

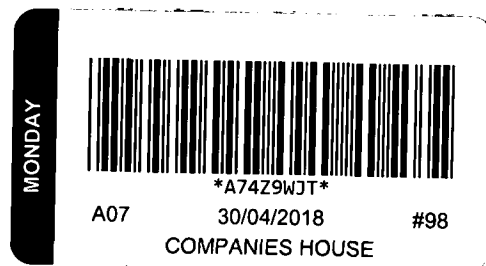
**Wells Cathedral School Limited (limited by
guarantee)**

**Governors' report and consolidated
financial statements**

Registered company number 564883

Registered charity number 310212

Year ended 31 July 2017



Contents

Governors' report (including a strategic report)	2
Independent auditor's report to the members and governors of Wells Cathedral School Limited	18
Consolidated statement of financial activities	21
Consolidated balance sheet	22
School balance sheet	23
Consolidated statement of cash flows	24
Notes	25

GOVERNORS' REPORT

The governors of Wells Cathedral School Limited ("the school") present their annual report for the year ended 31 July 2017 under the Charities Act 2011, together with the audited consolidated financial statements for the year and confirm that they comply with the requirements of the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities' Statement of Recommended Practice (FRS 102) 2015 ("the Charities SORP").

GOVERNANCE

The school has been in existence since 909AD. Its original purpose, which it still fulfils 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 school's professional advisors and address of the school are listed below.

The governing body

The school governors who served during the year and up to the date of signing the financial statements are listed below. The governors of the school are directors of the school for Companies Act 2006 purposes.

The Very Reverend Dr John Davies *●, Dean of Wells, Chairman (*appointed 03/01/17*)
The Reverend Canon Andrew Featherstone* \$, Chancellor of Wells (*acting chairman until 03/01/17*)
The Reverend Canon Nicholas Jepson-Biddle ♫, Precentor of Wells
Prebendary Barbara Bates \$
Prebendary Emeritus Helen Ball OBE \$0
Mr Robert Sommers ◊♫ (*resigned 09/01/17*)
Mr Martin Smout ● (*resigned 7/07/17*)
Mr Derek Pretty *(*resigned 07/07/17*)
Mr Jonathan Vaughan ♫ (*resigned 01/01/2018*)
Mr David Brown ●#
Mr Tim Lewis *
Mr Robert Powell \$ ●◊♫
Mrs Sarah Flannigan *#
Mr Andrew Campbell-Orde * (*appointed 07/07/17*)

* 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 Sub 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.

Advisors

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

Registered and principal office	Wells Cathedral School Limited College Road Wells Somerset BA5 2SX
---------------------------------	--

Governors' Report (continued)
Advisors (continued)

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 LLP One Glass Wharf Bristol BS2 0ZX
Insurance brokers:	Hettle Andrews & Associates Ltd Eleven Brindleyplace 2 Brunswick Square Birmingham B1 2LP
Auditor:	Crowe Clark Whitehill LLP Carrick House Lypiatt Road Cheltenham GL50 2QJ

Charitable 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 future activities. In particular, the governors consider how planned activities for the year will contribute to the aims and objectives they have set. At present the school provides "an inspiring education in a musically alive and beautiful environment, as a brilliant foundation for life" to about 750 boys and girls from the age of 3 to 18, including the choristers of the cathedral.

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 benefit

The school's primary charitable 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 110 children (about 14% of total pupils) from about 20 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, charitable benefit is also generated from the following activities:

- Community work carried out by pupils in and out of school;
- Outreach and partnership work conducted by the school, in relation to music, sports and academic activities;
- Provision of school estate and support facilities for community use at cost recovery or reduced rates;
- Links with schools and music academies and enterprises overseas (Sierra Leone, China including Hong Kong, Malaysia and India) to enable the pupils to extend their community work abroad and to understand the needs of pupils in different countries; and
- Charitable fundraising.

Bursaries, scholarships and discounts

The school 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. Bursaries are reviewed after each phase of education by the school.

Group structure and relationships

The school has the following wholly owned subsidiaries, none of which has traded during the year:

- iMusic Limited
- Wells Cathedral School (Hong Kong) Limited
- Wells Cathedral International School (Hong Kong) Limited

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 including pupils whose parents or guardians are in need of financial assistance;
- The provision of facilities and equipment to support the education of pupils in the school; and
- The organisation of events to promote the good name of the school and further its educational objectives, including orchestral and choral concerts in the UK and overseas.

The foundation's income is from charitable gifts plus gift aid from individuals, grant giving trusts and foundations, as well as from savings interest and returns on investments. During the year the foundation received £255,263 (2016: £1,270,313) in income and made donations to the school of £443,873 (2016: £2,958,064) towards bursaries and specific projects.

Governors' Report (continued)
Group structure and relationships (continued)

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.

Governing document

The school is governed by its Memorandum and Articles of Association dating from 1956 and last amended in 2007. The governors are covered by the liability insurance purchased by the school and the school is a registered charity in England and Wales (charity number: 310212).

Recruiting and training of governors

The school's 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 sub-committee of governors (the succession planning committee) meets with the principal on a regular basis to consider vacancies, names and succession. Governors are inducted into the workings of the school, including board policy and procedures, by the chairman, the principal, the bursar and the assistant clerk to the governors. The training needs of the governors are continually assessed and relevant updating sessions are provided.

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 £9,794 (2016: £9,351) in the year for the group.

Statement of governors' responsibilities

The governors (who are also directors of the school 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the incoming resources and application of resources, including the income and expenditure, of the group for the year. In preparing these financial statements, the governors are required to:

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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions, disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the school's constitution. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governors' Report (continued)

Statement on disclosure of information to the auditor

So far as each governor is aware, there is no relevant audit information of which the school's auditor is unaware.

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 school's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the appointment of Crowe Clark Whitehill as auditors of the company was approved at the governor's meeting on 27 March 2017.

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 on 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, the going concern basis continues to be adopted in preparing the financial statements.

Organisational management

The school's governors 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 Andrew Campbell-Orde. 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 auditor.
- **Personnel and Remuneration Committee:** This committee meets three times a year, and is chaired by the Prebendary Barbara Bates. 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 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 was chaired by Jonathan Vaughan until he resigned. 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 David Brown. 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.

Governors' Report (continued)
Organisational management (continued)

- **Chorister Sub Committee:** This committee meets three times a year and includes the organist and master of the choristers, and the assistant organist as well as the school's chorister tutor. It is chaired by the Precentor of Wells Cathedral, the Reverend Canon Nicholas Jepson-Biddle. It oversees, monitors and plans all matters to do with the choristers' life and programme.

The running of the school is delegated to the principal, supported by her executive team which consists of the heads of senior and junior schools, the director of music, the director of external relations and the bursar, who is also the clerk to the governors, supported by an assistant clerk. The principal reports directly to the governors, the bursar through the principal and with direct access and the rest of the executive through the principal. They are supported by the rest of the leadership team which consists also of the director of admissions and assistant heads responsible for teaching & learning, pastoral & co-curricular and digital strategy. The principal attends all meetings and committees of the governors, and members of the leadership team attend meetings according to their responsibilities and at the direction of the principal and clerk to the governors. During the year the school commissioned a report into governance structures to form the basis of some proposals for review in the future.

Officers

During the year the executive officers were:

- | | |
|--|---|
| • Principal | Mrs Elizabeth Cairncross |
| • Bursar and clerk to the governors | Mr Peter Knell |
| • Head of senior school and vice principal | Dr Andrew Kemp |
| • Head of junior school | Mrs Julie Barrow |
| • Director of music | Mr Mark Stringer |
| • Director of external relations and CEO of WCS Foundation | Mr Mark Coote (<i>resigned 7 July 2017</i>) |

When setting the remuneration and pay structure of the senior executives, a comprehensive benchmark exercise is undertaken, using Rickerbys IAP salary guidance and assessing competitors' information for comparison. Governors agree the principal's salary and the principal agrees the senior team's salary in consultation with the governors.

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 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, which raises funds in Hong Kong to support Hong Kong scholars at Wells, and to the trustees of the Wells Cathedral School Foundation.

Employees

Staff in their respective areas (teaching or support) attend regular term meetings/forums to discuss current whole school issues, where they are encouraged to have a voice and participate. They are regularly updated on the current developments of the school including the school's estate projects and its financial position.

The school demonstrates best practice by following a comprehensive recruitment/retention process to ensure equal opportunities for all. Once appointments are made, regular professional development reviews are undertaken to allow all staff to develop their careers further, through training and reflective practice. This includes career development and promotion of disabled people and the continuing employment and training of employees who have become disabled whilst employed by the school. The school has demonstrated how they value all staff by making reasonable adjustments to individuals' work stations, to enable them to carry out their duties to the best of their ability. If they experience long term health problems and wish to return to work, assistance is provided to aid their recovery. Coaching is available for some staff and it is planned to develop this further.

Governors' Report (continued)

STRATEGIC REPORT

Review of business activity

During 2016/17, the in-year average numbers in the senior school increased to 569 (2015/16: 534) and in the junior school decreased slightly to 167 (2015/16: 175), excluding the nursery. The overall school roll therefore increased to 736 (2015/16: 709). This evolution in the overall size and disposition of pupils (the 'shape' of the school) is consistent with the board's desire to increase numbers towards approximately 800 pupils and, at the same time, to create a more even distribution of pupil numbers throughout all year groups.

Like all industries operating in the UK, the full impact of the 'Brexit' referendum is something that will take considerable time to emerge. Initial response from families and educational agents from continental Europe was that of disappointment. At present there is no impact on existing students or those imminently joining the British independent education system. However the lack of certainty creates anxiety, and is resulting in some families looking elsewhere across the world - and not just those from within the EU. The major concern, however, lies in any changes in the ability of European students to remain in the UK for Higher Education, as if this process becomes more difficult families may decide to look elsewhere for continuity of their educational experience. Given that only a small proportion of our school roll comes from outside the UK but within the EU (less than 3%), the risks here for the school are considered low. There is also a perceived risk if students from outside the EU discover or think that visas will be hard to get, and choose to go to other countries instead. At the moment such anxiety does not seem to be having an impact.

This was the first full year of operation of Cedars Hall, the school's RIBA award-winning new performing arts facility and concert hall. It has exceeded the School's expectations in terms of its ability to facilitate an enormous range of activities from music, to art and drama, conferences and a myriad of other events such as toddler groups. Both the School and the wider local community have made extensive use of it and events have varied from live performances of western classical music to the Wurzels, to recording sessions by the BBC, to comedy festivals and events hosted by outside professional organisations.

The conceptual development plan for the whole school site continues to form the basis of the school's estate strategy, whilst it is adjusted according to changes in the environment and implemented according to changing needs. The school identified a growing demand for boarding and, subsequent to the leasing of Beaumont House and purchase of Brock House to expand our boarding facilities, this year we completed the construction of a new boarding house in the garden of Ritchie House. We also completed the resurfacing of our Astroturf sports pitch and the refurbishment of Ritchie House.

The school continues to develop its curriculum offering with the introduction of new subjects such as Classical Civilisations at GCSE and Film Studies at A-level now embedding themselves. A BTEC in Sport is to be introduced into the curriculum for Year 12 students in September 2017 after planning and consultation.

Alongside this the school continues to enhance now established links with external experts (currently including Bristol University, Dr Steve Bull, Alistair Smith, Dick Moore, Dr Peter Vardy and Brian Ashton) to augment our own internal expertise in areas of teaching, learning, coaching and mental health. This programme has been extended to parents, and the development of the 'Parental Engagement Programme' ("PEP") has been popular, with good outcomes for students' learning as school and parents share the same message.

The school's specialist mathematics programme continues to be extended, with the first cohort now in Year 13. Specialists are likely to sit their GCSE early in January of their Year 11 rather than June and may take the IGCSE in Further Pure Mathematics in June of Year 11.

The school is conscious of the need to be informed by academic research, and a number of our own teaching staff are engaged in research projects, supported by Bristol University; others are involved in 'lesson study' projects; and others are studying towards formal masters level qualifications. This is all part of our new Professional Opportunities and Development programme (POD). Our professional development framework continues to be embedded and developed; staff now have a huge range of options to choose from that can all add value in different ways.

Governors' Report (continued)
Review of business activity (continued)

As a school we balance this breadth with a whole school pedagogical target, and one personal pedagogical target, for each member of staff per year. Our professional development programme is audited and supported by The Teacher Development Trust, an external agency which is research-informed in its approach. The continued developments that have taken place this year at Wells have resulted in us moving from a Bronze to Silver award for the first time and acknowledged as the leading independent school they work with.

The school continues to develop its approach to the use of technology, and makes significant use of cloud based technologies to support both teaching and administration. This enables the school to provide access to all key school systems to staff and students anywhere in the world from a basic web browser. A 'bring your own device' policy was brought in for the start of September 2016, enabling technology to be integrated in teaching across the campus. From September 2017 individual devices will be required by all students, and this year, work has been done to ensure that parents, students and teachers are prepared for this.

With regard to supporting our business processes, we continue to develop tools internally in order to make better use of our data. This includes reporting and administration tools in areas such as admissions, finance, music timetabling, asset management and others.

At Wells we believe pastoral care is providing all students with a 'brilliant foundation for life' to ensure they are supported to 'be what they are'. This arises from the words of our school motto, and we thread it through our discourse whenever possible. Our pupils should have a sense of belonging and be contented, balanced and confident individuals who have the necessary tools to be able to live safe, healthy and fulfilling lives. They should have a high level of spiritual awareness, emotional intelligence and self control and also be active and responsible citizens who make a positive contribution to the school and wider world. They should be possessed of a good moral compass and a strong sense of honesty and integrity, and be able to be themselves (*esto quod es*) and equipped to work in partnership and in teams.

To achieve this we have continued to develop our pastoral care and our facilities. Ritchie House has been fully refurbished and a new boarding facility (Ritchie Gardens), completed on the site of the old drama hut next to it. Developments have also been made to Brock, Edwards and De Salis houses to improve the facilities for the students and the accommodation for staff. Such developments are designed to create gender neutral accommodation wherever possible, and to provide more accommodation suitable for hosting visitors. We have continued to develop the staffing support by increasing the number of counselling hours available for students and staff, and by training staff in Emotion Coaching. Planned staff restructuring within the music school has enabled the head of music student support to take over from the deputy director of music in the welfare team, which leads our multi-agency approach to dealing with pastoral concerns. Students have also been empowered to help each other through the structure of a peer support mental health programme provided by the Mental Health Foundation.

Looking to the next year our main pastoral focus will be on enhancing our safeguarding provision. Already a formal audit and assessment by the Somerset Local Safeguarding Children Board is planned to enable us to be not just fully compliant but also become pre-eminent in this area in the county. We also plan to pilot an in depth pastoral induction and training programme to ensure that all new staff are well equipped to deal with pastoral challenges.

Our co-curriculum aims to support our school ethos of 'be what you are' (*esto quod es*) by providing opportunities for every child to find an activity outside the classroom that could be physical or non-physical for them to enjoy for life. We believe all children should be able to follow their passion to the highest level and we support elite pathways, but our main focus is on improving and developing every child. Our co-curriculum is also designed to provide a brilliant foundation for life by choosing activities that develop the necessary character traits that enable a successful future.

This year we have continued to improve and develop our facilities, most notably by fully refurbishing the Astroturf and the sports centre changing rooms. In providing more opportunities for students, we have broadened the provision of boarders' activities to include more flexibility and more weekend provision. As part of our commitment to provide a brilliant foundation for life we have embarked upon a pioneering programme to promote and develop fundamental movement skills. This programme will aid the physical development of every child at Wells thereby increasing participation in physical activity, improving sporting performance and decreasing risk of injury.

Governors' Report (continued)
Review of business activity (continued)

Links with Old Wellensians have continued to develop using a systematic process of communications that was initiated last year. The support of the Wells Music Society of Hong Kong (a separate charity) continues to be very helpful to the school and the school works with it to enable its fundraising activities in Hong Kong. Occasional overseas reunions, this year in Malaysia, are welcomed. Former students are regularly invited to return to Wells to perform and the opening of Cedars Hall has greatly enriched the opportunities to do so.

The admissions and recruitment element of External Relations is now better staffed to manage a significant increase in enquiries and provide an improved level of customer service throughout the admissions cycle. Strong development within international recruitment continues with business-to-business channels being strengthened and widened, both with international recruitment agencies through bilateral visits and major school/agent fairs in the UK and abroad. So-called 'frontier' markets have been explored in Vietnam and ongoing development of new markets in Dubai, and work in the Baltic States continues with a more targeted approach being taken. Spain is developing well, with strong demand for summer courses, and the Netherlands is beginning to prove fertile ground for talented hockey players. The home market continues to be developed, with links to a number of prominent feeder schools being established and strengthened, and alternative elements of marketing within the regional community (through advertisements on buses, for instance) have been put in place.

The beneficiaries of the school 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 school. Such educational activities in the year included the following:

- Music outreach, under the brand name "Wells Music Academy" delivers an on-going programme which includes: a musical partnership with local primary schools; Instrument Days, piano and chamber music clubs for adults; music lessons for external pupils and community music events;
- Choirs from Somerset primary schools are invited annually to participate in two Christmas concerts in Wells Cathedral for 550+ school children involving participation by Wells students. These concerts are prepared for by primary schools using musical materials chosen and made available through the school. For some schools it is their main Christmas performance event attended with their families, which fills the Cathedral over two evenings;
- Instrument Days have now been successfully running for 5 years for up to 60 attendees. We host a varied programme of 5/6 instrument days per year, eg Single Reed, Harp and Young Strings Days. The teaching resources of the Music Department and guest Music College professors are deployed to give a full day of instruction, a professional recital and rounding off the day with a concert to parents and friends;
- Through its Wells Music Academy programme and its online gamelan and African drums teaching software, the school continues to seek 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 and the involvement of school pupils in the choristers' outreach programme, with local programmes partnering other schools;
- Large scale community events are run every 2 years with 'Wells Musicircus' in 2016 hosted by the Music Academy. Musicircus incorporated a large musical gathering of over 500 musicians on the Cathedral Green catering for all musical tastes from African drumming to the vibrant ukulele;
- Two students from India had a month in the school, pursuing piano studies and the wider curriculum, as part of the building of links with the subcontinent;
- The school planned for a partnership with the Challenger Trust and two of its academies, with a programme in music technology to be launched in the next academic year, together with preliminary investigations into partnering the Challenger Trust with a free school;

Governors' Report (continued)

Review of business activity (continued)

- The school educates the boys and girls of the choir at Wells Cathedral which is an integral part of the worship at Wells Cathedral and a significant benefit to the members of the wider community. The school supports the cathedral in providing mentoring in teaching, and in supporting safeguarding training for the vicars choral, and choral and organ scholars. The school supports children from other schools to "Be a chorister for a Day" providing staffing, students and physical resources;
- During Maths Week we have, since 2002, held a Maths Festival for 100-200 local state primary schools, accompanied by 25-50 of their teachers and parents. Since 2013 we have organised and hosted a Mathematics Circle for the United Kingdom Mathematics Trust (UKMT) which hosts selected year 10 pupils from nearby maintained schools. Since 2009 we hold "Be A Mathematician For A Day" events three times a year, welcoming Year 4 to Year 6 pupils and usually attracting around 25 students. Often participants are from local schools, however we have reached students from all over the UK. Since 2015, we have hosted the Primary Maths Master Classes for The Royal Institution with five weekly Master Classes for local Year 5 primary school pupils. Finally, we offer one or half-day Maths Road show events to local primary schools. These are free events delivered by the Director of Mathematics;
- The facilities of the school (buildings and sports facilities) are available to many users during the year with little or no charge;
- Members of staff (8 in 2016/17) act as public examiners for GCSE, A level, ABRSM and Trinity examinations taken by maintained school candidates. One of the eight is the Chair of Mathematics for the Edexcel Examination Board, responsible for 40 papers, another is the Principal Examiner for A level Music for the OCR Board and a third is a Team Leader and Moderator for Art and Design; and
- There are activities groups that visit the elderly weekly, work in charity shops and give students opportunities to help with activities in local primary schools.

Operational performance

The school set itself the following objectives for the year:

1. To continue to embed changes in the senior team.
2. To continue to improve the provision of sport and co-curricular education.
3. To extend the refurbishment of key buildings.
4. To embed the use of the Cedars Field buildings (music building, pavilion and maintenance facility), within the culture of the school.
5. To plan for the next capital project.
6. To extend boarding facilities.
7. To raise the level of fundraising for bursaries both at home and abroad, and to create the basis for the next stage of advancement at the school.
8. To increase the level and rate of recruitment of pupils at all stages in the school in order to continue to create a steady model for the school.
9. To continue to support families and parents better so that being a member of the Wells community is easier.
10. To develop leadership and accountability at all levels throughout the school.
11. To grasp the challenge of the school's diversity and market it accordingly.
12. To complete the review of the school's music school and implement the recommendations made.

The school has now revised its annual challenges so that the cycle will now overlap academic and financial years. The school is seeking to accomplish the following:

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.

Governors' Report (continued)

Operational performance (continued)

3. With a focus on nurturing all students and their families, to become the primary school of choice in mid-Somerset.
4. To take forward all the strands required to transform this great music school into a world-famous one.
5. 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.
6. To provide long term strategic development, funding and sustainability to one of the country's oldest and most cherished school communities.
7. To continue to resource the school and manage its budgets in such a way as to provide an operating surplus of £1million plus before depreciation and "one off" projects, to enable continuing investment in facilities.

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 at this stage in their development do fewer GCSEs or A levels than at other schools; this may be because of their musical programme or because so many individual pathways are crafted. The main 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 too; however we also need to make sure that any individual who joins the Wells family can succeed in ways that they want to academically. This means providing honest and kind advice to sixth form students in relation to their preferred route of study.

Large numbers of students go to Oxford, Cambridge and other Russell Group universities as well as many excellent universities across the world, or onto Music College - often with significant scholarships. Wells focuses most on how they will use all 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, as well as the introduction of the GCSE level Higher Project Qualification.

The students continue to achieve excellent exam results at both GCSE and A level across a range of subject areas. At GCSE the school achieved excellent results, this meant 55% of entries achieving A*s or As, and 27% achieving A*. At A level it meant over two fifths of all grades being awarded A* or A grades (20% A* and 48% A*/A with 76% of grades A*-B). The majority of students achieved their first choices of university or conservatoire; this includes three students who took up places at Oxford or Cambridge as well as many others who took up places at other Russell Group universities or other prestigious international establishments.

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. A number of subject areas including Maths, English, Science, Geography, Modern Foreign Languages and History are now working towards IGCSE qualifications where it is felt they offer a richer educational experience for the school's students.

Links continue to be strengthened and developed with partner schools at home and abroad. Our twice yearly visits to Hong Kong, where specialist musicians undertake a programme of school visits, public recitals, master classes and fundraising, have strengthened ties with a number of partner schools, particularly in local Cantonese schools. Strong partner schools now include the Alliance Primary School in Kowloon Tong, the Salvation Army Lam Butt Chung Memorial School in Tung Chung, Wah Yan College (boys) in Kowloon, the Heep Yunn School in Kowloon (girls), St Paul's College (boys), Hong Kong and Ying Wah College (boys) in Kowloon. There is regular collaboration with the Hong Kong Academy for Performing Arts where students from Wells and the Academy share the platform for free public concerts. Our charity's mission in Hong Kong to 'enrich the musical life of Hong Kong through its talented young musicians' has been brought to life by the full funding of a Hong Kong Scholar who joined the school in September 2016. In Malaysia we maintain close ties with the Alice Smith School, in Sierra Leone with the Ballanta Academy (although the ebola outbreak has significantly curbed our presence in Freetown) and we have pioneered the delivery of some music tuition, via satellite, to students in Hebron College in India. Closer to home a number of our specialist musicians have taken performances to a number of prep and junior schools, most notably to the Dragon School, Oxford, West Hill Park School in Fareham, St John's College Prep School in Cambridge, Dean Close School in Cheltenham, Twyford School near Winchester and Farleigh School in Andover, whilst maintaining close links with prep, junior and primary schools in and around Somerset.

Risk management

Governors' Report (continued)
Risk management (continued)

The board of governors is responsible for the management of the risks faced by the school. Detailed consideration of risks is delegated through the principal, heads and bursar, who are assisted by other members of the executive, leadership and management teams. 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:

- Income risk – The school's cost base operates predominantly on a step-fixed cost basis and its surplus is equivalent to a relatively small percentage of income. This high level of operational gearing means that the school's ability to generate surpluses is sensitive to pupil numbers.
- 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.
- Credit risk - The credit risk on amounts owed to the school by its parents is low, due to the nature of the income being received;
- Liquidity risk - The school has recently completed a number of significant capital projects: the construction of a music learning and performance building, a sports pavilion, and a boarding facility, as well as acquiring and converting a second, plus the replacement of the school's Astroturf pitch. The school has prepared cash flow forecasts and is monitoring these regularly.
- Interest rate cash flow risk - The school has six 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 17). The school receives interest income on short term deposits, endowment and restricted funds which helps to offset any increase in interest payable; and
- Treasury risk - The school's long-term, capital and working capital cash-cycle requirements mean that the school maintains 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 an investment manager, in accordance with an investment policy set by the investment committee of the foundation, and by the school's Finance and Audit Committee, which considers the risk and return profile, duration, and disbursement of the funds on deposit/invested.

The key controls used by the school to manage identified risks include:

- Formal agendas for all committee and board activity;
- Terms of reference for all committees;
- Comprehensive strategic planning, budgeting and management accounting;
- A register of key risks, identifying and assessing the risks as well as a responsible manager and risk mitigation strategy for each risk;
- 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.

Governors' Report (continued)
Risk management (continued)

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.

FINANCIAL REVIEW

The financial performance for the year has been influenced by challenging environmental conditions. Pupil numbers have increased significantly from last year by a total of 27 (2016: 31) pupils across the junior and senior school and the demand for bursary and other discount funding for those pupils has increased. The school is determined to maintain the quality of its provision whilst ensuring that it operates at a financially sustainable level of surplus.

Consolidated operating results

The operating environment for the year was challenging: senior pupil numbers increased by 6.6% (2016: increase of 2.7%); bursaries and discounts increased by 9.4% (2016: 12.07%); and donations received by the foundation decreased by 85% (2016: increase of 29.43%). The level of fee income, our charitable income, has increased as a result of the increase in pupil numbers to £17,837k (2016: £16,459k). The school has continued to maintain its investment in staffing and infrastructure in order to maintain the quality of its provision. The cumulative impact of these factors was a reduction in surplus, despite the delivery of several cost efficiency projects that have reduced costs without affecting outputs.

The consolidated net incoming resource for the year was a deficit of £285k (2016: surplus of £566k) which is composed of the net deficit/income of the school and foundation. The consolidated results for the year are set out in the statement of financial activities (SOFA) on page 21. Under accounting rules for charities this statement combines transactions of a capital and revenue nature. The operating results for the two constituent charities are outlined below.

Consolidated activities

During the year the school produced an operating surplus of £193k (2016: £405k) before depreciation and non-recurring premises projects. After depreciation and non-recurring premises projects the operating result was a deficit of £388k (2016: deficit of £119k).

The consolidated activities are summarised below:

	2017 £000	2016 £000
Income from charitable activities	17,837	16,459
Operating costs of school:		
School bursaries and discounts	(3,671)	(3,374)
Other operating costs (excl. depreciation)	(13,973)	(12,680)
Operating surplus of the school	193	405
Less:		
Depreciation	(470)	(369)
Premises-non recurring projects	(111)	(155)
Net (deficit) of the school	(388)	(119)
Income from generated funds	894	1,293
Realised gains (losses) on investments	46	(2)
Cost of generating funds	(360)	(365)
Cost of charitable activities not part of operating costs	(477)	(241)
Net (expenditure)/income in SOFA	(285)	566

Governors' Report (continued)

Analysis of the business using key performance indicators (KPI's)

KPI	2017	2016	2015	2014
Net fee income growth %	8%	6%	2%	0%
Bursaries, scholarships and discounts as a % of gross fees	16%	17%	16%	15%
Donations and legacies as a % of gross fees	3%	4%	4%	4%
Teaching staff costs as a % of gross fees	38%	42%	40%	41%
Welfare costs as a % of gross fees	8%	9%	10%	9%
Premises costs at a % of gross fees	16%	14%	14%	15%
Operating (deficit)/surplus %	(2%)	4%	3%	1%

Operating result of Wells Cathedral School Foundation

During the year the foundation received £94,869 (2016: £914,283) in financial contributions in the form of income from donations and legacies. The foundation continued its substantial donations to the school, which in the year under review totalled £443,873 (2016: £2,958,064). This year the operating costs of £151,434 (2016: £178,552), including staff costs and other direct costs associated with the foundation, were borne by the school. The net movement in funds of the foundation was a deficit of £297,176 (2016: deficit of £1,871,812).

The school's governors gave the amount of £151,434 to the foundation as an unrestricted donation. This will enable the foundation to meet operating expenses incurred in the fulfilment of its objectives and to address the deficit in its unrestricted fund as at the end of the financial year 2016/17. A further amount has also been agreed for the same purpose for the financial year 2017/18. The school's governors will review its ongoing commitment on an annual rolling basis.

Investment policy, powers and performances

In accordance with the trust deed, governors of the school and trustees of the foundation may authorise the funds of the foundation to be invested in any stocks, shares or insurance policies. The trustees' aim is to generate long-term total return from endowment funds invested, combining both capital growth and income. The investment objective is to outperform the MSCI Wealth Management Association Growth return and the portfolio did so by 2.58%.

The foundation's investments comprise a legacy of £250,000 bequeathed to the school by former pupil John Cook, supplemented by subsequent donations, all of which have been entrusted to Smith & Williamson Investment Management to invest in a portfolio of equities, funds and cash. The investment is classed as a non-current asset as it will be held for longer than 12 months. The policy is reviewed every year by the investment committee.

Governors' Report (continued)

Restricted funds

The balance of the restricted funds at the end of the year was £3,840k (2016: £4,226k). These funds are held for capital projects, bursary funds and projects funded by the Department for Education. Included is the restricted fund net movement of (£355k) (2016: £914k) from the foundation.

Designated asset fund

The balance of the designated asset fund at the end of the year was £18,742k (2016: re-stated £15,072k). This fund represents the net book value of the majority of tangible fixed assets. The 2016 figure has been re-stated by adding back £716k in respect of land which in previous years had been depreciated.

The sum of £163k (2016: £2,835k) of the total project fund of £3,840k (2016: £3,395k) utilised in year on the Cedars Field Development project is attributed to the designated asset fund.

Endowment funds

The endowment funds represent donations received for bursaries. Total such funds had increased to £773k (2016: £713k) by the end of the year. Endowment funds are defined as donations made to the school in perpetuity, the income from which is to be used for the benefit of future pupils.

Reserves policy

The total funds held by the group at the year end were £18,253k (2016: restated £18,538k). 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 deficit (£5,102k) (2016: (£1,473k)) at the end of the financial year. The governors take comfort from the fact that the school holds significant unrestricted but designated reserves. The governors believe that, over time, a prudent level of free reserves, consistent with the business risks of the school, equivalent to six months' operating costs 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.

Bursaries

Bursaries are awarded solely on the basis of parental need and are all means tested. During the year, the school supported 286 pupils (2016: 259 pupils) by the award of bursaries worth £1,692,250 (2016: £1,546,529). Within this level of bursary support were 4 free places (2016: 6) worth £120,636 (2016: £124,314).

In addition the school has subsidised the 79 pupils (2016: 80) whose places are funded by the Music and Dance Scheme to the extent of £875,876 (2016: £818,662), a fact acknowledged by the Department for Education. The Department's support to these pupils is also based upon careful means testing.

These bursaries were worth 9.96% (2016: 9.88%) of the school's gross fee income for 2016/17. A total of £54k of restricted bursaries was funded by the foundation

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 116 pupils (2016: 92 pupils) by the award of scholarships worth £194,897 (2016: £142,059), which included sports scholarships awarded to 43 pupils (2016: 32 pupils) worth £83,381 (2016: £45,968). These scholarships were worth 0.50% (2016: 0.90%) of the school's gross fee income for 2016/17.

Governors' Report (continued)
Discounts (continued)

Discounts

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

- Members of the clergy of the Church of England – fees were reduced by £18,005 during the year (2016: £14,740);
- Members of the armed forces – fees were reduced by £34,845 during the year (2016: £30,053);
- Children of former pupils of the school – fees were reduced by £25,726 during the year (2016: £21,348);
- Parents with more than one child at the school – fees were reduced by £191,897 during the year (2016: £202,561);
- Employees of the school – fees were reduced by £557,734 during the year (2016: £536,254); and
- Children of ex-choristers of the school – fees were reduced by £25,773 (2016: £24,439).

Future plans

The school will set out and implement plans to meet the challenges of future financial and academic years with particular emphasis on:

- Working with the foundation to build endowment and funding for scholarships and bursaries other than from fee income;
- Increasing recruitment and retention throughout the whole school, with particular focus on continuity from year 11 to the sixth form;
- Completing and implementing its site master plan, including the initiation of its next capital building project;
- Extending its international reach to nascent and new markets;
- Extending the flexibility of its boarding offer by introducing a weekly boarding option aimed at prospective pupils living in the region, but outside convenient daily travelling distance;
- Creating ways of expanding boarding further and continuing to enhance the flexibility of the boarding provision;
- Implementation of a full review of music provision conducted by the director of music and which includes a restructure of the senior music team;
- Reviewing and developing language teaching throughout the whole school, including the development of an international school and of enhanced support for English as an additional language;
- Providing technology which enhances and enables the local community of Wells, and especially the Cathedral and the Bishop's Palace; and
- Reviewing and resourcing the External Relations Department to ensure it continues to be fit for purpose with the increasing challenges of diversified recruitment and a broader events base.

Independent Auditor

Crowe Clark Whitehill LLP have indicated their willingness to accept reappointment as the school's auditors and a resolution for their reappointment will be proposed at the board meeting.

The governor's report, including the strategic report, was approved by the board of governors of Wells Cathedral School Limited on 12th December 2017 and signed on its behalf by:



The Very Reverend Dr John Davies
Chair of governors

Independent auditor's report to the members of Wells Cathedral School Limited

Opinion

We have audited the financial statements of Wells Cathedral School Limited for the year ended 31 July 2017 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, School Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Independent Auditor's Report to the Members of the Wells Cathedral School Limited (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of governors

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

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

Independent Auditor's Report to the Members of the Wells Cathedral School Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date

4 April 2018

Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
for the year ended 31 July 2017

	<i>Note</i>	Unrestricted Revenue £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000	Total 2016 £000
INCOME FROM:							
Donations & legacies	5	1	-	544	6	551	Re-stated 1,082
Other trading activities	5	331	-	-	-	331	190
Income from investments	10	2	-	-	10	12	23
Charitable activities:							
Fees receivable	3	13,311	-	-	-	13,311	12,282
Other educational income	4	695	-	-	-	695	683
Other ancillary trading income	4	160	-	-	-	160	120
Total income		14,500	-	544	16	15,060	14,380
EXPENDITURE ON:							
Raising funds	6	360	-	-	-	360	367
Charitable activities	6	14,084	402	545	-	15,031	13,445
Total expenditure		14,444	402	545	-	15,391	13,812
Gain/(loss) on investments	15	-	-	-	46	46	(2)
Net (expenditure)/income		56	(402)	(1)	62	(285)	566
Transfers between funds	19,20,21	(3,685)	4,072	(385)	(2)	-	-
Net movement in funds		(3,629)	3,670	(386)	60	(285)	566
Fund balances brought forward at 1 August	19,20,21	(1,473)	15,072	4,226	713	18,538	17,972
Fund balances carried forward at 31 July	19,20,21	(5,102)	18,742	3,840	773	18,253	18,538

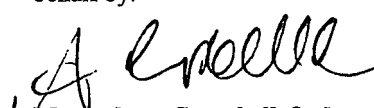
The notes on pages 25 to 51 form part of these financial statements.

Consolidated Balance Sheet

As at 31 July 2017 Company Number 564883

	Note	2017		2016
		£000	£000	Re-stated £000
Fixed assets				
Tangible assets	12		23,746	21,337
Investments	15		782	721
Current assets				
Properties held for sale	12	1,220		-
Stocks	13	9		7
Debtors	14	1,086		1,132
Cash at bank and in hand		95		419
Total current assets		2,410		1,558
Creditors: amounts falling due within one year	16	(3,977)		(3,245)
Net current liabilities			(1,567)	(1,687)
Total assets less current liabilities			22,961	20,371
Creditors: amounts falling due after more than one year	17		(4,708)	(1,833)
Net assets			18,253	18,538
The funds of the group				
Endowment funds	21		773	713
Restricted funds	20		3,840	4,226
Unrestricted funds:				
Revenue fund	28	(5,102)		(1,473)
Designated asset fund	19	18,742		15,072
Total unrestricted funds			13,640	13,599
Total group funds	28		18,253	18,538

These financial statements were approved by the board of governors on 12th December 2017 and were signed on its behalf by:


Mr Andrew Campbell-Orde
Governor


The Very Reverend Dr John Davies
Chair of governors

The notes on pages 25 to 51 form part of these financial statements.

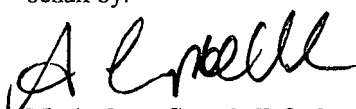
School Balance Sheet


As at 31 July 2017 Company Number 564883

	Note	2017	2016
		£000	Re-stated £000
Fixed assets			
Tangible assets	12	23,746	21,337
Investments	15	424	423
Current assets			
Properties held for sale	12	1,220	-
Stocks	13	9	7
Debtors	14	1,081	998
Cash at bank and in hand		5	93
Total current assets		2,315	1,098
Creditors: amounts falling due within one year	16	(3,973)	(3,234)
Net current liabilities		(1,658)	(2,136)
Total assets less current liabilities		22,512	19,624
Creditors: amounts falling due after more than one year	17	(4,708)	(1,833)
Net assets		17,804	17,791
The funds of the charity			
Endowment funds	21,28	415	415
Restricted funds	20,28	3,767	3,797
Unrestricted funds:			
Revenue fund	28	(5,109)	(1,482)
Designated asset fund	19,28	18,731	15,061
Total unrestricted funds		13,622	13,579
Total charity funds		17,804	17,791

The net movement in funds for the school is £13k (2016: £2,433k).

These financial statements were approved by the board of governors on 12th December 2017 and were signed on its behalf by:


Mr Andrew Campbell-Orde
Governor


The Very Reverend Dr John Davies
Chair of governors

The notes on pages 25 to 51 form part of these financial statements.

Notes

1 Company status

The school is a charitable company, registered in England and Wales (company number: 564883) 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. The school is also a charity registered in England and Wales (Charity number: 310212).

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared on the going concern basis under the historic cost convention with the exception of listed investments which are held at fair value, in accordance with applicable accounting standards in the United Kingdom including the Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) Statement of Recommended Practice (FRS102) 2015 'Accounting and Reporting by Charities' ("the Charities SORP"), the Charities Act 2011 and the Companies Act 2006.

The school is a public benefit entity and its functional and presentational currency is the pound sterling. The school's registered and principal address is College Road, Wells, Somerset, BA5 2SX.

Going concern

The financial statements are prepared on a going concern basis. Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the governors have a reasonable expectation that they have adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of governors' responsibilities on page 5.

There are no material uncertainties over the going concern status of the school.

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 102 the foundation is classified as a quasi-subsidiary as the school indirectly controls and directs the foundation's activities from which the school benefits. The Charities 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 31 to these financial statements.

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

The dormant company iMusic Limited and the two subsidiaries, Wells Cathedral School (Hong Kong) Ltd and Wells Cathedral International School (Hong Kong) Limited did not trade during the year so are not included in the consolidation.

Notes (continued)

2 Accounting policies (continued)

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 buildings	-	1-2% per annum straight line
Long leasehold land and buildings	-	1-2% per annum straight line
Fixtures and fittings	-	2-12.5% per annum straight line
Musical instruments and machinery	-	10% per annum straight line
Information and communication technology equipment (including computer and data communications equipment)	-	25% per annum straight line
Motor vehicles	-	12.5% per annum 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.

Properties held for sale

Properties held for sale are reclassified as current assets as they are being actively marketed, at market value, and are expected to be sold within 12 months of the year end.

Grants

Grants received in respect of revenue expenditure are credited to income when there is evidence that entitlement to the gift receipt is probable and the amount can be measured reliably.

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.

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 statement of financial activities 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 FRS 102, 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.

Notes (continued)

2 Accounting policies (continued)

Pension costs (continued)

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.

Stocks

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.

Restricted funds

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

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.

Endowment funds (restricted)

Endowment funds represent donations received to provide various kinds of bursaries and scholarships. Endowment funds are defined as donations made to the school in perpetuity, the income from which is to be used for the benefit of future pupils.

Designated asset fund

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.

Revenue fund

The revenue fund represents the working capital of the school. Part of this fund has been designated as an asset fund.

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 (DfE), the school was deemed to have satisfied the pre-conditions relating to the grant in 2011.

Transfers between reserves

Transfers between revenue and designated funds are made at the governors' 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.

Prior year adjustments

There has been two prior year adjustments made to the financial statements:

Notes (continued)

2 Accounting policies (continued)

Prior year adjustments (continued)

- *Land depreciation.* The historic depreciation of the land of £716k has been added back. Land is not depreciated because its residual value is likely to stay the same. This has been adjusted in the statement of financial activity, consolidated, school balance sheets and several of the notes:
- *Grossing up of school activities in income and expenditure:* School activities which are mainly trips and outings, have been accounted for (£481k) this year as it is a SORP requirement to show balances on a gross basis. The prior year adjustment is £486k and the statement of financial activity has been adjusted.

Investments

All the investments made by the school are bonds and deposits held in the UK.

In accordance with the trust deed, the trustees of the foundation may authorise the funds to be invested in any stocks, shares or insurance policies. The trustees' aim is 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. The basis for determining fair value is the quoted market price in an active market.

Any 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 is accounted for on a receivable basis.

School fees received in the current year in respect of the next academic year are not recognised as 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. Deposits are repaid when the pupil leaves the school.

Income in furtherance of the group's activities is represented by:

- Donations and legacies, which comprise primarily donations and charitable gifts from individuals, grant giving trusts and foundations, and are accounted for on an accruals basis. Income is recognised when there is a legally binding commitment to the foundation for the transfer of funds. This also includes firm pledges from potential donors for the forthcoming year. Gift aid is subsequently applied for where appropriate. Donations of assets are brought into the balance sheet and statement of financial activities at market value, at the date of acquisition. Legacies are accounted for on an accruals basis once their existence is known and their value can be reliably estimated;
- Income from investments, which represents the interest and dividends earned during the year from bonds and deposits and the endowment funds. Interest is accounted for on an accruals basis;
- Other educational income, which comprises educational income other than fees;
- Ancillary trading income, which comprises income associated with the education of the school; and
- Other trading activities, which comprise income generated from lettings, hire of the school's facilities and external functions.

Fees received in advance

Fees received in advance of education to be provided in future years under a pre-paid fees scheme contract are held as interest-earning liabilities and treated as deferred income until either taken to income in the school term when used or are otherwise refunded.

Notes (continued)

2 Accounting policies (continued)

Debtors

Other debtors, intercompany debtors and accrued income are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors

Creditors and provisions are recognised where the school has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

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.

- Expenditure on raising funds consists of 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;
- All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expenditure for which it is incurred;
- Support costs are assigned directly to the category of expenditure to which they relate; and
- Termination payments are accounted for as soon as the school is aware of the obligation to make payments.

Financial instrument policy

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently measured at their amortised cost or fair value depending on the nature of the financial instrument.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements

The governors do not believe that any critical judgements have been made in preparing the financial statements.

The accruals and prepayments are calculated based on historical evidence. Pledges are included based on a firm judgement by the foundation.

(b) Estimates and assumptions

The estimates and assumptions made by the group consist mainly of the proportioning of the foundation's operating costs recharged to the school, and the useful economic lives and residual value of the school's fixed assets. These reasonable estimates are based on the knowledge of key management personnel.

Notes (continued)

3 Fees receivable

Fees receivable consist of:

	2017 £000	2016 £000
Tuition and boarding fees	15,221	13,951
Music tuition fees	1,761	1,705
	<hr/>	<hr/>
Total fees	16,982	15,656
Less: DfE Cap – Tuition and boarding fees	(876)	(819)
Bursaries, scholarships and other discounts	(2,795)	(2,555)
	<hr/>	<hr/>
Total fees invoiced	13,311	12,282
	<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 Music and Dance Scheme are below full fees. The bursaries also include restricted bursaries from the foundation of £54k (2016:£37k).

4 Income from charitable activities

	2017 £000	2016 £000
Other educational income:		
School activities	481	486
Extra tuition	173	149
Wells Music College income	8	13
Registration and audition fees	29	31
Other income (instrument hire)	4	4
	<hr/>	<hr/>
	695	683
	<hr/>	<hr/>
	2017 £000	2016 £000
Other ancillary trading income:		
Clothing shop commission	8	5
Bus service for pupils	53	56
Concert income	45	13
Other income	54	46
	<hr/>	<hr/>
	160	120
	<hr/>	<hr/>

Notes (continued)

5 Income from donations and legacies

	Group		School	
	2017	2016	2017	2016
	£000	£000	£000	£000
<i>Unrestricted:</i>				
Donations and legacies:				
Donations	1	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Restricted/endowed:</i>				
Donations:				
Donations	513	1,072	432	2,953
Donations for Sierra Leone	14	-	14	-
Donations to music	22	6	22	6
Donations for Outreach	1	4	1	4
	<hr/>	<hr/>	<hr/>	<hr/>
	550	1,082	469	2,963
	<hr/>	<hr/>	<hr/>	<hr/>

Donations to the school from the foundation totalled £390k (2016: £2,921k), excluding bursaries of £54k (2016: £37k) and net restricted donations received by the foundation totalled £88k (2016: £1,881k).

Other trading activities

	2017	2016
	£000	£000
Lettings	224	163
Hire of facilities	26	18
Functions	89	7
Proceeds on fixed asset disposals	(8)	2
	<hr/>	<hr/>
	331	190
	<hr/>	<hr/>

Notes (continued)

6 Expenditure

	Staff costs	Other	Depreciation	Total 2017	Total 2016 Re-stated
	£000	£000	£000	£000	£000
Expenditure on raising funds					
Fundraising trading costs	47	92	-	139	93
Fundraising for voluntary costs	156	65	-	221	274
Total expenditure on raising funds	203	157	-	360	367
Expenditure on charitable activities:					
Teaching costs	6,532	621	83	7,236	7,279
Welfare costs	876	539	11	1,426	1,445
Premises - general	1,045	1,596	376	3,017	2,030
- non recurring projects	-	111	-	111	155
Support costs	1,401	1,227	-	2,628	1,913
School activities	-	481	-	481	486
Ancillary trading	49	83	-	132	134
Total expenditure on charitable activities	9,903	4,658	470	15,031	13,445
Total expenditure	10,106	4,815	470	15,391	13,812

7	Support costs:	Costs of generating funds	Other Charitable activities	Total 2017	Total 2016
		£000	£000	£000	£000
	Staff costs	203	1,401	1,604	1,183
	Other support costs				
	Staff expenses/development	6	95	101	105
	Office	147	751	898	836
	Professional advice	4	270	274	102
	Finance costs	-	77	77	23
	<i>Services provided by the school's auditor:</i>				
	Fees payable for the audit (incl. foundation)	-	24	24	30
	- Teachers' Pension Certificate	-	1	1	1
	- Companies in Hong Kong	-	9	9	5
		360	2,628	2,988	2,285

Included within the support costs are governance costs of £52k (2016: £49k) which mainly comprise the costs of administering the school, auditor's remuneration and governors' meeting expenses.

Notes (continued)

8 Staff numbers and costs

The monthly average headcount number of persons employed by the group during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Teaching staff	174	171
Non-teaching staff	227	218
	<u>401</u>	<u>389</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	8,459	7,858
Social security costs	727	605
Other pension costs (see note 24)	920	875
	<u>10,106</u>	<u>9,338</u>

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

	Number of employees	
	2017	2016
£130,001 - £140,000	1	-
£120,001 - £130,000	-	1
£110,001 - £120,000	-	-
£100,001 - £110,000	-	-
£90,001 - £100,000	2	1
£80,001 - £90,000	-	1
£70,001 - £80,000	2	1
£60,001 - £70,000	2	1
	<u>2</u>	<u>1</u>

Of the above employees, four (2016: three) were members of the teachers' superannuation pension scheme which is a defined benefit scheme. The school's contribution was £35k (2016: £36k). The remaining three employees (2016: two) were members of a money purchase pension scheme for which the school's contribution was £29k (2016: £25k).

The governors did not receive any emoluments or benefits during the year (2016: Nil). See note 30 for further information. The total amount to the executive officers for the year was £678k (2016: £491k).

Termination payments of £36k (2016: nil) were made to two employees in the year.

Notes (continued)

9 Net (expenditure)/income before transfers

	2017 £000	2016 £000
<i>Net (expenditure)/income before transfers is stated after charging:</i>		
Services provided by the school's auditor:		
Audit fees		
- school	18	26
- foundation	2	2
- Hong Kong	8	5
Other services		
- music and dance scheme grant audit	1	1
- teachers pension certificate audit	1	2
- non audit fees (HK)	17	5
Rentals payable under operating leases		
- land and buildings	58	58
- other	132	83
Depreciation - owned assets	444	343
- leased assets	26	26
	<u> </u>	<u> </u>

10 Income from investments

	Group		School	
	2017 £000	2016 £000	2017 £000	2016 £000
Interest from short-term deposits	2	5	1	5
Interest from deposits of restricted funds	-	4	-	-
Interest from deposits of endowment funds	10	12	2	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12	21	3	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11 Interest payable

	2017 £000	2016 £000
Interest on bank loans and overdraft	56	12
	<u> </u>	<u> </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							
At 1 August	11,716	9,763	1,571	770	3,136	73	27,029
Additions	1,733	1,926	-	44	406	-	4,109
Disposals	(16)	-	-	(310)	(985)	(11)	(1,322)
Transferred to current assets	(1,273)	-	-	-	-	-	(1,273)
Transfers	9,624	(9,624)	-	-	-	-	-
At 31 July	21,784	2,065	1,571	504	2,557	62	28,543
Accumulated Depreciation							
At 1 August (restated)	1,892	-	758	680	2,309	53	5,692
Charge for year	230	-	25	48	165	2	470
Disposals	(7)	-	-	(310)	(985)	(11)	(1,313)
Transferred to current assets	(52)	-	-	-	-	-	(52)
At 31 July	2,063	-	783	418	1,489	44	4,797
Net book value							
At 31 July 2017	19,721	2,065	788	86	1,068	18	23,746
At 31 July 2016 (re-stated)	9,824	9,763	813	90	827	20	21,337

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 year. This is not considered to be material to the financial statements.

The £758k (2016: £784k) in leasehold land and buildings relates to long term lease improvements.

The £2,065k (2016: £9,763k) in "assets in the course of construction" is the capitalisation of the Ritchie garden boarding house (£1,708k); Astroturf (£243k); Ritchie house refurbishment £64k (2016: £129k) and new science building £50k (2016: £12k), to date. Other assets in construction in 2016 were the dance studio £41k and Cedars Field development £9,581k.

Two properties have been reclassified as current assets as they are being actively marketed and are expected to be sold within 12 months of the year end. The market value of these properties is £1,220k (2016: nil).

The previous year's figures have been re-stated due to the historic depreciation of the land of £716k being added back. Land is not depreciated because its residual value is likely to stay the same.

Notes (continued)

13 Stocks

Group and school	2017	2016
	£000	£000
Catering supplies	9	7

14 Debtors

	Group		School	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors-amounts due from parents	582	509	582	509
Other debtors	270	290	270	289
Inter-company debtors	-	-	9	-
Prepayments	234	333	220	200
	<u>1,086</u>	<u>1,132</u>	<u>1,081</u>	<u>998</u>

15 Investments

Non-current investments

	Group		School	
	2017	2016	2017	2016
	£000	£000	£000	£000
Corporate current and deposit accounts	424	423	424	423
Investment management portfolio	358	298	-	-
	<u>782</u>	<u>721</u>	<u>424</u>	<u>423</u>

The Corporate current and deposit accounts were with Santander Business banking and had an interest rate of 0.8% (2016: 0.8%).

The investment management portfolio is a portfolio of equities, bonds and cash managed by Smith & Williamson Investment Management, the majority of which comprises UK assets. They are categorised as non-current assets as they are held for longer than 12 months. Any gains and losses on sale or revaluation of investments are recorded within the statement of financial activities.

Notes (continued)

15 Investments (continued)

Group and School	Group		School	
	2017 £000	2016 £000	2017 £000	2016 £000
Investments at valuation				
At 1 August	721	2,516	423	423
Additions at cost	222	52	1	-
Disposal proceeds	(200)	(1,832)	-	-
Net gain/ (loss) on investments	46	(2)	-	-
	<u>789</u>	<u>734</u>	<u>424</u>	<u>423</u>
Decrease in cash for reinvestment	(7)	(13)	-	-
	<u>782</u>	<u>721</u>	<u>424</u>	<u>423</u>

16 Creditors: amounts falling due within one year

	Group		School	
	2017 £000	2016 £000	2017 £000	2016 £000
		Re-stated		Re-stated
Bank loans and overdrafts	546	68	546	68
Fees received in advance	220	229	220	229
Pupil Deposits	1,928	1,766	1,928	1,766
Trade creditors	6	51	6	51
Taxation and social security	212	196	212	196
Other creditors	183	152	183	152
Accruals and deferred income	882	783	878	772
	<u>3,977</u>	<u>3,245</u>	<u>3,973</u>	<u>3,234</u>

In the normal course of business and based on the going concern basis the profile of pupils leaving the school and therefore having their fee deposits repaid, the expected repayment of fee deposits will be £547k within the next 12 months and £1,381k after 12 months

Fees received in advance:

Group and School

	£000
At 1 August 2016	268
New contracts	264
Amounts utilised in payment of fees to the school	(167)
	<u>365</u>
At 31 July 2017	<u>365</u>

Notes (continued)

16 Creditors: amounts falling due within one year (continued)

Fees in advance - aged breakdown of fees:	2017 £000	2016 £000
Within:		
1 year	220	229
1 – 2 years	60	38
2 – 3 years	53	-
3 – 4 years	32	-
	<hr/>	<hr/>
	365	267
	<hr/>	<hr/>

17 Creditors: amounts falling due after one year

Group and school:	2017 £000	2016 £000
		Re-stated
Bank loans	4,563	1,795
Fees received in advance	145	38
	<hr/>	<hr/>
	4,708	1,833
	<hr/>	<hr/>

Bank loans are instalment debts and pupil deposits are non-instalment debts.

There are six (2016: four) bank loans secured on school properties.

The capital for the loans is repayable in monthly instalments which vary from £1k to £13k. The interest rates on these loans vary from 0.9% to 1.5% above base rate. The Cedars Field Development loan (£1.25m) will start monthly capital repayments from August 2018. The interest rate on the loan is 1.5% above base rate.

There is an interest offset arrangement in place with the bank for three of the loans 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:

	2017 £000	2016 £000
Within:		
1 year	154	68
1 – 2 years	184	111
2 – 5 years	551	340
After 5 years	3,828	1,344
	<hr/>	<hr/>
	4,717	1,863

Notes (continued)

18 Financial instruments

The school has the following financial instruments:

- Financial assets that are debt instruments measured at amortised cost

	Group		School	
	2017 £000	2016 £000	2017 £000	2016 £000
Debtors	582	509	582	509
Bank and cash	95	419	5	93
Other receivables	270	290	279	289
	<u>947</u>	<u>1,218</u>	<u>866</u>	<u>891</u>

Bad debts written off in the year were £2k (2016: nil).

- Financial assets that are measured at fair value

	Group		School	
	2017 £000	2016 £000	2017 £000	2016 £000
Investments	<u>782</u>	<u>721</u>	<u>424</u>	<u>423</u>

- Financial liabilities measured at amortised cost

	Group		School	
	2017 £000	2016 £000	2017 £000	2016 £000
Bank loans and overdraft	5,109	1,863	5,109	1,863
Trade creditors	6	51	6	51
Pupils' deposits	1,928	1,766	1,928	1,766
Accruals	825	743	821	732
Other creditors	183	152	183	152
	<u>8,051</u>	<u>4,575</u>	<u>8,047</u>	<u>4,564</u>

Notes (continued)

19 Designated asset fund

	Group		School	
	2017 £000	2016 £000 Re-stated	2017 £000	2016 £000 Re-stated
At beginning of year	15,072	9,182	15,061	9,171
School operating costs (depreciation)	(402)	(302)	(402)	(302)
Transfers between funds	4,072	6,192	4,072	6,192
At end of year	18,742	15,072	18,731	15,061

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 £4,073k (2016: £6,192k) comprises the following;

- Reduction in the loans secured against the assets in the fund £93k (2016: £60k);
- Net book value of fixed asset disposals nil (2016: £3k);
- Additions to fixed assets of £4,001k (2016: £6,137k), which are not restricted; less
- Fixed assets funded by the friends of music of £22k (2016: £6k).

20 Restricted funds

Group and school	"Other" Fund £000	Cedars Field Fund £000	Project Fund £000	Bursary Fund £000	Capital Fund £000	School 2017 £000	Foundation 2017 £000	Group 2017 £000	Group 2016 £000
Donations and other receipts	16	163	1	54	222	456	88	544	1,082
Bank and other interest received	-	-	-	-	-	-	-	-	4
Expenditure	(21)	-	(13)	-	(68)	(102)	(443)	(545)	(308)
(Deficit)/surplus for year	(5)	163	(12)	54	154	354	(355)	(1)	778
Transfers between funds	20	(163)	13	(54)	(200)	(384)	(1)	(385)	(2,943)
At 1 August	225	-	108	71	3,393	3,797	429	4,226	6,391
At 31 July	240	-	109	71	3,347	3,767	73	3,840	4,226

Notes (continued)

20 Restricted funds (continued)

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

The Cedars Field Development fund represents the capital fund for Cedars Hall.

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 from the restricted fund of £385k (2016: £2,943k) is in respect of:

- the movement of £2k (2016: £151k) from the restricted fund to revenue fund, funds held in the foundation related to the Cook building;
- the transfer of £22k (2016: £6k) from designated asset fund to the capital restricted fund in respect of the musical instruments funded by the friends of music;
- the transfer of £54k (2016: £37k) from the restricted fund to the revenue fund is in respect of the restricted bursaries from the Foundation; and
- the transfer of £350k (2016: £(2,835k)) from the restricted fund to the designated asset fund in respect of the costs aggregated related to Cedars Field Development, funds from the Foundation and Outreach.

The Cedars Field Development has been funded by the DfE grant, funds from the foundation and the school's designated asset fund.

Comparative statement of restricted funds for year ended 31 July 2016

Group and school	"Other" Fund £000	Cedars Field Fund £000	Project Fund £000	Bursary Fund £000	Capital Fund £000	School 2016 £000	Foundation 2016 £000	Group 2016 £000
Donations and other receipts	118	2,835	4	-	6	2,963	(1,881)	1,082
Bank and other interest received	-	-	-	-	-	-	4	4
Less: expenditure	(36)	-	(26)	-	(67)	(129)	(179)	(308)
(Deficit)/surplus for year	82	2,835	(22)	-	(61)	2,834	(2,056)	778
Transfers between funds	6	(2835)	-	-	(140)	(2,969)	26	(2,943)
At beginning of year	137	-	130	71	3,594	3,932	2,459	6,391
At end of year	225	-	108	71	3,393	3,797	429	4,226

Notes (continued)

21 Endowment funds

Group	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	Bursary fund £000	Group Total £000
At 1 August 2016	80	6	40	25	250	14	298	713
Additions	-	-	-	-	-	-	6	6
Interest	-	-	-	-	-	-	8	8
Gain on investments	-	-	-	-	-	-	46	46
At 31 July 2017	80	6	40	25	250	14	358	773

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 1 August 2016 and 31 July 2017	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.

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

Comparative statement of endowment funds for year ended 31 July 2016

Group	Chandler fund £000	Alan Quilter fund £000	Dulverton fund £000	Carnegie fund £000	Vandervell fund £000	Ashley Jones fund £000	Bursary fund £000	Group Total £000
At beginning of year	80	6	40	25	250	14	293	708
Interest	-	-	-	-	-	-	7	7
Unrealised gain/(loss) on investments	-	-	-	-	-	-	(2)	(2)
At end of year	80	6	40	25	250	14	298	713

Notes (continued)

21 Endowment Funds (continued)

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 and end of year	80	6	40	25	250	14	415

22 Commitments

A capital commitment of £48k (2016: nil) was made within the year in respect of the Astroturf.

Group and school

Operating leases

Total commitments under non-cancellable operating leases are as follows:

Group and School	2017		2016	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases commitments:				
In less than one year	58	132	58	83
In the second to fifth years inclusive	29	474	54	49
	<u>87</u>	<u>606</u>	<u>112</u>	<u>132</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 £57,652 p.a (2016: £57,652). The lease on 17 and 18 Vicars Close is held under a rolling one year lease. The leases on 16 and 26 Vicars Close expire in 2019.

Finance leases

Total commitments under non-cancellable finance leases are as follows:

Group and School	2017		2016	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Finance leases which are:				
In less than one year	103	-	103	1
In the second to fifth years inclusive	308	-	411	-
	<u>411</u>	<u>-</u>	<u>514</u>	<u>1</u>

Notes (continued)

22 Commitments (continued)

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 a dishwasher and tractor which both expired in the year.

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 school participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,162k (2016: £1,146k) and at the year end £107k (2016: £105k) was accrued in respect of contributions to this scheme.

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

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

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016 and completed in 2018, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

(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 £920k (2016: £875k) analysed as follows:

	2017 £000	2016 £000
Non teaching staff	242	151
Teachers	678	724
	<hr/>	<hr/>
	920	875
	<hr/>	<hr/>

Notes (continued)

24 Pension scheme (continued)

Contributions outstanding at 31 July were as follows:

	2017 £000	2016 £000
Non-teaching schemes	51	19
Teaching schemes	107	105
	<hr/>	<hr/>
Net contributions outstanding	158	124
	<hr/>	<hr/>

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

	2017 £000	2016 £000 Re-stated
Net movement in funds	(285)	566
Depreciation charge	470	369
Loss on sale of fixed assets	8	-
(Increase) in stocks	(2)	(2)
Decrease (increase) in debtors	46	(81)
(Gains)/losses on investments	(46)	(2)
Increase in creditors	361	935
Interest from investments	(12)	(21)
Interest payable	56	12
	<hr/>	<hr/>
Net cash inflow from operating activities	596	1,776
	<hr/>	<hr/>

26 Analysis of changes in cash balances

	At 1 August 2016 £000	Cash flows £000	At 31 July 2017 £000
Cash in hand and at bank	419	(324)	95
Bank overdraft	-	(392)	(392)
Debt due within one year	(68)	(86)	(154)
Debt due after one year	(1,795)	(2,768)	(4,563)
	<hr/>	<hr/>	<hr/>
Total	(1,444)	(3,570)	(5,014)
	<hr/>	<hr/>	<hr/>

Notes (continued)

27 Reconciliation of net cash flow to movement in net funds

	2017 £000	2016 £000
(Decrease) in cash in the year	(716)	(1,615)
Cash outflow from repayment of loans and hire purchase agreements	(2,854)	(940)
Change in net funds resulting from cash flow	(3,570)	(2,555)
Net funds at start of year	(1,444)	1,111
Net funds at end of year	(5,014)	(1,444)

28 Allocation of net assets

The net assets are held for the various funds as follows

The net assets are held for the various funds as follows:

Group

	2017			
	Fixed assets	Net current	Long term	Total
	assets/(liabilities)	assets/(liabilities)	liabilities	
	£000	£000	£000	£000
Designated funds	23,305	-	(4,563)	18,742
Restricted funds	450	3,390	-	3,840
Endowment funds	773	-	-	773
Revenue fund	-	(4,957)	(145)	(5,102)
	24,528	(1,567)	(4,708)	18,253

School

	2017			
	Fixed assets	Net current	Long term	Total
	assets/(liabilities)	assets/(liabilities)	liabilities	
	£000	£000	£000	£000
Designated funds	23,294	-	(4,563)	18,731
Restricted funds	461	3,306	-	3,767
Endowment funds	415	-	-	415
Revenue fund	-	(4,964)	(145)	(5,109)
	24,170	(1,658)	(4,708)	17,804

Notes (continued)

28 Allocation of net assets (continued)

Comparative statement of allocation of net assets for year ended 31 July 2016 (re-stated):

Group	Fixed assets	Net current	Long term	Total
	£000	(liabilities)	liabilities	£000
		£000	£000	
Designated funds	16,867	-	(1,795)	15,072
Restricted funds	4,478	(252)	-	4,226
Endowment funds	713	-	-	713
Revenue fund	-	(1,435)	(38)	(1,473)
	<u>22,058</u>	<u>(1,687)</u>	<u>(1,833)</u>	<u>18,538</u>

School	Fixed assets	Net current	Long term	Total
	£000	(liabilities)	(liabilities)	£000
		£000	£000	
Designated funds	16,856	-	(1,795)	15,061
Restricted funds	4,489	(692)	-	3,797
Endowment funds	415	-	-	415
Revenue fund	-	(1,444)	(38)	(1,482)
	<u>21,760</u>	<u>(2,136)</u>	<u>(1,833)</u>	<u>17,791</u>

29 Changes in resources available for charity use

Group	Unrestricted funds	Designated funds	2017 Restricted funds	Endowment funds	Total
	£000	£000	£000	£000	£000
Net movement in funds for year	56	(402)	(1)	62	(285)
Net increase in tangible fixed assets for direct charitable purposes	2,409	-	-	-	2,409
Net increase in funds available for future activities	<u>2,465</u>	<u>(402)</u>	<u>(1)</u>	<u>62</u>	<u>2,124</u>

Notes (continued)

30 Related parties

(a) Connected persons

The Chapter of Wells Cathedral ("the Chapter") is a connected person within the terms of the Charities SORP. At the association meeting in December they have to ratify the appointment of new governors. The articles provide for a number of chapter members to be governors.

During the year:

- Rent was paid to the Chapter of £160k (2016: £200k) under a repairing lease expiring in 2063 in respect of certain school buildings. Last year's figure includes a back rent of £71k. At the year end there is a prepayment of £27k (2016: £nil) and no accrual (2016: £nil).
- The Chapter contributed £83k (2016: £76k) towards the fees of the Cathedral Choristers.
- The school paid £29k (2016: £26k) to the Chapter in respect of use of Cathedral facilities.

During the year a governor received £225 (2016: nil) for professional services related to a disciplinary proceeding. Burges Salmon LLP, of which a trustee of the foundation is a partner, received £nil (2016: £14k) from the school.

(b) Transactions with governors and trustees

During the year 4 (2016: 4) of the governors received reimbursement for travel expenses of £127 (2016: £1,271). During the year 3 governors and 1 trustee (2016: 2 governors and 1 trustee) 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

The foundation, which is a charitable company registered in England and Wales (company number: 2804495) 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.

The school has funded the initial set up costs of the foundation and will fund certain ongoing costs of operation of the foundation as agreed in the 'memorandum of understanding' between the school and the foundation. In 2017/18, the foundation's operating costs of £151k (2016: £178k) were recharged to the school.

During the year the school received £444k (2016: £2,958k) from the foundation representing donations for bursaries and specific projects and £9k (2016: £5k) was due to the school at the year end.

(d) Subsidiary companies

The school has three wholly owned subsidiary companies which have not traded during the year: The registered and principle office is:

Wells Cathedral School Limited
College Road
Wells
Somerset
BA5 2SX

- Wells Cathedral School (Hong Kong) Limited (limited by guarantee) incorporated on 23 October 2014 in Hong Kong. Company Number: 2159541; and
- Wells Cathedral International School (Hong Kong) Limited (limited by guarantee) incorporated on 23 October 2014 in Hong Kong. Company Number: 2155746.
- iMusic Limited (limited by shares) incorporated on 22 March 1985 in England and Wales. Company Number: 101898344, dormant company.

Notes (continued)

30 Related parties (continued)

For all the subsidiaries Wells Cathedral School is the parent company and control is determined by the one share being held by the school.

31 The Wells Cathedral School Foundation

The Wells Cathedral School Foundation is a separate charity registered in England and Wales, number 1118159, established to oversee all fundraising in the name of the school.

Registered and principal office: Wells Cathedral School Limited
College Road
Wells
Somerset
BA5 2SX

A summary of its results is shown below:

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000	Total 2016 £000
Income					
Income from charitable activities:					
Donations and legacy	1	88	6	95	914
Income from investments	1	-	8	9	12
Gifts in kind-school	151	-	-	151	344
Total income	153	88	14	255	1,270
Expenditure on raising funds:					
Expenditure on charitable activities					
- donations to school	1	443	-	444	2,958
Expenditure on raising funds - operating costs	151	-	-	151	179
Other expenditure	3	-	-	3	3
Total expenditure	155	443	-	598	3,140
Unrealised gains/(losses) on investments	-	-	46	46	(2)
Net movement in funds	(2)	(355)	60	(297)	(1,872)
Balance brought forward at 1 August re-stated	5	443	298	746	2,618
Balance carried forward at 31 July	3	88	358	449	746

Notes *(continued)*

31 The Wells Cathedral School Foundation *(continued)*

The net assets and liabilities were:

	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets: Investments		358		298
Current assets				
Cash at bank	90		326	
Debtors	14		133	
Total current assets		104		459
Creditors: amount falling due within one year		(13)		(11)
Net current assets		91		448
Total assets less current liabilities		449		746
Net assets		449		746
		£000		£000
Unrestricted funds		3		5
Restricted funds		88		443
Endowed funds		358		298
		449		746

Comparative consolidated statement of financial activities for year ended 31 July 2016

	Unrestricted Revenue £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000
INCOME FROM:					
Donations & legacies	-	-	1,082	-	1,082
Other trading activities	190	-	-	-	190
Income from investments	5	-	4	14	23
Charitable activities:					
Fees receivable	12,282	-	-	-	12,282
Other educational income	683	-	-	-	683
Other ancillary trading income	120	-	-	-	120
Total income	13,280	-	1,086	14	14,380
Raising funds	367	-	-	-	367
Charitable activities	12,835	302	308	-	13,445
Total expenditure	13,202	302	308	-	13,812
(Loss) on investments	-	-	-	(2)	(2)
Net income/(expenditure)	78	(302)	778	12	566
Transfers between funds	(3,242)	6,192	(2,943)	(7)	-
Net movement in funds	(3,164)	5,890	(2,165)	5	566
Fund balances brought forward at 1 August	1,691	9,182	6,391	708	17,972
Fund balances carried forward at 31 July	(1,473)	15,072	4,226	713	18,538