

Wells Cathedral School (limited by guarantee)

**Governors' report and consolidated
financial statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2013

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GOVERNORS' REPORT

The school's governors present their annual report for the year ended 31 July 2013 under the Charities Act 1993 (as amended by the Charities Act 2011), together with the audited consolidated financial statements for the year and confirm that the latter comply with the requirements of the Companies Act 2011, the Memorandum and Articles of Association and Accounting and Reporting by Charities' Statement of Recommended Practice 2005 (updated 2008)

CHARITY STRUCTURE

The school has been in existence, probably since 909AD. Its original purpose, which it still carries out to this day, was to educate the Wells Cathedral choristers. It is registered with the Charity Commission and it was incorporated in 1956 as a registered company, limited by guarantee. The governors, executive officers, particulars of the charity's professional advisors and address of the charity are listed below.

Group structure and relationships

The charity has a wholly owned subsidiary, iMusic Limited, which has not traded during the year.

The Wells Cathedral School Foundation ("the foundation") was established in 2007 as a separate but connected charity, number 1118159, to oversee all fundraising in the name of the school. The foundation's objects are to "advance the education of pupils at the school by means of

- The provision of financial assistance towards the maintenance and development of the school,
- Raising money for awards to pupils to pursue their education at the school, and
- The provision of facilities and equipment to support the education of pupils in the school."

The foundation's income is from charitable gifts, plus gift aid, from individuals, grant giving trusts and foundations. During the year the foundation received £837,797 (2012 £851,246) in incoming resources and there were donations from the foundation to the school of £50,136 (2012 £141,365) representing donations for bursaries and specific projects).

Under the terms of a Memorandum of Understanding agreed between the governors and the foundation, the initial costs of establishing the foundation and some of its running costs are met by the school and, whilst the foundation produces its own separate audited financial statements, these financial statements are then incorporated with the financial statements of the school into the consolidated financial statements of the group.

The school has also continued, with the Chapter of Wells Cathedral, to support the Wells Cathedral Choristers' Trust (formerly the Wells Cathedral Girl Choristers' Trust), which is charged with raising money for the support of choristers in the future.

GOVERNANCE

Governing document

The charity is governed by its Memorandum and Articles of Association dating from 1956 and last amended in 2007.

The governing body

The Wells Cathedral School governors, who served during the year, and up to the date of signing the financial statements, are listed below. The governors of Wells Cathedral School Limited ("the school", "the charity") are directors of the school for Companies Act purposes.

The Very Reverend John Clarke *✙, Dean of Wells Cathedral (*chairman*)
The Reverend Canon Andrew Featherstone \$, Chancellor of Wells Cathedral
The Reverend Canon Patrick Woodhouse ⚭, Precentor of Wells Cathedral (*left 14 October 2012*)
Prebendary Barbara Bates \$

GOVERNORS' REPORT *(continued)*

Prebendary Emeritus Helen Ball OBE \$0
Prebendary Emeritus Elsa van der Zee ♪
Mr Peter McIlwraith*●
Mr Robert Sommers ◊♪
Mrs Jo Ballan-Whitfield *◊# (*left 1st July 2013*)
Mr Martin Smout ●
Mr Patrick Cook ●#
Mr Derek Pretty *\$
The Reverend Canon Nicholas Jepson-Biddle ♪ (*from 7th May 2013*)
Mr Jonathan Vaughan ♪ (*from 1st July 2013*)

* Members of the Finance and Audit Committee
\$ Members of the Personnel and Remuneration Committee
◊ Members of the Education Committee
♪ Members of the Music Committee
● Members of the Development Committee
◊ Members of the Chorister Committee
Parent of a pupil at Wells Cathedral School

The board comprises three of the seven members of the Chapter of Wells Cathedral together with up to nine lay governors, who are appointed by the Chapter. The Chapter can also nominate up to two alternate governors from their number.

The lay governors are appointed for three years and retire by rotation. At the Annual General Meeting in December 2012, Mr Robert Sommers retired in accordance with the Articles of Association and, being eligible, was re-elected. The Reverend Canon Patrick Woodhouse retired in accordance with the Articles of Association in October 2012.

Recruiting and training of governors

The charity's elected lay governors are appointed at a meeting of the board on the basis of nominations agreed between the chairman and the head with regard to the board's requirements concerning eligibility, personal competence, specialist skills and availability for meetings. A small search committee of governors meets with the head on a regular basis to consider vacancies, names and succession. Governors are inducted into the workings of the charity, including board policy and procedures, by the chairman, the head, the director of finance and resources and the assistant clerk to the governors. The training needs of the governors are continually assessed and relevant updating sessions are provided.

MANAGEMENT

Organisational management

The school's governors, as the trustees of the charity, are legally responsible for the overall management and control of the school. The full governing body meets at least four times a year, and is chaired by the Dean of Wells Cathedral. It is responsible for determining the aims, strategy and overall conduct of the school and is accountable for the discharge of its responsibilities to pupils, parents and staff. The work of implementing the policies is carried out by a series of committees.

- **Finance and Audit Committee** This committee meets four times a year, usually two weeks before a full meeting of the governing body, and is chaired by Mr Peter McIlwraith. Its main roles are to consider, monitor, challenge and recommend the annual budgets and fee increases to the board, to monitor and direct in-year expenditure, authorise capital expenditure, and scrutinise the statutory financial statements and recommend them to the governing body. The committee also has responsibility for appointing and appraising the performance of the external auditors.

GOVERNORS' REPORT *(continued)*

- **Personnel and Remuneration Committee** This committee meets three times a year, and is chaired by the chancellor of Wells Cathedral, the Reverend Canon Andrew Featherstone. It scrutinises, monitors, challenges and endorses proposals for the staffing and remuneration of all staff and monitors and advises on the school's human resource function.
- **Education Committee** This committee meets three times a year, and is chaired by Prebendary Helen Ball. It has the objective of scrutinising, challenging, supporting and monitoring the school's educational aims and helping it develop new and appropriate ones.
- **Music Committee** This committee meets three times a year, and is chaired by Prebendary Elsa van der Zee. It challenges, advises and supports the head in matters concerning the provision of music education and training within the school.
- **Development Committee** This committee meets three times a year, and is chaired by Mr Martin Smout. It challenges, advises and supports the head in all matters concerning plant, grounds and non-core trading in order to meet the educational needs of the school, and it monitors and supports, for the board, the work of the foundation of Wells Cathedral School.
- **Chorister Committee** This committee meets three times a year, and is chaired by the Precentor of Wells Cathedral. It oversees monitors and plans all matters to do with the choristers' life and programme.

The running of the school is delegated to the head, supported by her senior team which consists of the head of the junior school, the deputy head, the director of music, the director of finance and resources and the director of development. They are assisted and supported by the registrar, director of communications and technology and head of staff development. The head attends all meetings and committees of the governors and members of the senior team attend meetings according to their responsibilities and the head or governor's direction.

Officers

During the year the executive officers, directly responsible to the board of governors, were

- | | |
|-------------------------------------|---|
| • The head | Mrs Elizabeth Cairncross |
| • Head of junior school | Mrs Katherine Schofield |
| • Bursar and clerk to the governors | Mr Steven Webber (<i>left 18th October 2013</i>) |
| • Director of finance and resources | Mr Peter Knell (<i>from 1st August 2013</i>) |

Advisors

The following organisations acted for the school as professional advisors during the year

Bankers	National Westminster Bank PLC 7 High Street Wells Somerset BA5 2AD
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Solicitors	Harris and Harris Diocesan Registry 14 Market Place Wells Somerset BA5 2RE
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Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

GOVERNORS' REPORT *(continued)*

Independent auditors	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 31 Great George Street Bristol BS1 5QD
Surveyors	Messrs Jackson-Stops and Staff 10 Sadler Street Wells Somerset BA5 2SE
Insurance brokers	Marsh Brokers Capital House 1- 5 Perrymount Road Haywards Heath West Sussex RH16 3SY

Registered Office

The address of the registered office of the school's incorporated company and connected charity is

Registered office	Wells Cathedral School Limited The Bursary College Road Wells Somerset BA5 2SX www.wells-cathedral-school.com
Connected charity	Wells Cathedral School Foundation The Bursary College Road Wells Somerset BA5 2SX

Risk management

The board of governors is responsible for the management of the risks faced by the school. Detailed consideration of risks is delegated through the head to the deputy head and the director of finance and resources, who are assisted by other members of the senior team. Risks are identified, assessed and controls established throughout the year. A register of key risks has been created and, together with the charity's risk management process, is reviewed formally by the governors on an annual basis.

Specific risks identified include public benefit and charitable status, the future of the Music and Dance Scheme within continued governmental spending reviews, possible risks to the wellbeing of pupils and financial risks. These risks are mitigated through regular monitoring of government decisions and through the school's established health and safety framework. The school has recorded all activities that give rise to a public benefit in support of its status as a charity.

Financial risk management covers

- Price risk. Fees are subject to annual review. Salary costs are communicated to staff during the formal annual review of salaries. Prices of significant materials purchased are subject to contracts with suppliers, based on current market prices and at least three quotations,

GOVERNORS' REPORT *(continued)*

- **Credit risk** The credit risk on amounts owed to the school by its customers is low, due to the nature of the income being received,
- **Liquidity risk** The school is currently in the advanced planning stage of a capital project to build a new music learning and performance building. The school has prepared cash flow forecasts and is monitoring these regularly. The project is jointly financed by contributions from the Department for Education (DfE), the foundation, the school itself and retained surpluses, utilising long and short term borrowing, and
- **Interest rate cash flow risk** The school has five bank loans secured on property on which it pays interest at 0.9 to 1.5% above base rate. An interest offset arrangement is in place (see note 16). The school receives interest income on short term deposits, endowed and restricted funds which helps to offset any increase in interest payable
- **Treasury risk** The school's long-term, capital and working capital cash-cycle requirements mean that the school has maintained deposits in cash and cash equivalents as well as longer term investments. These holdings expose the school to the risk of loss through investments whose risk profile does not include a guaranteed return and/or from the failure of the organisations holding the investments. The deposits and investments held by the school are actively managed by the school, with investment policy set by the investment committee of the Foundation and by the school finance and audit committee who consider the risk and return profile, duration, and disbursement of the funds under deposit/investment

The key controls used by the charity of identified risks include

- Formal agenda for all committee and board activity,
- Terms of reference for all committees,
- Comprehensive strategic planning, budgeting and management accounting,
- A register of key risks,
- 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

Through the risk management processes established by the school, the governors are satisfied that the major risks identified have been mitigated where deemed appropriate. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

CHARITABLE OBJECTIVES, AIMS & PUBLIC BENEFIT

The governors have referred to the charity commission's general guidance on public benefit when reviewing the school's aims and objectives and in the planning of future activities. In particular, the governors consider how planned activities for the year will contribute to the aims and objectives they have set.

Public charitable objectives

The charity's objectives, as set out in its Memorandum of Association, are

- "To advance education in accordance with the doctrine of the Church of England by such means as shall be exclusively charitable and by other associated activities for the benefit of the community",
- "The carrying on and development of the school", and
- "To provide in particular for the training and education of the choristers of the Cathedral Church of St Andrew in Wells, and the other pupils of the school through instruction in every branch of learning, in citizenship, in outdoor pursuits and in arts and crafts of all kinds, and on the basis of Christian principles and in accordance with the doctrine of the Church of England to provide such pupils with spiritual, moral, mental and physical training."

GOVERNORS' REPORT *(continued)*

Charitable aim

The charity's aim is therefore to provide a school for the advancement of education. At present the school provides "an inspiring education in a musically alive and beautiful environment, as a brilliant foundation for life" to over 700 boys and girls from the age 3 to 18, including the choristers of the Cathedral Church of St Andrew in Wells.

Charitable benefit

The charity's primary benefit is the provision of education to the boys and girls at the school. The school is a co-educational learning community and its pupils consist of both boys and girls at all stages. There are no geographical restrictions upon prospective pupils and 81 children (about 11% of total pupils) from about twenty different overseas nations were pupils during the year. Although education is in accordance with the doctrines of the Church of England, there is no religious restriction upon those who may be admitted. At present many different religions are represented amongst the pupil body. All pupils are assessed academically on entrance to enable appropriate provision for them, and auditions are held for prospective musicians and choristers.

Beyond the curriculum offered by the school, benefits to its pupils also flow from the following activities:

- Community work carried out by pupils in and out of school,
- Links with schools and music academies and enterprises overseas (Sierra Leone, China including Hong Kong, Malaysia and Sri Lanka) to enable the pupils to extend their community work abroad and to understand the needs of pupils in different countries, and
- Charitable fundraising

The beneficiaries of the charity also include other children who are not pupils of the school who have the opportunity to benefit from educational activities undertaken at, or by, the charity. Such educational activities undertaken at, or by, the charity in the year include the following:

- Music outreach, re-branded as "Wells Music Academy" in July 2012 has an extensive programme which includes a musical partnership with local primary schools incorporating Singing Days, etc., an annual orchestral concert at Wells Cathedral to which over 200 schools are invited, instrumental lessons to pupils from local schools, three annual Christmas concerts in Wells Cathedral for 800+ primary school children including leadership from senior school students. These concerts are prepared for by primary schools using musical materials released by Wells Music Academy. For some primary schools it is their main Christmas performance attended with their families, which fills the Cathedral on three nights.
- Since introducing Instrument Days in 2011 a programme of 6 instrument days per year has been developed for 2012/13 onwards. The teaching resources of the Music Department and guest players are deployed to give a full day of instruction and demonstration, which has been well received.
- Since 2012, two new Music Clubs have been formed which meet monthly in term time. This gives a unique opportunity for players in the South West region to rehearse and perform a challenging repertoire with professional leadership.
- Through its Wells Music Academy programme and its innovative on-line gamelan and African drums teaching software, the school seeks to bring its musical excellence into the wider community, locally, nationally and internationally.
- The school provides boys and girls to form a choir at Wells Cathedral and they are an integral part of the worship at Wells Cathedral and a significant benefit to the members of the wider community. The school supports non Wells students to "Be a chorister for a Day" providing staffing, students and physical resources.
- Collaborative working with state schools is achieved mainly through the music outreach programme, the leading edge programme and the involvement of school pupils in the choristers' outreach programme, with local programmes partnering other schools.

GOVERNORS' REPORT *(continued)*

- The school runs its own specialist mathematics programme, paralleling the specialist music scheme, starting in year 7. Designed for highly gifted mathematicians it gives them the opportunity to learn and develop maths at their own level with similar peers, whilst enabling all round education in a real school. Many of these children need and receive significant bursaries from the school.
- The school has also secured charitable funds for an intervention programme in the junior school to give support and development to those who find maths hard. As with the specialist maths scheme this will be monitored and audited.
- The school has given support to Bristol Cathedral Choir School, now an academy, at the request of its headmaster, to the academy's bid to open a free school – a primary school to be a feeder school for the academy. Significantly, this will also be a choir school.
- The facilities of the school are available to many users during the year with little or no charge and specific members of staff act as public examiners for maintained school candidates.
- At the other end of the scale, there are activities groups that visit the elderly weekly, work in charity shops and send students to help out with activities in local primary schools.

Bursaries, Scholarships and Discounts

The charity does not have substantial reserves or endowments and largely relies upon its annual fee income and foundation fundraising to support its activities. Although fees are payable by parents, there is extensive bursary and scholarship support provided to pupils. The school seeks to provide as many means tested bursaries and scholarships as can be sustained by its annual fee income. Both bursaries and scholarships are awarded for one year only, but may be renewed after further means reviews by the school.

Bursaries

Bursaries are awarded solely on the basis of parental need and are all means tested. During the year, the school supported 216 pupils (*2012 182 pupils*) by the award of bursaries worth £1,273,990 (*2012 £1,001,845*). Within this level of bursary support were 3 free places (*2012 4*) worth £74,646 (*2012 £90,534*).

In addition the school has subsidised the 79 pupils (*2012 78*) whose places are funded by the Music and Dance Scheme to the extent of £605,589 (*2012 £533,352*), a fact acknowledged by the DfE. The DfE support to these pupils is also based upon careful means testing.

These bursaries were worth 9.66% (*2012 7.68%*) of the school's gross fee income for 2012/13.

Scholarships

Scholarships are awarded to recognise a pupil's academic, musical or sporting achievement and as with all school awards are means tested. During the year, the school supported 40 pupils (*2012 43 pupils*) by the award of scholarships worth £79,506 (*2012 £96,577*). These scholarships were worth 0.60% (*2012 0.72%*) of the school's gross fee income for 2012/13.

Discounts

Discounts are also given to specific groups of parents in order to assist them in educating their children at the school.

- Members of the clergy of the Church of England – fees were reduced by £7,968 during the year (*2012 £6,138*).
- Members of the armed forces – fees were reduced by £18,375 during the year (*2012 £19,119*).
- Former pupils of the school – fees were reduced by £20,144 during the year (*2012 £20,720*).

GOVERNORS' REPORT *(continued)*

- Parents with more than one child at the school – fees were reduced by £90,208 during the year (2012 £101,865)
- Employees of the school – fees were reduced by £388,475 during the year (2012 £323,793)

ACTIVITIES & OBJECTIVES

Objectives for the year

The school set itself the following objectives for the year:

- 1 To implement and embed changes in the senior team and at other senior levels in the school
- 2 To continue to improve the provision of sport and co-curricular education
- 3 To extend the refurbishment of key buildings, tackling more of them within the year, as well as tackling major quinquennial expectations in a way which enhances the school's facilities
- 4 To launch the public phase of the Cedars Field projects (music building, pavilion and maintenance facility)
- 5 To raise the level of fundraising for capital projects and for bursaries both at home and abroad
- 6 To increase the level and rate of recruitment of pupils at all stages in the school
- 7 To support families and parents better so that being a member of the Wells community is easier
- 8 To develop leadership and accountability at all levels throughout the school, especially within the music school
- 9 To grasp the challenge of the school's diversity and market it accordingly

Strategies to achieve the year's objectives

The school revised its annual ten challenges during the year so that the cycle will now be able to overlap academic and financial years. The school is seeking to accomplish the following with individual plans for each

- 1 To provide leadership, vision and direction to ensure the school is best set to meet its greatest imaginable challenge
- 2 To ensure that the school has an effective progression agenda and, within that, it recruits, develops and retains excellent staff throughout the school
- 3 To implement the specialist maths scheme, whilst improving the effectiveness of assessment and marking practice across subjects
- 4 With a focus on nurturing all students and their families, and whilst reducing its carbon footprint, become the primary school of choice in mid-Somerset
- 5 Take forward all the strands required to transform this great music school into a World-famous one
- 6 Within the wider context of 'looking after people' to develop boarding practice and structures so as to achieve an outstanding OFSTED report in 2 years time and to continue to innovate in all areas of marketing to maximise recruitment opportunities for the school
- 7 To be recognised within the independent schools community as a leader in the delivery of technology that inspires, engages and enables both teachers and learners, and which does so in a secure, reliable and cost effective manner
- 8 To ensure that the structure and operation of the admissions office is fit for purpose and capable of efficiently processing, monitoring and reporting the increased throughput associated with whole-school recruitment with an increasingly international dimension of increased complexity
- 9 Provide long term strategic development, funding and sustainability to one of the country's oldest and most cherished school communities
- 10 To continue to resource the school and manage its budgets in such a way as to provide an operating surplus of £1 million plus before depreciation and "one off" projects, to enable continuing investment in facilities

Volunteers

The school continues to be grateful to the parents' association for the funds it makes available for desirable and useful extras throughout the school and its contribution in arranging social occasions. Also to the Friends of Music of Wells Cathedral School for their constant support for music in the school and for the funding they make available for instruments, musical commissions, etc. It is also grateful to the board of Wells Cathedral School Hong Kong Music Society, and to the trustees of the Wells Cathedral School Foundation.

GOVERNORS' REPORT *(continued)*

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Principal activities of the year

During 2012/13, the numbers in the senior school decreased to 546 (2012 557) and in the junior school decreased to 139 (2012 148), excluding the nursery. Boarding places were fully used throughout the whole school, and recruitment occurred throughout the academic year, with new pupils joining each term. The buoyancy of the boarding market, and the refinement and consolidation of markets abroad, including the development of new ones, has led the school to be vigilant for other ways of expanding boarding. During the year the school purchased two adjacent properties overlooking the Cathedral Green and Music School, which have been conjoined and extensively refurbished and converted into a senior female boarding house. It is anticipated that location and nature of accommodation of this property will also provide a source of income over the summer holidays as a bed and breakfast establishment.

The conceptual development plan for the whole school site continues to be a benefit as it is amended and implemented according to changing needs. Fundraising for capital projects (Cedars Field development – the music building, sports pavilion and maintenance facility) all continued with targets being met and exceeded as we move into the final, more public phase. The school has worked on detailed options to extend boarding capacity further both through acquiring new property and through new build projects.

The school has developed a specialist maths scheme to parallel the specialist music scheme, and this has started in year 7 as planned, with a small group of students. There has been greater emphasis on the importance of senior academic leadership, strategic and operational planning for whole school initiatives and learning. To create greater flexibility in the use of time, a two week timetable with hour long lessons has been implemented which, over a five year period, will give the value of an extra long term's worth of teaching.

The school has developed 'wrap around care', starting in the junior school, with weekly mother and toddler music activities, and day opportunities for early starts, with breakfast, and late activities, extending the school day for those whose parents welcome this.

The school's use of electronic and digital technology for learning, teaching and communication has developed significantly, with a large group of pilot I-pad users, including one cohort (year 3) in the junior school, and with a number of staff, both teaching and support, amongst them. Increasingly the school uses cloud technology for communication and storage.

Greater links have been established with former students through the Old Wellensians Association with regular social events in London, dinners in Australia and New York, events in Hong Kong, supported also by the Wells Cathedral School Hong Kong music society and attendance at a concert programme in Baden Wurttemberg. More regular dinners are planned, including in San Francisco.

The admissions office has gained a new member of staff, a modern linguist able to develop good relationships with the families of potential pupils overseas, especially in Europe. The staffing in the department has been reworked to support the recruitment process better, to enable the registrar to lead and to work on strategy as well as develop more personal contacts, and there is a dedicated member of staff for the overseas work in addition to the new colleague. The premises team was increased by 4 staff (3 permanent and a one-year fixed contract) to enable in-sourcing of functions such as electrical, plumbing and heating and school bus driving which were previously carried out by contractors. These additional staff will enable the school to deliver more cost-efficient services at improved quality through consistency of staffing and understanding of the school's ethos and requirements.

Operational performance of the school

The school has monitored performance on key indicators throughout the year. At Wells there are many unseen exam factors, not least that many of the ablest students do fewer GCSEs or A levels than at other schools because of their musical programme or because so many individual pathways are crafted. The only criterion for entry into the school at any level is that the girl or boy will be able to flourish and to help other people to do so.

Large numbers of students go to Russell Group and other excellent universities across the world, to Oxford and Cambridge, or onto Music College - often with important scholarships. Wells focuses most on how they will use all

GOVERNORS' REPORT *(continued)*

their education to be flexibly minded people of integrity, balance and determination. The increasing emphasis on independent learning has meant that the number of students taking the Extended Project Qualification has increased, and research has been undertaken to enable us to develop this initiative at younger ages also.

The students continue to achieve good exam results at both GCSE and A level across a range of subject areas. At GCSE this meant 50% of entries achieving A*s or As, and 25% achieving A*. At A level it meant almost one in five pupils achieving three or more A/A* grades. The majority of students achieved their first choices of university or conservatoire, this includes 4 students who took up places at Oxford or Cambridge as well as many others who took up places at Russell Group universities or other prestigious international establishments such as the Juilliard School of Music.

Instrumental music exam results have again been excellent throughout the year, with several students achieving diploma level qualifications in a range of instruments, including voice. Mandarin teaching continues to flourish with the help of HSBC sponsorship through the British Council and this contributes also to our extensive partnership and outreach programme with other schools and institutions. A number of subject areas including Maths, English, Science and soon Geography and History are now working towards IGCSE qualifications where we feel they offer a richer educational experience for our students.

Links continue to be strengthened and developed with partner schools at home and abroad including the lead school Preston Manor in Wembley Park, Xinghai Music Middle School in Guanzhou, Southern China, the Xinghai Conservatory of Music in China, the Po Leung Kuk Choi Kai Yau School, Heep Yunn School and the Diocesan Girls' and Boys' Schools in Hong Kong, Sam's Project in Sri Lanka, the JT Reffel Primary School, the Freetown cultural village, the Ballanta Music Academy in Freetown Sierra Leone, and schools in Kuala Lumpur, Malaysia, and the Bentley Music Academy. All these links have again given opportunities in this academic year for exchanges and development for pupils, staff or both, as well as providing focus for the school's own charitable fundraising and wider opportunities for music performance. A large group of Year 11 pupils again visited Sri Lanka and a large group of sixth form pupils and staff went to Sierra Leone. A psychology teacher taught for two weeks in Hong Kong, and her exchange partner returned to Wells for two weeks.

The school has again responded to the economic challenges imposed on it by the current financial climate by rigorous planning and control and a continued focus on recruitment. It has worked to understand better what it means by internationalism, and has started to develop its markets overseas in Korea, in Bermuda and in the USA, partly through music strategy. In Korea especially we are looking at the possibility of the establishment of a school linked to Wells, using the time and expertise of the now retired former curriculum deputy head. The Old Wellensians under new leadership have started to create opportunities to integrate better with current students, through career advice and social events, and have started to participate in more social events amongst themselves.

Site development

The school has continued to work with Eric Parry Architects on the Cedars Hall project and sports pavilion, with the necessary new maintenance building – the Cedars Field projects. Contracts for construction are in negotiation. The new entrance to the school's site from the Bristol Hill has been completed, and is necessary for the beginning of the building phase by enabling the site to be protected from the associated works traffic.

The programme of quinquennial works on those properties leased from the Chapter has continued with the radical refurbishment and restoration of Ritchie Hall, which will enhance greatly junior school music provision and whole school drama provision. Polydor building, which houses singing, the concerts department and some single staff residential accommodation was refurbished, and now includes better office space for the director of music, bringing her into the heart of the school and it also release some small office space in the music school for her deputy, in line with work to establish his role more clearly and firmly and to release her for strategic leadership and external ambassadorial work.

The school has completed its programme of repairs to the exterior of both Ritchie House and No 7 New Street. In addition, a major refurbishment of two student houses – Cedars (senior boys day and boarding) and Claver Morris (lower and junior school girl boarders) has been completed – one more than usual during the summer. In addition, there was an increase in spending on premises to include an accelerated programme of redecoration and minor works projects.

GOVERNORS' REPORT *(continued)*

The additional works made improvements to the special educational needs learning centre, classrooms and other teaching areas, music practice facilities, the sports department as well as to the utilities infrastructure across the school. This resulted in over-expenditure against the premises budget of 15% in the current year, which will be returned to previous expenditure levels in the forthcoming year.

The development director and his team continue to work with the whole school family and its wider community to create appropriate relationships and a good database for partnership, fundraising and connections. Investment in marketing and community communication through the website has continued and has contributed to an increase in overall numbers in the school. Marketing have also been working very closely with the foundation in its mission to raise funds for the music learning and performance centre (Cedars Hall) and the new sports pavilion. To date £2,008k has been gifted and a further £1,060k pledged (pledges are promises of funds that are not legally binding and have not been accounted for) on top of commitments by the government to the school of which £3.51m has now been received. The foundation has a comprehensive fundraising campaign in place to raise a total £4.3m by September 2013 for the Cedars Field development.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Review of activities

The consolidated results for the year are set out in the statement of financial activities (SOFA) on page 17. The governors are satisfied with the financial results. Under accounting rules for charities this statement combines transactions of a capital and revenue nature.

The school's activities are summarised below:

	2013 £000	2012 £000
Operating income from school	14,187	13,831
Operating costs of school		
School bursaries and discounts	(2,493)	(2,121)
Other operating costs (excl depreciation)	(10,782)	(10,321)
Operating surplus	912	1,389
Less		
Depreciation	(464)	(398)
Premises-non recurring projects	(262)	(276)
Operating result	186	715
Exceptional credit	-	963
Income from generated funds	1,053	1,176
Realised gain on investments	-	-
Cost of generating funds	(291)	(327)
Cost of charitable activities not part of operating costs	(117)	(185)
Net incoming resources in SOFA	831	2,342

During the year the school produced an operating surplus from trading of £912k (2012 £1,389k) before depreciation and non recurring premises projects. The operating result from trading was £186k (2012 £715k).

GOVERNORS' REPORT *(continued)*

Wells Cathedral School Foundation - financial review

During the year the foundation received £806,237 (2012 £832,549) in financial contributions in the form of voluntary income. The foundation continued its substantial donations to the school, which in the year under review totalled £50,136 (2012 £141,365). The operating costs, including staff costs and other direct costs associated with the foundation, are borne by the school. These costs of £168,037 (2012 £183,363) are reflected as gifts in kind in the foundation's financial statements.

Investment policy, powers and performances

The governors of the school and trustees of the foundation may authorise the funds of the group to be invested in any stocks, shares or insurance policies. The aim will be to generate long-term total return from endowment funds invested, combining both capital growth and income, and to invest other funds received in bank deposits and bonds at attractive rates of interest.

Restricted funds

The school received £nil (2012 £77,150) for the school's outreach scheme and utilised £46,999 (2012 £69,950). A total of £418,442 (2012 £794,987) was incurred in year on the Cedars Field project.

Reserves policy

The governors have designated an asset fund so that a framework exists for them to assess appropriate levels of free reserves, as recommended in the Charity Commission guidance paper, "Charities Reserves". Free reserves as defined in the guidance paper exclude not only funds that are for restricted purposes but also those designated by the governors for a particular purpose and any funds only realisable by disposing of fixed assets held for charity use. One thrust of the guidelines is to highlight those charities that are carrying excessive free reserves.

The free reserves in the consolidated balance sheet, as defined by the guidelines, were £1,862k (2012 £3,002k) at the end of the financial year. The governors believe that, over time, a prudent level of free reserves, consistent with the business risks of the school, should be accumulated. The proposed level of such a reserve has yet to be determined, but is considerably higher than the current level of free reserves. It is unlikely that the target will be achieved for many years because of the previous and ongoing policy of the governors to improve the facilities of the school through the investment of surpluses in school assets.

FUTURE PLANS

The school will revise its ten challenges for the next financial and academic years with particular emphasis on

- internationalism
- reviewing and developing language teaching throughout the whole school
- creating ways of expanding boarding further
- completing and implementing its site master plan
- recruitment and retention throughout the whole school, with particular focus on continuity from year 11 to the sixth form
- improving assessment, marking and reporting throughout the whole school
- working with the foundation to build endowment and funding for scholarships and bursaries other than from fee income

GOVERNORS' REPORT *(continued)*

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who are also trustees and directors of the school for the purposes of charity and company law) are responsible for preparing the governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law and the law applicable to charities in England requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the school and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period

In preparing these financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 charity will continue in business

The governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The governors are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Statement of going concern

In their consideration of the presumption of going concern as the basis for the preparation of the report and financial statements, the governors have concluded that no material uncertainties have been identified that may cast significant doubt about the ability of the school to continue as a going concern. The governors therefore have a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements

Disclosure of information to auditors

The governors who held office at the date of approval of this governors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each governor has taken all the steps that he/she ought to have taken as a governor to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the appointment of PricewaterhouseCoopers LLP as auditors of the company was approved at the Annual General Meeting in December 2012

Approved by the board of governors of Wells Cathedral School Limited on Monday 9 December 2013 and signed on its behalf by

Very Reverend J M Clarke
Governor



Date

12 December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND GOVERNORS OF WELLS CATHEDRAL SCHOOL

We have audited the financial statements of Wells Cathedral School for the year ended 31 July 2013 which comprise Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and School Balance Sheets, Consolidated Cash Flow Statement and the related notes. 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).

Respective responsibilities of trustees and auditors

As explained more fully in the statement of Governors' Responsibilities set out on page 14, 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.

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.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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's and charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the governors' report and consolidated financial statements 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 2013 and of the group's incoming resources and application of resources, including its income and expenditure and group's cash flows, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

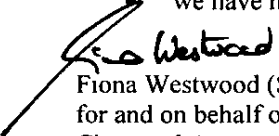
Opinion on other matter prescribed by the Companies Act 2006

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

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 charitable company or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company 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.


Fiona Westwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Bristol

Date **17 December 2013**

Consolidated balance sheet

As at 31 July 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	12	11,720	10,153
Investments	15	423	423
Current assets			
Stocks	13	12	14
Debtors	14	911	713
Investments	15	2,000	600
Cash at bank and in hand		4,425	6,874
Total current assets		7,348	8,201
Creditors amounts falling due within one year	16	(1,274)	(1,299)
Net current assets		6,074	6,902
Total assets less current liabilities		18,217	17,478
Creditors amounts falling due after more than one year	17	(1,753)	(1,785)
Provision for liabilities and charges	18	-	(60)
Net assets		16,464	15,633
Funds and reserves			
Endowed funds	21,28	665	665
Restricted funds	20,28	7,494	6,798
Unrestricted funds			
Revenue fund (page 24)	28	1,862	3,002
Designated funds	19,28	6,443	5,168
		8,305	8,170
Total funds		16,464	15,633

These financial statements on pages 17 to 43 were approved by the board of governors on 9 December 2013 and were signed on its behalf by



P Mellwraith
Governor



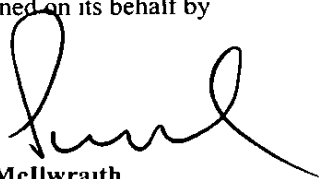
Very Revd J Clarke
Governor

School balance sheet

As at 31 July 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	12	11,720	10,153
Investments	15	423	423
Current assets			
Stocks	13	12	14
Debtors	14	898	694
Investments	15	-	-
Cash at bank and in hand		3,918	5,767
Total current assets		4,828	6,475
Creditors amounts falling due within one year	16	(1,262)	(1,297)
Net current assets		3,566	5,178
Total assets less current liabilities		15,709	15,754
Creditors amounts falling due after more than one year	17	(1,753)	(1,785)
Provision for liabilities and charges	18	-	(60)
Net assets		13,956	13,909
Funds and reserves			
Endowed funds	21,28	415	415
Restricted funds	20,28	5,267	5,356
Unrestricted funds			
Revenue fund	28	1,831	2,970
Designated funds	19,28	6,443	5,168
		8,274	8,138
Total funds		13,956	13,909

These financial statements on page 17 to 43 were approved by the board of governors on 9 December 2013 and were signed on its behalf by



P Mellwraith
Governor



Very Revd J Clarke
Governor

Consolidated Statement of Financial Activities for the year ended 31 July 2013

	Note	Unrestricted funds Revenue £000	Designated £000	Restricted Funds £000	Endowed funds £000	Total 2013 £000	Total 2012 £000
INCOMING RESOURCES:							
Incoming resources from generated funds:							
Voluntary income	5	1	-	829	-	830	963
Activities for generating funds	5	160	-	-	-	160	134
Investment income	10	4	-	59	-	63	79
Incoming resources from charitable activities:							
Fees receivable	3	11,376	-	-	-	11,376	11,432
Other educational income	4	139	-	-	-	139	162
Other ancillary trading income	4	179	-	-	-	179	116
Total incoming resources		11,859	-	888	-	12,747	12,886
RESOURCES EXPENDED							
Costs of generating funds	6	291	-	-	-	291	327
Charitable activities							
School operating costs	6	10,959	400	179	-	11,538	11,110
Exceptional item credited to operating costs	6a	-	-	-	-	-	(963)
Governance costs	6,7	85	-	2	-	87	70
Total resources expended		11,335	400	181	-	11,916	10,544
Net incoming resources before transfers	9	524	(400)	707	-	831	2,342
Transfers between funds	19,20	(1,664)	1,675	(11)	-	-	-
Net movement in funds		(1,140)	1,275	696	-	831	2,342
Balance brought forward at 1 August	19,20,21	3,002	5,168	6,798	665	15,633	13,291
Balance carried forward at 31 July	19,20,21	1,862	6,443	7,494	665	16,464	15,633

There were no recognised gains or losses in either year other than those shown in the Statement of Financial Activities above

There is no material difference between the surplus for the financial year stated above and their historical costs equivalents

The incoming resources and net movement in funds arose from continuing operations

The school's net movement in funds for the year ended 31 July 2013 is £831k (2012 £2,342k)

Consolidated summary income and expenditure account
for the year ended 31 July 2013

	<i>Notes</i>	2013	2012
		£000	£000
Gross charitable income		14,187	13,831
Non-charitable income		990	847
		15,177	14,678
Charitable expenditure		(14,025)	(13,231)
Non-charitable trading expenditure		(378)	(397)
Exceptional credits		-	963
Net surplus before investment asset disposals		774	2,019
Gain on disposal of fixed assets		-	-
Realised gain on investments		-	-
Interest payable	<i>11</i>	(6)	(6)
Interest receivable	<i>10</i>	63	79
Net surplus of income over expenditure for the year		831	2,092

Consolidated cash flow statement
for the year ended 31 July 2013

	<i>Note</i>	2013	2012
		£000	£000
Net cash (outflow)/inflow from operating activities	25	(408)	4,506
Returns on investments and servicing of finance			
Interest received		63	79
Interest paid		(6)	(6)
		<hr/>	<hr/>
Net cash inflow (outflow) from returns on investments and servicing of finance		57	73
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,032)	(2,258)
Sale of tangible fixed asset		-	-
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	12	(2,032)	(2,258)
Net cash (outflow)/inflow from investing activities before financing	26	(2,383)	2,321
Financing			
Repayment of bank loans	27	(66)	(66)
Additions to endowment fund	21	-	250
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing		(66)	184
(Decrease)/increase in cash	27	(2,449)	2,505

Notes

(forming part of the financial statements)

1 Company status

The company is limited by guarantee, not having any share capital. The members undertake to contribute to the assets of the company in the event of it being wound up, either whilst members or within one year of their membership ceasing. The maximum contribution required from each member is £1.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared on the going concern basis under the historic cost convention, in accordance with applicable accounting standards in the United Kingdom including the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' Statement of Recommended Practice 2005 updated in 2008 ("the SORP"), and the Charities Act 2011 and the Companies Act 2006.

Basis of consolidation

These consolidated financial statements include the financial statements of Wells Cathedral School Limited ("the school") and The Wells Cathedral School Foundation ("the foundation").

The foundation is not a direct subsidiary of the school but has been consolidated into the school's financial statements. Under accounting standard FRS 2, Subsidiary Undertakings, the foundation is classified as a quasi-subsidiary as the school indirectly controls and directs the foundation's activities which the school benefits from. The SORP states that where the objects of the charity (foundation) are substantially or exclusively confined to the benefit of another charity (i.e. the school) and where the school influences the foundation in its operational plans, i.e. the nature and timing of support, then the criteria for consolidation of the financial statements are deemed to have been met.

These financial statements consolidate the results of the school and the foundation on a line by line basis.

The results of the foundation are disclosed in note 32 to these financial statements.

In accordance with the provisions of s408 of the Companies Act 2006 and paragraph 397 of the SORP, the school is exempt from the requirement to present its own income and expenditure account and Statement of Financial Activities.

Tangible fixed assets and depreciation

All tangible fixed assets are accounted for at cost less accumulated depreciation. Cost includes the original purchase price of the asset plus the costs attributed to bringing the asset to its working condition for its intended use. Depreciation is provided by the school to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Freehold land and buildings	-	2% pa straight line
Long leasehold land and buildings	-	2% pa straight line
Fixtures, fittings, musical instruments and machinery	-	20-25% pa straight line
ICT equipment (including computer and data communications equipment)	-	20-25% pa straight line
Motor vehicles	-	25% pa straight line

The useful economic lives and residual value of fixed assets are reviewed annually.

No depreciation is provided on freehold land. The capitalisation threshold is £1,000. Items under this level are expensed to the Statement of Financial Activities.

Assets in the course of construction are not depreciated until they are completed and brought into use.

Notes (continued)

2 Accounting policies (continued)

Grants

Grants received in respect of revenue expenditure are credited to income in the period to which they relate

Grants in respect of fixed assets are recognised in the Statement of Financial Activities when they are receivable, i.e. when the school is entitled to the income. Grant income is deferred on the balance sheet where pre-conditions exist that require the expenditure to be incurred in a future period or where there is uncertainty as to whether the school will be able to fulfil the pre-conditions attached to the grant or part thereof

In the case of grant income received in respect of Cedar's Field development, and under the terms of the Financial Memorandum with the Department for Education, the school was deemed to have satisfied the pre-conditions relating to the grant in 2011

The school's contribution to match the grant income on the Cedar's Field development project is considered as a designated reserve and the expenditure capitalised in the balance sheet under "Assets in the course of construction". The grant income received by the school was treated as a restricted reserve. The balance in the restricted reserves will be transferred to unrestricted reserves in the Statement of Financial Activities when, in the case of fixed assets, depreciation is charged. This will occur once the asset is in use.

Scholarships, bursaries and discounts

Scholarships, bursaries and discounts are awarded to pupils who attend the school and are accounted for as a reduction in fees. Each award made is matched against fee income for that pupil at the time the fee invoice is raised. Each award is reviewed annually.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the income and expenditure account on a straight line basis over the life of the lease.

Pension costs

The teaching staff are members of the Teachers' Superannuation Scheme, which is a defined benefit scheme. Under the definitions set out in Financial Reporting Standard 17, the teachers' pension scheme is a multi employer pension scheme. Accordingly the school has taken advantage of the exemptions allowable to multi employer pension schemes and contributions to the scheme are charged to the Statement of Financial Activities when they are payable.

Some other employees are members of a money purchase pension scheme operated by an insurance company on behalf of the school. The amounts charged against income represent the contributions payable to the schemes in respect of the accounting period.

Stock

Stocks are stated at the lower of cost and net realisable value and using the "first in first out" method. Cost represents the invoice value charged by suppliers. Stocks are reviewed annually and a provision created for any slow moving stock where necessary.

Repairs provision

In accordance with the requirements of the block lease, the school commissions a quinquennial survey of the state of the repairs of the leased buildings. The surveyor's suggestions and recommendations for repairs are then categorised into major repair works and ongoing repairs. The school undertakes this work within its ongoing programme of maintenance over a five year period. A provision is created equal to the cost of any works which were identified in the surveyor's report but which have not been completed at the end of the subsequent five year period.

Notes (continued)

2 Accounting policies (continued)

Capital fund (restricted)

The capital fund represents the cost of buildings that were funded by the Wells Cathedral School Development Trust ("the trust") and transferred to the school prior to 2005, and contributions by the trust towards capital projects undertaken by the school. This trust closed in July 2005. The capital fund also includes amounts received by the school towards specific fixed assets from other organisations and is subject to an attributable depreciation charge.

Endowed funds (restricted)

Endowed funds represent capital received which are permanent and cannot be reduced, the income from which is credited to restricted funds to provide bursaries.

Asset fund (designated)

The governors have elected to designate funds equal to the value of land and buildings which are not held within the restricted funds. The asset fund therefore represents the net book value of the tangible fixed assets not funded by the capital fund, less outstanding loans secured on specific assets.

Restricted funds

These funds have been donated for specific purposes, such as bursaries, scholarships or projects.

Revenue fund

The revenue fund represents the working capital of the school. Parts of these funds have been designated as an asset fund.

Transfers between reserves

Transfers between revenue and designated funds are made at the trustees' discretion to set aside funds as required. Expenditure on new tangible fixed assets not funded by the capital fund, less any outstanding loans secured on these assets, is transferred to designated reserves.

Transfers between revenue and restricted funds reflect the depreciation charge on the capital fund and any purchases of restricted assets.

Investments

All the investments made by the group are bonds held in the UK. Any realised and unrealised gains and losses on sale or revaluation of investments are recorded within the Statement of Financial Activities.

Income

Income in furtherance of the school's activities represents the amounts (excluding value added tax) derived from the provision of education services and boarding facilities to the pupils during the year and are accounted for on a receivable basis.

School fees received in the current year in respect of the next academic year of 2013/14 are not recognised in income in the current year and are transferred to fees received in advance and included in creditors in the balance sheet.

Deposits received from pupils' parents are held in creditors and are classified as falling due within one year and after one year, as appropriate. Deposits are repaid when the pupil leaves the school.

Donations of cash are accounted for on an accruals basis. Donations of assets are brought into the balance sheet and statement of financial activities (as incoming resources) at market value, at the date of acquisition. This is deemed to be a reasonable estimate of their gross value to the charity. Legacies are accounted for on an accruals basis.

Accrued income

When, as a result of performing a service or otherwise meeting the requirements of any arrangements with a third party, income falls due but has not been invoiced in the year, an accrual is made for this income.

Notes (continued)

2 Accounting policies (continued)

Expenditure

All expenditure is accounted for on an accruals basis. Costs directly attributable to a specific expense heading are allocated to that heading. Expenditure is recognised when a liability is incurred.

- Costs of generating funds are those costs incurred in attracting voluntary income,
- Charitable activities include expenditure incurred in teaching, boarding and music programmes and include both the direct costs and support costs relating to these activities, and
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements
- All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it is incurred
- Support costs are assigned directly to the category of expenditure to which they relate

Taxation

The school and the foundation are registered as charities. Under s505 ICTA 1988 charities are not subject to taxation on their charitable activities.

3 Fees receivable

Fees receivable consist of

	2013 £000	2012 £000
Tuition and boarding fees	12,177	11,950
Text book charges	81	81
	<hr/>	<hr/>
Total tuition fees	12,258	12,031
Music tuition fees	1,611	1,522
	<hr/>	<hr/>
	13,869	13,553
Less: DfE Cap – Tuition and boarding fees	(606)	(533)
Bursaries, scholarships and other discounts	(1,887)	(1,588)
	<hr/>	<hr/>
Total fees invoiced	11,376	11,432
	<hr/>	<hr/>

The DfE cap is the contribution by the school to cover any shortfall which arises because the fees allowed by the DfE for the Aided Pupils Scheme are below full fees. The bursaries also include restricted bursaries of £8k.

Scholarships, bursaries and discounts

The cost of these scholarships, bursaries and discounts is recognised at the time the fee invoice is raised. Each award is reviewed annually.

Notes (continued)

4 Other incoming resources from charitable activities

	2013 £000	2012 £000
Unrestricted:		
Other educational income:		
Extra tuition	104	118
Wells Music College income	11	18
Registration and audition fees	21	23
Other income (instrument hire)	3	3
	<hr/> 139	<hr/> 162

	2013 £000	2012 £000
Unrestricted:		
Other ancillary trading income:		
Clothing shop commission	8	9
Bus service for pupils	65	68
Concert income	16	17
Other income	90	22
	<hr/> 179	<hr/> 116

Notes (continued)

5 Incoming resources from generating funds

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Unrestricted:				
Voluntary income:				
Donations	1	3	1	3
	<u>1</u>	<u>3</u>	<u>1</u>	<u>3</u>
Restricted:				
Donations:				
DfE for specific projects	-	77	-	77
Donations	805	581	50	140
Donations for Sierra Leone	20	26	20	26
Donations to music	4	1	4	1
Donations for junior school maths	-	25	-	25
	<u>829</u>	<u>710</u>	<u>74</u>	<u>269</u>

Donations to the school from the foundation totalled £50k (2012 £140k) and net restricted donations held by the foundation totalled £755k (2012 £441k)

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Endowed:				
Donations:				
Legacy	-	250	-	-
	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>

Activities for generating funds

	2013 £000	2012 £000
Unrestricted		
Lettings	134	105
Other invoiced income	-	1
Hire of facilities	15	22
Functions	11	6
	<u>160</u>	<u>134</u>

Notes (continued)

6 Analysis of total resources expended

Group	Staff costs £000	Other £000	Depreciation £000	2013 Total £000	2012 Total £000
Costs of generating funds					
Fundraising trading costs	29	42	-	71	82
Fundraising for voluntary resources	164	56	-	220	245
Total costs of generating funds	193	98	-	291	327
Charitable activities					
Teaching costs	5,679	569	79	6,327	6,157
Welfare costs	689	549	17	1,255	1,380
Premises - general	530	1,110	368	2,008	1,850
- non recurring projects	-	262	-	262	276
Support costs	923	671	-	1,594	1,309
Ancillary trading	-	92	-	92	138
Total costs of charitable activities	7,821	3,253	464	11,538	11,110
Governance costs	25	62	-	87	70
Total group resources expended	8,039	3,413	464	11,916	11,507

7 Support costs Group

	Costs of generating funds £000	Governance costs £000	Charitable activities £000	Total 2013 £000	Total 2012 £000
Staff costs	193	25	923	1,141	1,017
Other support costs					
Staff expenses/development	10	3	107	120	97
Office	88	-	547	635	540
Professional advice	-	-	11	11	10
Finance costs	-	31	6	37	13
<i>Services provided by the company's auditor</i>					
Fees payable for the audit (incl foundation)	-	27	-	27	28
- Music & Dance Scheme grant	-	1	-	1	2
	291	87	1,594	1,972	1,707

The governance cost includes the net school audit charge for the year of £21,500 (2012 £20,840) and the foundation's audit charge of £1,700 (2012 £1,650)

Notes (continued)

8 Staff numbers and costs

The average number of persons employed (full time equivalents) by the group during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
		Re-stated
Teaching staff	101	100
Non-teaching staff - Welfare	53	52
-Premises	19	15
-Support	51	49
	<u>224</u>	<u>216</u>

The previous year's full time equivalent for the visiting music staff in "teaching staff" has been recalculated

The aggregate payroll costs of these persons were as follows

	2013	2012
	£000	£000
Wages and salaries	6,842	6,510
Social security costs	533	492
Other pension costs (see note 24)	664	625
	<u>8,039</u>	<u>7,627</u>

The number of employees earning in excess of £60,000 per annum excluding pension contributions was

	Number of employees	
	2013	2012
£100,000 +	2	1
£90,001 - £100,000	-	-
£80,001 - £90,000	1	1
£70,001 - £80,000	2	2
£60,001 - £70,000	-	-
	<u></u>	<u></u>

Of the above employees, three (2012 three) were members of the teachers' superannuation pension scheme which is a defined benefit scheme. The school's contribution was £39k (2012 £41k). The remaining three employees (2012 one) were members of a money purchase pension scheme for which the school's contribution was £21k (2012 £7k).

The governors did not receive any emoluments or benefits during the year (2012 Nil). See Note 30 for further information.

Notes (continued)

9 Net incoming/ (outgoing) resources before transfers

	2013 £000	2012 £000
<i>Net incoming/(outgoing)/resources before transfers are stated after charging.</i>		
Services provided by the company's auditor		
Audit fees - school	22	21
- foundation	2	2
Other services - music and dance scheme grant	1	1
- additional costs	1	1
Rentals payable under operating leases		
- plant and machinery	32	22
- land and buildings	43	32
- other	32	39
Depreciation - owned assets	428	362
- leased assets	36	36

10 Investment income

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Interest from short-term deposits	4	8	4	5
Interest from deposits of restricted funds	45	62	14	46
Interest from deposits of endowed funds	14	9	14	9
	<u>63</u>	<u>79</u>	<u>32</u>	<u>60</u>

11 Interest payable

	2013 £000	2012 £000
Interest on bank loans and overdraft	6	6
	<u>6</u>	<u>6</u>

Notes (continued)

12 Tangible fixed assets

Group and School	Freehold land and buildings	Assets in the course of construction	Leasehold land and buildings	ICT equipment	Fixtures, fittings, musical instruments and machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost 1 August	8,629	1,758	1,571	1,071	2,343	81	15,453
Additions	1,228	418	-	47	331	8	2,032
Disposals	-	-	-	-	(64)	(12)	(76)
At 31 July	9,857	2,176	1,571	1,118	2,610	77	17,409
<i>Accumulated Depreciation</i>							
At 1 August	1,840	-	673	951	1,773	64	5,301
Charge for year	180	-	30	70	177	7	464
Disposals	-	-	-	-	(64)	(12)	(76)
At 31 July	2,020	-	703	1,021	1,886	59	5,689
<i>Net book value</i>							
At 31 July 2013	7,837	2,176	868	97	724	18	11,720
At 31 July 2012	6,789	1,758	898	120	571	17	10,153

The school has a finance lease on properties leased from Wells Cathedral, which dates back to 1983. Due to the age of the lease, there is insufficient data to be able to accurately disclose the net amount of the associated asset and depreciation for the period. This is not considered to be material to the financial statements.

Included within the ICT category are assets held under a finance lease with a net book value of £8k (2012 £14k).

The £869k (2012 £899k) in leasehold land and buildings relates to a long term lease.

The £2,176k (2012 £1,758k) in "assets in the course of construction" is the capitalisation of the Cedars Field development to date.

Notes (continued)

13 Stocks

Group and school	2013 £000	2012 £000
Clothing accessories	7	5
Catering	5	9
	<u>12</u>	<u>14</u>

The clothing accessories stock the school still holds relates to the colours, ties and badges

14 Debtors: amounts falling due within one year

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade debtors-amounts due from parents	166	177	166	177
Other debtors	432	328	432	328
Prepayments and accrued income	313	208	300	189
	<u>911</u>	<u>713</u>	<u>898</u>	<u>694</u>

All debtors are due within one year

15 Investments

Non-current investments

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Stepped Fixed Rate bond	250	250	250	250
Stepped Fixed Rate bond	70	70	70	70
Stepped Fixed Rate bond	80	80	80	80
Unbreakable Fixed Rate deposit	23	23	23	23
	<u>423</u>	<u>423</u>	<u>423</u>	<u>423</u>

The Stepped Fixed Rate bond for the £250k and the £70k was issued by National Westminster Bank at an interest rate of 2.5% for the first year which matured on 09 September 2012. The second year at a rate of 3.5% will mature on 09 September 2013.

The Stepped Fixed Rate bond for the £80k was issued by National Westminster Bank at an interest rate of 2.75% and the first year which matured on 24 May 2013. The second year at a rate of 3.5% will mature on the 24 May 2014.

The Unbreakable Fixed Rate deposit for £23k was issued by National Westminster Bank at an interest rate of 3.0% and will mature on 21 August 2013.

Notes (continued)

Current investments

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Stepped Fixed Rate bond	-	350	-	-
Corporate bond	-	250	-	-
Corporate notice business account	1,400	-	-	-
Charity deposit account	350	-	-	-
Business bond	250	-	-	-
	<u>2,000</u>	<u>600</u>	<u>-</u>	<u>-</u>

The Corporate notice business account is a 95 day notice account issued by Santander Business Banking at an interest rate of 1.35%

The Charity deposit account was issued by Virgin Money at an interest rate of 1.64% and is an instant account

The Business bond was issued by Santander Business Banking at an interest rate of 2.00% and will mature on 1 March 2014

Group	2013 £000	2012 £000
Investments at valuation		
At 1 August	1,023	3,072
Additions	4,500	623
Disposals	<u>(3,100)</u>	<u>(2,672)</u>
At 31 July	<u>2,423</u>	<u>1,023</u>
Net gain on disposals	-	-

A Liquidity Manager 95 day account was issued by National Westminster Bank at an interest rate of 3.0% which was cashed in on the 09 April 2013. The amount invested was £2.5 million on the 22 October 2012 and the interest received was £14k

16 Creditors: amounts falling due within one year

	Group		School	
	2013 £000	2012 £000	2013 £000	2012 £000
Bank loans and overdrafts	66	66	66	66
Finance lease agreements	32	18	32	42
Fees received in advance including deposits	472	461	472	461
Trade creditors	40	30	40	6
Taxation and social security	183	184	183	184
Other creditors	109	110	109	110
Accruals	372	430	360	428
	<u>1,274</u>	<u>1,299</u>	<u>1,262</u>	<u>1,297</u>

Notes (continued)

There are five (2012 five) bank loans secured on school properties

The capital for the loans is repayable in monthly instalments which vary from £333 to £2,777. The interest rates on these loans vary from 0.9% to 1.5% above base rate.

There is an interest offset arrangement in place with the Bank whereby a sweep of the loans and cash balances is made daily. A net interest adjustment is then made reflecting the balance of interest received on cash held and the interest to be paid on the outstanding loan balances.

The bank loans are repayable as follows

	2013 £000	2012 £000
Within		
1 year	66	66
1 – 2 years	63	66
2 – 5 years	152	170
After 5 years	720	765
	<u>1,001</u>	<u>1,067</u>

17 Creditors amounts falling due after more than one year

Group and school:	2013 £000	2012 £000
Bank loans (see note 16)	935	1,001
Pupils' deposits	785	714
Finance lease agreements	15	23
Other creditors	18	47
	<u>1,753</u>	<u>1,785</u>

Bank loans and finance lease agreements are instalment debts and pupil deposits and other creditor are non-instalment debts.

18 Provision for liabilities and charges: repairs provision

Group and school:	2013 £000	2012 £000
At 1 August	60	92
Utilised in the year	(60)	(32)
	<u>-</u>	<u>60</u>
At 31 July	-	60

Under the terms of the 80 year lease from the Chapter, the school is required to put the properties in good and substantial repair and condition within a specified period. The repairs provision at represents amounts set aside to meet the cost of the outstanding major works required.

The provision at 31/12/2012 comprised an amount of £59,798 for the renewal of Ritchie Hall's roof.

Notes (continued)

19 Designated funds

	School	Group	Group and School
	2013	2013	2012
	£000	£000	£000
At beginning of year	5,168	5,168	4,947
School operating costs (depreciation)	(400)	(400)	(336)
Transfers between funds	1,675	1,675	557
At end of year	6,443	6,443	5,168

The asset fund represents the net book value of the tangible fixed assets not funded by the capital fund, less the outstanding loans secured on specific properties

The transfer to the designated fund of £1,675,049 comprises the following,

- a £65,768 reduction in the loans secured against the assets in the fund (see note 16),
- b Additions to fixed assets of £1,613,072, which are not restricted, less
- c Fixed assets funded by the friends of music of £3,791

20 Restricted funds

Group and school	"Other" Fund £000	Cedars Field Fund £000	Project Fund £000	Bursary Fund £000	Capital Fund £000	School 2013 £000	Foundation 2013 £000	Group 2013 £000	Group 2012 £000
Donations and other receipts	25	-	20	25	4	74	755	829	710
Bank and other interest received	-	14	-	14	-	28	31	59	71
Less expenditure	(34)	-	(47)	(34)	(64)	(179)	(2)	(181)	716
(Deficit)/surplus for year	(9)	14	(27)	5	(60)	(77)	784	707	1,497
Transfers between funds	(7)	(418)	-	(8)	422	(11)	-	(11)	(1,029)
Realised gain on investments	-	-	-	-	-	-	-	-	-
At beginning of year	105	1,008	201	68	3,973	5,355	1,443	6,798	6,330
At end of year	89	604	174	65	4,335	5,267	2,227	7,494	6,798

The "Other" fund comprises funds from the foundation and other specific educational based projects such as Sierra Leone

The Cedars Field fund represents the capital fund for a new performance space

Notes (continued)

The Project fund comprises funds from the DfE in respect of specific education based projects with state sector schools. The current projects are the South West Music Initiative and outreach project.

The Bursary fund represents restricted bursaries received and awarded during the year.

The Capital fund represents the cost of buildings that were funded by the Wells Cathedral School Development Trust ("the trust") and transferred to the school prior to 2005, and contributions by the trust towards capital projects undertaken by the school. This trust closed in July 2005. The capital fund also includes amounts received by the school towards specific fixed assets from other organisations and is subject to an attributable depreciation charge.

The transfer to/from the revenue reserve of £11,564 (2012 £1,028,688) is in respect of

- the transfer of £6,879 from the "other fund" of the restricted money received via the foundation for gifts received towards the Cook Building,
- the transfer of £8,476 from the Bursary fund from the Vandervell endowment bond only. The school holds endowment bonds for the Vandervell Trust and the Chandler Trust, and the interest goes towards bursaries and scholarships, and
- the transfer of £3,791 from designated assets to the capital restricted fund in respect of the musical instruments funded by the friends of music
- The transfer of £418,442 from restricted fund to the capital restricted fund is in respect of the costs aggregated related to the Cedars Field development, which are now being capitalised.

The Cedars Field development at this stage has been funded entirely by the DfE grant.

21 Endowed funds

Group	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	John Cook fund	Group Total £000
At beginning of year	80	6	40	25	250	14	250	665
Addition	-	-	-	-	-	-	-	-
At end of year	80	6	40	25	250	14	250	665

School	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	School Total £000
At beginning of year	80	6	40	25	250	14	415
At end of year	80	6	40	25	250	14	415

The Chandler fund represents an endowment, the income from which is to be used for music bursaries.

The Alan Quilter fund provides scholarships and bursaries.

The Dulverton fund is to fund bursaries for ex boy choristers at the Cathedral.

The Carnegie fund is to fund a folk singing scholarship.

Notes (continued)

The Vandervell fund is to fund scholarships and bursaries

The Ashley Jones fund represents an endowment, the income from which is to be used to fund bursaries

The John Cook fund represents an endowment, the income from which is to be used to fund bursaries

All endowed funds above are permanent

22 Commitments

Group and school

Operating leases

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
In less than one year	18	-	13	-
In the second to fifth years inclusive	25	65	19	61
	<u>43</u>	<u>65</u>	<u>32</u>	<u>61</u>

The majority of leases of land and buildings are subject to rent reviews which occur over 1 to 7 years. The revised rent for the properties in Vicars Close has been finalised at £42,500 p a. The lease on 17 and 18 Vicars Close is held under a rolling one year lease. The leases for 16 and 26 Vicars Close expire in 2019.

Finance leases

Annual commitments under non-cancellable finance leases are as follows

	2013		2012	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000 Re-stated
Finance leases which expire				
Within one to five years	-	8	-	18
In more than five years	68	-	68	-
	<u>68</u>	<u>8</u>	<u>68</u>	<u>18</u>

Annual commitments under finance leases relate to

- the rental of properties from Wells Cathedral. The lease agreement dates back to 1983 and there is insufficient data to be able to accurately disclose the finance lease creditor amount. This is not considered to be material to the financial statements, and
- a finance lease of computer hardware equipment for the music department which expires in a year and a dishwasher which expires in four years

Notes (continued)

23 Taxation

The school and foundation, which are registered charities, are not liable to taxation on the net revenue from their primary activity or investment income and gains

The school is registered for Value Added Tax and is subject to the partial exemption rules

24 Pension scheme

The school operates two pension schemes

(a) Teachers

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The pensions cost is assessed not less than every four years in accordance with the advice of the government actuary. The latest valuation for the period from 1 April 2001 to 31 March 2004 was issued in October 2006. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Actuarial method	Prospective benefits
Assumed gross rate of return per annum	6.5% per annum
Assumed real rate of return	3.5% in excess of prices and 2% in excess of earnings
Assumed rate of real earnings growth per annum	1.5% per annum
Assumed gross rate of return	6.5% per annum
Market value of assets at date of last valuation	£163.2 billion
Total value of liabilities at date of last valuation	£166.5 billion

Notes (continued)

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

The Government Actuary's Department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The pension charge for the year includes contributions payable to the TPS of £961,309 (2012 £800,287). At the year end £85,468 (2012 £72,585) was accrued in respect of contributions to this scheme. This relates to employers and employee pension contributions.

(b) Non teaching staff

Most of the non teaching staff are members of a defined contribution scheme.

The pension cost charge for the year represents contributions payable by the school to the funds (Employers Contribution) and amounted to £664,328 (2012 £625,154) analysed as follows:

	2013 £000	2012 £000
Non teaching staff	96	91
Teachers	568	534
	<hr/> 664	<hr/> 625
	<hr/> <hr/>	<hr/> <hr/>
Contributions outstanding at 31 July 2013 were as follows		
	2013 £000	2012 £000
Non-teaching schemes	0	14
Teaching schemes	85	73
	<hr/> 85	<hr/> 87
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

25 Reconciliation of net movement in funds to net cash inflow/(outflow) from operating activities

	2013 £000	2012 £000
Net movement in funds	831	2 092
Depreciation charge	464	398
(Increase)/Decrease in stocks	2	(2)
Increase in debtors	(198)	(135)
Decrease/(Increase) in investments	(1,400)	2,049
(Decrease)/Increase in creditors	(50)	177
Interest receivable	(63)	(79)
Interest payable	6	6
Surplus on disposal of fixed assets	-	-
Gain on disposal of investments	-	-
	<u>(408)</u>	<u>4,506</u>
Net cash inflow from operating activities	<u>(408)</u>	<u>4,506</u>

26 Analysis of changes in cash balances

	At 31 July 2012 £000	Cash flows £000	At 31 July 2013 £000
Cash in hand and at bank	6,874	(2,449)	4,425
Debt due within one year	(66)	-	(66)
Debt due after one year	(1,001)	66	(935)
	<u>5,807</u>	<u>(2,383)</u>	<u>3,424</u>
Total	<u>5,807</u>	<u>(2,383)</u>	<u>3,424</u>

27 Reconciliation of net cash flow to movement in net funds

	2013 £000	2012 £000
(Decrease)/increase in cash in the year	(2,449)	2,505
Cash outflow from repayment of loans and hire purchase agreements	66	66
	<u>(2,383)</u>	<u>2,571</u>
Change in net funds resulting from cash flow	(2,383)	2,571
Net funds at start of year	5,807	3,236
	<u>3,424</u>	<u>5,807</u>
Net funds at end of year	<u>3,424</u>	<u>5,807</u>

Notes (continued)

28 Allocation of net assets

The net assets are held for the various funds as follows

Group

	Fixed assets	Net current assets	Long term liabilities	Provision	Total
	£000	£000	£000	£000	£000
Designated funds	7,388	(10)	(935)	-	6,443
Restricted funds	4,755	2,739	-	-	7,494
Endowed funds	-	665	-	-	665
Revenue fund	-	2,680	(818)	-	1,862
	<u>12,143</u>	<u>6,074</u>	<u>(1,753)</u>	<u>-</u>	<u>16,464</u>

School

	Fixed assets	Net current assets	Long term liabilities	Provision	Total
	£000	£000	£000	£000	£000
Designated funds	7,388	(10)	(935)	-	6,443
Restricted funds	4,755	512	-	-	5,267
Endowed funds	-	415	-	-	415
Revenue fund	-	2,649	(818)	-	1,831
	<u>12,143</u>	<u>3,566</u>	<u>(1,753)</u>	<u>-</u>	<u>13,956</u>

29 Changes in resources available for charity use

Group	Unrestricted funds	Designated funds	Restricted funds	Endowed funds	Total
	£000	£000	£000	£000	£000
Net movement in funds for year (page 17)	(1,140)	1,275	696	-	831
Net decrease in tangible fixed assets for direct charitable purposes	1,567	-	-	-	1,567
Net increase in funds available for future activities	<u>427</u>	<u>1,275</u>	<u>696</u>	<u>-</u>	<u>2,398</u>

30 Related parties

(a) Connected persons

The Chapter of Wells Cathedral ("the Chapter") is a connected person within the terms of the Statement of Recommended Practice 'Accounting and Reporting by Charities'

During the year

- Rent was due to the Chapter of £67,725 (2012 £67,725) under a repairing lease expiring in 2063 in respect of certain school buildings. At the year end there is a prepayment of £10,233 (2012 £10,539) and an accrual for back rent of £9,476 (2012 nil)
- The Chapter contributed £70,762 (2012 £75,652) towards the fees of the Cathedral Choristers

Notes (continued)

- The school paid £24,146 (2012 £25,466) to the Chapter in respect of use of Cathedral facilities

During the year Burges Salmon LLP, of which a governor is a partner, received £21,323 (2012 £20,761) from the school. The transactions were made at arm's length and in the normal course of business.

During the year Bristol Water PLC, of which a governor is a non-executive director, received £47,032 (2012 £50,071) from the school. The transactions were made at arm's length and in the normal course of business.

During the year GB Building Solutions Ltd, of which a governor is the chairman and chief executive, received £12,000 (2012 £nil) from the school. The school reimbursed the time taken by the governor away from his company, and the transaction was made at arm's length and in the normal course of business.

(b) Transactions with governors

During the year 1 (2012 2) of the governors received reimbursement for travel expenses of £55 (2012 £228).

During the year 2 governors (2012 2) were parents of pupils at the school and paid fees on the same terms as any other parent and received the benefits of clergy and sibling discounts where appropriate.

(c) Transactions with Wells Cathedral School Foundation

Wells Cathedral School Foundation, which is a charitable company limited by guarantee, is not a directly owned subsidiary of the school. However the results of the foundation have been consolidated into the school's financial statements as the foundation is indirectly controlled and influenced by the school.

Within the year the school received £50,136 (2012 £141,365) of transactions from the foundation, gifted in kind £168,037 (2012 £183,363) to the foundation for operating costs and £2,040 (2012 £2,140) was outstanding to the school at the year end.

31 Indemnity insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The school also purchased and maintained throughout the financial year governors' and officers' liability insurance in respect of itself, its governors and the trustees of the foundation.

The cost of insurance is included in the cost of public liability cover which amounted to £5,651 (2012 £5,900) in the year for the group.

Notes (continued)

32 The Wells Cathedral School Foundation

The Wells Cathedral School Foundation is a separate charity, number 1118159, established to oversee all fundraising in the name of the school. A summary of its results is shown below.

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £,000	Total 2013 £'000	Total 2012 £'000
Incoming resources					
Incoming resources from generating funds					
Voluntary income-donations	2	804	-	806	832
Interest	4	27	-	31	19
Gifts in kind-school	-	168	-	168	183
Total incoming resources	6	999	-	1,005	1,034
Resources expended from generated funds					
Costs of charitable activities					
- donations to school	1	49	-	50	141
- operating costs	-	168	-	168	183
Governance costs	2	-	-	2	2
Bank charges	1	-	-	1	1
Total resources expended	4	217	-	221	327
Net movement in funds	2	782	-	784	707
Transfer of funds	-	-	-	-	-
Balance brought forward at 1 August	14	1,460	250	1,724	1,017
Balance carried forward at 31 July	16	2,242	250	2,508	1,724
The net assets and liabilities were					
				2013	2012
				£000	£000
Current assets					
Cash at bank				507	1,107
Investments				2,000	600
Debtors				13	19
				2,520	1,726
Current liabilities				(12)	(2)
Net current assets				2,508	1,724
Funds and reserves					
Unrestricted funds				15	14
Restricted funds				2,243	1,460
Endowed funds				250	250
				2,508	1,724