

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 2019**



# 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  
Educational Consultant, Aspirance Leadership Services

\*\*Mrs G. Brook, CBE

Mr P. Dancey (Chairman of Governors)  
Company Director

Mr M. Hurrell  
Project Manager, BBC Radio Gloucestershire

Mrs A. Gillespie, BA (Hons), PGCE CertMusEd

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

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

Mrs A.E. Sullivan, B.Ed  
Proprietor of Airthrie School

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

Mr R.A. Ingram, M.A. PGCE  
Retired Teacher

Mrs A. Reeve, LLB  
Partner, VWV Solicitors

The Reverend Canon R.J.A. Mitchell (ex-officio)  
Canon Precentor of Gloucester Cathedral

\*\*Mr K. Wyman BSc (Hons), MRICS  
Managing Director, Kurt Wyman Services

Mrs S. Lewis, ACIB, ACMI  
Relationship Director, Santander

\*\*Mr M. Dunkley  
Managing Director, SLG Beauty

Mr M. Watson, M.A., B.Ed (Hons)  
Retired Headmaster

*\*\* 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 D.C.A. Morton, B.A., P.G.C.E.
The Deputy Heads	Mrs M. Phillips B.A., P.G.C.E. (Pastoral) Mr J. Collins, B.A. (Hons), P.G.C.E. (Staff)
The Head of Junior School	Mrs A. Haas B. Prim. Ed
The Bursar and Company Secretary	Mr L. Griffiths MEng., CEng., FIMechE. (appointed 1 May 2019) Ms J.M. Millar, ACMA (resigned 24 April 2019)

**Charity number** 1080641

**Company number** 03834841

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

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

**Auditor** Crowe U.K. 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 2019

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The members of The King's School, Gloucester present their Annual Report for the year ended 31 July 2019 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 Restricted Funds were transferred to a linked charity, King's School Prize and Scholarship Fund (charity no. 1080641-1), and are included within the School financial statements as a restricted fund.

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, C.B.E. ♦ ~  
P. Dancey # ♦ \* ^ ~  
A. Gillespie, B.A. (Hons), P.G.C.E. ♦ #  
M. Hurrell ~ ♦ #  
The Very Reverend S.D. Lake \* #  
P. Markey, B.A. (Hons) F.C.A. \* ^  
A. E. Sullivan ~  
Canon C. Thomson, M.A.  
A. E. Reeve, LLB ~  
K. Wyman, B.Sc (Hons) M.R.I.C.S. \*  
R. Ingram, M.A., P.G.C.E. ~  
The Reverend Canon R.J.A. Mitchell ~  
M. Dunkley #  
S. Lewis, ACIB, ACMI \*  
M. Watson M.A., B.ED. ~

- \* Member of Finance & General Purposes Committee
- # Member of the Strategic Marketing & Development Committee
- ^ Member of the Nominations Committee
- ~ Member of the Education & Compliance 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 2019

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The Governing Body shall not be less than 12 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, the first three of these committees as listed below meet at least three times a year, preceding the Board of Governors meetings, to report to the Governing Body:

- The Finance & General Purposes Committee scrutinises revenue, the budget, capital expenditure and monitors the estates development programme and general maintenance works. This Committee also supervises and finalises the financial statements and annual report for approval by the Governing Body.
- The Strategic Marketing and Development Committee considers the overall marketing needs of the School to ensure that strategies are in place for pupil recruitment and retention. The Committee also considers proposals for capital development and monitors capital building projects.
- The Education and Compliance Committee considers matters relating to the School's academic, curricular and pastoral provision together with a monitoring and co-ordinating role relating to compliance with regulatory standards and other legislative requirements.
- 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 high calibre staff to deliver a wide and varied curriculum to all our pupils. Delivery of the School's charitable objectives is dependent on our key management.

### 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

Serto 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 choristers 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 2019

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### 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 are 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 governors, 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 and other awards to the School's pupils out of unrestricted funds totalled £1,308,306 (2018: £1,138,117). 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 £167,566 (2018: £172,341) was awarded in scholarships by the Governors to support the education of the Choristers of Gloucester Cathedral.

Further awards of £472,757 (2018: £437,533) in bursaries were made from unrestricted funds, where the policy is to relieve hardship or provide financial support for the pupil's education and future prospects.

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).

### 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 judgements 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

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

## **ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019**

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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.

### **Auditor**

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



# THE KING'S SCHOOL, GLOUCESTER

## ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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### 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 delivering on the plans which the Headmaster put in place last year. Whilst the school has continued to maintain a careful balance of academic excellence, co-curricular opportunity and outstanding pastoral care, it has also realised some much needed facilities upgrades, including a new All Weather Pitch and a new Music School.

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

The school's strategy is divided into seven main areas:

**Pastoral:** To maintain the school's reputation for delivering outstanding pastoral care, always focusing on the wellbeing of each individual pupil.

**Academic:** To strive for inspiration and excellence in teaching and learning, helping each pupil to achieve their full potential.

**Co-curricular:** To offer a broad range of co-curricular opportunities beyond the classroom, allowing participation and excellence for all pupils.

**Staff:** To recruit and retain the most suitably qualified staff who are committed to the ethos and aspirations of the school.

**Operations:** To maintain and grow resources and income in order to ensure that the highest quality of facilities and education can be delivered.

**Admissions and marketing:** To recruit pupils from a range of backgrounds who will play a full, successful part in the life of the school.

**Foundation:** To develop a King's Community of former pupils, parents and staff who will maintain contact, relish continued involvement and support the future development of the school.

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

Pupil numbers during the year averaged 616 indicating substantial growth from the previous year (2018: 587) both in Senior School and Junior School. The numbers were in excess of those in the School's budget.

At A-level, a cohort of good all-rounders achieved results broadly in line with expectations. Results overall were not as high as in some previous years, but there was significant achievement by these hard-working students. Some exceptional results were obtained by pupils who had faced considerable pastoral challenges in recent years. As well as this, we are pleased that both Oxbridge offers were met successfully. In departments, there were some outstanding results, well above the national average, with Classical subjects achieving high results along with Spanish which shows the strong linguistic success in the school. The 'creative subjects' in Art and Music were also highly successful, showing the diverse range of interests at the school. The school continues to run the BTEC Extended Diploma in Sport. This year, two students gained their diploma, achieving full starred distinctions (equivalent to three A\* grades at A level in terms of UCAS points).

# THE KING'S SCHOOL, GLOUCESTER

## ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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Aside from academic results, the pupils in the Upper 6th have benefited from a broad King's education to prepare them for life after school. They have been superb role models and have supported the school and wider community. Many have spent their summer in India or China on school expeditions, or are about to embark on exciting Gap year programmes and apprenticeships. Students move on to a wide range of post-18 pathways, ranging from Classics, Biological Sciences and Geography to Policing, Blacksmithing and Midwifery.

King's also enjoyed good GCSE results with 21% of entries achieving the top grades of A\*, 9 or 8, which is one of the school's highest ever in the past five years. Almost two-thirds of all results were graded A\*-B with 89% gaining five 9-4 grades (or equivalent) including English and Maths. Five pupils gained all 9-7 (or equivalent) in all their subjects. These results were, again, achieved in a wide range of subjects including Dance, Italian and Classical Greek.

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, and the high value added at GCSE is reflective of this with an average of a quarter of a grade being gained per subject a pupil takes as a result of a King's education.

Pupils at King's are invariably very involved in Outdoor Education, 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 volunteering at Gloucester Royal Hospital. Beyond this, the School enjoys productive relationships with a partner school in Dornakal, South India.

Pupils at King's have a wide range of opportunities beyond the classroom available to them including sport, drama and music. There is an extensive activities programme offering options such as chess, fencing, self-defence and Muggle Quidditch. A wide range of trips are available, some of which have an academic focus, others offer Outdoor Education. There are also sports and music tours. In addition, pupils are given volunteering opportunities in the community - visiting the elderly at a local retirement home, reading with children at a primary school, helping out at a city farm and helping at the Soldiers of Gloucestershire Museum. Beyond this, the School enjoys productive relationships with a partner school in Dornakal, South India; during the academic year £1,000 was donated to them to help fund books and equipment to support its continued success.

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. From this, over £2,500 was raised and will be divided equally amongst Hope for Justice, Maggie's and Goals beyond Grass.

The School has also collected donations totalling over £3,500 during the various services held in the Cathedral. These funds will be distributed to the Royal British Legion, Heart Heroes, Growing Hope and The Salvation Army. Staff and pupils also raised over £5,200 for the local homeless breakfast club by sleeping rough overnight in the cathedral cloisters and a substantial donation of food and money was made to the Gloucester Food Bank. The School choir sang in a home for the elderly, where they also organised tea and entertainment for a group of elderly guests as part of the Contact the Elderly Organisation. Our Academic Enrichment Programme included evening presentations on intriguing topics such as '95% of the Universe we don't understand' and a public lecture on 'Beyond the Anthropocene: Artificial Intelligence and the Age of Computers'. We also hosted a Science Challenge Day for local primary schools where pupils competed to build and test wind turbines. Masterclasses for local schools in Girl's Cricket and Boys' Rugby were hosted by King's, led by Girl County cricketers and Gloucester RFC and England RFU players respectively.

### Financial Review and Results for the Year

Despite strong cash generation, net outgoing resources for the year showed a deficit of £25,816 (2018: surplus of £276,575). This was a deficit compared to a surplus in the prior year due to the increase in gross fee income being offset by additional scholarship awards, increased depreciation together with increased staffing and premises costs.

# THE KING'S SCHOOL, GLOUCESTER

## ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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The current financial strength of the School is allowing the School to plan 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 9.2%. 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 2.9%.

### 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 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 £5.15m (2018: £5.17m) at the year end included £216k (2018: £199k) restricted funds and £4.93m (2018: £4.98m) unrestricted reserves. £6.65m (2018: £4.98m) represented the net book value of fixed assets. 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.

### Fundraising Policy

All fundraising activities for the School are carried out by highly professional School staff with assistance from the parents and pupils with the running of specific fundraising events. The School does not use external professional fundraisers or have any commercial participators. All fundraising activities are managed by the Headmaster, with oversight by the members of the Governing Body.

No complaints relating to fundraising activities have been received by the School during the financial period. However, the School has in place procedures that would be followed in the event of a complaint being received. The School's complaints policy and procedure is on the website.

The School does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operations and management of its fundraising activities. In particular, the School considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or property.

### 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 annually by the Governing Body;

# THE KING'S SCHOOL, GLOUCESTER

## ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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- Comprehensive budgeting and management accounting;
- Established organisational structures and lines of reporting;
- Formal written policies including clear authorisation and approval levels; and
- Vetting procedures as required by law to protect the vulnerable

### 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 contributes towards the retention and recruitment of good quality teaching staff. However, the recent 43% increase in employer contributions does increase the risk that it may become too cost prohibitive to retain membership. This risk is being kept under active review by the Governors.

### **Future Plans**

The Headmaster had previously produced the 2018-2023 Strategic Development Plan (SDP), and this is now starting to deliver benefits. A refreshed Senior Management Team is now in place and has the capacity to continue developing the school. In particular, the school will be looking to refine its teaching approach to further improve the educational experience of all pupils. From an investment perspective, the school will soon be embarking on redevelopment of its Sixth Form Centre, creating a modern learning environment within the fabric of a 12<sup>th</sup> century listed building. From this SDP, an internal development plan was devised by the Senior Management Team and staff. Its core objectives are:

### Pastoral:

- To ensure that the needs of the pupil are always central to decision-making;
- To provide the staff and structures to support all pupils by creating an ethos of exemplary behaviour, openness and mutual support;
- In addition to meeting all statutory safeguarding requirements, to create a culture where staff and pupils are aware of, and engaged in, safeguarding; and
- To celebrate the talents, achievements and diversity of our pupils so that they can grow to be confident, happy individuals.

### Academic:

- To continue to share and develop excellent pedagogic techniques within and between departments;
- To always prioritise excellent teaching, aided by academic research, lesson preparation and marking;
- To offer an inspiring, challenging curriculum and a range of learning opportunities, including academic enrichment activities;
- To explore innovative teaching techniques and connect with experts outside school; and
- To use data to closely monitor pupil performance and to inform pupils, parents and staff.

### Co-curricular:

- To develop a new Co-Curricular Strategy Plan for Sport, Music, Drama and Outdoor Education;
- To construct an all weather sports pitch for shared school and community use;
- To create a Music School with enhanced facilities for teaching and practice;
- To review Educational Visits procedures; and
- To ensure that all staff contribute to the co-curricular life of the school.

# THE KING'S SCHOOL, GLOUCESTER

## ANNUAL REPORT OF THE GOVERNORS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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### Staff:

- To ensure that staff pay and conditions are reviewed regularly to ensure reward and recognition of excellent performance;
- To ensure that staff wellbeing is central to long term decision-making;
- To ensure that professional development is actively encouraged; and
- To appraise all staff in a biennial cycle of peer-led reflection and review.

### Operations:

- To review provision of Scholarships and Bursaries in order to broaden access to the school;
- To review and prioritise safety and security across the school site;
- To develop ICT systems which support and enhance administration and learning;
- To develop facilities which support first class teaching and co-curricular activities for the school and local community;
- To ensure that the non-teaching staff are equally valued, trained and supported in their crucial work at school; and
- To establish links with local businesses to further enhance the development of the school.

### Admissions and Marketing:

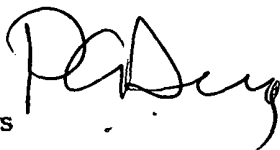
- To develop a Marketing and Communications Strategy to target successfully both current and prospective parents;
- To offer a bespoke admissions process which considers each applicant individually and helps new pupils to thrive;
- To identify means of attracting talented pupils from a diverse range of backgrounds; and
- To retain the vast majority of pupils through the school.

### Foundation:

- To design a strategic plan which will support the sustainable long term improvement of the school;
- To communicate effectively with all stakeholders in order to maintain strength within the King's Community;
- To identify opportunities to raise funds for the long term improvement of the school and to improve access to the school by those who require financial support; and
- To ensure compliance with all Data Protection regulations.

This Annual report was approved by the Board of Governors of The King's School, Gloucester on 19 November 2019, including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:

Mr P Dancey  
Chairman of Governors



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

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

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### **Opinion**

We have audited the financial statements of The King's School, Gloucester for the year ended 31 July 2019 which comprise Consolidated Statement of Financial Activities, Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the 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 2019 and of the group's incoming resources and application of resources 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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### **Opinions 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 governors' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the governors' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the governors' report.

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

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

### **Responsibilities of governors**

As explained more fully in the governors' responsibilities statement (set out on page 6, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# THE KING'S SCHOOL, GLOUCESTER

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

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### Use of our report

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.

**Guy Biggin**  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
Carrick House  
Lypiatt Road  
Cheltenham  
GL50 2QJ

21 November 2019



# THE KING'S SCHOOL, GLOUCESTER

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 JULY 2019

	Note	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>					
<b>Charitable activities</b>					
School fees	3	7,847,594	-	7,847,594	7,352,949
Ancillary trading	6	120,780	-	120,780	88,085
<b>Other trading activities</b>					
Other incoming resources	6	27,229	-	27,229	24,230
Trading turnover – Serlo Enterprises	4	35,573	-	35,573	91,133
<b>Investments</b>					
Investment income	5	3,847	-	3,847	385
<b>Voluntary sources</b>					
Voluntary income	2	<u>6,004</u>	<u>87,994</u>	<u>93,998</u>	<u>3,835</u>
<b>Total incoming resources</b>		<b><u>8,041,027</u></b>	<b><u>87,994</u></b>	<b><u>8,129,021</u></b>	<b><u>7,560,617</u></b>
<b>Expenditure on:</b>					
<b>Raising funds</b>					
Serlo Enterprises trading costs	4	24,099	-	24,099	74,108
Fundraising costs – other		17,595	-	17,595	5,494
Finance costs	7	<u>73,734</u>	<u>-</u>	<u>73,734</u>	<u>40,981</u>
<b>Total deductible costs</b>		<b>115,428</b>	<b>-</b>	<b>115,428</b>	<b>120,583</b>
<b>Charitable activities</b>					
Education and grant making costs		<u>7,969,162</u>	<u>77,211</u>	<u>8,046,373</u>	<u>7,168,046</u>
<b>Total expenditure</b>	8	<b><u>8,084,590</u></b>	<b><u>77,211</u></b>	<b><u>8,161,801</u></b>	<b><u>7,288,629</u></b>
<b>Net (outgoing)/incoming funds from operations before transfers and investment gains</b>		<b>(43,563)</b>	<b>10,783</b>	<b>(32,780)</b>	<b>271,988</b>
Gains on investments	12	<u>-</u>	<u>6,964</u>	<u>6,964</u>	<u>4,587</u>
<b>Net movement in funds for the year</b>		<b>(43,563)</b>	<b>17,747</b>	<b>(25,816)</b>	<b>276,575</b>
<i>Fund balances as at 1 August 2018</i>		<u>4,975,975</u>	<u>198,696</u>	<u>5,174,671</u>	<u>4,898,096</u>
<b>Fund balances as at 31 July 2019</b>	18	<b><u>4,932,412</u></b>	<b><u>216,443</u></b>	<b><u>5,148,855</u></b>	<b><u>5,174,671</u></b>

The notes on pages 19 to 35 form part of these financial statements.

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

**BALANCE SHEETS**  
**AS AT 31 JULY 2019**

	Note	Group 2019 £	2018 £	School (restated) 2019 £	2018 £
<b>Fixed assets</b>					
Tangible assets	11	6,651,731	4,979,094	6,651,731	4,979,094
Investments	12	82,788	75,824	82,791	75,826
		<u>6,734,519</u>	<u>5,054,918</u>	<u>6,734,522</u>	<u>5,054,920</u>
<b>Current assets</b>					
Stocks		56,923	43,546	56,923	41,365
Debtors	13	693,148	675,355	717,821	758,711
Cash at bank and in hand		1,135,436	1,388,876	1,106,908	1,306,682
		<u>1,885,507</u>	<u>2,107,777</u>	<u>1,881,652</u>	<u>2,106,758</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,013,205)</u>	<u>(937,624)</u>	<u>(1,010,138)</u>	<u>(937,393)</u>
<b>Net current assets</b>		872,302	1,170,153	871,514	1,169,365
<b>Total assets less current liabilities</b>		7,606,821	6,225,071	7,606,036	6,224,285
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(2,457,966)</u>	<u>(1,050,400)</u>	<u>(2,457,966)</u>	<u>(1,050,400)</u>
<b>Net assets</b>		<u>5,148,855</u>	<u>5,174,671</u>	<u>5,148,070</u>	<u>5,173,885</u>
<b>Income funds</b>					
Restricted funds	19a	216,443	198,696	216,443	198,685
General funds	19b	4,932,412	4,975,975	4,931,627	4,975,200
	18	<u>5,148,855</u>	<u>5,174,671</u>	<u>5,148,070</u>	<u>5,173,885</u>

The net results for the financial year dealt with in the financial statements of the parent charity was a deficit of £25,816 (2018: surplus £276,575).

The financial statements were approved and authorised for issue by the Board on 19 November 2019 and were signed on its behalf by:

Mr P Dancey  
Chair of Governors



The notes on pages 19 to 35 form part of these financial statements.

# THE KING'S SCHOOL, GLOUCESTER

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2019

	2019 £	2018 £
<b>Net cash inflow from operations</b>		
Net cash provided by operating activities	(i) 288,607	413,997
<b>Cash flows from/(used in) investing activities:</b>		
Investment income and bank interest receivable	3,847	4,972
Payment for tangible fixed assets	(1,981,131)	(275,721)
<b>Net cash used in investing activities</b>	<u>(1,977,284)</u>	<u>(270,749)</u>
<b>Cash flows from/(used in) financing activities:</b>		
Receipts from new advance fee contracts	431,634	299,455
Amounts utilised	(136,296)	(143,558)
Finance costs paid	(73,734)	(40,981)
Bank loan repaid	(136,367)	(100,370)
Bank loan utilised	1,350,000	-
<b>Net cash from financing activities</b>	<u>1,453,237</u>	<u>14,546</u>
<b>Change in cash and cash equivalents in the reporting period</b>	<u>(253,440)</u>	<u>157,794</u>
Cash and cash equivalents at the beginning of the period	1,388,876	1,231,082
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>1,135,436</u>	<u>1,388,876</u>

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2019 £	2018 £
Net (outgoing)/incoming resources for the year	(32,780)	271,988
Elimination of non-operating cash flows:		
- Investment income and bank interest	(3,847)	(4,972)
- Financing costs	73,734	40,981
Depreciation of tangible fixed assets	308,494	255,468
(Increase)/Decrease in stocks	(13,377)	6,037
(Increase) in debtors	(17,793)	(186,134)
(Decrease)/Increase in creditors	(25,824)	30,629
<b>Net cash inflow from operations</b>	<u>288,607</u>	<u>413,997</u>

#### (ii) Analysis of changes in net debt

	At 1 August 2018 £	Cash- flows £	At 31 July 2019 £
Cash at bank	1,388,876	(253,440)	1,135,436

The notes on pages 19 to 35 form part of these financial statements.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 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 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 Charitable Company has taken advantage of the exemption available to a qualifying entity under 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 are 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 Governors' 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 deficit consumption for the year was £25,816 (2018: surplus £276,575 restated).

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 (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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### 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 £500 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 (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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### 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 102 S28.11, 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. Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

#### 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 Charitable Company 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.

Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and fees in advance.

#### 1.13 Redundancy payments

Redundancy payments occur when absolutely necessary and are accounted for on an accruals basis when the commitment to terminate a post on the grounds of redundancy has been made.

#### 1.14 Prior period adjustment

Prior period adjustments are made when material errors are found in prior year financial statements or when there is a change in accounting policy.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 2. Voluntary Income

	2019 £	2018 £
Donations - Restricted	87,994	1,168
Donations - Unrestricted	6,004	2,667
	<u>93,998</u>	<u>3,835</u>

### 3. School Fees

	2019 £	2018 £
<b>Fees receivable consist of:</b>		
Gross fees	9,796,223	9,100,940
Less: Total bursaries, grants and allowances	<u>(1,948,629)</u>	<u>(1,747,991)</u>
	<u>7,847,594</u>	<u>7,352,949</u>

### 4. Trading Income

	2019 £	2018 £
Turnover	35,573	91,133
Operating expenses	<u>(24,099)</u>	<u>(74,108)</u>
<b>Net profit from trading</b>	<u>11,474</u>	<u>17,025</u>

During the 2019 financial year Summer Ball income and expenditure was accounted for in the School while in the 2018 financial year Summer Ball income and expenditure was accounted for in Serlo Enterprises Ltd.

Please see Note 12 for further details.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 5. Investment Income

	2019 £	2018 £
Interest receivable from investments	<u>3,847</u>	<u>385</u>

### 6. Other Income

	2019 £	2018 £
<b>Other ancillary activities</b>		
Insurance commissions	4,878	7,435
After School holiday clubs	85,948	80,650
Summer Ball	<u>29,954</u>	<u>-</u>
	<u>120,780</u>	<u>88,085</u>

During the 2019 financial year Summer Ball income and expenditure was accounted for in the School while in the 2018 financial year Summer Ball income and expenditure was accounted for in Serlo Enterprises Ltd.

#### Other incoming resources

Rental income	12,400	12,650
Miscellaneous receipts	<u>14,829</u>	<u>11,580</u>
	<u>27,229</u>	<u>24,230</u>

### 7. Finance and other costs

	2019 £	2018 £
Bank interest	65,149	38,088
Bank charges	<u>8,585</u>	<u>2,893</u>
	<u>73,734</u>	<u>40,981</u>



# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 8. Analysis of expenditure

	Staff Costs £	Deprecia- tion £	Other Costs £	Total 2019 £	Total 2018 £
<b>Charitable expenditure:</b>					
School operating costs:					
Teaching costs	4,356,624	-	521,266	4,877,890	4,369,186
Welfare costs	64,103	-	-	64,103	56,661
Support costs	670,628	-	468,524	1,139,152	1,040,221
Catering	-	-	515,907	515,907	427,739
Premises	406,505	308,484	627,408	1,342,397	1,223,972
Grants, awards and prizes	-	-	42,383	42,383	1,038
Governance costs	-	-	64,541	64,541	49,229
	<u>5,497,860</u>	<u>308,484</u>	<u>2,240,029</u>	<u>8,046,373</u>	<u>7,168,046</u>
<b>Costs of generating funds:</b>					
Fundraising costs	-	-	17,595	17,595	5,494
School financing costs	-	-	73,734	73,734	40,981
<b>School</b>	<u>5,497,860</u>	<u>308,484</u>	<u>2,331,358</u>	<u>8,137,702</u>	<u>7,214,521</u>
Trading costs	<u>12,272</u>	<u>-</u>	<u>11,827</u>	<u>24,099</u>	<u>74,108</u>
<b>Group</b>	<u>5,510,132</u>	<u>308,484</u>	<u>2,343,185</u>	<u>8,161,801</u>	<u>7,288,629</u>

Governance costs include payments to the auditors of £18,305 (2018: £14,760) for audit services and other professional fees totalling £46,236 (2018: £34,469).

### 9. Staff Costs

	2019 £	2018 £
Wages and salaries	4,543,894	4,074,338
Social security costs	414,270	382,733
Pension contributions	551,968	505,704
	<u>5,510,132</u>	<u>4,962,775</u>

Aggregate remuneration and benefits of the 8 (2018: 7) key management personnel totalled £604,240 (2018: £488,837). This relates to the Headmaster, Deputy Head (Academic), Deputy Head (Pastoral), Registrar & Marketing Manager, Bursar, Head of Junior School, Deputy Head (Staff) and the Head of Sixth Form.

Termination payments of £40,500 (2018: £12,579) were made during the year.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 9. Staff Costs (continued)

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

	2019	2018
Teaching and support staff	<u>158</u>	<u>152</u>

The average number of employees during the year calculated on average head count was 190.

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

	2019 £	2018 £
£60,001 - £70,000	1	1
£90,001 - £100,000	1	-
£100,001- £110,000	<u>-</u>	<u>1</u>

During the year contributions amounting to £24,735 (2018: £12,841) were made for the higher paid employees to the Teacher's Pension Scheme.

### 10. Governors

The Governors received no remuneration or other benefits during the year, and £843 (2018: £713) of expenses were reimbursed to three Governors during the year for travel expenses.

### 11a. Tangible Fixed Assets Group and School

	Land and buildings £	Assets Under Construction £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 August 2018	6,819,062	51,009	1,199,687	12,825	8,082,583
Additions	626,081	1,118,490	236,560	-	1,981,131
Transfers	<u>896,399</u>	<u>(1,160,572)</u>	<u>264,173</u>	<u>-</u>	<u>-</u>
At 31 July 2019	<u>8,341,542</u>	<u>8,927</u>	<u>1,700,420</u>	<u>12,825</u>	<u>10,063,714</u>
<b>Depreciation</b>					
At 1 August 2018	2,192,896	-	902,898	7,695	3,103,489
Charge for the year	<u>164,730</u>	<u>-</u>	<u>141,199</u>	<u>2,565</u>	<u>308,494</u>
At 31 July 2019	<u>2,357,626</u>	<u>-</u>	<u>1,044,097</u>	<u>10,260</u>	<u>3,411,983</u>
<b>Net book value</b>					
At 31 July 2019	<u>5,983,916</u>	<u>8,927</u>	<u>656,323</u>	<u>2,565</u>	<u>6,651,731</u>
At 31 July 2018	<u>4,626,166</u>	<u>51,009</u>	<u>296,789</u>	<u>5,130</u>	<u>4,979,094</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 11b. Freehold and leasehold property

	Group and School	
	Accumulated Costs 2019 £	Net Book Value 2019 £
<b>Freehold</b>		
Old Bishop's Palace	507,369	145,281
Archdeacon Meadow	1,160,266	962,863
Sports Hall	2,597,334	2,233,453
Design and Technology Building	59,998	19,414
Science Lab	248,939	238,575
Mission Hall	309,086	302,904
	<u>4,882,992</u>	<u>3,902,490</u>
<b>Long leasehold improvements to land and buildings leased from the Chapter of Gloucester Cathedral:</b>		
Junior School Buildings on Paddock Land	1,954,621	1,214,783
Ivor Gurney Hall	680,307	626,455
Gouda Way	72,242	-
	<u>2,707,170</u>	<u>1,841,238</u>
<b>Short leasehold improvements to land and buildings leased from the Chapter of Gloucester Cathedral and other parties:</b>		
Finches Hall	29,160	26,827
King's School House	35,194	29,373
Little Cloister House	11,615	-
Wardle House	67,041	32,483
Paddock House – 5 Pitt Street	400,023	-
Dulverton House and Coach house	124,158	69,178
Paddock Car Park Development	31,319	30,692
Music Room – 3 & 4 Pitt Street	61,797	60,562
	<u>760,307</u>	<u>249,115</u>
	<u>8,350,469</u>	<u>5,992,843</u>

- (i) The leasehold property is leased from the Chapter of Gloucester Cathedral under renewable 20 year leases, the current lease commencing on 1<sup>st</sup> January 2014. The terms provide for full repairing liability and at rents independently reviewed at 5 yearly intervals. The rental value of this renewed lease is set at £112,000.
- (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 £19,500 per annum for the period 1 January 2014 to 31 December 2018, increasing to £21,219 for the period to 31 December 2019.

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 (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 12. Fixed Asset Investments

Group	2019 £	Restated 2018 £
Quoted investments at market value 1 August 2018	75,824	71,237
Unrealised gains	6,964	4,587
Quoted investments at market value 31 July 2019	82,788	75,824
Cost	11,593	11,593
<b>School</b>		
Quoted investments at market value 1 August 2018	75,824	71,236
Unrealised gains	6,964	4,587
Quoted investments at market value 31 July 2019	82,788	75,823
Shares in subsidiary trading company, at cost	3	3
	82,791	75,826
Cost	11,593	11,593

The School owns all of the ordinary shares in its subsidiary Serlo Enterprises Limited, company number 02938904 incorporated in England, which is a trading company selling services and goods relating to the School. Its principal place of business is The King's School Gloucester, Pitt Street, Gloucester, GL1 2BG. It covenants its taxable profits to the School. Its trading results, extracted from its audited financial statements were:

	2019 £	2018 £
Turnover	35,573	91,133
Cost of sales	(1,242)	(55,967)
Gross Profit	34,331	35,166
Administration expenses	(22,857)	(18,141)
Operating profit	11,474	17,025
Gross covenant to The King's School, Gloucester	(11,474)	(17,025)
Retained profit for the year	-	-

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 13. Debtors

	Group		School	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	363,785	447,607	357,777	446,471
Other debtors	111,753	101,137	111,753	101,137
Prepayments and accrued income	217,610	126,611	217,610	126,611
Amounts owed by group companies	-	-	30,681	84,492
	<u>693,148</u>	<u>675,355</u>	<u>717,821</u>	<u>758,711</u>

### 14. Creditors: amounts falling due within one year

	Group		School	
	2019	2018	2019	2018
	£	£	£	£
Bank loan	157,485	94,937	157,485	94,937
Trade creditors	153,884	136,540	153,884	136,309
Taxes and social security costs	110,997	105,335	110,997	105,335
Pension costs	78,075	72,514	78,075	72,514
Refundable fee deposits	227,627	216,291	227,627	216,291
Advance fee payments	118,848	79,989	118,848	79,989
Fees received in advance	25,087	45,562	25,087	45,562
Other creditors	62,860	176,172	62,867	176,172
Accruals and deferred income	78,342	10,284	75,268	10,284
	<u>1,013,205</u>	<u>937,624</u>	<u>1,010,138</u>	<u>937,393</u>

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

	Group and School	
	2019	2018
	£	£
Bank loan	2,030,288	879,203
Advance fee payments	427,678	171,197
	<u>2,457,966</u>	<u>1,050,400</u>

The bank 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 also a legal charge dated 26 October 2001 over the freehold land and buildings at Old Bishops's Palace, Pitt Street, Gloucester.

There is also a third legal charge dated 30 April 2019 over the freehold property known as Mission Park Street, Gloucester.

The final repayment date of this loan is 31 December 2024.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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

Maturity of bank loans	Group and School	
	2019 £	2018 £
Due within one year	157,485	94,937
Due within one to two years	158,031	446,800
Due within two to five years	971,032	295,200
Due in more than five years	901,225	137,203
	<u>2,187,773</u>	<u>974,140</u>
	2019 £	2018 £
Creditors: amounts falling due within one year	157,485	94,937
Creditors: amounts falling due after more than one year	<u>2,030,288</u>	<u>879,203</u>
	<u>2,187,773</u>	<u>974,140</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:

	2019 £	2018 £
Greater than 5 years	260,740	-
Within 2 to 5 years	131,339	113,784
Within 1 to 2 years	35,599	57,413
	<u>427,678</u>	<u>171,197</u>
Within 1 year	118,848	79,989
	<u>546,526</u>	<u>251,186</u>

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

	£
Balance at 1 August 2018	251,186
New payments	431,634
Amounts accrued to contracts as debt-financing costs	<u>14,154</u>
	<u>696,974</u>
Amounts refunded	-
Amounts utilised in payment of fees	<u>(150,448)</u>
Balance at 31 July 2019	<u>546,526</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 17. Financial Instruments

Group	2019 £	2018 £
Financial assets measured at amortised cost (a)	1,610,974	1,937,620
Financial assets measured at fair value (b)	82,788	75,824
Financial liabilities measured at amortised cost (c)	<u>3,246,997</u>	<u>1,764,613</u>
<b>School</b>	<b>2019 £</b>	<b>2018 £</b>
Financial assets measured at amortised cost (a)	1,607,119	1,938,782
Financial assets measured at fair value (b)	82,788	75,824
Financial liabilities measured at amortised cost (c)	<u>3,247,342</u>	<u>1,764,382</u>

- (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, trade creditors, other creditors, accruals, advance fee payments and bank loan.

### 18. Analysis of Net Assets Between Funds

	Unrestricted funds £	Restricted funds £	Total £
<b>Group</b>			
Tangible fixed assets	6,651,731	-	6,651,731
Investments	-	82,788	82,788
Net current assets	738,647	133,655	872,302
Long term liabilities	<u>(2,457,966)</u>	<u>-</u>	<u>(2,457,966)</u>
	<u>4,932,412</u>	<u>216,443</u>	<u>5,148,855</u>
<b>School</b>			
Tangible fixed assets	6,651,731	-	6,651,731
Investments	3	82,788	82,791
Net current assets	737,859	133,645	871,514
Long term liabilities	<u>(2,457,966)</u>	<u>-</u>	<u>(2,457,966)</u>
	<u>4,931,627</u>	<u>216,443</u>	<u>5,148,070</u>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 18. Analysis of Net Assets Between Funds (continued) - Prior year

	Unrestricted funds £	Restricted funds £	Total £
<b>Group</b>			
Tangible fixed assets	4,979,094	-	4,979,094
Investments	-	75,824	75,824
Net current assets	1,047,281	122,872	1,170,153
Long term liabilities	(1,050,400)	-	(1,050,400)
	<u>4,975,975</u>	<u>198,696</u>	<u>5,174,671</u>
	Unrestricted funds £	Restricted funds £	Total £
<b>School</b>			
Tangible fixed assets	4,979,094	-	4,979,094
Investments - restated	3	75,823	75,826
Net current assets	1,046,503	122,862	1,169,365
Long term liabilities	(1,050,400)	-	(1,050,400)
	<u>4,975,200</u>	<u>198,685</u>	<u>5,173,885</u>

### 19a. Restricted Funds: Movements in the Year

	Balance as at 1 August 2018 £	Income £	Expenditure £	Gains on investments £	Balance as at 31 July 2019 £
Prize & Scholarship fund	138,310	-	-	6,964	145,274
Bursary fund	44,120	1,688	(35,151)	-	10,657
Sports fund	12,418	240	(6,803)	-	5,855
Annual fund	3,848	50	-	-	3,898
Wardle House fund	-	62,500	(35,257)	-	27,243
Music fund	-	10,316	-	-	10,316
Art fund	-	200	-	-	200
Dulverton fund	-	13,000	-	-	13,000
<b>School and Group restricted funds</b>	<u>198,696</u>	<u>87,994</u>	<u>(77,211)</u>	<u>6,964</u>	<u>216,443</u>

The Prize and Scholarship Fund is for the provision of prizes and scholarships for pupils at the School. Included within this fund is the linked charity, King's School Prize and Scholarship Fund.

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 Annual Fund is an annual fundraising activity for specific purposes.



# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 19a. Restricted Funds: Movements in the Year (continued)

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

Wardle House & Dulverton funds are both specific to redevelopment of existing buildings held within the School.

The Music fund is from donations to improve the Music facilities, specifically for Pianos.

The Art funds is from donations of which are used to fund Fine Art classes, in memory of John Masters.

#### Restricted Funds: Movements in the Prior year

	Balance as at 1 August 2017 £	Income £	Expenditure £	Gains on investments £	(restated) Balance as at 31 July 2018 £
Prize & Scholarship fund	133,723	-	-	4,587	138,310
Bursary fund	43,245	875	-	-	44,120
Sports fund	12,178	240	-	-	12,418
Annual fund	3,795	53	-	-	3,848
<b>Group and School restricted funds</b>	<b>192,941</b>	<b>1,168</b>	<b>-</b>	<b>4,587</b>	<b>198,696</b>

### 19b. Unrestricted Funds: Movements in the Year

	Balance as at 1 August 2018 £	Income £	Expended £	Gains on investments £	Balance as at 31 July 2019 £
General funds	4,975,200	8,005,454	(8,049,027)	-	4,931,627
School funds	4,975,200	8,005,454	(8,049,027)	-	4,931,627
Non charitable trading funds	775	35,573	(35,563)	-	785
<b>Group funds</b>	<b>4,975,975</b>	<b>8,041,027</b>	<b>(8,084,590)</b>	<b>-</b>	<b>4,932,412</b>

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 19b. Unrestricted Funds: Movements in the Year (continued)

#### Unrestricted Funds: Movements in the Prior Year

	Balance as at 1 August 2017 £	Income £	Expended £	Gains on investments £	Balance as at 31 July 2018 £
General funds	4,704,380	7,468,316	(7,197,496)	-	4,975,200
School funds	4,704,380	7,468,316	(7,197,496)	-	4,975,200
Non charitable trading funds	775	91,133	(91,133)	-	775
Group funds	4,705,155	7,559,449	(7,288,629)	-	4,975,975

### 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 £495,787 (2018: £396,062) and at the year-end £64,211 (2018: £60,501) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). 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 by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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### 20. Pension Scheme (continued)

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

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 £65,123 (2018: £49,456). There were contributions of £12,028 (2018: £9,809) outstanding at the year-end; this amount is included in creditors and was paid by its August due date.

### 21. Operating Lease Commitments

At 31 July 2019, the School had future minimum commitments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Other		
Expiring within one year	73,022	-
Expiring between one and five years	134,749	98,288
Total	207,771	98,288

### 22. Related Party Transactions

In 2019, the School charged £12,272 (2018: £16,708) to Serlo Enterprises Limited for the provision of staff and the administrative services. The balance owed to the School at 31 July 2019 was £30,681 (2018: £84,492).

The spouse of a governor received a salary of £23,274 (2018: £20,649) for their employment as a teacher by the school.

During the financial year the School had transactions totalling £12,456 with four companies where a Governor is also listed as a Director of that entity.

### 23. Prior Period Adjustment

A prior period adjustment has been processed to include the linked charity, King's School Prize and Scholarship Fund, as a restricted fund of the School.

# THE KING'S SCHOOL, GLOUCESTER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 24. Comparative SOFA

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
<b>Income and endowments from:</b>				
<b>Charitable activities</b>				
School fees	7,352,949	-	7,352,949	7,146,921
Ancillary trading	88,085	-	88,085	84,195
<b>Other trading activities</b>				
Other incoming resources	24,230	-	24,230	18,108
Trading turnover – Serlo Enterprises	91,133	-	91,133	94,620
<b>Investments</b>				
Investment income	385	-	385	555
<b>Voluntary sources</b>				
Voluntary income	<u>2,667</u>	<u>1,168</u>	<u>3,835</u>	<u>11,617</u>
<b>Total incoming resources</b>	<u>7,559,449</u>	<u>1,168</u>	<u>7,560,617</u>	<u>7,356,016</u>
<b>Expenditure on:</b>				
<b>Raising funds</b>				
Serlo Enterprises trading costs	74,108	-	74,108	62,538
Fundraising costs – other	5,494	-	5,494	1,204
Finance costs	<u>40,981</u>	<u>-</u>	<u>40,981</u>	<u>41,723</u>
<b>Total deductible costs</b>	<u>120,583</u>	<u>-</u>	<u>120,583</u>	<u>105,465</u>
<b>Charitable activities</b>				
Education and grant making costs	<u>7,168,046</u>	<u>-</u>	<u>7,168,046</u>	<u>6,847,687</u>
<b>Total expenditure</b>	<u>7,288,629</u>	<u>-</u>	<u>7,288,629</u>	<u>6,953,152</u>
<b>Net incoming funds from operations before transfers and investment gains</b>	270,820	1,168	271,988	402,864
<b>Gains on investments</b>	<u>-</u>	<u>4,587</u>	<u>4,587</u>	<u>5,822</u>
<b>Net movement in funds for the year</b>	270,820	5,755	276,575	408,686
<b>Fund balances as at 1 August 2017</b>	<u>4,705,155</u>	<u>192,941</u>	<u>4,898,096</u>	<u>4,489,410</u>
<b>Fund balances as at 31 July 2018</b>	<u>4,975,975</u>	<u>198,696</u>	<u>5,174,671</u>	<u>4,898,096</u>