

WARWICK INDEPENDENT SCHOOLS FOUNDATION



Warwick Preparatory School



Warwick School



King's High School for Girls

COMPANY NUMBER · 4252305

CHARITY NUMBER 1088057

WARWICK INDEPENDENT SCHOOLS FOUNDATION

Directors' Report

&

Financial Statements

for the year ended

31 July 2011



Warwick School, Myton Road, Warwick, CV34 6PP
Tel 01926 735400 Fax 01926 735406 Email governors@warwickschools.co.uk
Chair of Governors D B Stevens BA (Hons)
Foundation Secretary and Clerk to the Governors S T Jones, FCMA

Warwick Independent Schools Foundation, company number 4252305, is limited by Guarantee and Registered in England. It is also a registered Charity, number 1088057. Registered Office: Warwick School, Myton Road, Warwick, CV34 4AB

WARWICK INDEPENDENT SCHOOLS FOUNDATION

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

DIRECTORS, OFFICERS AND ADVISERS

(COMPANY NUMBER: 4252305)

GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

The Governors of Warwick Independent Schools Foundation ("the Company" and "the Foundation") are the directors and the charity trustees of the Company and have all served in office throughout the financial year except where indicated. They are shown below, together with past Governors who served for part of the year.

Up to twenty-one Governors may be nominated by the bodies listed on the left below, subject to approval by the Board. Nominated Governors may serve on the Board for a term of three years. Up to a further nine Governors may be co-opted to serve on the Board for a term of five years. Retiring Governors can be re-nominated or re-elected but may not serve more than a total term of fifteen years. The Lord-Lieutenant of Warwickshire and the Mayor of Warwick are ex-officio Governors.

Governors nominated by the following bodies

Charity of T Oken & Nicholas Eyffler

Charity of Sir Thomas White, Warwick

The King Henry VIII Endowed Trust, Warwick

Warwick United Charities

Friends of Warwick School

King's High School Parents and Staff Association

King's High School Staff

King's High School Old Girl's Association

Warwick Preparatory School Parents' Association

Warwick Preparatory School Staff

Warwick School Staff

Old Warwickian Association

University of Birmingham

University of Warwick

University of Oxford

Warwickshire County Council

Warwick District Council

Warwick Town Council

Co-opted Governors

Mr A N Bell*

Mr R V J Cadbury

Mr A C Firth* (Vice-Chairman)

Mr C R Gibbons (from 10 Dec 2010)

Mrs P A Goddard

Mr N F Keegan (from 10 Dec 2010)

Honorary Governors

The Lord-Lieutenant of Warwick

- Mr D E Hanson

- Mr D B Stevens (Chairman)

- Mrs S M Rhodes

- Mr R J Wyatt (to 10 Dec 2010)

- Mr T P Jackson (from 10 Dec 2010)

- Mrs A White (to 10 Dec 2010)

- Mr S M Hatton (from 10 Dec 2010)

- Mrs S-A Swan*

- Mrs E A Moloney*

- Mrs S E Lampitt

- Mrs J A Edwards

- Miss K A Parr*

- Mr D J Highton (to 10 Dec 2010)

- Mrs E J Lillyman (from 10 Dec 2010)

- Mr J P Cavanagh

- Mr I Thorpe

- Mr R M Dancey

- Prof D Grammatopoulos*

- Prof R H Trigg**

- Cllr A J L Cockburn

- Cllr Mrs C D Hopkinson

- Mrs P A Snape

- Mrs C A I Sawdon

- Mrs M-A Grainger

Mr T P Jackson (to 10 Dec 2010, after which became The King Henry VIII Endowed Trust, Warwick's nominee)

Mrs J Marshall

Mrs V M Phillips

Prof M L Shattock (to 10 Dec 2010)

Mayor of Warwick

*Parent of a pupil at one of the Foundation's Schools

**Husband of current teacher at one of the Foundation's Schools

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OFFICERS

Head Master	Warwick School	Mr E B Halse
	Deputy Headmaster	Mr W Phelan (resigned 31 Aug 2011)
	Deputy Head (Pastoral)	Mr T Hoyle (resigned 31 Aug 2011)
	Deputy Head (Staff)	Mr C G McNee
	Deputy Head (Academic)	Mr P J O'Grady
	Junior School Headmaster	Mr G R Canning
Headmistress	King's High School for Girls	Mrs E Surber
	Deputy Head (Pastoral)	Mrs C Renton
	Deputy Head (Academic)	Mr S Bethel
Headmaster	Warwick Preparatory School	Mr M Turner
	Deputy Head	Mrs T Hill
	Head of Prep	Mrs S Fairhurst (resigned 31 Aug 2011)
	Head of pre-Prep	Mrs A McLaren
Foundation Secretary and Clerk to the Governors		Mr R D James (to 31 Mar 2011) Mr S T Jones (from 1 Apr 2011)

Addresses	Warwick School Myton Road WARWICK CV34 6PP <i>Day and Boarding for boys 7 – 18</i>	Warwick Preparatory School Bridge Field Banbury Road WARWICK CV34 6PL <i>Day, boys 3 – 7, girls 3 – 11</i>
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King's High School
Landor House
Smith Street
WARWICK CV34 4HJ
Day girls 11 – 18

Registered Office

Warwick Independent Schools Foundation
Warwick School
WARWICK CV34 6PP

ADVISERS

Bankers	Lloyds TSB Bank Plc 12 Swan Street WARWICK CV34 4BJ	Investment Advisers	UBS Wealth Management 1 Curzon Street LONDON W1J 5UB
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane BRISTOL BS1 5DS	Auditors	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square LONDON EC4Y 8EH
Insurance Brokers	Marsh Brokers Capital House 1-5 Perrymount Road HAYWARDS HEATH West Sussex RH16 3SY		

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2011

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(COMPANY NUMBER 4252305)

The Directors of the Company present their annual report for the year ended 31 July 2011 together with the financial statements for the year, which have been prepared in accordance with company law and in compliance with the Charities SORP 2005

REFERENCE AND ADMINISTRATIVE INFORMATION

The Company was incorporated on 29 August 2001 and is registered in England under company number 4252305. It is also a Charity, registered with the Charity Commission under charity number 1088057, and is the corporate trustee of the Warwick Schools Foundation Trust ("the Trust"). The Directors and Governors of Warwick Independent Schools Foundation are listed on page 1. Executive officers, principal addresses and professional advisers are listed on page 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

In 1875, a scheme was approved by the Endowed Schools Commission for the amalgamation of certain educational charities in Warwick, under the name King's School Foundation. The Scheme provided for the re-establishment of the old King's School in new buildings, to be called the Grammar School (for boys), a Middle School (for day boys to the age of 15), and a school for girls. A number of local charities contributed the whole, or a portion of, their annual income. A Charity under the name Warwick Schools was registered with the Charity Commissioners for England and Wales (registration number 528775) and was regulated by Schemes signed on 23 December 1981, 26 November 1991, 13 June 1995, and 16 September 1998. On 29 August 2001, this Charity changed its name to Warwick Schools Foundation Trust. Under the Charity Commission Scheme made on 29 August 2001 all trust funds other than the Trust's permanent endowment of the schools' land were transferred to a new charity known as Warwick Schools, as property of the Company, and the Trust itself was made a subsidiary charity of the Company as its corporate trustee. On 11 March 2003 the Charity and the Company changed its name from Warwick Schools to Warwick Independent Schools Foundation. The Company is governed by its Memorandum and Articles of Association.

Governing Bodies

The Governors listed on page 1 are appointed as Governors of the Foundation and have overall responsibility for the operation of three schools, namely King's High School for Girls, Warwick Preparatory School and Warwick School. Subsidiary Management Committees of Governors have been established for each of the three Schools. Generally, each Governor is asked to serve on one of the School Management Committees, each of which meets three times a year. Each School Management Committee also nominates one of its members to sit on each of the other two Schools' Management Committees, thus some Governors sit on two Management Committees. Generally, each Governor will also sit on at least one other cross-Foundation Committee (see below) as soon as is practicable after appointment.

Organisational Management

The Governors, who are also the Directors and the Charity trustees, are responsible for the overall management and control of the Company and meet three times a year. Management of the individual schools is delegated to the Heads supported by, in each school, the *School Management Committee*.

The *Policy and Strategy Committee* is responsible for all matters of policy and strategy and has plenary powers to act on behalf of the Foundation should the need arise.

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The *Bursary and Investment Committee*, reporting through the Policy and Strategy Committee, ensures the safe and effective investment of the Charity's funds and reviews the bursary and scholarship arrangements, including the assessment of means-testing

The *Audit Risk and Review Committee* is responsible to the Foundation Governors for overseeing the financial reporting process in order to ensure balance, transparency and integrity of published financial information, reviewing the effectiveness of the Foundation's internal controls, risk management and compliance systems, and reviewing the effectiveness of the independent audit process

The *Education Committee* reports through the Policy and Strategy Committee and is responsible for reviewing the educational performance of the Schools and making recommendations where appropriate, considering educational initiatives and reviewing educational policies so as to ensure best practice is shared across the Schools, considering new curriculum schemes as and when they arise, bringing forward proposals for joint teaching timetables, and ensuring coordination of educational policies across the Foundation

The *Estates and Procurement Committee* reports through the Policy and Strategy Committee and is responsible for reviewing and advising on all proposals for building projects, maintenance programs, the estate management, procurement, transport, cars and parking, and health and safety

The *Governance Committee* is responsible to the Foundation Governors for reviewing the composition of the Governing Body and, in particular, the School Management Committees, the Policy and Strategy Committee and the Bursary and Investment Committee to ensure that, so far as possible, each contains an appropriate mix of skills, considering Governor performance and attendance records, reviewing the quality of reports to the Governors, minutes of meetings, opportunities for members to contribute and the effectiveness of the Governing Body, evaluating the training and development of Governors, reviewing recruitment and induction procedures to the Governors, initiating enquiries for the recruitment of new Governors, encouraging and considering the nominations for principal office holders including Committee Chairman, and considering succession strategy and carrying out exit interviews with retiring Governors

Membership of all the various Governor Committees as at 31 July 2011 is set out below

School Management Committees

<u>Warwick School</u>	<u>King's High School for Girls</u>	<u>Warwick Preparatory School</u>
Mr J P Cavanagh	Mr R V Cadbury	Mr A N Bell
Mr R M Dancey (Chairman)	Mr A J L Cockburn	Mr R V Cadbury
Mr A Firth (Vice Chairman)	Mrs J A Edwards	Mrs M-A Grainger
Mr C R Gibbons	Prof D Grammatopoulos	Mr D J Highton (to 10 Dec 2010)
(from 10 Dec 2010)	Mr D E Hanson	Mr S M Hatton
Mrs P A Goddard	Mr T P Jackson	(from 10 Dec 2010)
Mr D E Hanson	Mr N F Keegan	Cllr C A Hopkinson
Mr T P Jackson	(from 10 Dec 2010)	Mrs S E Lampitt
Mrs S M Rhodes	Mrs S E Lampitt	Mrs E J Lillyman
Prof M L Shattock	(Vice Chairman)	(from 10 Dec 2010)
(to 10 Dec 2010)	Mrs J Marshall (Chairman)	Miss K A Parr (Vice-Chairman)
Mrs C A Sawdon	Mrs E Moloney	Mrs V M Phillips (Chairman)
(from 10 Dec 2010)	Mrs C A Sawdon	Mr I Thorpe
Mrs S-A Swan	(to 10 Dec 2010)	Mrs A White (to 10 Dec 2010)
Mr I Thorpe	Mrs P A Snape	Mr R J Wyatt (to 10 Dec 2010)
Prof R H Trigg	Prof R H Trigg	
Mr R J Wyatt (to 10 Dec 2010)		

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Foundation Committees

Policy and Strategy

Mr R M Dancey
Mr A C Firth
Mrs J Marshall
Mrs V M Phillips
Miss K A Parr
Mr D B Stevens (Chairman)
Mr I Thorpe
Prof R H Trigg

Bursary and Investment

Mr R V J Cadbury
Mrs J A Edwards
Mr A C Firth (Chairman)
Prof M L Shattock
(to 10 Dec 2010)
Mr R Vaudry (non-Governor)
(from 10 Dec 2010)

Estates and Procurement

Mr A J L Cockburn
Mr C R Gibbons
(from 10 Dec 2010)
Cllr Mrs M-A Grainger

Mr D E Hanson
Mr S M Hatton
(from 10 Dec 2010)
Mrs E A Moloney
Mr I Thorpe (Chairman)
Mr R J Wyatt (to 10 Dec 2010)

Audit Risk and Review

Mr A N Bell
Mr T P Jackson (Chairman)
Mr N F Keegan
(from 10 Dec 2010)
Mr E W Rogers (non-Governor)
Mrs C A I Sawdon
Mrs A White (to 10 Dec 2010)

Education

Mr R M Dancey
Mrs P A Goddard
Prof D Grammatopoulos
Mr D J Highton (to 10 Dec 2010)
Mrs S E Lampitt
Mrs E J Lillyman
(from 10 Dec 2010)
Mrs J Marshall
Mrs V M Phillips
Prof M L Shattock
(to 10 Dec 2010)
Mrs S-A Swan
Prof R H Trigg (Chairman)

Governance

Mr R M Dancey
Mr A C Firth
Mrs J Marshall
Mrs V M Phillips
Mr D B Stevens (Chairman)

The day-to-day running of the Schools is delegated to the Heads of each School and their respective Senior Management Teams. The Heads attend the Management Committee meetings for their own School and all Foundation Committee meetings other than Audit Risk and Review, Bursary and Investment and Governance.

Group Structure and Relationships

The Company has a wholly-owned subsidiary, Warwick Schools Enterprises Limited (WSEL), which carries out a number of trading activities to generate funds for the Schools. WSEL retains a small surplus each year so as to build up working capital, but thereafter any surplus remaining is gift-aided back to the Company.

Governor Recruitment, Induction and Training

Nominated Governors are selected by their respective Nominating Bodies (see page 1) but must then be approved by the Governing Body. Co-opted Governors are selected having regard to the particular skills required on the Governing Body at the time of appointment. All Governors attend an induction programme with the Foundation Secretary on appointment and have a guided tour of the Schools. All Governors are encouraged to attend external training courses on a regular basis. In addition, a rolling program of training is organised in-house.

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Risk Management

The Board of Governors is responsible for the management of the risks faced by the Company. Risks are identified and assessed and controls established throughout the year. A formal review of the Company's risk management processes is undertaken by the Audit Risk and Review Committee on an annual basis.

The key controls used by the Company include

- formal agendas for all Committee and Board activity,
- detailed Terms of Reference for each Committee,
- comprehensive strategic planning, budgeting and management accounting,
- established organisational structure and lines of reporting,
- formal written policies,
- clear authorisation and approval levels, and
- vetting procedures as required by law for the protection of the vulnerable

The major risks are considered to be a) fee affordability leading to a fall in student numbers and/or demand for places, b) diminishing investment returns applying pressure to supported places and c) the increasing and unpredictable cost of the pension scheme for support staff. Through the risk management processes established for the Schools, the Governors are satisfied that the major risks identified have been adequately managed. However, it is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Objects of the Charity are set out in the Memorandum of Association and are "to advance education by carrying on in or near Warwick day and boarding schools for boys and girls". Within these Objects, the Charity and the Trust have various permanent endowments and unendowed trust funds held for special purposes in connection with the development of the Schools' facilities and for scholarships, bursaries, prizes, and other educational purposes.

Public Benefit Aims and Intended Impact

Having been a significant participant in the Government Assisted Places scheme and its forerunner the Direct Grant system, the Warwick Independent Schools Foundation has always operated with a strong emphasis on providing education to pupils from a range of social backgrounds. Our aim is that pupils from all backgrounds are able to benefit from the excellent education provided, irrespective of the ability to pay full or part fees. The Trustees of the Foundation are determined to maintain the philosophy of providing the rounded education synonymous with the schools to as wide a pupil base as possible, including those pupils who do not possess the means to afford fees. A robust means tested bursary scheme is operated to ensure the effective and charitable delivery of this aim. Although the main focus for bursary support ensures that full fee places are offered to a large number of recipients, the scheme also provides the opportunity for pupils with parents of moderate income to attend the schools. This is managed through the provision of a number of part funded means tested places, thereby further widening access to potential beneficiaries. In addition to providing public benefit through the provision of bursaries, the Foundation is committed to playing a significant role within the local community, through a number of outreach initiatives. These include the sharing of facilities, running holiday clubs and revision courses that are open to pupils from all around Warwickshire and its bordering counties. Worthy of particular note are the Sprint Finish

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Revision Classes, free to any local state school child at GCSE, AS or A level, continued to be both popular and successful

In the furtherance of these aims, the Foundation Governors, as the charity trustees, have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission published general and relevant subsector guidance concerning the operation of the Public Benefit requirement under that Act

Objectives for the Year

The Foundation holds a significant investment portfolio, enabling the awards of a consistent level of bursary support to pupils at the Schools. The Trustees have stated a desire to further increase this provision, with celebrations of Warwick School's 1100th anniversary in 2014 seen as the perfect platform from which to launch this initiative

The continuing success in the recruitment of additional pupils at King's High School, combined with its town centre location does create logistical problems to overcome. Two of the key challenges facing the management team are pupil traffic flow and a relatively small, outdated dining facility, standing in an area with little room for expansion. Improvements to the delivery of this basic school function were considered to be a prime objective for the year at King's

Trustees have considered the impact of the present economic climate and specific demographic pressures affecting recruitment into Warwick Preparatory School. This was considered to represent one of the primary risks facing the Foundation, with a clear need to assess ways of mitigating this risk and strengthening the ongoing numbers at the school

Strategies to Achieve the Year's Objectives and Support Long Term Goals

The appointment at the turn of the year of a new Development Director at Warwick School is seen as key in cultivating improved and wider relationships with the School's alumni. He has started the process of developing links with Old Warwickians with a clear objective of a major fundraising campaign during the build up to the 1100th year celebrations in 2014

With agreement reached for the delivery of a complex extension to the existing dining facilities at King's High School, the greatest challenge was the delivery of a 26 week building project whilst managing to continue to feed pupils and staff at the school. In order to deliver an appropriate long term solution to the problem, it was necessary to rent alternative dining accommodation near the school during the period of construction/conversion of the new extended dining hall. As a result of the successful delivery of the project, the facility will in future be able to accommodate substantially more girls for lunch

With clear evidence of a reduction of numbers in certain year groups within Warwick Prep School, a marketing campaign was commissioned in order to target year groups with lower than ideal numbers. Improved open days and more targeted advertising were used to improve intake at Nursery, Reception and Year 3, all of which met with significant success. Numbers in September 2011 and beyond look stronger as a result, although under current economic circumstances, these improved strategies will be further developed across the Foundation

Principal Activities of the Year

This year, Warwick School had 911 (2010: 900) boys in the Senior School of whom 50 (2010: 54) were boarders and 249 (2010: 242) boys in the Junior School. King's High School for Girls had 645 (2010: 620) girls and Warwick Preparatory School had 397 (2010: 383) children in the main school and 48 (2010: 49) children in the Nursery School. All the Schools continue to be popular choices amongst local parents and demand for places remains strong. Governors are

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therefore confident that the Schools can operate at close to maximum capacity for the foreseeable future

Grant-Making Policy

This year the value of scholarships, Foundation Awards, and Bursaries totalled £1,664,000 (up from £1,581,000 in the year to 31 July 2010). Of this, the amount of unrestricted funds totalled £1,040,000, with a further £624,000 from restricted funds. The Foundation Governors' policy is to further increase these awards based on financial need when opportunities arise, £1,344,000 of the total was awarded on this basis. 316 pupils benefited from these grants and awards with the result that one in five pupils at the senior Schools receives some form of financial assistance.

The Foundation Award Scheme, which was introduced in 1999, is a means-tested scheme and enables Governors to widen access to as broad a group of pupils as possible. The Bursary Policy has been under review throughout the year. In particular, the Financial Assessment Table has been changed to increase support to parents on lower incomes. The Schools also operate scholarship schemes awarded on academic merit, the maximum value of a scholarship has now been restricted to 20% of fees. Currently there are 53 pupils attending the Schools who pay no tuition fees at all.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational Performance of the Schools

Warwick School

Warwick School enjoyed record pupil numbers and all major targets in the School Development Plan were met. The Governors have continued to provide significant means-tested financial support to 209 boys who have benefited from Scholarships, Bursaries and Foundation Awards.

Academic Standards have continued to be very high with 86% at A*-B grade at A level. 25% of entries were gained at A* grade. 17 boys gained 3A* or more and 4 boys gained 5A*s. 13 boys won places at Oxford and Cambridge universities and one at Harvard. At GCSE, 94% of entries were obtained at A*-B level. 26 boys achieved a clean sweep of A/A* grades and 16 boys gained 9A* or more. Warwick School has won two 2011 Good Schools Guide Awards. The Awards are for the best point score at an English Independent School for Boys taking Statistics at GCSE and taking Government and Politics at A Level.

For the fifth consecutive year, a Warwick School Sixth Form student has been awarded The Weizmann Science Research Prize 2011, the highly prestigious scholarship for research at the Weizmann Institute of Science in Israel. Two students were awarded Army Scholarships for Sandhurst in 2011, out of only 23 available in the country and the only school to have two recipients. In addition, another Sixth Former was awarded an RAF scholarship.

Music at Warwick School goes from strength to strength in terms of both standards of achievement and the range and depth of activities undertaken. In 2011 Warwick School had four bands competing in the National Concert Band Festival, more than any other school in the country. The Jazz Lab and Foundation Wind Orchestra were awarded gold medals and the Little Big Band and the Wind Band, the highest accolade of platinum awards. Performances this year also included the musicians at a New Year's Concert in Venice and the choir visiting Rome and performing in front of the Pope.

A senior team won the UK Robotics Championship for the third year running and another boy was selected for England at Chess.

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At sport, the School continued to gain recognition both individually and collectively over a wide range of sports. 50 boys represented their county and a further 20 boys represented the Midlands, England or Scotland in fencing, hockey, rugby, sailing, swimming, tennis and water-polo. Both the U18 and U15 Rugby teams made it through to the quarter final of the Daily Mail Cup. The U11 swimmers qualified for the National Finals for the third consecutive year and won a silver medal in the Freestyle Relay. The U14's are the ESSA Midlands Champions for both the Medley and Freestyle relays and have qualified for the National Finals for the second consecutive year. The U16 hockey team was placed 5th in National Indoor Hockey Finals and the first XI won the Taunton Hockey festival. Two pairs of U13 tennis players finished in the top 12 teams in the Country in the National Championships. In Fencing, we hold the title of National Champions in the Epee and runners up in the Foil. Three boys competed for Great Britain in sailing.

With trips to Bolivia, Chile, South Africa, The States, China, India and many countries in Europe, a Warwick School education is providing young minds not only with an awareness of global issues, but also encouraging them to take action towards social change. Warwick School pupils and staff raised in excess of £40,000 for charity.

An activities programme, organised and staffed by Warwick School, saw local primary state school pupils come to take part in sporting activities during the summer term. This was led by our Sixth Formers who have qualified as Community Sports Leaders as part of their afternoon activities. The Environmentalists have also been helping a primary school turn some land into a haven for their pupils. Sprint Finish Revision Classes, free to any local state school child at GCSE, AS or A level, continued to be both popular and successful. A large number and variety of local charities, organisations and institutions used the School's facilities in addition to extremely successful holiday activity camps run by the School.

King's High School for Girls

The School was inspected by ISI on 10th and 11th May 2011 and achieved a first rate report "The pupils' overall achievement is excellent", "Pupils show outstanding personal development", "Excellent leadership is provided" and, particularly notable, "A level results were above the national average for girls in maintained selective (i.e. grammar) schools".

The School remained full, the roll again growing slightly, as the first year of our four form entry reached the Upper Sixth. The Governors have continued to provide significant financial support to 108 girls in terms of Scholarships, Foundation Awards and Bursaries. In 2008/09, the School embarked on a Five-Year Plan covering all areas of school life. In this, its third year, excellent progress was made, with work beginning in the summer term on Phase 3 of our Development Project: the transformation of the Dining Room.

Academic standards in terms of exam results remained very high. At A level, 82% of passes were at A*/A/B, 64% at A*/A and 22% at A*. The Value Added score at A level was again significant in terms of girls exceeding their ALIS target. The School's high GCSE performance surpassed that of 2010 with 85% at A*/A, again well above the MIDYIS Value Added target. The School's results compared very favourably with other top performing state and independent Schools. 96% of Upper Sixth girls who applied to university this year achieved a place at their first choice institution, including five at Oxford and Cambridge and 30 at other Russell Group universities.

The School continued to sustain and expand the range of quality extra-curricular opportunities, experiences, study support groups, trips and visits on offer. There was again strong enrolment for the Duke of Edinburgh Award Scheme (82 Bronze, 28 silver, 30 Gold). There were exchange visits to our partner schools in Germany, France and Sweden, and other residential trips to Jersey, Spain, France, Germany, Italy, India and China.

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King's High's sports teams enjoyed another exceptional year and we were Junior & Inter Girls County Athletics champions, U13 Midlands Hockey champions and U18 National Water polo champions

The School raised a total of £8,400 for charities (local, national and international) during the year. We continued to let out our Sports Centre and made other facilities available for community use. Lower Sixth Form girls participated in the annual visit to India, teaching for several days in our Indian partner school. The School continued to strengthen its relations with former pupils. The fourth Decade Day for pupils of the 1960s attracted a record 180 attendees.

The successes of the school year were celebrated at Speech Day, with guest speaker Professor Germaine Greer, whose address brought the School year to a fitting close.

Warwick Preparatory School

The School has maintained, and indeed slightly increased, its numbers in difficult economic circumstances. Registrations for entry into the Nursery and Reception years have risen significantly for 2012, 2013 and 2014, boding well for future numbers. This success has largely been achieved by improved marketing and current parents' positive views on the quality of education provided.

The results of the entrance examinations taken by boys (7+) and girls (11+) for a variety of schools were again very good. Twenty-seven boys passed the Warwick Junior School entrance exam with one going on to a different school which better suited his needs. All 48 girls who took the exam for King's High were offered places, 39 of whom accepted those offers. Scholarships were gained to a number of senior schools, including King's High (academic and music), Bloxham, Princethorpe and Kingsley.

The PE department continues to extend the number of fixtures and the number of teams involved, thus meeting the aim of 'Sport for All'. Provision for boys has been broadened to include football, rugby and cricket coaching within their games lessons from a new specialist games teacher. Notable successes in sport included reaching the IAPS tournament national netball and swimming finals, reaching the English School Swimming Association finals (one pupil being ranked 7th nationally in freestyle in her age group), being runners up in the Princethorpe U11 Hockey Tournament (5 teams competing), winning the U11 Rounders tournament at Kingsley School, winning at our own athletics event involving local independent and state schools, and achieving first in each of the Team Dressage, Individual Dressage and Individual Combined Dressage and Show Jumping at the Inter-schools Equestrian event at Princethorpe.

Music has provided a wide selection of events for the children to participate in, both formal and informal including the Carol Service at St Mary's, numerous informal concerts, the Junior and Senior Concerts, the Upper Two musical, Olivia, in the Bridge House Theatre. We have extended both the number of pupils learning instruments and the range of instruments available with the addition of 'cello and brass instruments.

The School has achieved success in a number of local competitions and once again its pupils were crowned champions in the Debating Competition hosted by Warwick Junior School. Extra-curricular opportunities continue to grow, with the addition in 2010/11 of many new clubs including Karate, Nature Detectives, Lower One Football, Irish Dancing, Theatre Dance and Cheerleading.

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The School supports a variety of international, national and local charities through fund raising activities. In particular, there are close links with Myton Hamlet Hospice and the Leamington Christian Mission. Other than monetary donations, the girls have given musical performances at the Day Unit of Myton Hamlet Hospice and the children have provided harvest produce and toiletries at Christmas for the Leamington Christian Mission. The Parents' Association also is actively involved in fundraising - from the Macmillan Coffee Morning to a Pantomime from which generous donations were given to a variety of charities. In all the school and parents association have raised in excess of £18,000 for charity in the past year.

Collaboration

The collaborative links between the three Schools continue to be strengthened – in many areas and at many levels, from the Heads downwards (personal liaison, extra-curricular activities, curricular).

The senior schools, King's High School and Warwick School, offer collaborative teaching in German and Theatre Studies, with use of both sites and teaching staff from both schools. At A-level, Warwick School offers Politics and Design Technology for both schools and King's High School Psychology. They also jointly prepare students for Oxbridge interviews, through a joint activities programme including the science research project and Warwick School's Sprint Finish revision programme. There are a number of joint excursions to various academic conferences.

In sport, there are mixed teams and training sessions in swimming, fencing, hockey and water polo, and various joint extra-curricular activities including salsa dance, climbing, public speaking, cookery, CCF, DT and exhibitions. Joint Sunday Services are held annually at WS Chapel. The Warwick Preparatory School and Warwick (Junior) School swimming teams have also joined forces this year to form a strong combined Foundation team at some galas.

A recent exchange with a school in Vasteras, Sweden was a joint venture for Warwick School and King's High School. Joint drama performances for the senior schools included another highlight for the senior schools - a production of *Guys & Dolls*. In music and drama, activities include the Foundation Youth Theatre, Foundation Wind Orchestra, Foundation Orchestra and Foundation Choir, as well as the Community Choir.

King's High School was also able to offer cookery, science, drama and music workshops for local primary pupils, which were enthusiastically received. Warwick Preparatory School participated in these, as well as in specific events arranged for them by King's High School. In return, the Prep School received visits from King's High School pupils.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Foundation had net income of £1,282,000 for the year, lower than the previous year owing to higher expenditure on developing the estate and a significant increase in contribution (of over £0.5m) to the local authority pension scheme. Governors continually strive to ensure that fee increases are maintained at the lowest possible level. Tuition fees were increased by 1.75%, largely matching the increase in underlying costs.

The Foundation is helped considerably each year through the receipt of charitable income from The King Henry VIII Endowed Trust, Warwick and The Charity of Sir Thomas White, Warwick. This income is allocated to Bursary Funds and contributes to the Foundation offering generous Awards to pupils from lower income families.

The trading subsidiary (Warwick Schools Enterprises Ltd – WSEL) continues to hire out Foundation facilities throughout the year and has contributed £26,000 to the operating surplus.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2011 DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(COMPANY NUMBER 4252305)

Reserves

The Foundation's unrestricted funds (before pensions deficit) stood at £45.6 million at the end of the year, of which £34.5 million represented funds deployed as part of the Schools' premises and £10.3 million as Bursary Funds. Free reserves were in surplus by £0.6 million.

The Foundation's Policy on reserves is to maintain free reserves over the medium term such that the Foundation has no long term structural borrowing.

Following the implementation of FRS17, the Foundation's share of the Local Government Pension Fund deficit has to be shown in the Balance Sheet. At 31 July 2011, this deficit stood at £2,296,000. The Governors do not consider that this has any impact on the day to day running of the Schools.

Investment Policy and Objectives

Under the Charity's Memorandum and Articles of Association, the Trustees have wide powers to invest in such securities or property as they may think fit subject to the appropriate legal considerations. In practice, the Board of Governors has appointed a Bursary and Investment Committee to make such decisions on its behalf. The Bursary and Investment Committee in turn appoints an investment manager to oversee funds under investment. UBS Wealth Management were appointed on 6th August 2009.

The Board's investment objectives are as follows:

- Annual income requirement/withdrawal of 4.0% (3.0% income yield/1.0% capital)
- Medium risk profile
- Long term time horizon

The expenditure out of these funds is expected to be below the total returns generated. Funds are allocated to fixed interest stocks, UK and overseas equities, property, hedge funds, bonds, unit and investment trusts and cash to give a balanced exposure through a medium risk portfolio.

Investment Performance against Objectives

The Foundation's investment performance is measured against a composite index, agreed by the Bursary and Investment Committee, comprising the following percentages:

%	
25.0	FT Brit Gov't All Stocks
45.0	FTSE All Share
20.0	Equity Composite
5.0	HFRI Fund of Funds
3.0	IPD Property Index
2.0	3 Month LIBOR

As at 31 July 2011, the Foundation had a total of £9,325,683 invested for the long term with an investment objective of achieving a balance of income and capital growth. In the year to 31st July 2011, the total return generated by the Foundation's portfolio was 10.16% compared with 12.14% for the agreed benchmark.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2011

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(COMPANY NUMBER 4252305)

Employment Policy

The Foundation encourages the employment of disabled persons whenever practical. In compliance with current legislation, the Company endeavours to ensure that the disabled employees benefit from training and career development in common with other employees.

The Foundation is committed to equal opportunities.

FUTURE PLANS

Specific areas of focus for the Trustees during the 2011/12 academic year include the development of additional and improved changing facilities within a significantly extended Sports Pavilion at Warwick School. This key project is due to commence at the start of April and be completed in time for the start of the new calendar year in January 2013. This will enable more easily manageable games and fixtures afternoons, whilst also providing an enhancement to the existing academic PE teaching facilities.

Part of the general academic successes of King's High School is the ever increasing interest in science subjects being shown by pupils. Opportunities to acquire and develop other buildings close to the School are always under consideration, with a view to improving science and other teaching facilities. As with many town centre schools there is a dearth of large teaching spaces at King's, an issue under constant review by the Governors and senior management team.

One of the more pleasing aspects of delivering the objectives set in 2010/11 was the extremely positive impact of the marketing campaign on the Nursery department at Warwick Prep. With this in mind a clear strategy has been formulated for the extension of the Nursery facilities at the school, enabling a greater intake level which in turn assists with recruitment throughout the school. This project will undergo detailed planning during the year, although its practical completion may be deferred until the start of the 2013/14 academic year.

The 2010/11 academic year has seen a full review of the Governance framework of the Foundation. 2011/12 will see the findings formulated into an implementation strategy.

The Foundation Trustees constantly strive to deliver greater efficiency and effectiveness across the organisation. Having delivered improvements through the deployment of a shared services team in finance, estates, HR, health & safety and operations, management have been challenged to deliver a similar scheme for the shared service of the IT strategy and team.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2011

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(COMPANY NUMBER 4252305)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law

Under company law, the Directors 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 Charity and the group and of the surplus or deficit of the group for that period. In preparing these financial statements, the Directors are required to

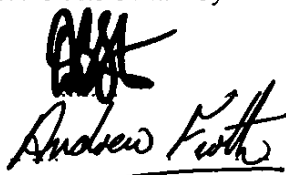
- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 Directors are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the Charity's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the Group and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

So far as each of the Directors is aware at the time this report is approved

- there is no relevant audit information of which the Company's auditors are unaware,
- the Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Approved by the Board of Directors of Warwick Independent Schools Foundation on and signed on its behalf by



(DIRECTOR) MR D E STEVENS

(DIRECTOR) MR A FIRTH

9/12/2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER 4252305)

We have audited the financial statements of Warwick Independent Schools Foundation for the year ended 31 July 2011 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 21

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

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

Respective Responsibilities of the Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER: 4252305)

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

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



Tim Baines
Senior Statutory Auditor
for and on behalf of
CROWE CLARK WHITEHILL LLP
Chartered Accountants and Statutory Auditors

St Brides House
10 Salisbury Square
London EC4Y 8EH

Dated *22 November 2011*

WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER 4252305)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income & Expenditure Account)

FOR THE YEAR ENDED 31 JULY 2011

	Notes	Unrestricted Funds		Restricted Funds	Endowed Funds	Total Funds 2011	Total Funds 2010
		Schools	Other				
		£'000	£'000	£'000	£'000		£'000
INCOMING RESOURCES							
Income from Charitable activities							
School fees	2	20,728	-	-	-	20,728	19,913
Other income	3	2,126	-	-	-	2,126	1,722
Incoming Resources from Generated Funds							
Other activities to generate funds	3	6	-	-	-	6	82
Fundraising income		-	-	78	-	78	69
Trading turnover WSEL	4	-	481	-	-	481	487
Investment income	5	-	388	13	-	401	330
Bank & other interest	6	31	-	-	-	31	19
Donations		-	3	558	-	561	580
Total Incoming resources		<u>22,891</u>	<u>872</u>	<u>649</u>	<u>-</u>	<u>24,412</u>	<u>23,202</u>
RESOURCES EXPENDED							
Costs of generating funds							
Cost of Development Office		127	-	-	-	127	95
Cost of trading activities WSEL	4	-	409	-	-	409	461
Other activities		-	49	-	-	49	24
Charitable Activities							
Schools and grant-making		21,847	3	656	27	22,533	20,102
Governance costs	8a	101	2	-	-	103	101
Total Expended	8	<u>22,075</u>	<u>463</u>	<u>656</u>	<u>27</u>	<u>23,221</u>	<u>20,783</u>
Net incoming/(outgoing) resources before transfers		816	409	-7	-27	1,191	2,419
Transfers between funds	14	<u>-816</u>	<u>841</u>	<u>-25</u>	<u>-</u>	<u>-</u>	<u>-</u>
Realised investment (losses)/gains			<u>1,250</u>	<u>-32</u>	<u>-27</u>	<u>1,191</u>	<u>2,419</u>
			<u>72</u>	<u>-</u>	<u>19</u>	<u>91</u>	<u>133</u>
NET INCOME FOR THE YEAR			1,322	-32	-8	1,282	2,552
Unrealised investment gains			526	-	-14	512	511
Pension Scheme Actuarial Gain/(Loss)	19		244	-	-	244	68
NET MOVEMENT IN FUNDS			<u>2,092</u>	<u>-32</u>	<u>-22</u>	<u>2,038</u>	<u>3,131</u>
Balance brought forward at 1 August 2010			41,210	80	3,054	44,344	41,213
FUND BALANCES at 31 July 2011			<u>43,302</u>	<u>48</u>	<u>3,032</u>	<u>46,382</u>	<u>44,344</u>

All activities relate to continuing operations

The notes on pages 20 to 35 form part of these accounts

WARWICK INDEPENDENT SCHOOLS FOUNDATION

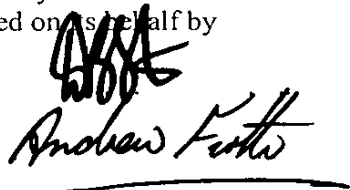
(COMPANY NUMBER 4252305)

CHARITY AND CONSOLIDATED BALANCE SHEET

AT 31 JULY 2011

		Group		Charity	
	Notes	2011 £'000	2010 £'000	2011 £'000	2010 £'000
FIXED ASSETS					
Tangible assets for operational use	9	36,864	37,112	36,834	37,089
Investments	10	13,615	11,246	13,615	11,246
		<u>50,479</u>	<u>48,358</u>	<u>50,449</u>	<u>48,335</u>
CURRENT ASSETS					
Stock	11	36	38	-	-
Debtors	12	981	788	1,000	847
Cash		4,698	5,299	4,657	5,225
		<u>5,715</u>	<u>6,125</u>	<u>5,657</u>	<u>6,072</u>
CREDITORS due within one year	13	<u>-2,517</u>	<u>-2,502</u>	<u>-2,456</u>	<u>-2,457</u>
NET CURRENT ASSETS		<u>3,198</u>	<u>3,623</u>	<u>3,201</u>	<u>3,615</u>
TOTAL NET ASSETS before pension deficit		<u>53,677</u>	<u>51,981</u>	<u>53,650</u>	<u>51,950</u>
CREDITORS due after one year	13	-4,999	-5,297	-4,990	-5,285
Pension Scheme funding deficit	19	<u>-2,296</u>	<u>-2,340</u>	<u>-2,296</u>	<u>-2,340</u>
TOTAL NET ASSETS	14	<u>46,382</u>	<u>44,344</u>	<u>46,364</u>	<u>44,325</u>
 ENDOWED FUNDS	14a	3,032	3,054	3,032	3,054
RESTRICTED FUNDS	14b	48	80	48	80
UNRESTRICTED FUNDS					
Designated & general funds	14c	45,598	43,550	45,580	43,531
Pension Reserve (Deficit)	19	-2,296	-2,340	-2,296	-2,340
Net Unrestricted Funds		<u>43,302</u>	<u>41,210</u>	<u>43,284</u>	<u>41,191</u>
TOTAL FUNDS		<u>46,382</u>	<u>44,344</u>	<u>46,364</u>	<u>44,325</u>

Approved by the Board on
and signed on its behalf by


Andrew Firth

DIRECTOR MR D B STEVENS

DIRECTOR MR A FIRTH

The notes on pages 20 to 35 form part of these accounts

WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER: 4252305)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2011

	Notes	£'000	2011 £'000	2010 £'000
NET CASH INFLOW FROM OPERATIONS	20		1,705	1,875
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Investment income & bank interest		432		349
Other interest paid		<u>-48</u>		<u>-46</u>
			384	303
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payment for tangible fixed assets		-340		-533
Decrease/(Increase) in buildings in progress		-387		-
Payment for equities		-3,741		-3,878
Disposal of written-off vehicle		3		-
Payment for Gilts		-341		-333
Payment for investment property		-		-
(Increase)/Decrease in bank deposits		-494		1,210
Proceeds from sale of equities		1,881		1,313
Proceeds from sale of Gilts		337		-
Proceeds from sale of COIF		309		-
Proceeds from sale of COIF Property Fund		280		-
Proceeds from sale of Balanced Growth		<u>-</u>		<u>283</u>
			-2,493	-1,938
NET CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	21		<u>-404</u>	<u>240</u>
MANAGEMENT OF LIQUID RESOURCES			1,145	2,145
FINANCING				
Loan repayments			<u>-197</u>	<u>-35</u>
NET CASH (OUTFLOW)/INFLOW FOR THE YEAR			<u>544</u>	<u>2,350</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase in net cash in the year		544	2,350
Cash (inflow) from increase in liquid resources		-1,145	-2,145
Cash (inflow)/outflow from (increase)/decrease in debt		<u>197</u>	<u>35</u>
Movement in net debt in the year	21	<u>-404</u>	<u>240</u>
Net funds at 1 August 2010		986	746
NET FUNDS AT 31 JULY 2011		<u>582</u>	<u>986</u>

Note

Charity Law requires separate administration of the cashflow of endowed and other restricted funds of the Charity. This constraint has not adversely affected group cashflows as stated above.

The notes on pages 20 to 35 form part of these accounts

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities the Charities SORP 2005.

The accounts present the consolidated statement of financial activities (SOFA) and the charity consolidated balance sheets comprising the consolidation of the Charity and the Company and its wholly owned subsidiary Warwick Schools Enterprises Limited. The results of the subsidiary are consolidated on a line by line basis.

The Charity became the corporate trustee of the Trust on 29 August 2001 and the accounts, therefore, include the Trust as a subsidiary charity for the accounting period commencing 1 September 2001.

Under the Charity Commission Scheme of 29 August 2001 all trust funds other than the Trust's permanent endowment of the school's land were transferred to the new charity known as Warwick Independent Schools Foundation, as property of the Company, and the Trust itself was made a subsidiary charity of the Company as its corporate trustee.

The Charity also owns the whole of the share capital of Campus Library Services Limited, which was dormant throughout the financial period. In the opinion of the Governors this company is not material in the context of the overall accounts and have therefore not been included.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Directors' Responsibilities on page 14.

(b) Basis of Consolidation

The financial statements consolidate the accounts of Warwick Independent Schools Foundation and its subsidiary Warwick Schools Enterprises Limited.

The Charity has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account. The profit for the year dealt with in the accounts of the Charity was £2,038,000 (2010 £3,131,000).

(c) Fees and Similar Income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable include contributions received from Restricted Funds for Bursaries and Awards. Trading income is exclusive of Value Added Tax and trade discounts.

(d) Charitable Income and Donations

Charitable income and donations received for the general purposes of the Charity are credited to "other unrestricted funds" to distinguish them from direct school income. Grants given for specific purposes are treated as income in the year of receipt and are taken to "restricted funds". Unspent restricted income is included under restricted funds as it is fully committed. Income received from the charities of The King Henry VIII Endowed Trust, Warwick and The Charity of Sir Thomas White, Warwick is accounted for on a receivable basis.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

1 STATEMENT OF ACCOUNTING POLICIES - continued

(e) Resources Expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. Teaching, welfare and premises costs are derived from activities classified in cost departments that are directly for the pupils' benefit. Support costs consist of the administration costs of running the schools, Marketing & Recruitment costs for the schools and expenditure in relation to school expeditions. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, legal advice for the Governors and all costs of complying with statutory requirements. Liabilities are recognised where there is a legal or constructive obligation committing the Charity to the expenditure.

(f) Operating Leases

Rentals payable are charged on a time basis over the lease term.

(g) Pension Schemes

The Schools participate in a multi-employer pension scheme, the Government's Teachers Pension Defined Benefits Scheme, for their teaching staff. The pension liability is the responsibility of the Teachers Pension Scheme. As a result, it is not possible to identify the assets and liabilities of the scheme that are attributable to the Schools. Accordingly, under FRS17 the scheme is accounted for as if it were a defined contributions scheme.

The Charity also participates in a multi-employer pension scheme, the Local Government Pension Scheme, for its non-teaching staff, which is administered by Warwickshire County Council. The company is able to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Accordingly the scheme is treated as a defined benefit scheme under FRS 17. The scheme is being accounted for under FRS 17, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a designated fund entitled "Pensions Reserve", which is deducted from Unrestricted Funds in the balance sheet.

(h) School Buildings and Equipment

Capitalisation and Replacement

The original land and buildings endowed to the Schools together with all subsequent additions recorded by the Trust were professionally re-valued as at 31 August 2001. On 1 September 2001, all land and buildings, other than the original endowed property, were transferred to the Charity. In these accounts these transfers are treated as being at cost to the Charity. The Charity is also responsible for keeping the original building in fit and useful condition and these costs are written off as incurred.

Buildings improvements and extensions and furniture and equipment costing more than £5,000 individually are capitalised and carried in the balance sheet at historical cost.

Depreciation

Depreciation is not provided on freehold land. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount evenly over the estimated useful economic lives of each class of asset, subject to annual review.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

1. STATEMENT OF ACCOUNTING POLICIES – continued

Depreciation (Continued)

These rates are currently as follows

Buildings (excluding sports associated constructions)	50 years
Sports associated constructions	20 years
Furniture & equipment	3 years
Motor vehicles	4 years
Fixtures & fittings	10 years
Fitted kitchen	10 years

(i) Investments

Investments are stated at market value

Unit trust investments are stated at mid-market price

Realised gains and losses on investments, calculated as the difference between the sale proceeds and their market value at the start of the period, or subsequent cost, are credited or charged to the SOFA in the period of gain or loss

Unrealised gains and losses representing the movement in market values during the period are credited or charged to the SOFA in the period of gain or loss

(j) Stock

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

(k) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general object of the Charity. Unrestricted funds are identified as either Designated Funds or General Funds. Designated Funds represent funds that the Trustees have set aside for defined purposes. Certain elements of the Designated Bursary Funds are subject to restrictions set out in the Memorandum and Articles of Association. Each Designated Fund is disclosed separately in the notes to the financial statements. There is a commitment to use these monies in future years, as designated. General Funds represent accumulated surpluses/deficits to date, after transfers to Designated Funds.

Restricted Funds are subject to specific restrictions imposed by donors.

The Endowment Funds are permanent endowment funds, i.e. the donors have stated that the funds are to be held as capital.

(l) Liquid Resources

The Charity includes fixed term deposits of less than one year as liquid resources.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

2. FEES RECEIVABLE

	2011 £'000	2010 £'000
Fees	22,721	21,799
Less Teachers Fee Remission	329	305
Less Scholarships and Bursaries	1,664	1,581
	<u>20,728</u>	<u>19,913</u>

3. OTHER INCOME

	2011 £'000	2010 £'000
Charitable Activities		
Other educational charitable activities		
Entrance and registration fees	42	40
Music tuition fees	463	469
Holiday Action & Swim School	211	177
Other	434	316
	<u>1,150</u>	<u>1,002</u>
Other ancillary activities		
Insurance commissions	27	27
Excursions	949	693
	<u>2,126</u>	<u>1,722</u>
Other activities to generate funds		
Letting of Premises & Function Catering	<u>6</u>	<u>82</u>

4. INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES

The Charity owns the whole of the £1 ordinary share capital of Warwick Schools Enterprises Limited. The principal activity of the company is that of letting the school facilities and the operation of a school clothing shop.

The trading results for the period, extracted from the audited accounts, are summarised below:

	2011 £'000	2010 £'000
Turnover	481	487
Operating costs	<u>-455</u>	<u>-461</u>
Profit from continuing activities	26	26
Covenanted donation gross	<u>-26</u>	<u>-26</u>
Balance carried forward	<u>-</u>	<u>-</u>

Warwick Schools Enterprises Limited makes a gift aid donation of any surplus earned to its parent, Warwick Independent Schools Foundation. This amounted to £26,030 (2010: £26,272) to the Charity during the year.

The net assets of Warwick Schools Enterprises Limited at 31 July 2011 amounted to £18,733 (2010: £18,721).

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

5. INVESTMENT INCOME

	Unrestricted £'000	Restricted £'000	2011 Total £'000	2010 Total £'000
UK Fixed Interest	18	-	18	23
UK Equities	244	8	252	175
Unit Trusts	-	-	-	4
COIF Funds	-	5	5	13
COIF Property Fund	26	-	26	36
Bank Interest	41	-	41	20
Investment property	59	-	59	59
	<u>388</u>	<u>13</u>	<u>401</u>	<u>330</u>

6. BANK & OTHER INTEREST

	2011 £'000	2010 £'000
Bank Interest	<u>31</u>	<u>19</u>

7. EXPENDITURE

	2011 £'000	2010 £'000
Charitable expenditure includes:		
Auditors' remuneration		
For audit	33	33
For audit of subsidiaries	1	1
For other services	11	1
Operating Leases Payable		
For Motor Vehicles	25	23
For Property	59	51
Depreciation	975	915
Bank loan interest payable	<u>48</u>	<u>46</u>
	2011 £'000	2010 £'000
Total staff costs comprised		
Wages and salaries	12,491	11,793
Social security costs	975	863
Pension contributions	1,595	945
Compensation for Loss of Office	65	110
	<u>15,126</u>	<u>13,711</u>

The average number of employees in the year was 384 (2010 - 384) of which 215 (210) were teaching staff. Neither the Governors nor persons connected with them received any remuneration or other benefits from the Schools or any connected organisation, other than the one Governor who is married to a teacher and one Governor whose son is in receipt of a Scholarship. Travelling and course expenses amounting to £2,415 (2010 - £1,524) were reimbursed to eight governors (2010 - eight).

The number of higher paid employees was as follows, all of whom are accruing benefits under Defined Benefit Schemes totalling £46,129

	2011	2010
£60,000 - £70,000	3	2
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
£120,000 - £130,000	<u>1</u>	<u>1</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

8. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £'000	Other £'000	Depreciation £'000	2011 Total £'000	2010 Total £'000
Costs of generating funds					
Other Activities	-	32	17	49	24
Cost of Development Office	50	77	-	127	95
Total for Charity	50	109	17	176	119
Trading costs of the subsidiary	154	245	10	409	461
Total for Group	204	354	27	585	580
Charitable activities					
Teaching	11,694	1,996	-	13,690	12,955
Welfare	661	596	-	1,257	1,227
Premises	1,120	2,079	948	4,147	3,403
Support costs	1,447	1,841	-	3,288	2,257
Bank interest & other financing costs	-	147	-	147	242
Prizes & other awards	-	4	-	4	18
	14,922	6,663	948	22,533	20,102
Governance	8a	103	-	103	101
Total	14,922	6,766	948	22,636	20,203
Total Resources expended Group	15,126	7,120	975	23,221	20,783
Charity	14,972	6,875	965	22,812	20,322

8a. GOVERNANCE COSTS

	2011 £'000	2010 £'000
Auditors remuneration	33	34
Professional fees	1	-
Liability insurance	69	67
	103	101

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

9. TANGIBLE FIXED ASSETS

	Land & Buildings	Furniture & Equipment	Motor Vehicles	Assets in Course of Construction	Charity Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 August 2010	42,623	280	27	10	42,940
Additions	57	251	15	387	710
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 July 2011	<u>42,680</u>	<u>531</u>	<u>42</u>	<u>397</u>	<u>43,650</u>
DEPRECIATION					
At 1 August 2010	5,597	230	24	-	5,851
Charge for year	903	57	5	-	965
On Disposals	-	-	-	-	-
At 31 July 2011	<u>6,500</u>	<u>287</u>	<u>29</u>	<u>-</u>	<u>6,816</u>
NET BOOK VALUES					
At 31 July 2011	<u>36,180</u>	<u>244</u>	<u>13</u>	<u>397</u>	<u>36,834</u>
At 31 July 2010	<u>37,026</u>	<u>50</u>	<u>3</u>	<u>10</u>	<u>37,089</u>

	Charity Total	Subsidiary Furniture, Fittings & Equipment	Group Total
	£'000	£'000	£'000
COST			
At 1 August 2010	42,940	63	43,003
Additions	710	17	727
Disposals	-	-	-
Reclassification	-	-	-
At 31 July 2011	<u>43,650</u>	<u>80</u>	<u>43,730</u>
DEPRECIATION			
At 1 August 2010	5,851	40	5,891
Charge for year	965	10	975
On Disposals	-	-	-
At 31 July 2011	<u>6,816</u>	<u>50</u>	<u>6,866</u>
NET BOOK VALUES			
At 31 July 2011	<u>36,834</u>	<u>30</u>	<u>36,864</u>
At 31 July 2010	<u>37,089</u>	<u>23</u>	<u>37,112</u>

Included in the net book value of land and buildings is £1,486,760 (2010 £1,598,190) in respect of long leasehold buildings. The remainder is freehold.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

10. INVESTMENTS

	Unrestricted Designated £'000	Endowed Funds £'000	Total £'000
Group:			
Balance at 1 August 2010	10,548	698	11,246
Additions	3,775	307	4,082
Disposals at opening market value	-2,429	-290	-2,719
Movements in cash deposits	492	2	494
Unrealised gains/(losses)	526	-14	512
Balance at 31 July 2011	<u>12,912</u>	<u>703</u>	<u>13,615</u>
Securities Listed on the Stock Exchange	10,190	293	10,483
Property	800	-	800
Cash deposits	<u>1,922</u>	<u>410</u>	<u>2,332</u>
	<u>12,912</u>	<u>703</u>	<u>13,615</u>
Listed Securities Comprise			
UK Fixed Interest	621	38	659
UK Equities	8,114	255	8,369
Property Fund	217	-	217
UBS Bond	<u>1,238</u>	<u>-</u>	<u>1,238</u>
	<u>10,190</u>	<u>293</u>	<u>10,483</u>

Charity: as above

Investment in subsidiary company (see note 4)

The following investments are held which represent more than 5% of the total market value of investments held

	2011 £'000	2010 £'000
UBS Active Bond Fund B	1,238	-
COIF Property Fund Income Units	<u>-</u>	<u>497</u>

The investment properties were revalued in July 2010 by Margetts Chartered Surveyors at £800,000 in total

All investments are held to provide a return and all are held in the UK

11. STOCKS

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Goods for resale and consumables	<u>36</u>	<u>38</u>	<u>-</u>	<u>-</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

12. DEBTORS

	Group		Charity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
School Fees	262	185	262	185
Trade debtors	56	53	-	-
Other debtors	-	6	-	-
Prepayments	433	296	433	296
Amount due from subsidiary undertaking	-	-	75	118
Accrued Charitable Income	230	248	230	248
	<u>981</u>	<u>788</u>	<u>1,000</u>	<u>847</u>

Included within Amount due from subsidiary undertaking is £nil (2010 £4,578) falling due after more than one year. This relates to a loan made by the Charity to Warwick School Enterprises Limited which is to be repaid by September 2012. Interest is charged at a rate of 1%. At 31st July 2011 the balance outstanding on the loan was £3,900 (2010 £8,395).

13. CREDITORS due within one year

	Group		Charity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Bank loan	244	244	244	244
Fees received in advance & Deposits	189	36	189	36
Trade creditors	523	488	510	482
Taxation and social security	16	299	8	289
Capital expenditure	-	42	-	42
Other creditors and accruals	670	547	630	518
Salaries	875	846	875	846
	<u>2,517</u>	<u>2,502</u>	<u>2,456</u>	<u>2,457</u>

CREDITORS due after one year

Grants received	9	12	-	-
Fees received in advance & Deposits	1,118	1,216	1,118	1,216
Bank Loan	3,872	4,069	3,872	4,069
	<u>4,999</u>	<u>5,297</u>	<u>4,990</u>	<u>5,285</u>

The grant is in respect of the kitchen refurbishment at Guy Nelson Hall. It is being amortised in line with the depreciation of the kitchen over 10 years.

The bank loan is secured on the portfolio of investments which must be a minimum of £3 million. The initial payment on the Bank Loan was made in July 2010 and is repayable over 20 years from that date. Interest is payable at 0.625% above base rate.

The bank loan falls due as follows -

	2011	2010
	£'000	£'000
Less than one year	244	244
Between one and two years	244	244
Between two and five years	732	732
Over five years	2,896	3,093
	<u>4,116</u>	<u>4,313</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

14. NET ASSETS OF THE FUNDS OF THE CHARITY

The net assets are held for the various funds as follows

	Fixed Assets	Investments	Net Current Assets	Long Term Liabilities	Total
	£'000	£'000	£'000	£'000	£'000
Endowed funds	2,329	703	-	-	3,032
Restricted funds	-	-	48	-	48
Unrestricted funds					
- Bursary funds	-	10,337	-	-	10,337
- other	34,505	2,575	3,153	-7,286	32,947
Charity	36,834	13,615	3,201	-7,286	46,364
Subsidiary Reserves	30	-	-3	-9	18
Group	36,864	13,615	3,198	-7,295	46,382

14a ENDOWED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 August 2010	Incoming Resources	Resources Expended	Transfers & Investment Gains	Balance 31 July 2011
	£'000	£'000	£'000	£'000	£'000
Exhibitions & prizes fund	199	-	-	3	202
Legacy funds	499	-	-	2	501
Fixed assets fund	2,356	-	-27	-	2,329
	<u>3,054</u>	<u>-</u>	<u>-27</u>	<u>5</u>	<u>3,032</u>

Legacy, Exhibitions & Prizes – These Funds represent the capital value of amounts originally donated for the purpose of generating income to be distributed as prizes

Fixed Assets – The Endowed funds represent the value of land and buildings originally endowed to the schools of the Charity

14b RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 August 2010	Incoming Resources	Resources Expended	Transfers	Balance 31 July 2011
	£'000	£'000	£'000	£'000	£'000
Donations from Friends of Warwick School	7	22	-27	-	2
Old Warwickian Assoc	-	-	-	-	-
Parent Donation	1	-	-1	-	-
WPSA Donation	-	18	-18	-	-
Fundraising	-	60	-60	-	-
Borough Bursary Fund	59	512	-546	-25	-
Warwick Scholarship Trust	-	24	-	-	24
Income from Legacy Funds & Prizes	13	13	-4	-	22
	<u>80</u>	<u>649</u>	<u>-656</u>	<u>-25</u>	<u>48</u>

These Funds represent the money donated to the schools by the parents association of Warwick School, a contribution from the parents association of Warwick Preparatory School and accumulated funds resulting from campaigns run by the Schools' Development Office. These funds must be applied to the projects specified by the donor.

The Borough Bursary Fund relates to the funds received from two charitable bodies. These funds must be used to help pupils who attend the school and live within the old borough of Warwick.

The transfers represent the matching of the fund income to the relevant resources expended by the Schools.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

14c. UNRESTRICTED FUNDS

	Balance at 1 August 2010 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Investment Gains £'000	Balance 31 July 2011 £'000
Designated Funds						
Bursary Fund	9,846	353	-740	283	595	10,337
Fixed Asset loans	-	-	-	-	-	-
Fixed assets	34,733	-	-	-228	-	34,505
Repairs & Maintenance Fund	99	37	-29	-	-	107
Unrestricted Funds						
Free Reserves	-1,147	22,892	-21,114	-4	3	630
Charity	<u>43,531</u>	<u>23,282</u>	<u>-21,883</u>	<u>51</u>	<u>598</u>	<u>45,579</u>
Subsidiary trading funds	19	481	-455	-26	-	19
	<u>43,550</u>	<u>23,763</u>	<u>-22,338</u>	<u>25</u>	<u>598</u>	<u>45,598</u>
Pension Reserve Deficit	-2,340	-	-200	-	244	-2,296
Group	<u>41,210</u>	<u>23,763</u>	<u>-22,538</u>	<u>25</u>	<u>842</u>	<u>43,302</u>

Bursary Funds – These funds enable the Governors to provide such number of free and assisted places in the Schools of the Charity as they shall determine, for the benefit of pupils who are in need of financial assistance. Funds may be used to advance loans to the Schools to assist in the purchase of fixed assets. Interest rates and repayment periods for such loans are based on commercial terms.

Fixed Assets – These represent the net book value of the unendowed assets available for use by the Charity, excluding assets funded out of Bursary Funds.

Repairs and Maintenance Fund – This fund is being accumulated from net rental income to finance future repairs and maintenance.

15. CAPITAL COMMITMENTS

	2011 £'000	2010 £'000
Authorised and contracted for		
Kitchen/Dining, King's High School	170	-
Boiler replacement programme, Warwick School	-	50
	<u>170</u>	<u>50</u>
Authorised but not contracted for		
Kitchen/Dining, King's High School	-	400
Sports Pavilion, Warwick School	2,533	-
Caretakers House, Warwick School	110	-
	<u>2,643</u>	<u>400</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

16. OPERATING LEASE COMMITMENTS

At 31 July 2011, the Charity had the following annual commitments under non-cancellable operating leases

Group	Property		Other	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Operating leases which expire				
Within one year	-	-	-	-
Within two to five years	-	-	24	24
After five years	32	32	-	-

Charity	Property		Other	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Operating leases which expire				
Within one year	-	-	-	-
Within two to five years	-	-	23	23
After five years	32	32	-	-

17. TAXATION

No corporation tax has been provided for in these accounts because income of the Charity is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. The Charity has borne VAT on its expenditure where appropriate.

The trading subsidiary provides for corporation tax as applicable, nil this year. It is also registered for VAT.

18. PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding	Description	Principal Activity
Warwick Schools Enterprises Limited	100%	£1 Ordinary share capital	Letting of school facilities and operation of school clothing shop
Campus Library Services Limited	100%	£1 Ordinary share capital	Dormant

The Charity is also the corporate trustee of the Warwick Schools Foundation Trust.

These financial statements include the results of the above companies, with the exception of the dormant company.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

19. PENSION SCHEMES

The Schools participate in the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for their teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme that are attributable to the Schools.

The latest actuarial valuation of the Scheme by the Government Actuary published in November 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the Scheme's assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) by 2.0 %.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, with a supplementary contribution of 0.75% to balance the Scheme's assets and liabilities within 15 years as required by the regulations), a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Following the publication of the Lord Hutton report on public sector pensions and the consultation by HM Treasury on the discount rate used to set unfunded public service pension contributions, the next valuation of the Scheme by the Government Actuary due to be prepared as at 31 March 2008 continues to be on hold until the impact of the revised discount rate on the valuation is considered. No decisions have been made yet on any changes to the Scheme but it is expected that the Government will set out their proposals towards the end of 2011.

The pension charge for the year includes contributions payable to the scheme of £1,118,000 (2010 £1,068,000).

Other members of staff are entitled to belong to the Warwickshire County Council Pension Fund, a multi-employer defined benefit scheme operated within the Local Government Scheme, to which contributions are made by both employees and the employer. The basis of contribution to the Scheme is calculated according to the advice of the Scheme actuary. The cost of providing such pensions is charged on a systematic basis over the average remaining service life of the members.

The last full actuarial valuation of the Scheme was carried out on the effective date of 31 March 2007 when the assets of the Scheme were not deemed sufficient to cover its accrued liabilities. The employers have accordingly amended their rate of contribution to the scheme in line with advice from the actuary. The market value of the Scheme's assets at 31 March 2007 was £1,001 million. An actuarial review carried out as at 31 March 2010 was due to be completed by September 2010 but has not yet been published.

The valuation method adopted was the Projected Unit Actuarial Cost Method and it was assumed that, in relation to security of both accrued and protected rights, the Scheme would continue. The method of calculating the discount rate at 31 July 2011 has changed from the previous year from being based on Retail Price Index (RPI) to being based on Consumer Price Index (CPI), which has resulted in a decrease in the overall liability of the scheme.

In accordance with FRS 17 the pension valuation has been updated by the qualified actuary. The scheme's assets and liabilities relating to Warwick Independent Schools Foundation were found to be as follows:

	31 July 2011	31 July 2010	31 July 2009	31 July 2008	31 July 2007
	£'000	£'000	£'000	£'000	£'000
Total market value of assets	8,075	6,666	5,452	5,486	5,380
Present value of scheme liabilities	-10,371	-9,006	-8,132	-7,831	-6,298
(Deficit) in scheme	-2,296	-2,340	-2,680	-2,345	-918

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

19 PENSION SCHEMES - continued

The main financial assumptions made by the actuary at the beginning of the period and at the balance sheet date were as follows:-

	2011	2010
	%	%
Inflation	3.4	3.2
Rate of increase in salaries	4.9	4.95
Rate of increase for pensions	2.9	2.7
Discount rate for liabilities	5.3	5.5

Life expectations on retirements age 65 -

	2011	2010
	Years	Years
Male currently age 45	22.9	22.2
Female currently age 45	26	25
Male currently age 65	22	21.2
Female currently age 65	23.7	24

Fair value of assets and expected rate of return

	31 July 2011		31 July 2010		31 July 2009	
	Fair value	Expected rate of return	Fair value	Expected rate of return	Fair value	Expected Rate of return
	£'000	%	£'000	%	£'000	%
Equities	5,386	7.0	4,158	7.5	3,390	7.5
Government bonds	363	3.9	440	4.2	562	4.5
Other bonds	1,082	4.9	947	5.1	840	5.8
Property	791	6.0	627	6.5	213	6.5
Cash/Liquidity	57	0.5	147	0.5	142	0.5
Other	396	7.0	347	7.5	305	7.5
Total	<u>8,075</u>		<u>6,666</u>		<u>5,452</u>	

	31 July 2008		31 July 2007	
	Fair value	Expected Rate of return	Fair value	Expected Rate of return
	£'000	%	£'000	%
Equities	3,511	7.5	3,551	7.5
Government bonds	494	4.8	726	4.9
Other bonds	878	5.9	516	5.8
Property	219	6.5	194	6.5
Cash/Liquidity	110	5.0	129	5.75
Other	274	7.5	264	7.5
Total	<u>5,486</u>		<u>5,380</u>	

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

19 PENSION SCHEMES - continued

The overall expected rate of return on the scheme assets is determined based on market expectations at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the above assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class

	2011	2010
	£'000	£'000
The actual return on the scheme assets in the year	<u>822</u>	<u>886</u>

Changes in the fair value of the scheme assets are as follows:-

	2011	2010
	£'000	£'000
Opening value of scheme assets	6,666	5,452
Expected return on scheme assets	432	354
Actuarial (losses)/gains	557	532
Contributions by employer	358	326
Contributions by employees	161	154
Benefits paid	-99	-152
	<u>8,075</u>	<u>6,666</u>

Changes in the present value of the scheme liabilities are as follows:-

	2011	2010
	£'000	£'000
Opening liabilities	9,006	8,132
Current service cost	480	435
Interest cost	510	526
Contributions by employees	161	154
Past service costs	-	-553
Actuarial (losses)/gains	313	464
Benefits paid	-99	-152
	<u>10,371</u>	<u>9,006</u>

The charge to the Statement of Financial Activities over the financial year comprised:-

	2011	2010
	£'000	£'000
Schools and grant making	480	435
Current service cost	-	-553
Past service cost	-	-553
Expected return on pension scheme accounts	-432	-354
Interest on pension scheme liabilities	510	526
Total charge to expenditure in SOFA	<u>558</u>	<u>54</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

19 PENSION SCHEMES - continued

The actuarial gains and losses shown in the Statement of Financial Activities comprised:-

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Experience gains and losses on scheme assets	557	532	-750	-661	131
Experience gains and losses on scheme liabilities	26	-	-	13	-
Effects of change of demographic and financial assumptions underlying the present value of the scheme liabilities	<u>-339</u>	<u>-464</u>	<u>700</u>	<u>-555</u>	<u>23</u>
Total amount recognised in the Statement of financial activities	<u>244</u>	<u>68</u>	<u>-50</u>	<u>-1,203</u>	<u>154</u>

Employers' contributions for the period to 31 July 2011 were £355,000 (2010 £321,000). The contribution until 31 March 2011 was 14.1%, in April 2011 this increased to 14.5%. The best estimate of employer contributions for the coming year to 31 July 2012 is £375,000. The scheme is open to new members.

20. RECONCILIATION OF SURPLUS BEFORE APPROPRIATIONS TO NET CASH FLOW FROM GROUP OPERATIONS

	2011 £'000	2010 £'000
Net incoming resources	1,191	2,419
Interest receivable	-432	-349
Interest paid	48	46
Depreciation	975	915
Decrease/(Increase) in stock	2	13
(Decrease)/Increase in creditors	-86	-952
Decrease/(Increase) in debtors	-193	55
Movement in Pension deficit before actuarial gain and interest	<u>200</u>	<u>-272</u>
	<u>1,705</u>	<u>1,875</u>

21. ANALYSIS OF CHANGES IN NET CASH RESOURCES OF THE GROUP

	Balance at 1 August 2010 £'000	Cash (out)/ inflow £'000	Balance at 31 July 2011 £'000
Cash at Bank	5,299	-601	4,698
Debt due	<u>-4,313</u>	<u>197</u>	<u>-4,116</u>
	<u>986</u>	<u>-404</u>	<u>582</u>