

Wells Cathedral School (Limited by guarantee)

**Governors' report and consolidated
financial statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2010

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Governors' report

REFERENCE AND ADMINISTRATIVE INFORMATION

GOVERNORS

The Wells Cathedral School Governors who served during the year, together with any subsequent changes, 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 (*Chairman*)
The Reverend Canon Andrew Featherstone *\$, Chancellor of Wells Cathedral
The Reverend Canon Patrick Woodhouse £o, Precentor of Wells Cathedral
Prebendary Barbara Bates \$ (*from 25th September 2009*)
Prebendary Helen Ball OBE \$o
Prebendary Elsa van der Zee £
Mr Peter McIlwraith*● (*Chair, Finance and Audit Committee*)
Mr Robert Sommers o£
Mrs Jo Ballan-Whitfield *o#
Mr Martin Smout ●
Mr Patrick Cook ●#

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

The Board comprises of 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 School's Memorandum and Articles of Association were amended in 1997 to allow the Chapter to nominate up to two alternate Governors from their number.

The lay Governors are appointed for three years and retire by rotation. Retiring lay Governors can be re-elected. At the forthcoming Annual General Meeting, Prebendary Barbara Bates, Mrs Jo Ballan-Whitfield, Mr Martin Smout and Mr Patrick Cook are due to retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

OFFICERS

During the year the executive officers, directly responsible to the Board of Governors, were

The Head	Mrs Elizabeth Cairncross
The Head of Junior School	Mr Nicholas Wilson
The Bursar and Clerk to the Governors	Mr Steven Webber
Registered office	Wells Cathedral School Limited College Road Wells Somerset BA5 2SX
Website	www.wells-cathedral-school.com

Governors' report (*Continued*)

ADVISORS

Bankers

National Westminster Bank PLC
7 High Street
Wells
Somerset
BA5 2AD

Solicitors:

Harris and Harris
Diocesan Registry
14 Market Place
Wells
Somerset
BA5 2RE

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

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

Connected Charity.

Wells Cathedral School Foundation
The Bursar's Office
College Road
Wells
Somerset
BA5 2SX

Governors' report (*Continued*)

The Wells Cathedral School Limited Governors present their annual report for the year ended 31 July 2010 under the Charities Act 1993 (as amended by the Charities Act 2006), together with the audited consolidated financial statements for the year and confirm that the latter comply with the requirements of the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities (SORP 2005) updated 2008

STRUCTURE, GOVERNANCE AND MANAGEMENT

Wells Cathedral School has been in existence, probably since 909AD. Its original purpose, which it still carries out to this day, was to educate the Cathedral choristers. It is registered with the Charity Commission under charity number 310212. It was incorporated in 1956 as a registered company, limited by guarantee, under company number 564883. The Governors, executive officers and address of the Charity are as listed on page 3. Particulars of the Charity's professional advisers are given on page 4.

Governing Document

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

Governing Body

The structure of the Charity consists of a Governing Body, the makeup of which is explained on page 3.

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. New Governors are inducted into the workings of the Charity, including Board Policy and Procedures, by the Chairman, the Head, the Bursar and the Assistant Clerk to the Governors. The training needs of the Governors are continually assessed and relevant update sessions are provided on an ongoing basis.

Organisational Management

The Wells Cathedral School Limited 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, 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.
- **Personnel and Remuneration Committee** This committee meets three times a year, and is chaired by the Chancellor of Wells Cathedral. It 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 challenging, supporting and monitoring the School's educational aims and helping it develop new and appropriate ones.

Governors' report (*Continued*)

- **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 development matters of plant, grounds, non-core trading, fundraising and appeals in order to meet the educational needs of the 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 day to day 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 Deputy Head (Curriculum), the Director of Music, the Bursar and the Director of Development. They are assisted and supported by the Registrar, the Deputy Bursar, 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 Management Team attend meetings according to their responsibilities.

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 2006 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 Wells Cathedral School Limited 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 at 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 £513,892 (2009 £77,029) in incoming resources and there were transactions from the Foundation to the School of £28,843 (2009 £57,281) 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 accounts are then incorporated within the financial statements of Wells Cathedral School Limited.

The School has also continued, with the Chapter of Wells Cathedral, to support the Wells Cathedral Girl Choristers Trust, which is charged with raising money for the support of girl choristers in the future.

Risk Management

The Wells Cathedral School Limited Board of Governors is responsible for the management of the risks faced by the School. Detailed considerations of risk are delegated to the Deputy Head and the Bursar, 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 the governmental spending review, 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

Governors' report (Continued)

- **Price Risk** Fees are subject to annual review. Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices and at least three quotes,
- **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 planning stages of a capital project to build a new music hall. The School has prepared cash flow forecasts and is monitoring these regularly. The project is jointly financed by contributions from the Department for Education, the Foundation and the School itself, 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.

The key controls used by the Charity 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 OBJECTS, AIMS, PUBLIC BENEFIT, ACTIVITIES AND OBJECTIVES

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 its future activities. In particular, the Governors consider how planned activities for the year will contribute to the aims and objectives they have set.

Charitable Objects

The Charity's Objects, 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"
- "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 about 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. 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 overseas (Sierra Leone, China, 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

In addition, educational benefits for pupils at the School and other children who are not pupils at the School arise from other educational activities undertaken at, or by, the Charity:

- Through its Music Outreach Scheme 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
- 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

The beneficiaries of the Charity are primarily the 700 children who are pupils of the School but beneficiaries 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. Music Outreach has an extensive programme which includes a musical partnership with local primary schools, an orchestral concert at the Colston Hall, Bristol, inviting over 70 schools, instrumental lessons to pupils from local schools and at the other end of the scale, an activities group that visit the elderly weekly. The Leading Edge programme has a partnership with 3 maintained schools in Wembley Park, Preston Manor, Claremont School and Alperton School where support and musical opportunities are given. There is also a relationship with a local state school providing on-line tutoring of Law and teaching subjects as and when required. The School provides boys and girls to form a choir at Wells Cathedral and they are an integral part of the worship of Wells Cathedral and a significant benefit to the members of the wider community. 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.

The School is a co-educational learning community and its pupils consist of both boys and girls at all stages. The age range for pupils at the School is from 3 to 18 years. There are no geographical restrictions upon prospective pupils and 88 children (about 12% of total pupils) from about twenty different 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.

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 tested review by the School.

Governors' report (*Continued*)

Bursaries

Bursaries are awarded solely on the basis of parental need and are all means tested. During the year, the School supported 95 pupils (2009 116 pupils) by the award of bursaries worth £782,215 (2009 £747,259). Within this level of bursary support were 6 free places (2009 5) worth £149,973 (2009 £118,079).

In addition the School has subsidised the 76 pupils (2009 72) whose places are funded by the Music and Dance Scheme by £434,556 (2009 £412,212), a fact acknowledged by the Department for Education (DfE). The DfE support to these pupils is also based upon careful means testing.

These bursaries were worth 9.65% (2009 9.71%) of the School's gross fee income for 2009/10.

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 104 pupils (2009 101 pupils) by the award of scholarships worth £171,545 (2009 £198,635). These scholarships were worth 1.36% (2009 1.74%) of the School's gross fee income for 2009/10.

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 £10,845 during the year (2009 £11,190)
- Members of the Armed Forces – fees were reduced by £18,541 during the year (2009 £20,946)
- Former Pupils of Wells Cathedral School – fees were reduced by £21,545 during the year (2009 £22,440)
- Parents with more than one child at the School – fees were reduced by £109,931 during the year (2009 £137,821)
- Employees of the Wells Cathedral School – fees were reduced by £351,737 during the year (2009 £356,184)

Objectives for the Year

The School sets itself the following objectives for the year:

- Continuing the upgrading and development of the Campus and completing a major revision of the site plan
- Progressing with the design of the Cedars Field project and achieving planning consent for it
- Completion of the new Laundry Gardens Classroom Building by April 2010
- Continuing to develop the Wells Cathedral School Foundation and embed philanthropy within the School community
- Continuing to develop and innovate within the Curriculum, and to further develop individual, personalised learning
- Continuing to recruit high quality staff
- To increase enrolment of pupils at all levels of the School
- To enhance the School's reputation and profile nationally and internationally, in music and in other things
- Continuing to develop and embed Peak Performance strategic planning for the School

Governors' report (Continued)

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 develop communication within and beyond the School in order to promote achievement in all areas and handle information effectively
- 2 To ensure that it recruits, develops and retains excellent staff throughout the School and internationally renowned instrumental teachers
- 3 To improve and develop independent learning throughout the School
- 4 To ensure that all pupils at the School have both expected and aspirational academic targets
- 5 To reassess current music practice regimes and develop new strategies to ensure that musicians have quality time and space to support their musical aspirations
- 6 To develop our sporting program to enable wider participation at a competitive level by all students, including those from overseas
- 7 To develop the flexibility to welcome pupils from a wide range of backgrounds who will flourish and remain here for the whole of their school career
- 8 To update the overall site development plan for Wells in order to promote excellent teaching, learning and living
- 9 To continue to embed fundraising by growing the Wells Cathedral School Foundation, and to raise £4.3m by September 2013
- 10 To achieve an annual financial surplus before depreciation and the cost of one-off projects of 10% of fees to enable continued development of 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, and 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

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Principal activities of the year

Numbers in both the Senior and Junior schools during 2009-10 increased overall to 548 and 185 (excluding the nursery) respectively. Boarding numbers increased to 221, enabled by the purchase of a new property next to a School house which, through housing a housemaster and his family, has released space for more beds, the geography of the buildings has meant that excellent pastoral care is still available without extra care costs. Eight new classrooms, three quiet rooms and a staff office, together with new lavatories, were completed on schedule by March 2010, they and the newly landscaped garden area around them have been of great benefit to teaching and learning especially in Maths and in IT, and to the social welfare of years 7-9, who have a priority in using the building, the quiet rooms and the gardens. The developing whole site plan is addressing current operational issues as well as long term site strategy.

Operational performance of the School

The School has monitored performances on key indicators throughout the year.

Again, academic results were good, from KS2 to A2 level, including GCSE and AS level. A level results were the best ever at Wells. The new A* grade was achieved by over 19% of candidates at A level, and 56% achieved A*s and As. Over one third achieved all A* and A grades. Again, there was a high level of accuracy between predicted and actual grades. Standards in Modern Foreign Languages, Science, Maths, English Art and Music either confounded or exceeded national levels by wide margins. The Extended Project Qualification, which is a standard research based qualification equivalent to AS level, continued to bring success to students, and to be highly regarded by universities, candidates for university who were selected partly by interview recounted many examples of being quizzed more about this individual research project than about their general academic specialism. Most importantly, all students in Y13 achieved grades appropriate for them to move to university and music colleges of their choice.

Governors' report (*Continued*)

Instrumental music exam results have 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. As a result of our languages review, Mandarin has now become an academic qualification based option from year 8 as well as continuing as an extension activity for all in year 7.

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 Po Leung Kuk Choi Kai Yau School in Hong Kong, Sam's Project in Sri Lanka, the JT Reffel primary school, the Freetown cultural village and the Ballanta Music Academy, in Freetown Sierra Leone. All these links have given opportunities in this academic year for exchanges and development for either pupils, staff or both, as well as providing focus for the School's own charitable fundraising, notably through the 'Big Birthday Party' which finished our 2009 birthday celebrations and raised over £5,000 for Sierra Leone. A large group of year 11 pupils visited Sri Lanka, and a large group of sixth form pupils and staff went to Sierra Leone. One of the deputy heads taught for seven weeks at Xinghai, and two teachers taught for two weeks in Hong Kong.

The School has 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 extended its boarding provision by the purchase of an additional property, and successfully filled it. The signs are that it will continue to do so.

Site Development

The School has continued its programme to renovate and refurbish its boarding houses with the redecoration of both De Salis and Cedars Houses and the Science and Tudway classrooms. In addition, emergency repair work has commenced on the main facade of Mullins House to enable it to remain the primary building for music practice rooms. The programme of quinquennial works on those properties leased from the Chapter has continued with the decoration of St Andrew's Lodge and further substantial repairs to Polydor, Jocelyn and De Salis Houses and Ritchie Hall. Construction of the new Classroom Block in the Laundry Gardens area was completed in April and the building was ready for use at the start of the summer term. Designed by NVB Architects and constructed by ISG Pearce this attractive new building, houses eight classrooms, three common rooms and areas for teaching support. This has enabled the temporary classrooms next to the Sports Hall and in Jocelyn Gardens to be removed and the demolition of the remaining wooden classrooms nearby. The resultant space has been transformed into a landscaped garden for relaxation and private study together with an enclosed hard surface play area for ball games.

The School has continued to work with Eric Parry Architects on the Cedars Field projects with a view to agreeing the Stage D designs and to obtain the Section 278 Agreement with Somerset County Council necessary to commence work on the essential new entrance onto the A39 in the spring of 2011. 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.

The music learning and performance centre (Cedars Hall) has attracted just under £1m of gifts (£363k) and pledges (£634k) to date from the Foundation, on top of commitments by the Government to the School of which £3.51m has now been received. The School will contribute £1.5m. The Foundation has a comprehensive fundraising campaign to raise a total of £4.3m by September 2013 for the Cedars Hall project.

Strategic and business planning for the next five years is continuing with the development of a Business Plan based on the School's Peak Performance strategy, in order to achieve its greatest imaginable challenge, "To be an oversubscribed School at every level and the outstanding music school in Europe" with a focus of "Inspire Success" and the underlying dream or aspiration of "brilliant foundation for life" for all its pupils. The School has reviewed its 'Purpose' and, as a result will be changing some of the emphasis in its greatest imaginable challenge for 2010-2011, particularly with a view to music and internationalism.

Governors' report (*Continued*)

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 16. The Governors are satisfied with the result, noting that it is better than the budget. Under accounting rules for charities this statement combines transactions of a capital and revenue nature. The School's activities are summarised below:

	2010 £000	2009 £000
Operating income from school	12,934	12,226
Operating costs of school		
School bursaries and discounts	(1,901)	(1,907)
Premises – non recurring projects	(407)	(171)
Other operating costs	(10,104)	(9,554)
Operating Result	522	594
Income from generated funds	1,553	1,040
Cost of generating funds	(271)	(250)
Cost of charitable activities not part of operating costs	(189)	(528)
Net incoming resources in SOFA	1,615	856

Restricted Funds

The School received £81,000 (2009 £68,335) for the School's Outreach scheme and utilised £87,802 and £673,949 from the capital grant to offset costs incurred in the year on the Cedars Field capital project and the Laundry Garden classroom building respectively.

Endowed Funds

The School received no endowed funds during the year (2009 nil).

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 of the Group, as defined by the guidelines, were £585k (2009 £759k) 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.

Governors' report (*Continued*)

FUTURE PLANS

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

- Internationalism,
- stabilising good pastoral care for extended boarding provision and boarding numbers,
- examining different possible models for the future of boarding in the school,
- continuing to develop and complete its site master plan, working with Professor Sir Colin Stanfield Smith,
- good continuity throughout the School and especially at the point of transfer from the junior to the senior sections,
- improving teaching and learning especially in the sixth form,
- implementing improvement as a result of the parental year 6-9 survey, and
- developing the provision of languages throughout the School

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Wells Cathedral School Limited for the purposes of 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 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as the Governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

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.

Governors' report (*Continued*)

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 is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Governors of Wells Cathedral School Limited on
and signed on its behalf by

6/12/2010



Very Reverend J M Clarke
Governor

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELLS CATHEDRAL SCHOOL LIMITED

We have audited the financial statements of Wells Cathedral School Limited for the year ended 31 July 2010 which comprises of the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Governors and auditors

The Governors' (who are also the directors of the company for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members 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 this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Governors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if the company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Governors' remuneration specified by law are not made.

We read the Governors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

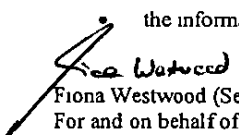
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and parent company's affairs as at 31 July 2010 and of the group's incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Governors' Report is consistent with the financial statements.


Fiona Westwood (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date 12 October 2010

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 July 2010

	<i>Note</i>	Unrestricted funds Revenue £000	Designated £000	Restricted funds £000	Endowed funds £000	Total 2010 £000	Total 2009 £000
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	5	12	-	1,385	-	1,397	892
Activities generating funds	5	150	-	-	-	150	98
Investment income	10	3	-	3	-	6	50
Incoming resources from charitable activities							
Fees receivable	3	10,705	-	-	-	10,705	10,002
Other educational income	4	136	-	-	-	136	126
Other ancillary trading income	4	192	-	-	-	192	191
Total Incoming resources		11,198	-	1,388	-	12,586	11,359
RESOURCES EXPENDED							
Costs of generating funds	6	271	-	-	-	271	250
Charitable activities							
School operating costs	6	10,457	-	189	-	10,646	10,200
Governance costs	6,7	54	-	-	-	54	53
Total resources expended		10,782	-	189	-	10,971	10,503
Net income for the year and net incoming resources before transfers		416	-	1,199	-	1,615	856
Transfers between funds	19,20	(590)	647	(57)	-	-	-
Net movement in funds		(174)	647	1,142	-	1,615	856
Balance brought forward at 1 August 2009	19,20,21	759	4,390	1,986	415	7,550	6,694
Balance carried forward at 31 July 2010	19,20,21	585	5,037	3,128	415	9,165	7,550

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

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

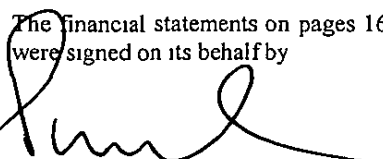
The School's net movement in funds for the year ended 31 July 2010 is £1,133k (2009 £839k)


No incoming resources, other than those with pre-conditions not yet met, have been deferred

Consolidated Balance sheet
As at 31 July 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	12	8,494	7,297
Current assets			
Stocks	13	7	61
Debtors	14	571	500
Investments	15	70	-
Cash on deposit and in hand		5,695	4,733
		<u>6,343</u>	<u>5,294</u>
Creditors' amounts falling due within one year	16	<u>(3,770)</u>	<u>(3,112)</u>
Net current assets		<u>2,573</u>	<u>2,182</u>
Total assets less current liabilities		<u>11,067</u>	<u>9,479</u>
Creditors' amounts falling due after more than one year	17	<u>(1,767)</u>	<u>(1,763)</u>
Provision for liabilities and charges	18	<u>(135)</u>	<u>(166)</u>
Net assets		<u>9,165</u>	<u>7,550</u>
Funds and reserves			
Unrestricted funds			
Revenue fund (page 22)		585	759
Designated funds	19	<u>5,037</u>	<u>4,390</u>
		<u>5,622</u>	<u>5,149</u>
Restricted funds	20	<u>3,128</u>	<u>1,986</u>
Endowed funds	21	<u>415</u>	<u>415</u>
Total funds		<u>9,165</u>	<u>7,550</u>

The financial statements on pages 16 to 39 were approved by the Board of Governors on 6 December 2010 and were signed on its behalf by

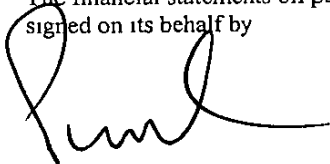

P McIlwraith
Governor


Very Revd J Clarke
Governor

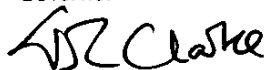
School balance sheet
As at 31 July 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	12	8,494	7,297
Current assets			
Stocks	13	7	61
Debtors	14	538	499
Cash on deposit and in hand		5,285	4,704
		<u>5,830</u>	<u>5,264</u>
Creditors amounts falling due within one year	16	<u>(3,767)</u>	<u>(3,110)</u>
Net current assets		<u>2,063</u>	<u>2,154</u>
Total assets less current liabilities		<u>10,557</u>	<u>9,451</u>
Creditors amounts falling due after more than one year	17	(1,767)	(1,763)
Provision for liabilities and charges	18	(135)	(166)
Net assets		<u>8,655</u>	<u>7,522</u>
Funds and reserves			
Unrestricted funds			
Revenue fund		571	749
Designated funds	19	5,037	4,390
		<u>5,608</u>	<u>5,139</u>
Restricted funds	20	2,632	1,968
Endowed funds	21	415	415
		<u>8,655</u>	<u>7,522</u>
Total funds		<u>8,655</u>	<u>7,522</u>

The financial statements on page 16 to 39 were approved by the Board of Governors on 6 December 2010 and were signed on its behalf by



P McIlwraith
Governor



Very Revd J Clarke
Governor

Consolidated Cash flow statement
for the year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow from operating activities	25	2,592	2,804
Returns on investments and servicing of finance			
Interest received		6	50
Interest paid		(7)	(5)
Net cash (outflow)/inflow from returns on investments and servicing of finance		(1)	45
Capital expenditure and financial investment			
Purchase of tangible fixed assets	12	(1,566)	(1,005)
Sale of tangible fixed asset		3	-
Net cash outflow from capital expenditure and financial investment		(1,563)	(1,005)
Net cash inflow from investing activities before financing		969	1,844
Financing			
Repayment of bank loans	27	(66)	(71)
Net cash outflow from financing		(66)	(71)
Increase in cash	27	962	1,773

Notes

(forming part of the financial statements)

1 Company status

The company is limited by guarantee, not having any share capital. The five 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 and under the historic cost convention in accordance with applicable accounting standards including the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (SORP 2005) updated in 2008, published in March 2005, 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 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 is 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 31 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 depreciation. Cost includes the original purchase price of the asset plus the costs attributable 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 buildings	-	50 years straight line
Long leasehold land and buildings	-	50 years 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

No depreciation is provided on freehold land or assets in the course of construction.

The capitalisation threshold is £1,000. Items under this level are expensed to the Statement of Financial Activities.

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 Hall, and under the terms of the Financial Memorandum with the Department for Education, the School is deemed to have satisfied the pre-conditions relating to the grant when expenditure is incurred in connection with the building of the asset. Therefore, income is released to the Statement of Financial Activities to match expenditure on the project.

The School's contribution to match the grant income on the Laundry Gardens and Cedar's Hall projects is considered as a designated reserve and the expenditure capitalised in the Balance Sheet. The grant income received by the School is treated as a restricted reserve. The balance of the restricted reserves is transferred to unrestricted reserves in the Statement of Financial Activities when, in the case of fixed assets, depreciation is charged.

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 profit and loss account 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. Cost represents the invoice value charged by suppliers. Stocks are reviewed annually and a provision created for any slow moving stock where necessary.

Notes (continued)

2 Accounting policies (continued)

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 the following 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.

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 fund (restricted)

Endowed funds represent capital received which 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.

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 in the Group are held in the UK. They are valued at market value and are held within current assets, as they are readily convertible into cash.

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 2010/11 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 plus gifts in kind

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 a receipts basis.

Notes (continued)

2 Accounting policies (continued)

Assignment of support costs

Support costs are assigned directly to the category of expenditure to which they relate

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.

Irrecoverable Value Added Tax

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.

Taxation

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

3 Fees receivable

Fees receivable consist of

	2010 £000	2009 £000
Tuition and boarding fees	11,044	10,496
Text book charges	77	70
	<hr/>	<hr/>
Total tuition fees	11,121	10,566
Music tuition fees	1,485	1,343
	<hr/>	<hr/>
	12,606	11,909
Less: DfE Cap – Tuition and boarding fees	(435)	(412)
Bursaries, scholarships and other discounts	(1,466)	(1,495)
	<hr/>	<hr/>
Total fees invoiced	10,705	10,002
	<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.

Notes (continued)

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.

4 Other incoming resources from charitable activities

	2010 £000	2009 £000
<i>Unrestricted</i>		
Other educational income		
Extra tuition	96	81
Wells Music College income	12	17
Wells Youth Community	-	1
Registration and audition fees	25	25
Other income	3	2
	<hr/> 136	<hr/> 126

	2010 £000	2009 £000
<i>Unrestricted</i>		
Other ancillary trading income		
Clothing shop	89	83
Bus service for pupils	67	61
Concert income	15	22
Other income	21	25
	<hr/> 192	<hr/> 191

Notes (continued)

2 Accounting policies (continued)

Assignment of support costs

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Bus service for pupils	67	61
Concert income	15	22
Other income	21	25
	<hr/>	<hr/>
	192	191
	<hr/>	<hr/>

Notes (continued)

5 Incoming resources from generating funds

	Group		School	
	2010 £000	2009 £000	2010 £000	2009 £000
<i>Unrestricted</i>				
Voluntary income				
Donations	12	14	6	4
	<u>12</u>	<u>14</u>	<u>6</u>	<u>4</u>
<i>Restricted</i>				
Donations.				
DfE for specific projects	843	763	843	763
Somerset County Council Nursery Grant	8	9	8	9
Donations	509	66	32	57
Donations for Sierra Leone	24	10	24	10
Donations for Outreach	1	1	1	1
Donations for Hong Kong & China Choir Tour	-	29	-	29
	<u>1,385</u>	<u>878</u>	<u>908</u>	<u>869</u>

Restricted donations from the DfE comprise £87,802 for the new performance space project, £673,949 for the Laundry Garden classrooms project and £81,000 for the Outreach project

Activities generating funds

<i>Unrestricted</i>	2010 £000	2009 £000
Fundraising within School	5	13
Lettings	112	59
Other invoiced Income	11	4
Hire of facilities	12	6
Functions	7	4
Surplus from disposal	3	-
	<u>150</u>	<u>86</u>
<i>Restricted</i>	2010 £000	2009 £000
Fundraising For Hong Kong and China Tour	-	12
	<u>-</u>	<u>12</u>

Notes (continued)

6 Analysis of total resources expended

Group	Staff costs £000	Other £000	Depreciation £000	2010 Total £000	2009 Total £000
Costs of generating funds					
Fundraising trading costs	29	22	-	51	26
Fundraising for voluntary resources	132	88	-	220	224
Total costs of generating funds	161	110	-	271	250
Charitable activities					
Teaching costs	5,018	550	105	5,673	5,487
Welfare costs	753	608	7	1,368	1,235
Premises - general	390	1,142	257	1,789	1,959
- non recurring projects	-	407	-	407	171
Support costs of schooling	694	474	-	1,168	1,133
Ancillary trading	20	221	-	241	215
Total costs of charitable activities	6,875	3,402	369	10,646	10,200
Governance costs	21	33	-	54	53
Total Group Resources Expended	7,057	3,545	369	10,971	10,503

7 Support costs Group

	Costs of generating funds £000	Governance costs £000	Charitable activities £000	Total 2010 £000	Total 2009 £000
Staff costs	161	21	714	896	847
Other support costs					
Staff expenses/development	25	5	26	56	98
Office	65	-	365	430	616
Professional advice	20	-	39	59	16
Audit costs (includes Foundation)	-	28	-	28	33
Finance costs	-	-	24	24	41
	271	54	1,168	1,493	1,651

The governance cost includes the School audit charge for the year of £24,563, additional fees relating to the balance of the Foundation's audit fee for 08/09, plus its current year's audit fee, totalling £2,600

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	
	2010	2009
Teaching staff	99	104
Non-teaching staff	128	121
	<u>227</u>	<u>225</u>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£000	£000
Wages and salaries	6,009	5,786
Social security costs	462	445
Other pension costs (see note 23)	586	562
	<u>7,057</u>	<u>6,793</u>

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

	Number of employees	
	2010	2009
£80,001 - £90,000	1	1
£70,001 - £80,000	3	2
£60,001 - £70,000	3	4
	<u>7</u>	<u>7</u>

Of the above employees, five (2009 five) were members of the teachers' superannuation pension scheme which is a defined benefit scheme at a cost to the School of £56k, whilst the remaining two (2009 two) were members of a money purchase pension scheme which cost the School £14k

The Governors did not receive any emoluments or any benefits during the year (2009 Nil)

Notes (continued)

9 Net incoming resources

	2010 £000	2009 £000
<i>Net incoming resources are stated after charging/(crediting).</i>		
Auditors' remuneration - School	20	19
- Foundation	2	4
- Music and Dance Scheme Grant	1	2
- Additional costs	-	5
Auditors' remuneration - other services	-	1
Rentals payable under operating leases	37	38
Rents payable	103	103
Depreciation - owned assets	361	282
- leased assets	8	22
(Profit)/Loss on disposal of fixed assets	(3)	-

10 Investment income

	Group		School	
	2010 £000	2009 £000	2010 £000	2009 £000
Interest from short-term deposits	3	23	2	22
Interest from deposits of restricted funds	1	4	1	4
Interest from overdue fees	-	1	-	1
Interest from deposits of endowed funds	2	22	2	22
	<u>6</u>	<u>50</u>	<u>5</u>	<u>49</u>

11 Interest payable within support costs

	2010 £000	2009 £000
Interest on bank loans and overdraft	7	5
	<u>7</u>	<u>5</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	Fixtures, fittings, musical instruments and machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
<i>Cost</i>							
At 1 August 2009	6,650	652	1,571	817	1,708	91	11,489
Additions	1	1,292	-	154	119	-	1,566
Transfer	1,944	(1,944)	-	-	-	-	-
Disposals	-	-	-	-	(4)	-	(4)
At 31 July 2010	8,595	-	1,571	971	1,823	91	13,051
<i>Accumulated Depreciation</i>							
At 1 August 2009	1,347	-	561	765	1,439	80	4,192
Charge for year	149	-	52	51	109	8	369
Disposals	-	-	-	-	(4)	-	(4)
At 31 July 2010	1,496	-	613	816	1,544	88	4,557
<i>Net book value</i>							
At 31 July 2010	7,099	-	958	155	279	3	8,494
At 31 July 2009	5,303	652	1,010	52	269	11	7,297

The School has a finance lease in relation to properties 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.

The "Assets in the course of construction" (Laundry Gardens Classroom block) was completed on the 1st March 2010 and has been transferred to Freehold land and buildings fixed asset register.

The £958k in Leasehold land and buildings belong to a long term lease.

Notes (continued)

13 Stocks

Group and School	2010 £000	2009 £000
Clothing shop	-	55
Clothing accessories	2	-
Catering	5	6
	<u>7</u>	<u>61</u>

The provision of the School's uniform, sports kit and associated items from the School's shop premises is now operated by The Famous Limited from Cheltenham

Current good, clean and relevant stock was purchased at valuation by The Famous Limited from the School on the 20th July 2010. The valuation was agreed with the School using cost price or market value, whichever was the lower

Clothing accessories stock still held by the School relates to the colours, ties and badges that are transferrable to the teaching staff on request

14 Debtors: amounts falling due within one year

	Group		School	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade debtors amounts due from parents	159	136	159	136
Other debtors	171	131	138	130
Prepayments and accrued income	241	233	241	233
	<u>571</u>	<u>500</u>	<u>538</u>	<u>499</u>

All debtors are due within one year. Within "Other debtors" in the Group figure are shares to the value of £28,512, which were not in the Foundation's ownership until 6 August 2010. The net charitable value of the shares will go towards the Cedars Hall project.

15 Investments

Group	2010 £000	2009 £000
UK (Govt of) 2.5% I/L Stk 26/07/16 GBP	14	-
Cazenove ABS Equity Red Pfd Shs GBP0.01	29	-
Capita Finl Mngrs Trojan O Acc Nav	27	-
	<u>70</u>	<u>-</u>

All investments of the Wells Cathedral School Foundation are held in the UK. They are accounted for at market value and are held within current assets due to an intention to sell within the next financial year.

Each of these investments represents greater than 5% of the total portfolio.

Notes (continued)

16 Creditors amounts falling due within one year

	Group		School	
	2010 £000	2009 £000	2010 £000	2009 £000
Bank loans and overdrafts	66	66	66	66
Fees received in advance including deposits	258	204	258	204
Trade creditors	12	212	12	212
Taxation and social security	185	168	185	168
Other creditors	108	103	108	103
Accruals and deferred income (see below)	3,141	2,359	3,138	2,357
	<u>3,770</u>	<u>3,112</u>	<u>3,767</u>	<u>3,110</u>

There are five (2009 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

	2010 £000	2009 £000
Within		
1 year	66	66
1 – 2 years	66	66
2 – 5 years	195	197
After 5 years	872	936
	<u>1,199</u>	<u>1,265</u>

Deferred income

The School received a Capital Grant from the DfE for the Cedar's Hall project The grant has been recognised in line with the accounting policy on page 21

	Group 2010 £000	School 2010 £'000	Group & School 2009 £000
Balance brought forward	2,160	2,160	631
Capital Grant from DfE in the year	1,300	1,300	2,200
Income released to SOFA during the year to match expenditure	(762)	(762)	(695)
Interest receivable from Capital Grant funds	29	29	24
Total deferred income	<u>2,727</u>	<u>2,727</u>	<u>2,160</u>
Other accruals (due within one year)	414	411	199
Accruals and deferred income	<u>3,141</u>	<u>3,138</u>	<u>2,359</u>

Notes (continued)

17 Creditors: amounts falling due after more than one year

Group and School non-instalment debts	2010 £000	2009 £000
Bank loans (see note 16)	1,133	1,199
Pupils' deposits	634	558
Accruals	-	6
	<u>1,767</u>	<u>1,763</u>

18 Provision for liabilities and charges, repairs provision

Group and School	2010 £000	2009 £000
At 1 August 2009	166	256
Utilised in the year	(90)	(90)
Added in the year	59	-
	<u>135</u>	<u>166</u>
At 31 July 2010		

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 represents amounts set aside to meet the cost of the outstanding major works required.

The provision of £134,862 comprises of the following,

- A £100,000 provision for the renewal of Ritchie Hall's roof, and
- costs of £34,862 for De Salis, Polydor and Jocelyn house repairs

19 Designated funds

	School 2010 £000	Group 2010 £000	Group 2009 Total £000
At beginning of year	4,390	4,390	3,892
Transfers between funds	647	647	498
	<u>5,037</u>	<u>5,037</u>	<u>4,390</u>
At end of year			

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 £646,831 is comprised of the following,

- £65,768 reduction in the loans secured against the assets in the fund (see note 16),
- Addition to fixed assets of £673,949, which is the asset known as Laundry Gardens,
- Additions to fixed assets of £218,784, which are not restricted, less
- Depreciation of assets within the fund of £311,670

Notes (continued)

20 Restricted funds

Group and School	"Other" Fund £000	Cedars Hall Fund £000	Project Fund £000	Bursary Fund £000	Capital Fund £000	School 2010 £000	Foundation 2010 £000	Group 2010 £000	Group 2009 £000
Donations and other receipts	32	88	89	25	674	908	477	1,385	890
Bank and other interest received	-	-	-	2	-	2	1	3	26
Less expenditure	(27)	(88)	(49)	(25)	-	(189)	-	(189)	(528)
Surplus/(deficit) for year	5	-	40	2	674	721	478	1,199	388
Transfers between funds	-	-	-	-	(57)	(57)	-	(57)	(52)
At beginning of year	13	-	124	133	1,698	1,968	18	1,986	1,650
At end of year	18	-	164	135	2,315	2,632	496	3,128	1,986

The "Other" Fund comprises funds from the Foundation and other specific educational based projects such as Sierra Leone and Outreach

The Cedars Hall Fund represents the capital fund for the feasibility study for a new performance space

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. Also included is an amount from Somerset County Council in respect of a Nursery grant of £8k

The Bursary Fund represents restricted bursaries received and awarded during the year via the Foundation (£21,553) and the Vandervell Trust (£3,400). The School holds an endowment bond from a Vandervell Trust donation and the interest goes towards bursaries and scholarships

The Capital Fund represents the cost of buildings funded by Wells Cathedral School Development Trust which were transferred to the School prior to 2005, contributions by the Trust towards capital projects undertaken by the School and amounts received for specific fixed assets from other organisations, less attributable depreciation. The Fund was in receipt of £674k which represents the 50% contribution by the DfE to the Laundry Gardens classrooms

The transfer from the Capital Fund to the revenue reserve of £57,102 is in respect of the annual depreciation charge on assets within the Capital Fund

21 Endowed funds

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

Notes (continued)

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

The Alan Quilter Memorial Fund provides scholarships and bursaries

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

The Carnegie UK Trust is to fund a folk singing scholarship

The Vandervell Trust Donation is to fund scholarships and bursaries

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

22 Commitments

Group and School

Operating leases

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
In less than one year	13	21	13	7
In the second to fifth years inclusive	19	16	19	30
	<u>32</u>	<u>37</u>	<u>32</u>	<u>37</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 £32,275 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

	2010 Land and buildings £000	2009 Land and buildings £000
Finance leases which expire		
In more than five years	68	68

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.

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' Superannuation Scheme is an unfunded defined benefit scheme administered by the Department for Education through the Teachers' Pension Agency. The scheme automatically covers teachers in full time employment who have not elected to opt out of the scheme in order to make alternative pension provision. Teachers in part time employment may elect to join the scheme. The scheme provides pension benefits based on final pensionable salary.

Under definitions set out in Financial Reporting Standard 17 ("FRS 17"), the teacher's pension scheme is a multi employer pension scheme. It is therefore not possible for the School to identify the underlying (notional) assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if they were to a defined contribution scheme. The School sets out below the information available on the scheme and the implications in terms of the anticipated contribution rates.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The Government Actuary's (GA) report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

(b) Non teaching staff

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

Notes (continued)

Pension scheme (continued)

The pension charge for the year represents contributions payable by the School to the funds and amounted to £585,683 (2009 £561,454) analysed as follows

	2010 £000	2009 £000
Non teaching staff	80	67
Teachers	506	495
	<u>586</u>	<u>562</u>

Contributions outstanding at 31 July 2010 were as follows

	2010 £000	2009 £000
Non-teaching schemes	12	10
Teaching schemes	73	68
	<u>85</u>	<u>78</u>

25 Reconciliation of net movement in funds to net cash inflow from operating activities

	2010 £000	2009 £000
Net movement in funds	1,615	856
Depreciation charge	369	304
Decrease/(Increase) in stocks	54	(8)
(Increase) in debtors	(71)	(76)
(increase) in investments	(70)	-
Increase in creditors and provisions	697	1,773
Interest receivable	(6)	(50)
Interest payable	7	5
Surplus on disposal	(3)	-
	<u>2,592</u>	<u>2,804</u>

26 Analysis of changes in cash balances

	At 31 July 2009 £000	Cash flows £000	At 31 July 2010 £000
Cash in hand and at bank	4,733	962	5,695
Debt due within one year	(66)	-	(66)
Debt due after one year	(1,199)	66	(1,133)
	<u>3,468</u>	<u>1,028</u>	<u>4,496</u>

Notes (continued)

27 Reconciliation of net cash flow to movement in net funds

	2010 £000	2009 £000
Increase in cash in the year	962	1,773
Cash outflow from repayment of loans and hire purchase agreements	66	71
	<hr/>	<hr/>
Change in net funds resulting from cash flow	1,028	1,844
Net funds at start of year	3,468	1,624
	<hr/>	<hr/>
Net funds at end of year	4,496	3,468
	<hr/>	<hr/>

28 Allocation of net assets

The net assets of the various funds are as follows

Group

	Fixed assets £000	Net current assets £000	Long term liabilities £000	Provision £000	Total £000
Designated funds	6,179	(10)	(1,132)	-	5,037
Restricted funds	2,315	813	-	-	3,128
Endowed funds	-	415	-	-	415
Revenue fund	-	1,355	(635)	(135)	585
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,494	2,573	(1,767)	(135)	9,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

School

	Fixed assets £000	Net current assets £000	Long term liabilities £000	Provision £000	Total £000
Designated funds	6,179	(10)	(1,132)	-	5,037
Restricted funds	2,315	317	-	-	2,632
Endowed funds	-	415	-	-	415
Revenue fund	-	1,341	(635)	(135)	571
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,494	2,063	(1,767)	(135)	8,655
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

29 Changes in resources available for charity use

Group	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Total £000
Net movement in funds for year (page 16)	(174)	647	1,142	1,615
Net increase in tangible fixed assets for direct charitable purposes	1,197	-	-	1,197
Net increase in funds available for future activities	<u>1,023</u>	<u>647</u>	<u>1,142</u>	<u>2,812</u>

30 Connected parties

(a) Connected persons

The Chapter of Wells ("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 (2009 £67,725) under a repairing lease expiring in 2063 in respect of certain School buildings. At the year end there was a prepayment of £10,473
- The Chapter contributed £79,616 (2009 £94,431) towards the fees of the Cathedral Choristers
- The School paid £25,051 (2009 £23,974) to the Chapter in respect of the use of Cathedral facilities

During the year Burges Salmon, of which a Governor is a partner, received £10,452 from the School. The transaction was made at arms length and in the normal course of business.

(b) Transactions with Governors

During the year one of the Governors received reimbursement for travel expenses of £105 (2009 £nil)

During the year 3 Governors (2009 3) 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, established as 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.

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 remains in force. Wells Cathedral School Limited also purchased and maintained throughout the financial year Governors' and Officers' liability insurance in respect of itself, its Governors and the Trustees of the Wells Cathedral School Foundation.

The cost of insurance is included in the cost of public liability cover which amounted to £5,357 (2009 £5,247) in the year.

Notes (continued)

32 The Wells Cathedral School Foundation

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

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2010 £'000	Total 2009 £'000
Incoming resources from generating funds.				
Voluntary income-donations	9	502	511	76
Interest	1	1	2	-
Other income	1	-	1	1
Total incoming resources	11	503	514	77
Resources expended from generated funds				
Costs of charitable activities	2	28	30	57
Governance costs	2	-	2	2
Total resources expended	4	28	32	59
Net incoming resources before transfers	7	475	482	18
Gross transfer between funds	(3)	3	-	-
Net movement in funds	4	478	482	18
Balance brought forward at 1 August 09	10	18	28	10
Balance carried forward at 31 July 10	14	496	510	28

The net assets and liabilities were

	2010 £000	2009 £000
Current assets		
Cash at bank	410	29
Investments	70	-
Debtors	33	1
Current liabilities	513	30
	(3)	(2)
Net current assets	510	28
Funds and reserves		
Unrestricted funds	14	10
Restricted funds	496	18
	510	28