
Support costs	413,592	-	312,112	725,704	690,151
Catering	-	-	335,471	335,471	324,570
Premises	295,283	176,617	582,341	1,054,241	926,166
Grants, awards and prizes	-	-	20,736	20,736	2,829
	<u>3,712,004</u>	<u>176,617</u>	<u>1,649,392</u>	<u>5,538,013</u>	<u>5,179,690</u>
<b>Governance costs</b>	-	-	30,930	30,930	27,330
<b>Costs of generating funds:</b>					
Fundraising costs	-	-	3,509	3,509	17,403
School financing costs	-	-	49,199	49,199	4,160
<b>School</b>	<u>3,712,004</u>	<u>176,617</u>	<u>1,733,030</u>	<u>5,621,651</u>	<u>5,228,583</u>
Trading costs:	<u>9,607</u>	<u>-</u>	<u>72,243</u>	<u>81,850</u>	<u>55,921</u>
<b>Group</b>	<u>3,721,611</u>	<u>176,617</u>	<u>1,805,273</u>	<u>5,703,501</u>	<u>5,284,504</u>

Governance costs include payments to the auditors of £12,810 for audit services and £18,120 for other professional fees (2012 £12,420 for audit services)

Premises costs include £86,874 in respect of land and buildings (2012 £91,135)

Support costs include operating lease payments of £13,836 in respect of equipment (2012 £13,836)

### 8 Staff Costs

	2013 £	2012 £
Wages and salaries	3,148,452	2,956,896
Social security costs	241,606	227,131
Pension contributions	331,553	320,992
	<u>3,721,611</u>	<u>3,505,019</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 8. Staff Costs (continued)

The average monthly number of full time equivalent employees during the year was

	2013	2012
Teaching staff	69	69
Support staff	37	36
	<u>106</u>	<u>105</u>

The number of employees whose annual emoluments were £60,000 or more were

	2013	2012
£70,001 - £80,000	<u>1</u>	<u>1</u>

The employee whose emoluments exceed £60,000 has retirement benefits accruing under defined benefit pension schemes

### 9. Governors

The Governors received no remuneration or other benefits for the year, and £263 (2012 £284) of expenses were reimbursed to one Governor during the year for travel expenses

### 10. Tangible Fixed Assets

	Group and School				
	Land and buildings £	Assets under construction £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
<i>At 1 August 2012</i>	2,374,633	2,720,284	428,286	64,824	5,588,027
<b>Additions</b>	29,356	-	58,340	20,266	107,962
<b>Completions</b>	2,720,284	(2,720,284)	-	-	-
<b>Disposals</b>	(132,163)	-	-	-	(132,163)
<b>At 31 July 2013</b>	<u>4,992,110</u>	<u>-</u>	<u>486,626</u>	<u>85,090</u>	<u>5,563,826</u>
<b>Depreciation</b>					
<i>At 1 August 2012</i>	1,507,394	-	329,865	48,530	1,885,789
<b>Charge for the year</b>	128,306	-	37,676	10,635	176,617
<b>At 31 July 2013</b>	<u>1,635,700</u>	<u>-</u>	<u>367,541</u>	<u>59,165</u>	<u>2,062,406</u>
<b>Net book value</b>					
<b>At 31 July 2013</b>	<u>3,356,410</u>	<u>-</u>	<u>119,085</u>	<u>25,925</u>	<u>3,501,420</u>
<i>At 31 July 2012</i>	<u>867,239</u>	<u>2,720,284</u>	<u>98,421</u>	<u>16,294</u>	<u>3,702,238</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 10a Freehold and leasehold property

	Group and School	
	Accumulated Costs 2013 £	Net Book Value 2013 £
<b>Freehold</b>		
Old Bishop's Palace	506,654	206,572
Archdeacon Meadow	264,579	121,381
Sports Hall	2,617,477	2,566,505
Design and Technology Building	51,599	25,799
	<u>3,440,309</u>	<u>2,920,257</u>
<b>Long leasehold</b> improvements to land and buildings leased from the Chapter of Gloucester Cathedral		
Junior School Buildings on Paddock Land	<u>985,416</u>	<u>421,121</u>
<b>Short leasehold</b> improvements to land and buildings leased from the Chapter of Gloucester Cathedral		
King's School House	4,742	69
Little Cloister House	11,615	180
Wardle House	32,162	523
Paddock House – 5 Pitt Street	469,562	13,094
Dulverton House and Coach house	48,304	1,166
	<u>566,385</u>	<u>15,032</u>
	<u>4,992,110</u>	<u>3,356,410</u>

- (i) The leasehold property is leased from the Chapter of Gloucester Cathedral under renewable 20 year leases expiring on 24 December 2013. The terms provide for full repairing liability and at rents independently reviewed at 5 yearly intervals. The current rents amount to £65,000 per annum.
- (ii) 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 of Gloucester Cathedral has granted a 125 year lease, expiring on 31 December 2134, in favour of the school.

The rent payable under the lease is £17,500 per annum for the period from 1 January 2012 to 31 December 2014 and £19,000 per annum for the period 1 January 2014 to 31 December 2018.

The school also occupies Finches Yard under a 13 year lease from the Chapter of Gloucester Cathedral. The rent under this lease is £7,500 per annum.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 11. Fixed Asset Investments

Group	2013 £	2012 £
Quoted investments at market value 1 August 2012	50,762	50,137
Unrealised gains	5,946	625
Quoted investments at market value 31 July 2013	56,708	50,762
Cost	11,593	11,593
<b>School</b>		
Quoted investments at market value 1 August 2012	4,780	4,367
Unrealised gains	21	410
Quoted investments at market value 31 July 2013	4,801	4,777
Shares in subsidiary trading company, at cost	3	3
	4,804	4,780
Cost	1,596	1,596

The School owns 100% of the ordinary shares in 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

	2013 £	2012 £
Turnover	92,496	64,733
Cost of sales	(66,931)	(45,211)
Gross Profit	25,565	19,522
Administration	(14,919)	(10,710)
Operating profit	10,646	8,812
Profit on ordinary activities before taxation	10,646	8,812
Profit on ordinary activities after taxation	10,646	8,812
Gross covenant to The King's School, Gloucester	(10,646)	(8,812)
Retained profit for the year	-	-

### Material investments

	Group Market value £	% of total	School Market value £	% of total
COIF Chanty Investment Fund	55,064	97.1	3,154	65.8
3.5% War Loan Stock	1,641	2.9	1,641	34.2



# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 12. Debtors

	Group		School	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	354,176	268,149	349,686	248,769
Other debtors	36,760	17,850	36,760	15,615
Prepayments and accrued income	69,171	53,012	69,171	53,012
Amounts owed by group companies	-	-	57,420	28,188
	<u>460,107</u>	<u>339,011</u>	<u>513,037</u>	<u>345,584</u>

### 13 Creditors: amounts falling due within one year

	Group		School	
	2013	2012	2013	2012
	£	£	£	£
Bank loan	85,199	51,501	85,199	51,501
Trade creditors	71,874	118,678	71,874	118,678
Taxes and social security costs	71,809	71,494	71,809	71,494
Pension costs	44,858	41,323	44,858	41,323
Refundable fee deposits	21,149	20,538	21,149	20,538
Advance fee payments	133,369	129,307	133,369	129,307
Other creditors	168,396	131,554	162,750	122,616
Accruals and deferred income	17,596	409,978	17,596	405,740
	<u>614,250</u>	<u>974,373</u>	<u>608,604</u>	<u>961,197</u>

### 14. Creditors: amounts falling due after more than one year

	Group and School	
	2013	2012
	£	£
Bank loan	1,099,135	823,499
Refundable fee deposits	145,228	144,548
Advance fee payments	173,940	101,538
Other creditors	-	29,624
	<u>1,418,303</u>	<u>1,099,209</u>

The loan is secured by means of a legal charge over the property at The King's School, Gloucester over the freehold land and buildings, the School playing fields and Archdeacon Meadow, St Oswald's Road, Gloucester

There is a legal charge at the property at The King's School, Gloucester over the freehold land and buildings at Old Bishop's Palace, Pitt Street, Gloucester

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 15 Advance Fee Payments

Parents may enter into a contract to pay the equivalent of at least two years' tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:

	2013 £	2012 £
Within 2 to 5 years	21,520	-
Within 1 to 2 years	152,420	101,538
	173,940	101,538
Within 1 year	133,369	129,307
	307,309	230,845

The balance represents the accrued liability under the contracts. The movements during the year were:

	£
Balance as at 1 August 2012	230,845
New contracts	272,375
Amounts accrued to contracts as debt-financing costs	3,133
	506,353
Amounts utilised in payment of fees	(199,044)
Balance at 31 July 2013	307,309

### 16. Analysis of Net Assets Between Funds

	Unrestricted funds £	Restricted funds £	Total £
<b>Group</b>			
Fund balances at 31 July 2013 are represented by:			
Tangible fixed assets	3,501,420	-	3,501,420
Investments	-	56,708	56,708
Current assets	1,871,146	182,902	2,054,048
Creditors amounts falling due within one year	(614,250)	-	(614,250)
Creditors amounts falling due after more than one year	(1,418,303)	-	(1,418,303)
	3,340,013	239,610	3,579,623

	Unrestricted funds £	Restricted funds £	Total £
<b>School</b>			
Fund balances at 31 July 2013 are represented by:			
Tangible fixed assets	3,501,420	-	3,501,420
Investments	3	4,801	4,804
Current assets	1,864,718	182,889	2,047,607
Creditors amounts falling due within one year	(608,604)	-	(608,604)
Creditors amounts falling due after more than one year	(1,418,303)	-	(1,418,303)
	3,339,234	187,690	3,526,924

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 17a Restricted Funds Movements in the Year

Group Funds	Prize & Scholarship Fund £	Bursary Fund £	Sports Fund £	Legacies Fund £	Catering Equipment Fund £	Annual Fund £	General Fund £	Total £
Balance as at 1 August 2012	113,248	66,150	126,454	1,500	50,121	18,259	19,723	395,455
Income	-	-	-	-	-	-	202	202
Donations/grants	-	1,365	490	-	-	2,009	5,000	8,864
Transfers	-	-	(100,000)	-	(50,121)	-	-	(150,121)
Expenditure	-	-	(4,925)	-	-	(10,872)	(4,939)	(20,736)
Investment gains	5,946	-	-	-	-	-	-	5,946
<b>Balance as at 31 July 2013</b>	<b><u>119,194</u></b>	<b><u>67,515</u></b>	<b><u>22,019</u></b>	<b><u>1,500</u></b>	<b><u>-</u></b>	<b><u>9,396</u></b>	<b><u>19,986</u></b>	<b><u>239,610</u></b>

The Prize and Scholarship Fund is for the provision of prizes and scholarships for pupils at the School

The Bursary Fund is for the provision of financial assistance for those pupils at the School, or due to start the School, whose families have fallen on difficult times or would otherwise be unable to afford the education at the School

The Sports Fund is for the provision of sport facilities at the School. During the year £100,000 was transferred to unrestricted funds, as amounts in excess of £100,000 had already been expended on the new Sports Hall out of unrestricted funds in the year

The Legacy Fund is income that has been left to the School for the Governors to distribute as they wish

The Catering Equipment Fund relates to donated assets in the School kitchen. The assets were donated with a 3 year restriction clause, this restriction expired on 1 September 2012 so the assets were transferred to unrestricted funds in the year

The Annual Fund is an annual fundraising activity for specific purposes. The current Annual Fund is raising money for musical instruments, a telescope, tree planting and Junior School play equipment

The General Fund is from donations with no specific purpose other than to support the School and for the Governors to distribute as they wish

School Funds	Prize & Scholarship Fund £	Bursary Fund £	Sports Fund £	Legacies Fund £	Catering Equipment Fund £	Annual Fund £	General Fund £	Total £
Balance as at 1 August 2012	67,253	66,150	126,454	1,500	50,121	18,259	19,723	349,460
Income	-	-	-	-	-	-	202	202
Donations/grants	-	1,365	490	-	-	2,009	5,000	8,864
Transfers	-	-	(100,000)	-	(50,121)	-	-	(150,121)
Expenditure	-	-	(4,925)	-	-	(10,872)	(4,939)	(20,736)
Investment gains	21	-	-	-	-	-	-	21
<b>Balance as at 31 July 2013</b>	<b><u>67,274</u></b>	<b><u>67,515</u></b>	<b><u>22,019</u></b>	<b><u>1,500</u></b>	<b><u>-</u></b>	<b><u>9,396</u></b>	<b><u>19,986</u></b>	<b><u>187,690</u></b>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 17b. Unrestricted Funds. Movements in the Year

	Balance as at 1 August 2012 £	Income £	Expended £	Transfers £	Balance as at 31 July 2013 £
<b>Designated funds:</b>					
Major Repair funds	85,000	-	(85,000)	-	-
<b>General funds</b>	<u>2,859,483</u>	<u>5,834,899</u>	<u>(5,365,794)</u>	<u>10,646</u>	<u>3,339,234</u>
<b>School funds</b>	<u>2,944,483</u>	<u>5,834,899</u>	<u>(5,450,794)</u>	<u>10,646</u>	<u>3,339,234</u>
Non charitable trading funds	779	92,496	(81,850)	(10,646)	779
<b>Group funds</b>	<u>2,945,262</u>	<u>5,927,395</u>	<u>(5,532,644)</u>	<u>-</u>	<u>3,340,013</u>

The Major Repair funds represent funds held towards the repair costs expected to be incurred for the main School buildings within the next two years. The trading subsidiary made a surplus of £10,646 during the year which was gift aided to the charity.

### 18. Net Cash Inflow from Operating Activities

	2013 £	2012 £
<b>Reconciliation to changes in resources:</b>		
Net incoming resources for the year	232,960	363,840
Depreciation of tangible fixed assets	176,617	147,969
(Increase) in stocks	(12,513)	(10,192)
(Increase)/decrease in debtors	(121,095)	(67,996)
Increase in creditors	(393,130)	444,779
Investment income	(5,946)	(625)
Financing costs	49,199	4,160
	<u>(73,908)</u>	<u>881,935</u>

### 19. Reconciliation of Net Cash Flow to Movement in Net Funds

	2013 £	2012 £
Net cash at 1 August 2012	1,285,889	2,101,498
Increase in cash	<u>259,140</u>	<u>(815,609)</u>
Net cash at 31 July 2013	<u>1,545,029</u>	<u>1,285,889</u>

Refer to the cash flow statement on page 15 of the accounts

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 20. Analysis of Net Cash Balances

	At 1 August 2012 £	Cash Flow £	At 31 July 2013 £
Cash	1,285,889	259,140	1,545,029
Advance fees due within 1 year	(129,307)	(4,062)	(133,369)
Advance fees due after more than 1 year	(101,538)	(72,402)	(173,940)
	<u>1,055,044</u>	<u>182,676</u>	<u>1,237,720</u>

### 21 Pension Scheme

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.

On 31 January 2013, the Department for Education published the outcome of the consultation on further contributions increases that will apply to members of the TPS in financial year 2013-14 as well as the removal of provisions governing scheme valuations and cap and share arrangements. A revised eight tier salary and employee contribution rate structure has been introduced from 1 April 2013 with employee rates varying between 6.4% and 11.2%. Employer contributions will continue for this period at the current rate 14.1%.

On 25 April 2013 the Public Service Pensions Act 2013 was enacted and provides the arrangements for managing the future TPS costs, including a requirement for scheme regulations which must set an employer cost cap which will be required to be in accordance with Treasury directions.

In light of the new arrangements for setting contribution rates the Government has concluded that there is now no need to carry out the currently suspended TPS actuarial review or the cap and share processes.

The pension charge for the year includes contributions payable to the TPS of £285,118 (2012 £297,861). At the year-end £38,261 (2012 £35,343) was accrued in respect of contributions to this scheme.

The School also runs a scheme for its non-teaching staff, which is a defined contribution scheme, amounts paid into the scheme for the year were £22,017 (2012 £23,131). There were contributions of £5,736 (2012 £5,980) outstanding at the year end, this amount is included in creditors and was paid by its August due date.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### 22 Operating Lease Commitment

At 31 July 2013, the School had annual commitments under non-cancellable operating leases as follows

	2013	2012
	£	£
<b>Other</b>		
Expiring within one year	65,000	-
Expiring between two and five years	7,500	72,500
Expiring after more than five years	<u>17,500</u>	<u>17,500</u>

### 23 Capital Commitments

The School had capital commitments of £nil (2012 £98,405) at the year end in respect of roof repairs to the Old Bishops Palace

The School had capital commitments of £nil (2012 £368,926) at the year end in respect of the new sports hall at The King's School, Gloucester

### 24. Related Party Transactions

Under the provisions of Financial Reporting Standard No 8, related party transactions with Serlo Enterprises Limited are exempt from disclosure, as the company is a wholly owned subsidiary of The King's School, Gloucester, the immediate parent charity