

Charity Registration No. 1080641

Company Registration No. 03834841 (England and Wales)

THE KING'S SCHOOL, GLOUCESTER
GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016



THE KING'S SCHOOL, GLOUCESTER

LEGAL AND ADMINISTRATIVE INFORMATION

Visitor	The Lord Bishop of Gloucester
Governors	<p>The Reverend Canon N.M. Arthy (ex-officio) Residentiary Canon of Gloucester Cathedral</p> <p>Mr A.T. Brett, B.Sc (Hons), psc, MInst RE Bursar</p> <p>**Mrs G Brook, CBE</p> <p>Mr P Dancey Company Director, Woodward & Co Environmental Ltd</p> <p>Mr M. Hurrell Managing Editor, BBC Radio Gloucestershire</p> <p>Mrs A Gillespie, BA (Hons), PGCE CertMusEd</p> <p>The Very Reverend Stephen D. Lake (ex-officio) The Dean of Gloucester</p> <p>Mr P. Lachecki, B.Sc Managing Director, Lachecki Consulting</p> <p>Mr P. Lapping, BA (Hons) Natal, MA Oxon Retired Headmaster</p> <p>Mr P. Markey, BA (Hons), F.C.A. Managing Director, Markey Group</p> <p>Mr L.J. Rake BA (Oxon) FIS (Chairman of Governors) Vice Principal (Further Education)</p> <p>Dr R Shephard, MBE DL MA DMus DUniv FRSCM FGCM Director of Development York Minster</p> <p>Mrs A.E. Sullivan, B.Ed Proprietor of Airthrie School</p> <p>Canon C. Thomson, M.A. (ex-officio) Residentiary Canon of Gloucester Cathedral</p>

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

THE KING'S SCHOOL, GLOUCESTER

LEGAL AND ADMINISTRATIVE INFORMATION

Officers

The Headmaster	Mr A. K. J. Macnaughton, M.A.
The Deputy Heads	Mrs S O'Sullivan, MSc., M.A., P.G.C.E. MRSC (Academic) Mrs M Phillips B.A., P.G.C.E. (Pastoral)
The Head of Junior School	Mrs A Haas B. Prim. 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
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

Bankers Lloyds TSB Bank Plc
Eastgate Street
Gloucester
GL1 1NU

Solicitors Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

THE KING'S SCHOOL, GLOUCESTER

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THE KING'S SCHOOL, GLOUCESTER

ANNUAL REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 JULY 2016

The members of The King's School, Gloucester present their Annual Report for the year ended 31 July 2016 under the Charities Act 2011 and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with audited financial statements for the year.

DIRECTORS' REPORT

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 charity (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 charity (no. 1080641) and was incorporated as a limited company by guarantee (no. 03834841) on 26 August 1999. 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, King's School Prize and Scholarship Fund (charity 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, *
G Brook, CBE
P Dancey #
A Gillespie, BA (Hons), P.G.C.E.
T F H Heal, F.R.I.C.S. * # ^ (resigned 17/11/2015)
M. Hurrell ~ ♦
Canon N C Heavisides, M.A. ^ (resigned 17/11/2015)
P Lachecki, B.Sc ~ #
The Very Reverend S.D. Lake * ~ #
P Lapping, BA (Hons) Natal, MA Oxon
C Major, LL.B. * # ^ (resigned 15/03/2016)
P Markey, BA (Hons) F.C.A.* #
L.J. Rake BA (Oxon) FIS ~ # ♦ ^
R Slawson, RIBA ♦ # (resigned 15/03/2016)
R Shephard, MBE #
A E Sullivan (appointed 17/11/2015)
Canon C Thomson, M.A.

- * Member of Finance Committee
- # Member of the Strategic Development & Estates Committee
- ^ Member of the Nominations Committee
- ~ Member of the Strategic Marketing 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

ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

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 three 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, each of these committees meets at least three times a year, preceding the Board of Governors meetings, to report to the Governing Body:

- The Finance Committee scrutinises revenue, the budget and capital expenditure. This Committee also supervise and finalise the financial statements and annual report for approval by the Governing Body.
- The Strategic Development and Estates Committee considers proposals for capital development and monitors capital building projects and maintenance works.
- The Strategic Marketing Committee considers the School Development plan to ensure that strategies are in place for pupils recruitment and retention.
- The Nominations Committee considers the skills required within the Governing Body and actively seeks to recruit new Governors to the School.

The day to day running of the School is delegated to the Headmaster supported by the Senior Management Team. The Headmaster and Bursar attend all Governor meetings.

Remuneration is set by the Board following an annual review by the Finance Committee to ensure that an appropriate salary scale is in place, this includes comparison and reference to any relevant benchmarking and salary surveys available for the sector to ensure the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

The King's School aims to recruit, subject to experience at the low to medium part of the salary scale. Delivery of the School's charitable objectives is dependant on our key management and staff costs which are the largest single element of our charitable expenditure.

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.

THE KING'S SCHOOL, GLOUCESTER

ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

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.

Grant-making

This year, the value of scholarships, exhibitions and other awards to the School's pupils out of unrestricted funds exceeded £676,000. The Governors' 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 £161,789 was awarded in scholarships by the Governors to support the education of the Choristers of Gloucester Cathedral.

Further awards of £367,680 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.the kings school.co.uk.

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.

THE KING'S SCHOOL, GLOUCESTER

ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

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.

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.

STRATEGIC REPORT

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 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.

Objectives for the Year

This year the focus has been on the continued achievement of academic performance and extra-curricular activities, 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. A diverse programme of extra-curricular activities is 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 and encourages access by the wider community to the School facilities.

Review of Activities and Achievements

Pupil numbers during the year averaged 569 indicating substantial growth from the previous year (2015: 523) both in Senior School and Junior School. The numbers were in line with the School's budget.

Academic results at A level continue the trend of current improvement, with an overall pass rate of 100% and 93% of the grades being A* - C. GCSE and IGCSE results have also continued to demonstrate 'value added', meaning that pupils regularly and significantly perform above expectations.

The success of our pupils in public examinations bears testament to the School's core objective of encouraging pupils with a whole range of ability to realise 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 School that promotes and cherishes teaching and learning.

Pupils at King's are invariably very involved in Music, Sport and 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. Beyond this, the School enjoys productive relationships with a number of schools in America, Australia, Japan and India, particularly raising funds for and supporting the education of pupils in Dornakal, South India.

The King's School also supports a wide range of other charities, both local and national. Much of this is driven forward by the pupils themselves and is an integral part of the School's House system.

THE KING'S SCHOOL, GLOUCESTER

ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

Financial Review and Results for the Year

Net incoming resources for the year totalled £464,078 (2015: £343,146). This compared favourably to the prior year, mainly as a result of an increase in pupil numbers with costs continuing to be closely monitored. The net operating surplus was above expectations and ensures the School is in a strong position to meet its future development plans.

The financial strength of the School is such that it will enable the School 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 7.9%. 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 3.5%.

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 these funds and where necessary 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.

The School's total reserves of £4.4m at the year end included £128k restricted funds and £4.3m unrestricted income. £4.4m represented the next book value of fixed assets leaving negative free reserves of £61,065. Although the free reserves are at a negative balance, this illustrates the extent of the investment in the School, which is a common practice by independent schools which have to finance their own capital investment plans. The Governors consider that given the strength of the School balance sheet, the stable cash flow from student rolls, the ongoing popularity of the School, and the available banking facility that can be called upon if need arises, that there is no need to build up a free reserve.

Principal Risks and Uncertainties

The Governors regularly review the effectiveness of current plans and strategies for identifying and managing all major risks. 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.

Detailed consideration of risk is delegated to the Finance Committee, which reports formally to the Governing Body. The generic controls used by the School to minimise risk include:

- Detailed terms of reference and formal agendas for Committee and Board meetings
- Strategic development planning reviewed annual by the Governing Body
- Comprehensive budgeting and management accounting
- Established organisational structures and lines of reporting
- Formal written policies including clear authorisation and approval levels
- Vetting procedures as required by law to protect the vulnerable

THE KING'S SCHOOL, GLOUCESTER

ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

Risk Management

The Governors have carried out an assessment of the key risks and uncertainties facing the School and those identified relate to long term demand for places in the School and the impact of external factors on the School long term development plans.

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

Future Plans

The school has a highly developed system of planning; 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 in – a wide range of activities within and beyond the classroom
5. to develop the School's facilities through an ongoing programme of capital development and, by improving the facilities across the whole School.

Approved by the Board of Governors of The King's School, Gloucester on 22 November 2016 and signed on its behalf by:

Mr L Rake
Governor



THE KING'S SCHOOL, GLOUCESTER

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

We have audited the consolidated financial statements of The King's School, Gloucester for the year ended 31 July 2016 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of Governors and Auditor

As explained more fully in the Statement of Governors' Responsibilities, the Governors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit the information given in the Strategic Report and the Governors' Annual Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

THE KING'S SCHOOL, GLOUCESTER

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

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 consolidated financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

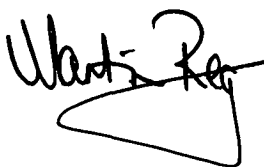
Martin Regan (Senior Statutory Auditor)

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

28 November 2016



THE KING'S SCHOOL, GLOUCESTER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 JULY 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income and endowments from:					
Charitable activities					
School fees	3	6,828,774	-	6,828,774	6,284,122
Ancillary trading	6	63,756	-	63,756	61,490
Other trading activities					
Other incoming resources	6	29,680	-	29,680	23,839
Trading turnover – Serlo Enterprises	4	90,237	-	90,237	68,376
Investments					
Investment income	5	3,643	45	3,688	3,808
Voluntary sources					
Voluntary income	2	<u>11,860</u>	<u>3,491</u>	<u>15,351</u>	<u>12,114</u>
Total incoming resources		<u>7,027,950</u>	<u>3,536</u>	<u>7,031,486</u>	<u>6,453,749</u>
Expenditure on:					
Raising funds					
Serlo Enterprises trading costs	4	58,523	-	58,523	56,937
Fundraising costs – other		2,109	-	2,109	3,290
Finance costs		<u>44,755</u>	<u>-</u>	<u>44,755</u>	<u>45,180</u>
Total deductible costs		105,387	-	105,387	105,407
Charitable activities					
Education and grant making costs		<u>6,450,987</u>	<u>13,913</u>	<u>6,464,900</u>	<u>6,009,732</u>
Total expenditure	8	<u>6,556,374</u>	<u>13,913</u>	<u>6,570,287</u>	<u>6,115,139</u>
Net incoming funds from operations before transfers and investment gains					
		471,576	(10,377)	461,199	338,610
Transfers between funds	19a	16,701	(16,701)	-	-
Gains on investments	12	<u>-</u>	<u>2,879</u>	<u>2,879</u>	<u>4,536</u>
Net movement in funds for the year		488,277	(24,199)	464,078	343,146
Fund balances as at 1 August 2015		<u>3,812,549</u>	<u>212,783</u>	<u>4,025,332</u>	<u>3,682,186</u>
Fund balances as at 31 July 2016	18	<u>4,300,826</u>	<u>188,584</u>	<u>4,489,410</u>	<u>4,025,332</u>

The notes on pages 15 to 29 form part of these financial statements.

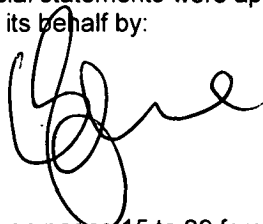
THE KING'S SCHOOL, GLOUCESTER
COMPANY REGISTRATION NUMBER 03834841

BALANCE SHEETS
AS AT 31 JULY 2016

	Note	Group 2016 £	2015 £	School 2016 £	2015 £
Fixed assets					
Tangible assets	11	4,361,113	3,483,170	4,361,113	3,483,170
Investments	12	65,415	62,536	5,364	5,199
		<u>4,426,528</u>	<u>3,545,706</u>	<u>4,366,477</u>	<u>3,488,369</u>
Current assets					
Stocks		45,869	36,102	43,696	33,929
Debtors	13	579,499	618,768	658,728	661,859
Cash at bank and in hand		1,355,528	1,887,921	1,274,371	1,844,011
		<u>1,980,896</u>	<u>2,542,791</u>	<u>1,976,795</u>	<u>2,539,799</u>
Creditors: amounts falling due within one year	14	<u>(831,516)</u>	<u>(778,410)</u>	<u>(828,206)</u>	<u>(776,209)</u>
Net current assets		<u>1,149,380</u>	<u>1,764,381</u>	<u>1,148,589</u>	<u>1,763,590</u>
Total assets less current liabilities		<u>5,575,908</u>	<u>5,310,087</u>	<u>5,515,066</u>	<u>5,251,959</u>
Creditors: amounts falling due after more than one year	15	<u>(1,086,498)</u>	<u>(1,284,755)</u>	<u>(1,086,498)</u>	<u>(1,284,755)</u>
Net assets		<u>4,489,410</u>	<u>4,025,332</u>	<u>4,428,568</u>	<u>3,967,204</u>
Income funds					
Restricted funds	19a	188,584	212,783	128,517	155,430
General funds	19b	4,300,826	3,812,549	4,300,051	3,811,774
	18	<u>4,489,410</u>	<u>4,025,332</u>	<u>4,428,568</u>	<u>3,967,204</u>

The financial statements were approved and authorised for issue by the Board on 22/11/16 and were signed on its behalf by:

Mr L Rakle
Governor



The notes on pages 15 to 29 form part of these financial statements.

THE KING'S SCHOOL, GLOUCESTER

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2016

	Note	2016 £	2015 £
Net cash inflow from operations			
Net cash provided by operating activities	(i)	834,607	578,342
Cash flows from investing activities:			
Investment income and bank interest receivable		5,051	7,558
Payment for tangible fixed assets		(1,108,631)	(271,912)
Proceeds from sale of tangible fixed assets		-	15,291
Net cash (used in) / provided by investing activities		(1,103,580)	(249,063)
Cash flows from financing activities:			
Receipts from new advance fee contracts		119,605	31,740
Amounts utilised		(246,165)	(271,254)
Finance costs paid		(44,755)	(45,180)
Bank loan repaid		(92,105)	(83,312)
Net cash (used in) / provided by financing activities		(263,420)	(368,006)
Change in cash and cash equivalents in the reporting period		(532,393)	(38,727)
Cash and cash equivalents at the beginning of the period		1,887,921	1,926,648
Cash and cash equivalents at the end of the reporting period		1,355,528	1,887,921

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(i) Reconciliation of net income to net cash flow from operating activities

	2016 £	2015 £
Net incoming resources for the year	461,199	338,610
Elimination of non-operating cash flows:		
- Investment income and bank interest	(5,051)	(7,558)
- Financing costs	44,755	45,180
Depreciation of tangible fixed assets	230,688	187,062
(Increase)/Decrease in stocks	(9,767)	12,850
Decrease/(Increase) in debtors	39,269	(42,114)
Increase in creditors	73,514	44,312
Net cash inflow from operations	834,607	578,342

The notes on pages 15 to 30 form part of these financial statements.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. The date of transition to FRS102 was 1 August 2014 and the final accounting period prepared under old UK GAAP was the year ended 31 July 2015. In preparing the financial statements, the Governors have considered whether the accounting policies required by the standard require the restatement of comparative information. There have been no numerical changes as a result of the transition to FRS 102, the reserves position is unadjusted from the previously reported position.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The financial statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 6.

The financial statements present the consolidated statement of financial activities (SOFA), the consolidated cash flow statement and the consolidated and Charity balance sheets comprising the consolidation of the School with its wholly owned subsidiary Serlo Enterprises Limited. No separate SOFA has been presented for the School alone, as permitted by Section 408 of the Companies Act 2006. The School's surplus for the year was £461,364 (2015: £337,735).

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 26 August 1999 (company number: 03834841) and registered as a charity on 09 May 2000 (charity number: 1080641).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

Accounting policies (continued)

1.1 Incoming resources

Donations, legacies and other forms of voluntary income are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

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.

1.2 Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. 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.

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 based on current market prices of each asset over its useful economic life, as follows:

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

Assets under construction are not depreciated until available for use

Leasehold improvements to buildings held on short term leases are depreciated over the remaining term of the short term lease when incurred.

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

1.4 Operating lease commitments

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1.5 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 unrealised gains or losses in the Consolidated Statement of Financial Activities. Investments in subsidiaries are valued at cost less provision for impairment.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

Accounting policies (continued)

1.6 Stock

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

1.7 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.

1.8 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.

1.9 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.

1.10 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 financial statements.

1.11 Recognition of liabilities

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

1.12 Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank financial statements and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

2. Voluntary Income

	2016 £	2015 £
Donations	<u>15,351</u>	<u>12,114</u>

3. School Fees

	2016 £	2015 £
Fees receivable consist of:		
Gross fees	8,308,024	7,585,752
Less: Total bursaries, grants and allowances	<u>(1,479,250)</u>	<u>(1,301,630)</u>
	<u>6,828,774</u>	<u>6,284,122</u>

4. Trading Income

	2016 £	2015 £
Turnover	90,237	68,376
Operating expenses	<u>(58,523)</u>	<u>(56,937)</u>
Net profit from trading	<u>31,714</u>	<u>11,439</u>

Please see Note 12 for further details.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

5. Investment Income

	2016 £	2015 £
Interest receivable from investments	<u>3,688</u>	<u>3,808</u>

6. Other Income

	2016 £	2015 £
Other ancillary activities		
Insurance commissions	4,059	5,680
After School holiday clubs	59,697	52,255
Late payment surcharges	-	3,555
	<u>63,756</u>	<u>61,490</u>
Other incoming resources		
Rental income	12,350	13,950
Miscellaneous receipts	17,330	9,889
	<u>29,680</u>	<u>23,839</u>

7. Net Incoming Resources

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	230,688	187,062
Auditors' remuneration	10,710	13,617
Operating lease rentals	84,618	81,205
Bank loan interest payable	38,834	42,357
Bank interest receivable	<u>1,363</u>	<u>3,750</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

8. Analysis of expenditure

	Staff Costs £	Deprec- iation £	Other Costs £	Total 2016 £	Total 2015 £
Charitable expenditure:					
School operating costs:					
Teaching costs	3,447,000	-	451,011	3,898,011	3,607,712
Welfare costs	38,210	-	-	38,210	36,035
Support costs	508,485	-	461,077	969,562	856,369
Catering	-	-	389,980	389,980	364,690
Premises	338,600	230,688	554,120	1,123,408	1,052,548
Grants, awards and prizes	-	-	13,913	13,913	33,157
Governance costs	-	-	31,816	31,816	59,221
	<u>4,332,295</u>	<u>230,688</u>	<u>1,901,917</u>	<u>6,464,900</u>	<u>6,009,732</u>
Costs of generating funds:					
Fundraising costs	-	-	2,109	2,109	3,290
School financing costs	-	-	44,755	44,755	45,180
	<u>4,332,295</u>	<u>230,688</u>	<u>1,948,781</u>	<u>6,511,764</u>	<u>6,058,202</u>
School	<u>4,332,295</u>	<u>230,688</u>	<u>1,948,781</u>	<u>6,511,764</u>	<u>6,058,202</u>
Trading costs	9,368	-	49,155	58,523	56,937
	<u>4,341,663</u>	<u>230,688</u>	<u>1,997,936</u>	<u>6,570,287</u>	<u>6,115,139</u>
Group	<u>4,341,663</u>	<u>230,688</u>	<u>1,997,936</u>	<u>6,570,287</u>	<u>6,115,139</u>

Governance costs include payments to the auditors of £10,710 (2015: £13,617) for audit services and £21,106 (2015: £45,604) for other professional fees.

9. Staff Costs

	2016 £	2015 £
Wages and salaries	3,594,303	3,336,390
Social security costs	301,831	260,612
Pension contributions	445,529	338,411
	<u>4,341,663</u>	<u>3,935,413</u>

Aggregate remuneration and benefits of the 7 (2015: 7) key management personnel totalled £526,021 (2015: £488,575). This relates to the Headmaster, Deputy Head (Academic), Deputy Head (Pastoral), Registrar & Marketing Manager, Bursar, Head of Junior School and the Director of Staff Development.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

9. Staff Costs (continued)

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

	2016	2015
Teaching staff	74	70
Support staff	44	43
	<u>118</u>	<u>113</u>

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

	2016	2015
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

During the year contributions amounting to £15,580 (2015: £11,951) were made for the higher paid employee to the Teacher's Pension Scheme.

10. Governors

The Governors received no remuneration or other benefits for the year, and there were no (2015: £1,042) expenses reimbursed to the Governors (2015: one) during the year for travel expenses.

11. Tangible Fixed Assets Group and School

	Land and buildings £	Assets Under Construction £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 August 2015	5,009,842	98,429	736,965	-	5,845,236
Additions	<u>691,737</u>	<u>239,291</u>	<u>164,778</u>	<u>12,825</u>	<u>1,108,631</u>
At 31 July 2016	<u>5,701,579</u>	<u>337,720</u>	<u>901,743</u>	<u>12,825</u>	<u>6,953,867</u>
Depreciation					
At 1 August 2015	1,838,092	-	523,974	-	2,362,066
Charge for the year	<u>104,557</u>		<u>123,566</u>	<u>2,565</u>	<u>230,688</u>
At 31 July 2016	<u>1,942,649</u>	<u>-</u>	<u>647,540</u>	<u>2,565</u>	<u>2,592,754</u>
Net book value					
At 31 July 2016	<u>3,758,930</u>	<u>337,720</u>	<u>254,203</u>	<u>10,260</u>	<u>4,361,113</u>
At 31 July 2015	<u>3,171,750</u>	<u>98,429</u>	<u>212,991</u>	<u>-</u>	<u>3,483,170</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

11a. Freehold and leasehold property

	Group and School	
	Accumulated Costs 2016 £	Net Book Value 2016 £
Freehold		
Old Bishop's Palace	506,654	174,633
Archdeacon Meadow	264,579	105,510
Sports Hall	2,591,349	2,383,308
Design and Technology Building	51,599	14,447
	<u>3,414,181</u>	<u>2,677,898</u>
Long leasehold improvements to land and buildings leased from the Chapter of Gloucester Cathedral:		
Junior School Buildings on Paddock Land	<u>1,368,857</u>	<u>743,639</u>
Short leasehold improvements to land and buildings leased from the Chapter of Gloucester Cathedral:		
Finches Hall	29,160	28,576
Ivor Gurney Hall	651,708	638,675
King's School House	4,742	-
Little Cloister House	11,615	-
Wardle House	32,162	-
Paddock House – 5 Pitt Street	469,562	-
Dulverton House and Coach house	57,312	7,862
	<u>1,256,261</u>	<u>675,113</u>
	<u>6,039,299</u>	<u>4,096,650</u>

- (i) The leasehold property is leased from the Chapter of Gloucester Cathedral under renewable 20 year leases which expired 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 and this agreed rate is still being paid whilst negotiations are taking place for a new lease.
- (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 2013 to 31 December 2015 and £19,000 per annum for the period 1 January 2016 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

12. Fixed Asset Investments

Group	2016 £	2015 £
Quoted investments at market value 1 August 2015	62,536	58,000
Unrealised gains	2,879	4,536
Quoted investments at market value 31 July 2016	<u>65,415</u>	<u>62,536</u>
Cost	<u>11,593</u>	<u>11,593</u>
School		
Quoted investments at market value 1 August 2015	5,196	4,936
Unrealised gains	165	260
Quoted investments at market value 31 July 2016	<u>5,361</u>	<u>5,196</u>
Shares in subsidiary trading company, at cost	<u>3</u>	<u>3</u>
	<u>5,364</u>	<u>5,199</u>
Cost	<u>1,596</u>	<u>1,596</u>

The School owns all of the ordinary shares in its subsidiary Serlo Enterprises Limited, company number 02983904 incorporated in England, which is a trading company selling services and goods relating to the School. Serlo prepares financial statements to 31 August 2016. It covenants its taxable profits to the School. Its trading results, extracted from its audited financial statements were:

	2016 £	2015 £
Turnover	90,237	68,376
Cost of sales	<u>(45,878)</u>	<u>(46,740)</u>
Gross Profit	44,359	21,636
Administration expenses	<u>(12,645)</u>	<u>(10,197)</u>
Operating profit	<u>31,714</u>	<u>11,439</u>
Gross covenant to The King's School, Gloucester	<u>(31,714)</u>	<u>(10,304)</u>
Retained profit for the year	<u>-</u>	<u>1,135</u>

Material investments

	Group Market value £	% of total	School Market value £	% of total
COIF Charity Investment Fund	63,706	97.4%	3,655	68%
3.5% War Loan Stock	1,709	2.6%	1,709	32%

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

13. Debtors

	Group		School	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	382,032	424,907	378,927	415,904
Other debtors	55,783	51,986	54,648	51,986
Prepayments and accrued income	141,684	141,875	141,684	141,875
Amounts owed by group companies	-	-	83,469	52,094
	<u>579,499</u>	<u>618,768</u>	<u>658,728</u>	<u>661,859</u>

14. Creditors: amounts falling due within one year

	Group		School	
	2016 £	2015 £	2016 £	2015 £
Bank loan	95,867	90,948	95,867	90,948
Trade creditors	56,062	152,572	52,743	150,371
Taxes and social security costs	91,002	79,433	91,002	79,433
Pension costs	61,941	50,602	61,941	50,602
Refundable fee deposits	23,230	25,460	23,230	25,460
Advance fee payments	166,481	175,508	166,481	175,508
Fees received in advance	69,885	69,889	69,885	69,889
Other creditors	89,697	75,573	89,706	75,573
Accruals and deferred income	177,351	58,425	177,351	58,425
	<u>831,516</u>	<u>778,410</u>	<u>828,206</u>	<u>776,209</u>

15. Creditors: amounts falling due after more than one year

	Group and School	
	2016 £	2015 £
Bank loan	825,220	922,244
Refundable fee deposits	178,969	163,330
Advance fee payments	82,309	199,181
	<u>1,086,498</u>	<u>1,284,755</u>

The loan is secured by means of a first legal charge dated 26 October 2001 over the freehold land and buildings at the School playing fields, Archdeacon Meadow, St Oswalds Road, Gloucester.

There is a legal charge dated 26 October 2001 over the freehold land and buildings at Old Bishops's Palace, Pitt Street, Gloucester. The final repayment date of this loan is 31 December 2024.

During the year the School took out a rolling credit facility whereby up to £500,000 can be withdrawn on or before 31 January 2019.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

15. Creditors: amounts falling due after more than one year (continued)

Maturity of bank loans	Group and School	
	2016 £	2015 £
Due within one year	95,867	90,948
Due within one to two years	102,189	93,847
Due within two to five years	310,167	299,736
Due in more than five years	412,864	528,661
	<u>921,087</u>	<u>1,013,192</u>
	2016 £	2015 £
Included within Creditors: amounts falling due within one year	95,867	90,948
Included within Creditors: amounts falling due after more than one year	825,220	922,244
	<u>921,087</u>	<u>1,013,192</u>

16. 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:

	2016 £	2015 £
Within 2 to 5 years	-	92,337
Within 1 to 2 years	82,309	106,844
	<u>82,309</u>	<u>199,181</u>
Within 1 year	166,481	175,508
	<u>248,790</u>	<u>374,689</u>

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

	£
Balance at 1 August 2015	374,689
New contracts	119,605
Amounts accrued to contracts as debt-financing costs	661
	<u>494,955</u>
Amounts refunded	(38,000)
Amounts utilised in payment of fees	(208,165)
Balance at 31 July 2016	<u>248,790</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

17. Financial Instruments

Group	2016 £	2015 £
Financial assets measured at amortised cost (a)	1,935,027	2,506,689
Financial assets measured at fair value (b)	65,415	62,536
Financial liabilities measured at amortised cost (c)	(666,633)	(861,513)
School	2016 £	2015 £
Financial assets measured at amortised cost (a)	1,933,099	2,505,870
Financial assets measured at fair value (b)	5,361	5,196
Financial liabilities measured at amortised cost (c)	(663,314)	(859,312)

- (a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries.
(b) Financial assets held at fair value include assets held as investments.
(c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors.

18. Analysis of Net Assets Between Funds

	Unrestricted funds £	Restricted funds £	Total £
Group			
Tangible fixed assets	4,361,113	-	4,361,113
Investments	-	65,415	65,415
Net current assets	1,026,211	123,169	1,149,380
Long term liabilities	(1,086,498)	-	(1,086,498)
	<u>4,300,826</u>	<u>188,584</u>	<u>4,489,410</u>

	Unrestricted funds £	Restricted funds £	Total £
School			
Tangible fixed assets	4,361,113	-	4,361,113
Investments	3	5,361	5,364
Net current assets	1,025,433	123,156	1,148,589
Long term liabilities	(1,086,498)	-	(1,086,498)
	<u>4,300,051</u>	<u>128,517</u>	<u>4,428,568</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

19a. Restricted Funds: Movements in the Year

Group Funds	Prize & Scholarship Fund £	Bursary Fund £	Sports Fund £	Legacies Fund £	Annual Fund £	General Fund £	Total £
Balance as at 1 August 2015	125,022	46,110	15,034	1,500	9,961	15,156	212,783
Income	-	-	-	-	-	45	45
Donations\grants	-	1,873	140	-	1,478	-	3,491
Expenditure	-	(4,861)	-	-	(9,052)	-	(13,913)
Investment gains	2,879	-	-	-	-	-	2,879
Transfers	-	-	-	(1,500)	-	(15,201)	(16,701)
Balance as at 31 July 2016	<u>127,901</u>	<u>43,122</u>	<u>15,174</u>	<u>-</u>	<u>2,387</u>	<u>-</u>	<u>188,584</u>

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 Legacy Fund is income that has been left to the School for the Governors to distribute as they wish. The fund has been transferred to unrestricted funds in the year, to more accurately reflect its purpose.

The Annual Fund is an annual fundraising activity for specific purposes.

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. The fund has been transferred to unrestricted funds in the year, to more accurately reflect its purpose.

The Sports Hall fund is from donations to improve Sports facilities around the School.

School Funds	Prize & Scholarship Fund £	Bursary Fund £	Sports Fund £	Legacies Fund £	Annual Fund £	General Fund £	Total £
Balance as at 1 August 2015	67,669	46,110	15,034	1,500	9,961	15,156	155,430
Income	-	-	-	-	-	45	45
Donations\grants	-	1,873	140	-	1,478	-	3,491
Expenditure	-	(4,861)	-	-	(9,052)	-	(13,913)
Investment gains	165	-	-	-	-	-	165
Transfers	-	-	-	(1,500)	-	(15,201)	(16,701)
Balance as at 31 July 2016	<u>67,834</u>	<u>43,122</u>	<u>15,174</u>	<u>-</u>	<u>2,387</u>	<u>-</u>	<u>128,517</u>

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

19b. Unrestricted Funds: Movements in the Year

	Balance as at 1 August 2015 £	Income £	Other Transfers £	Expended £	Balance as at 31 July 2016 £
General funds	<u>3,811,774</u>	<u>6,969,427</u>	<u>16,701</u>	<u>(6,497,851)</u>	<u>4,300,051</u>
School funds	<u>3,811,774</u>	<u>6,969,427</u>	<u>16,701</u>	<u>(6,497,851)</u>	<u>4,300,051</u>
Non charitable trading funds	<u>775</u>	<u>58,523</u>	<u>-</u>	<u>(58,523)</u>	<u>775</u>
Group funds	<u>3,812,549</u>	<u>7,027,950</u>	<u>16,701</u>	<u>(6,556,374)</u>	<u>4,300,826</u>

20. Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £360,065 (2015: £294,239) and at the year-end £53,011 (2015: £43,763) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

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 £41,070 (2015: £29,091). There were contributions of £8,039 (2015: £5,986) 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 FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21. Operating Lease Commitments

At 31 July 2016, the School had future minimum commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
	£	£
Other		
Expiring within one year	56,500	56,500
Expiring between one and five years	<u>56,500</u>	<u>113,000</u>

22. Capital Commitment

The School has a Capital Commitment of £373,407 (2015: £675,196) for the completion of Project Embrace.

23. Related Party Transactions

In 2016, the school charged £9,368 (2015: £6,363) to Serlo Enterprises Limited for the provision of staff and the administrative services. The balance owed to the School at 31 July 2016 was £83,469 (2015: £52,094).

24. Transition to FRS 102

This is the first year that the School has presented its results under FRS 102. The last financial statements under old UK GAAP were for the year ended 31 July 2015. The date of transition to FRS 102 was 1 August 2014. The surplus for the year ended 31 July 2015 and the total funds as at 1 August 2014 and 31 July 2015 have not changed as a result of changes in accounting policies due to transition from old UK GAAP to FRS 102.

THE KING'S SCHOOL, GLOUCESTER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

25. Comparative SOFA

	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
Income and endowments from:				
Charitable activities				
School fees	6,284,122	-	6,284,122	5,863,816
Ancillary trading	61,490	-	61,490	71,272
Other trading activities				
Other incoming resources	23,839	-	23,839	20,973
Trading turnover – Serlo Enterprises	68,376	-	68,376	52,458
Investments				
Investment income	3,751	57	3,808	4,507
Voluntary sources				
Voluntary income	<u>3,872</u>	<u>8,242</u>	<u>12,114</u>	<u>19,476</u>
Total incoming resources	<u>6,445,450</u>	<u>8,299</u>	<u>6,453,749</u>	<u>6,032,502</u>
Expenditure on:				
Raising funds				
Serlo Enterprises trading costs	56,937	-	56,937	53,594
Fundraising costs – other	3,290	-	3,290	4,338
Finance costs	<u>45,180</u>	<u>-</u>	<u>45,180</u>	<u>44,165</u>
Total deductible costs	<u>105,407</u>	<u>-</u>	<u>105,407</u>	<u>102,097</u>
Charitable activities				
Education and grant making costs	<u>5,976,696</u>	<u>33,036</u>	<u>6,009,732</u>	<u>5,829,134</u>
Total expenditure	<u>6,082,103</u>	<u>33,036</u>	<u>6,115,139</u>	<u>5,931,231</u>
Net incoming funds from operations before investment gains	363,347	(24,737)	338,610	101,271
Gains on investments	<u>-</u>	<u>4,536</u>	<u>4,536</u>	<u>1,292</u>
Net movement in funds for the year	363,347	(20,201)	343,146	102,563
Fund balances as at 1 August 2014	<u>3,449,202</u>	<u>232,984</u>	<u>3,682,186</u>	<u>3,579,623</u>
Fund balances as at 31 July 2015	<u>3,812,549</u>	<u>212,783</u>	<u>4,025,332</u>	<u>3,682,186</u>