



EX CORDE VITA.

King Alfred School Society
A company having no share capital and limited
by guarantee

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31st July 2019

The King Alfred School, North End Road,
London NW11 7HY



King Alfred School Society

A company having no share capital and limited by guarantee

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EX CORDE VITA.

REFERENCE AND ADMINISTRATIVE DETAILS

PRESIDENT

Kara Conti

CHAIR

Annabel Cody

TREASURER

Nick Friedlos

HEAD

Robert Lobatto
BA Hons (Oxon),
PGCE, NPQH (London)

DIRECTOR: FINANCE & OPERATIONS

Julie Saunders
MA Hons (Cantab),
MBA, MSc, ACMA

OTHER COUNCIL MEMBERS

Polly Bennett (resigned 12 February 2019), Sandra Denicke-Polcher,
Robert Dye (co-opted 1 December 2018),
Stacey Eden (resigned 12 February 2019),
Grace Edghill (appointed 12 February 2019), Fiona Hackett,
Areta Hautman (re-appointed 12 February 2019; died 1 August 2019),
Emily Holmstoel (appointed 12 February 2019), Sheila Jaswon,
Sam Jukes-Adams, Ian Laming, Alistair McConville (resigned 2 July 2019)
Liam Michaels (appointed 12 February 2019), John Nevin, Sarah Phillips
Christine Prowse (resigned 12 February 2019), Sophie Ricard,
Christian Schmidt (appointed 12 February 2019), Sophie Silocchi, Philip Whale

REGISTERED ADDRESS

Manor Wood, 149 North End Road, London NW11 7HY

AUDITORS

Haysmacintyre LLP, Chartered Accountants
10 Queen Street Place, London EC4R 1AG

BANKERS

Barclays Bank Plc, PO Box 12820, London N20 0WE

SOLICITORS

Harrison Clarke Rickerbys, Ellenborough House, Wellington Street,
Cheltenham, Gloucestershire GL50 1YD

Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH

INTRODUCTION BY THE CHAIR OF COUNCIL

The King Alfred School Society (the Society) was established in 1897 to provide a new model of education and to influence the educational landscape.

Reacting to the selective and exam-focused Victorian school system, the founders established, one year later, the King Alfred School (the School) whose purpose was to educate the whole child. Learning would take place in a non-selective co-educational setting in which staff would work collaboratively with pupils using teaching based on the latest scientific methods in an environment free from unnecessary pressures. The work of its forward-thinking founders is as relevant today as it was when the Society was formed and the School first opened. The School aims to provide a rounded education which enables its pupils to function well in society because they are confident, self-disciplined and inquisitive with a wide range of knowledge and awareness of social issues.



It is Council's role, as school governors to oversee the financial, educational and strategic direction of the School in line with the Society's aims. 2018-19 has been a year which has seen steady growth underpinned by a detailed focus on all aspects of the Society's finances. Despite often volatile economic conditions, the School has continued to strengthen its financial position. Careful planning and close attention to costs have resulted in a healthy surplus, providing invaluable resources for investment in the school and its pupils.

Development has been a key area of focus this year. We are pleased that our Strategic Plan, agreed last year between Council, the Head Teacher, Robert Lobatto and the Senior Leadership Team is now being realised. The Strategic Plan involves a significant programme of investment across the School campus in order to enable and reflect our educational aims. Phase One is our new Sixth Form Centre, which will provide a

much-needed home for Years 12 and 13, combining study and seminar space with a generous communal area. Temporary accommodation is now in place on the field and demolition of the modern foreign languages' buildings was completed in December 2019. We look forward to opening the new Sixth Form in early 2021.



Council has continued its work to improve the governance of the Society and the School. Our committees have gone from strength to strength and the creation of a number of working groups this year has added a valuable element of flexibility outside the established governance template. Council as a whole has also repeated its process of self-review, based on best practices in the UK charity sector, leading to opportunities for improvements in the performance of individuals and Council as a whole. From this we have developed and agreed a Council Strategy with highlighted objectives across a broad spectrum of areas.



INTRODUCTION BY THE CHAIR OF COUNCIL

Council meetings are always attended by staff representatives and this year Council is pleased to have reinstated the contribution of the School Six, the elected Student representatives for the Upper School. School Six now presents to Council twice a year and, in keeping with the School’s ethos of valuing pupil voice, their contribution will play an active role in future discussions around the governance of the School.

Following a number of well-attended Council education information sessions before Christmas, the AGM in 2019 saw our first contested election for a number of years and we were pleased to welcome four new elected members. The cycle of renewal is crucial to effective governance and we look forward to increased focus on recruitment and Council visibility within the community in the upcoming year.

The death in August of Areta Hautman, a Council member for over 40 years and a passionate supporter of the school was a significant loss. A parent, grandparent, Council member and the school’s archivist, Areta’s knowledge of the Society and the School and its history was unparalleled; her understanding of our grounds and buildings unique. A number of events are planned over the coming months to celebrate Areta’s life and contribution to the Society and both Council and the Society are committed to honouring her legacy as they continue their work.

As we move into next year, Council will be exploring how further to develop the Society’s research and outreach

activities so that our educational model might most effectively support those in need around us and in the wider educational landscape. Within the School, we hope to develop our Early Years facilities on the site on Ivy Wood.

Looking forward to our 125th anniversary in 2023, it is our aim to bring together our community in order to celebrate the founding aims and history of the Society and the role it has to play in shaping the educational conversation of the future.

Last year we could not have achieved so much without the continued support of our members and the School’s staff and parents. Council offers its heartfelt thanks to every one of you for being a vital part of the Society.

ANNABEL CODY,
Chair of King Alfred School Society Council



Areta Hautman 1933 - 2019



TRUSTEES' REPORT BY COUNCIL

FOR THE YEAR ENDED 31ST JULY 2019

The King Alfred School Society is a company and registered charity. The Members of the Society, of whom the majority are King Alfred School parents, elect Council members to act as charity trustees, company directors and governors of King Alfred School. Council members are all volunteers and come from a wide range of professions and occupations.

The Society aims to promote and deliver excellent education and to widely influence the educational landscape. In order to achieve its aims, the Society develops and disseminates educational thinking through research, conferences, seminars and visits. The Society also operates the King Alfred School in London where Council members, as school governors, work alongside the school's senior leadership team which is responsible for execution of policy and management of the day to day operation of the School. Finally, the Society seeks to broaden its impact by making its education and educational philosophy available to a wider range of students.

At its heart, the Society believes that a good education provides the opportunity for each young person to achieve their potential and to contribute to society in whatever way best suits their talents.

In the report below, Council as trustees of the Society sets out the aims of the Society, its charitable objects, and how the Society has delivered public benefit.

1. OBJECTIVES, ETHOS, STRATEGIES & ACTIVITIES

1.1. Aims and Objectives of the King Alfred School Society

The objects of the Society are set out in our Articles of Association. These include:

- To promote the advancement of Educational Science in all or any of its branches by the diffusion of knowledge relating thereto.
- To establish and carry on Schools which take account of the work of educational reformers, are prepared to initiate or co-operate in educational research, and encourage the fullest development of whatever talents their members possess without resort to pressures which might upset the proper balance of the physical, the emotional and the intellectual aspects of the individual.

1.2. Ethos

The King Alfred School Society was established in 1897 by a group of parents with a specific vision that education should be based on rational, scientific principles focused on what is best for the individual development of the child as a whole person. The founders were influenced by reformers such as Pestalozzi, Herbart and Froebel and they set out principles of the Society by which schools were to be operated. The principles of education promoted by the Society have been developed but not materially changed in the years since and include:

- Being co-educational with a mixed ability intake
- Encouraging parental involvement
- Creating a trusting collaborative relationship between teachers and pupils
- Developing each individual's talents fully without the pressure of competitive testing
- Valuing learning for its own sake rather than the attainment of awards
- Encouraging a spirit of enquiry and developing habits of work and self-reliance
- Being free from any religious or political organisation
- Maintaining the value of play and a minimum of rules.

"The King Alfred School Society Framework", first published in 2012 (available free as a PDF on the School's website), illuminates these principles and how they are put into practice.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

1.3. Strategies for Achieving Objectives

1.3.1. Educational research and dissemination

The Society aims to serve as a role model, inspiring and influencing others to create a better kind of education. It run seminars and conferences and, in 2019, held its first TEDxKingAlfredSchool to share ideas and to provide a forum for debate. The Society also promotes projects that model our approach, generating evidence of best practice; in 2019, these included the Village and the forge. Visitors are welcomed to the School and come from far and wide.

The Society also promotes research both externally and from individual staff members who can be offered financial assistance with their projects.

1.3.2. The School

Today, the King Alfred School educates over 640 children aged 4 to 18.

The School provides a warm and nurturing environment in which children are treated as individuals, and appreciated for who they are. Within the School, relationships between pupils and staff are informal and trusting. We minimise unnecessary pressure, with our approach to learning, testing and exams based on evidence. We foster the intrinsic motivation of a child over extrinsic approval and teach every individual the importance of valuing their achievement on their own terms, rather than in relation to other's expectations. Small classes with excellent teaching means that the needs of every child are planned for.

Council and the Senior Leadership Team are implementing the five-year strategic plan as we approach our 125th Anniversary in 2023. This follows significant work on articulating our vision, and has been richly informed by input from students, staff and parents.

The four areas of the strategic plan are:

- Embedding the language and concept of our educational approach which can be summed up in five words "THRIVE at school and beyond", into all aspects of the school.
- Developing a holistic "4 to 18" Curriculum, comprised of five age blocks, and including a new innovative Years 6 to 8 educational experience.
- Increasing our impact on the World, both through the educational experience for our students, and the impact of the school within the education system.
- Investing in our Campus, the first phase of which is a new Sixth Form Centre.

Significant work has taken place over the last 12 months in each of the above four areas.

The strategic plan marks an exciting chapter in the development of the School, and will enable us to more fully express our vision, and achieve our ambitious goals.

1.3.3. Broadening our Reach

The Trustees continue to believe that it is important that access to the King Alfred School education is not restricted to those who can afford our fees. Each year, means-tested bursaries are awarded to children entering Year 7 which, subject to financial review, remain in place throughout the school career of the child concerned. Means-tested bursaries are also awarded for children joining the Sixth Form.

In addition, temporary hardship relief is provided on a means tested basis for children whose circumstances have changed.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

Partnerships at home and abroad continue to play an important role for both the Society and the School. In the UK, the School has links with local state schools and outreach activities, particularly to share access to our forge and counselling services. Internationally, the School has active partnerships with schools in Namibia, China and Sri Lanka.

1.4. Public Benefit

The Trustees confirm that they have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance "Public Benefit: running a charity" (PB2).

2. REVIEW OF ACHIEVEMENTS AND PERFORMANCE

2.1. Educational Research and Dissemination

During the year, the Society hosted its first TEDxKingAlfredSchool to share ideas on "Transformation" from students, teachers and parents and, online, with the wider public.

In June 2019, the Village Project was run once again with Year 8 students establishing a self-sufficient community in the School grounds, building their own dwellings, governing their society, preparing their own food, and living together for five days. Another chapter in Stephen de Brett's soon-to-be published book on the Village was produced, shared and discussed.

Funding was also given to research on working on the forge and the effects of blacksmithing on a therapeutic level.

Within the School, an ambitious project to rebuild the Treehouse was started, engaging pupils in both its design and building; the Treehouse will be constructed in phases and, once the first phase is complete, will provide a focal point for outdoor learning within the School.

2.2 The King Alfred School

In 2018/2019, 642 pupils were educated within the King Alfred School, of which 51 received education at subsidised rates or free of charge.

The School has a holistic vision of educational performance and is committed to the notion of a 'broad definition of success.' This means that exam results are an outcome of a good education, and not the driver of a good education.

The Society therefore considers its school's exam performance using a nationally recognised value-added method which evaluates whether or not the School has supported pupils to achieve outcomes above their predicted grades in public examinations. The academic year ended July 2019 was the fifth year that the School value added has been independently evaluated. In all 5 years, on this measure, the school was ranked amongst the top 25% of schools nationally overall.

In 2018/19 GCSE results show that the School is performing in the top 25% of schools nationally (CEM data¹), and at A level in the top 10% of schools nationally (ALPS data²).

¹ The Centre for Evaluation and Monitoring, leading provider of school-based assessments based at Durham University

² ALPS, Leading provider of A level data analysis

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

In terms of raw results, the School also achieved well for mixed ability cohorts:

- GCSE raw scores were significantly better than the all schools average. 49% of grades were 7/8/9/ A /A* compared to 21% as the National figure.
- 95% of GCSE grades were 4 / C grade or above, compared to a national average of 68%.
- A-Level raw results also show the School achieving higher than National averages. 90% of our A-Level grades were C or above, compared to 75% nationally. 35% of grades were A/A* compared to 25% nationally. We were also pleased that again the more academic students achieved at the very highest level, with 3 A* A-Level grades and entering the most competitive Universities.

In terms of progression routes, 91% of A level pupils went onto their first or second choice higher education institution, and all students who wished to go on to University achieved a place. This compares very well to other institutions in the independent sector.

The United Nations Sustainable Development Goals are now explicitly and systematically built into the Lower School curriculum. The Lower School students were invited to participate in a Climate Change Awareness March on Friday – children on both Manor Wood and Ivy Wood shared their thoughts with parents and carers at home time.

The School further improved its environmental credentials. In the lunch hall, Green Wednesdays have been introduced. Students have set up their own eco clubs in both the Lower and Upper Schools. New bins have been introduced to enable the separation of waste for recycling and one of our Year 13 students was recently a delegate at an Environmental Conference.

Students have continued to have a significant voice. The King Alfred School Peer Listener's Programme is now up and running. Representatives from "School Six", the elected Student representatives for the Upper School, are taking the lead in coordinating a pupil's School Council, which comprises representatives from each Upper School year group. Students also influenced the shape of new mobile phone arrangements in the Upper School. And, in the Lower School, student councillors represent each class in Years 2-6 and student conferences have been introduced.

In January 2018, the School received a "compliance" inspection from the ISI (Independent Schools' Inspectorate) which judged whether we met the legal regulations for the running of the school. We passed in all areas and, during the year, continued to maintain strong oversight of all functions. The next ISI inspection is likely to be a "Quality" inspection which would normally be due in 2021 and which will look at the quality of education the School provides.

During the year ending 31 July 2019, we have established a new Development Office which has created a much-needed hub for School alumni (Old Alfredians). Their stories and connections with the School provide a wonderful tapestry of experience and are sowing the seeds for a valuable network connecting past, present and future generations of Alfredians.

2.3. Broadening Impact

In 2018/19, 24 (2017/18: 21) bursaries were in operation with a value of £359,695 (2017/18: £341,160). In addition, fee remissions and hardship awards totalled £298,321 (2017/18: £330,786).

Students from the School visited Namibia for the 14th year running. Having worked with A.Gariseb Primary School for many years, the Students began a new partnership with Okongue Primary School.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

"Thanks to another group of truly outstanding young people! The impact that King Alfred's have made to A.Gariseb Primary School is actually famous in our area!! Everyone knows about this school and how King Alfred's turned it around! The aim was always to have a sustainable partnership, so that we could make a tangible difference. A.Gariseb Primary School not only looks better and is more comfortable for the pupils, but there is a massive change in attitude of all the staff at the school as they are so proud of it and look after the facilities so well."

Rachel Harris, Director of Elephant Human Relations Aid (EHRA) in Namibia.

A group of staff and students also visited the Kiniya King Alfred School in Sri Lanka helping to deliver lessons to the students and to decorate the buildings.

In the UK, an exciting new partnership with Archer Academy to provide counselling support was launched. Meanwhile, the School continues to work in partnership with Oak Lodge School and Tudor Park Education Trust and to participate in the SCAMP project (Study of Cognition, Adolescents and Mobile Phones). A mobile forge has been designed and trialed as a way to offer the valuable forge experience to other schools.

3. FINANCIAL REVIEW AND RESULTS

3.1. Income and Expenditure

Despite difficult economic conditions, the Society strengthened its financial position. Careful planning and close attention to costs resulted in a healthy surplus, providing invaluable resources for investing in improving the buildings and facilities of the School.

In 2018/19, the Society generated a financial surplus of £767,130 (£797,404 in 2017/18).

Total income of the Society amounted to £12,514,439 for the year compared to £12,130,304 for 2017/18, representing an increase of 3.2%. As in previous years, by far the largest single income generating activity of the Society is the School, with 95% of the Society's income representing educational activities for the School. The remaining 5% of income arises from school meals, activities of the trading company and donations. Some donations made to the Society have been designated by the trustees for specific purposes. These appear as designated funds in our income and expenditure statement. Others have been given for specific purposes and appear as "restricted funds".

Expenses of the Society, amounting to £11,829,309 before adjustment for the pension provision (£11,426,900 in 2017/18), were mostly directly or indirectly costs of running the School (95%). The remaining 5% represented costs of the Society's research and trading activities. Of the costs associated with running the School, 66% were teaching costs, and 15% represented the cost of operating the School site, including investing in the infrastructure, insurance, maintenance and repairs. Support costs including the Bursary, the registrar, catering and information technology added a further 19%.

3.2. The Trading Company

The King Alfred Trading Company Limited manages after-school, weekend and holiday lettings of the grounds and buildings. During the Summer Term, a Breakfast Club was also launched. In addition, it runs the coffee kiosk. It is a wholly owned subsidiary of the Society and its profits are gift aided to the School. The results of its trading activities are set out in Note 5 and are consolidated into the financial results. The total operating profit of £43,204 for the year will be gift aided up to the Society after the year end. Due to a change in

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

accounting treatment, gift aid can only be recognised in the accounts once paid. The £7,995 of gift aid shown in the accounts was the amount paid during the year and is the balance of gift aid from the previous year.

3.3. The Balance Sheet

At 31 July 2019, net assets of the Society totalled £30,749,180 (31 July 2018: £29,982,050). The most significant asset of the Society is the land and buildings of the School which had a net book value of £33,987,694 at the end of the year (2018: £33,361,943). Other fixed assets totalled £833,288 (2018: £896,926).

Unrestricted funds of the Society total £30,555,873 with £75,571 of these funds designated for specific purposes including £56,617 for the treehouse fund. Restricted funds total £193,307 including a bursary fund of £103,546.

Net current assets on 31 July 2019 were £1,276,042 (31 July 2018: £310,857). Debtors of £384,700 (31 July 2018: £456,812) are primarily outstanding school fees at year-end which will be collected as part of the normal termly cycle. Cash, the other current asset, was £2,976,434 at year-end (31 July 2018: £1,572,449), more than sufficient to meet the ongoing cash needs of the Society without having to draw on the overdraft facility, despite significant swings caused by termly income covering regular monthly costs.

Current liabilities, at £2,085,092 (31 July 2018: £1,718,404), include deposits, tax and national insurance payments, normal trade creditors and teacher holiday accrued during the year but not yet taken.

Long-term creditors, at £4,293,844 (31 July 2018: £3,451,676), comprise mostly fee deposits and advance fee payments of students in the early years of their studies.

The provision for liabilities and charges of £1,054,000 (31 July 2018: £1,136,000) relates solely to the present value of the pension provision for The Pension Trust, as explained more fully in Note 15.

3.4. Reserves

On 31 July 2019, the Society's cash balances were £2,976,434 (31 July 2018: £1,506,703). Free reserves, defined as unrestricted funds plus long-term creditors minus fixed assets, were £1,082,735 compared to £66,427 on 31 July 2018.

The Society's policy is not to build up its free reserves but to invest its operating surplus in capital projects and infrastructure to keep the School at the forefront of the independent school sector. It aims to have an operating surplus of unrestricted income each year.

The Society also aims to remain in a cash positive position throughout the year, with access at all times to £1,000,000 of further cash, if needed. Council monitors the level of cash reserves on a termly basis and reviews the reserve policy on an annual basis.

To ensure that the Society has access to the cash it needs at all times, we have an arranged bank overdraft facility that allows up to £1,000,000 to be drawn. The bank overdraft facility was not used during the year. In 2019/20, the School is expected to remain cash positive throughout, without recourse to overdraft funds.

Council considers the level of free and cash reserves currently held to be adequate.

3.5. Investment Policy

The School holds the cash it needs to meet its day-to-day requirements in its current account. Excess cash is invested in interest-bearing deposits.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

3.6. Factors affecting Future Financial Performance

The School has actively engaged with its staff to absorb the increase in the employer's contribution to the Teachers' Pension Scheme from 16.48% to 23.6% from 1 September 2019 and has agreed on a number of financial measures to ensure that the increase does not affect the future sustainability of the School.

4. PLANS FOR FUTURE PERIODS

During 2019/20, Council and the Senior Leadership Team will take forward the strategic plan by:

- Expanding our programme of seminars, conferences and research activities so as to increase the impact of the school within the education system.
- Within the School, completing the development of a holistic age 4 to 18 Curriculum, comprised of five age blocks, and making the detailed plans for the new Year 6 to 8 educational experience.
- Expanding the range and ambition of our partnerships, bursaries, and links.
- Maintaining our financial surplus and investing in our buildings, education, and research.

4.1 Expanding our seminars, conferences and research activities

A second TEDx KingAlfredSchool is planned for 2020, building on the successes of last year's event. In the interim, Kara Conti, the Society President, has used her experience as organiser to help a number of other schools wanting to mount their own TEDx events.

Work will continue on the book about the Village Project, commissioned by the Society and written by Stephen de Brett. The publication will cover the 'what, why and how' of the Village, describing the history and inherent philosophy behind it, whilst also providing a handbook for other schools so that they can replicate this extraordinary outdoor experiment.

The Society will once again fund research projects for members of the School staff and external researchers.

Looking forward to our 125th anniversary in 2023, The Society aims to bring together the community to celebrate the founders' aims and history of the School and the Society and the role it has to play in shaping the education conversation of the future. The new development office will play a key role in increasing our engagement with Old Alfredians.

4.2 Further strengthening the School and the Community

Within the School, we will further embed and take forward our exciting new strategy:

- A new curriculum will divide learning into five blocks of three years with clear progression within and between blocks, ensuring a coherent and exciting journey from age 4 to 18.
- Within this broader curriculum development, Year 6 to 8 learning will be shaped to provide a greater joining up of the experiences in the Lower and Upper schools. During 2019/20, we will recruit a Director of Years 6-8 to take the initiative forward and will prototype projects to test our ideas and to inform the design of our planned new buildings.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

- Finally, we continue to work with staff and students to embed THRIVE into the everyday experience of School life.

4.3 Continuing to Broaden our impact

Internationally, we will build on our existing partnerships in 2019/20. In Namibia, we will once again visit Okongue Primary School and another visit is planned to the King Alfred School, Kiniya in Sri Lanka.

Closer to home, a key component of our strategy for 2019/20 is to continue sharing with likeminded schools and educational institutions; we plan to organise a series of “twilight” mini conferences to explore different focus areas. In particular, we will share more widely our expertise in well-being and pastoral care, through conferences, publications and our new partnership with the Archer Academy where we will provide counselling support to the Academy’s pupils.

Other initiatives for broadening our impact include running courses for teachers with half day placements, and other counselling partnerships with state schools.

Our programme of bursaries will continue together with making available hardships funds for families in need.

4.4 Maintaining our Financial Results and Investing in the Future

The Strategic Plan involves a significant programme of investment across the School campus in order to enable and reflect our educational aims.

Over the next 5 years, we therefore plan to continue to generate surpluses so that we can invest in the School Campus with funding coming from a mix of internal resources, a long-term bank loan and fundraising. In 2019/20, we will start the construction of our new Sixth Form and prepare to invest in our Early Years educational facilities on the Ivy Wood site.

The Grounds & Buildings Committee of Council will continue to oversee the implementation of the School masterplan as well as the preventative maintenance programme.

Recognising the uncertain economic environment and the increasing financial pressures that the School faces, we will continue to review our business model so that we are able to deliver our charitable objectives.

5. STRUCTURE, GOVERNANCE AND MANAGEMENT

5.1 Governance and Organisation

The King Alfred School Society is a company limited by guarantee governed by its Articles of Association which were last updated on 8 December 2015. The King Alfred School Society is registered as a charity with the Charity Commission.

Council members, as Directors and Trustees, have the ultimate responsibility for good governance of the Society and all of its activities and is the highest decision-making body. Council members oversee the work of the senior leadership team of the School who are responsible for execution of policy and management of the day to day operation of the School.

On 31 July 2019, there were 19 Council members.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

5.2. Conflict of Interest

Council takes the management of potential conflicts of interest very seriously and the Articles of Association, adopted in December 2015, brought the provision in this area up to current best practice. Each year, Council members receive a briefing note describing their responsibilities and giving guidance on managing conflicts. In addition, the Chair of Council and the Chair of the Governance Committee are available to help Council members to identify conflicts and to deal with them appropriately, which may include making a declaration to Council or withdrawing from discussions and/or decisions.

5.3. Development and Fundraising

The Society has registered with the Fundraising Regulator and complies with the Fundraising Code of Practice. It has received no complaints about its fundraising activities. The Society has developed rigorous procedures to support its fundraising activities including a supported charter, gift form and gift aid declarations. Fundraising practices, including GDPR compliance, are overseen directly by the Governance Committee.

5.4. Appointment, Induction and Review of Performance of Members of Council

Council can be between 7 and 21 members. Council members are elected by the Society members, most in a general election, for a term of up to four years. Council reserves three places for co-opted members. The Treasurer and President are elected annually by members at the Annual General Meeting. Council elects its own Chair annually following the Annual General Meeting.

In 2018/19, Council continued to strengthen its composition, committee structure and processes of operation. The Education Committee provides specialist skills in education; other committees include Governance, Finance, and Grounds & Buildings.

Council repeated its process of self-review, benchmarking Council's performance against the Charity Governance Code and developing a strategy with an action plan and objectives for 2019/20. This will be reviewed each year.

All new members of Council undergo induction training and meet with the Director of Finance & Operations and Chair shortly after appointment. Ongoing training is provided to all Council members through training days and other appropriate external courses. Council is also fortunate that Sarah Phillips, Council member and former Treasurer, sits on the board of AGBIS, the umbrella organisation for governors of independent schools.

5.5. Remuneration of Key Management

Key management personnel comprise the Head, the Head of Lower School, the Director of Curriculum in the Upper School and the Director of Finance & Operations. Their remuneration is reviewed on a three-yearly cycle by the members of the Finance Committee of Council, together with the Head, where appropriate. The review takes account of school survey data, published information from comparable schools, the maintained school leadership scale and general commercial knowledge.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

5.6. Risk Management

Council is satisfied that the major risks to which the Society and School are exposed have been reviewed, and that there are systems and procedures in place to manage those risks. Council has identified seven critical risk areas and defined for each of these risk areas a detailed risk control process identifying the level of risk, what the control is, who is responsible, how frequently the risk should be monitored, and any further action required. Each risk area is reviewed in depth at least once a year by one of the Council Committee's with the Governance Committee overseeing the processes. The table below summarises the risk register and the risk mitigation strategies.

Risk Area	Risk	Risk Mitigation Strategies
1. Strategic Risks	1.1 Erosion of the Society's ethos 1.2 Council and Head not exercising proper strategic and operational control 1.3 External factors make the School unsustainable	<ul style="list-style-type: none"> Council approves the Strategy and Strategic Plan and the Head reports to Council Council monitors the external environment and the School's financial position The Education Committee oversees educational standards and approach
2. Operational Risks	2.1 Failure to maintain pupil numbers necessary to sustain the School 2.2 Short Term closure of the School 2.3 Major incident involving the school including accident causing fatality, injury, or property damage 2.4 Negligence claim arising from alleged failure to meet individual educational need 2.5 Abuse of a child whilst in the care of the School	<ul style="list-style-type: none"> The Finance Committee and Council carefully monitor school numbers and factors which affect admissions The Designated Safeguarding Lead works closely with the Head and Council to ensure safeguarding is embedded into the School and Society's practices culture The Critical Incident Management Plan is regularly reviewed and updated The Grounds & Buildings Committee (G&B) receives regular reports on the planned preventative maintenance programme and on business continuity plans
3. Financial Risks	3.1 Failure to deliver sustainable financial surpluses 3.2 Failure of financial, cash and other finance-related controls	<ul style="list-style-type: none"> The Finance Committee reviews and approves the annual budget, and monitors spend against budget and debtors Long term and short-term cash flow forecasts are maintained and reviewed Financial controls are reviewed on a rolling basis by the external auditors and Finance Committee
4. Compliance Risks	4.1 Consequences of non-compliance with law and regulations, including GDPR	<ul style="list-style-type: none"> Governance Committee reviews an annual compliance report External audits in a wide range of areas
5. Human Resources Risks	5.1 Failure to recruit and retain good personnel 5.2 Loss or absence of key people 5.3 Ineffective leadership leading to problems with staff motivation and performance	<ul style="list-style-type: none"> The Governance Committee reviews HR strategies and policies on a rolling basis. The Head and other members of the senior leadership team are appraised every 2 years including 360 feedback Council carries out a self-review annually
6. Asset Risks	6.1 Building failure 6.2 IT failures due to malicious intent or accident 6.3 Site security or theft	<ul style="list-style-type: none"> G&B reviews the planned preventative maintenance programme, oversees security arrangements and maintains the master plan The Finance Committee receives regular update from the IT team on IT security
7. Project Risks	7.1 Sixth Form building project is subject to cost overruns or severe delay to construction	<ul style="list-style-type: none"> A Council-led Sixth Form Steering Group oversees project implementation A professional team has been appointed with architect, quantity surveyor and client agent The Head of Operations (Estates) is responsible for business continuity during building works

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31ST JULY 2019

The Council Members who are Charity Trustees (and directors of King Alfred School Society for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires Council Members to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Council Members are required to:

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

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

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

In so far as the Council Members are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Council Members 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 Trustees' Report is approved by the Council Members of King Alfred School Society. The strategic report, which forms part of the Annual Report, is approved by Council in their capacity as Directors in company law of the King Alfred School Society.

Registered office and official address:

The King Alfred School Society Limited
Manor Wood
North End Road
London NW11 7HY

BY ORDER OF THE COUNCIL



Treasurer: Nick Friedlos
Date: 10 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KING ALFRED SCHOOL SOCIETY

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2019 and of the group's net movement in funds, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (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 trustees are responsible for assessing the group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KING ALFRED SCHOOL SOCIETY, CONTINUED

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KING ALFRED SCHOOL SOCIETY, CONTINUED

Use of our report

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



Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP (Statutory Auditors)

Date: 16 January 2020

10 Queen Street Place
London
EC4R 1AG

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

INCLUDING THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST JULY 2019

	Notes	Unrestricted Funds 2019 £	Designated Funds 2019 £	Restricted Funds 2019 £	Total 2019 £	Total 2018 £
INCOME FROM:						
Charitable activities	1					
School fees		12,261,558	-	-	12,261,558	11,898,299
KASS membership		-	15,689	-	15,689	16,725
Trading activities						
Trading income		43,171	-	-	43,171	33,753
Investments	1					
Investment income		14,155	-	-	14,155	2,708
Rents and lettings		56,074	-	-	56,074	52,529
Donations and Legacies	1					
Grants and donations		550	116,193	7,049	123,792	126,290
Total Income		12,375,508	131,882	7,049	12,514,439	12,130,304
EXPENDITURE ON:						
Charitable activities	2					
Education		11,496,072	144,313	58,172	11,698,557	11,284,613
Raising funds	2					
Lettings expenses		15,919	-	-	15,919	15,746
Trading expenses		32,833	-	-	32,833	32,541
Total Expenditure		11,544,824	144,313	58,172	11,747,309	11,332,900
Net income/(expenditure)		830,684	(12,431)	(51,123)	767,130	797,404
Transfer between funds	11	-	-	-	-	-
Net Movement in Funds		830,684	(12,431)	(51,123)	767,130	797,404
Fund balances brought forward at 1 August 2018		29,649,618	88,002	244,430	29,982,050	29,184,646
Fund balances carried forward at 31 July 2019	11,12	30,480,302	75,571	193,307	30,749,180	29,982,050

Continuing operations

None of the Group's activities were acquired or discontinued during the above two financial periods.

Total recognised gains and losses

The Group has no recognised gains or losses other than those shown in the above two financial periods.

The notes on pages 22 to 43 form part of these financial statements. Details of comparative figures by fund are given in Note 17.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

CONSOLIDATED AND COMPANY BALANCE SHEETS

FOR THE YEAR ENDED 31ST JULY 2019

		The Group		The Company	
	Note	2019 £	2018 £	2019 £	2018 £
TANGIBLE FIXED ASSETS					
School land, buildings and equipment	4	34,820,982	34,258,869	34,820,982	34,258,869
Investments	5	-	-	2	2
		34,820,982	34,258,869	34,820,984	34,258,871
CURRENT ASSETS					
Debtors	6	384,700	456,812	403,599	461,970
Cash	16	2,976,434	1,572,449	2,913,641	1,559,294
		3,361,134	2,029,261	3,317,240	2,021,264
CREDITORS: Due within one year	7	(2,085,092)	(1,718,404)	(2,083,713)	(1,718,404)
NET CURRENT ASSETS		1,276,042	310,857	1,233,527	302,860
TOTAL ASSETS LESS CURRENT LIABILITIES		36,097,024	34,569,726	36,054,511	34,561,731
CREDITORS: due after more than one year	8	(4,293,844)	(3,451,676)	(4,293,844)	(3,451,676)
PROVISIONS: for liabilities and charges	9	(1,054,000)	(1,136,000)	(1,054,000)	(1,136,000)
NET ASSETS		30,749,180	29,982,050	30,706,667	29,974,055
FUNDS					
Unrestricted – General	11 & 12	7,681,202	6,850,518	7,638,689	6,842,523
Unrestricted – Revaluation Reserve	11 & 12	22,799,100	22,799,100	22,799,100	22,799,100
Unrestricted – Designated	11 & 12	75,571	88,002	75,571	18,366
Restricted	11 & 12	193,307	244,430	193,307	314,066
		30,749,180	29,982,050	30,706,667	29,974,055

The Company's net movement in funds for the year was £732,612 (2017/18: £841,832).

Approved and authorised for issue by Council on 10 December 2019 and signed on their behalf by:



Chair: Annabel Cody



Treasurer: Nick Friedlos

Company Registration No: 00057854

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JULY 2019

	Notes	2019 £	2018 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	1,208,352	1,329,760
CASH FLOWS FROM INVESTING ACTIVITIES:			
Bank interest received		14,155	2,708
Interest payable		(14,289)	(15,703)
Payments to acquire fixed assets		(1,067,473)	(781,176)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,067,607)	(794,171)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net receipts from new deposits and deposit increases less deposits refunded		313,126	80,927
Net receipts from new advance fees less advances utilised		1,015,860	(28,837)
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,328,986	52,090
INCREASE IN CASH		1,469,731	587,679
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD		1,506,703	919,024
CASH AND CASH EQUIVALENTS AT THE END OF REPORTING PERIOD		2,976,434	1,506,703

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2019

ACCOUNTING POLICIES

Company information

King Alfred School Society is a limited company domiciled and incorporated in England and Wales. The registered office is 149 North End Road, London NW11 7HY.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities: Statement of Recommended Practice” and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified by the recognition of certain investments, investment properties, and financial assets and liabilities measured at fair value. The principal accounting policies adopted are set out below.

Going concern

These financial statements are prepared on the going concern basis. Council has a reasonable expectation that the charitable company will continue in operational existence for the foreseeable future. They are not aware of any material uncertainties which may cause doubt on the charitable company’s ability to continue as a going concern.

Group financial statements

These financial statements consolidate the results of the King Alfred School Society (the Company) and its wholly owned subsidiary King Alfred School Trading Company Ltd on a line by line basis. Transactions and balances between the Company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the consolidated balance sheet. A separate statement of financial activities, or income and expenditure account for the Company itself is not presented because the Company has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and in accordance with the FRS 102 SORP.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees Receivable are stated after deducting allowances granted by the Company but include contributions from Restricted Funds for bursaries. Fees received for education to be provided in future years are carried forward as deferred income.

Donations

Donations receivable for the general purposes of the Company are credited to Unrestricted Funds. Donations restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Council Members.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED**

Expenditure

Expenditure is accounted for on an accruals basis and recognised when there is a constructive or legal obligation to pay for expenditure. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. These estimates are based on staff time or on floor area as appropriate.

Fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Items costing less than £2,000 are written off as an expense as acquired unless part of a larger project.

Depreciation is provided on the original cost of all tangible fixed assets, except freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as:

Freehold buildings	2% on cost or valuation
Furniture and Equipment	20% on cost
Motor vehicles	25% on cost

Assets under construction are not depreciated until completed. No depreciation is charged on freehold land.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term debtors when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in expenditure.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxes

Under Section 505 of the Income and Corporation Taxes Act 1988 the Company is exempt from certain taxes. Full account is taken of tax credits attaching to covenants and dividends.

Fund Accounting

- **Unrestricted General Funds:** These are funds which can be used in accordance with the charitable objects at the discretion of Council.
- **Designated Funds:** These are funds set aside by Council out of unrestricted general funds for specific future purposes or projects.
- **Restricted Funds:** These are funds held for specific purposes as specified by the donor or through the terms of an appeal.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

Operating Leases

Rentals payable under operating leases are charged on a straight line basis over the lease term.

Pensions

The Company contributes to the Teachers Superannuation Scheme operated by the Teachers' Pension Agency and the Independent Schools Pension Scheme for non-teaching staff, a defined benefit scheme administered by The Pensions Trust. Under the provisions of FRS 102 as applied to multi-employer defined benefits schemes, both schemes are treated as defined contribution schemes and costs are charged as incurred.

Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, Council is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The charitable company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 6 for the net carrying amount of the debtors and associated impairment provision.

The annual depreciation charge for property, plant, and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 4 for the carrying amount of the property, plant, and equipment and refer to the accounting policies for the useful economic lives for each class of asset.

The charitable company makes an estimate of the likely timing of repayment of deposits to establish which are due for repayment within one year. The timing of deposits being repaid is not certain as only a proportion of pupils continue from year 11 to sixth form each year.

The charitable company makes an estimate of the value of work carried out by teachers in August that relate to the forthcoming financial year and deducts this from the holiday pay accrual otherwise provided as part of accruals within short term creditors as disclosed in note 7 in relation to the cost of holiday taken in August which is earned during the current financial year.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

1. INCOME

1.1. Fee Income

The Group's activities are carried out within the UK.

Income comprised:

	2019	2018
		£
School Fees		
Gross fees	11,891,000	11,492,997
Less: Total bursaries, grants and allowances	(658,016)	(671,946)
	11,232,984	10,821,051
Other educational income		
School trips and camps	332,460	354,827
Textbooks and other extras	143,857	159,350
Fee deposits released	92,923	119,559
Other educational income	129,861	117,489
	699,101	751,225
Other		
Other ancillary income	329,473	326,023
	12,261,558	11,898,299

1.2 Investment Income

	2019	2018
	£	£
Interest receivable	14,155	2,708
Rents and lettings	56,074	52,529
	70,229	55,237

1.3 Donations and Legacies

	Unrestricted		Designated		Restricted		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£	£	£
Donations and gifts	550	-	116,193	73,008	7,049	53,282	123,792	126,290

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

2. EXPENDITURE

Year ended 31st July 2019	Staff costs £	Other £	Depreciation £	Total £
Charitable activities				
Teaching	6,659,210	901,343	193,729	7,754,282
Catering	181,930	188,159	4,534	374,623
Premises	342,135	1,081,203	289,593	1,712,931
Support costs of schooling	1,190,174	715,942	17,504	1,923,620
	8,373,449	2,886,647	505,360	11,765,456
KASS Expenses	-	15,101		15,101
Pension provision movement (note 15)	(82,000)	-	-	(82,000)
Total Education	8,291,449	2,901,748	505,360	11,698,557
Raising funds				
Letting expenses	12,529	3,390	-	15,919
Trading expenses	14,348	18,485	-	32,833
Total Raising Funds	26,877	21,875	-	48,752
Total Expenditures	8,318,326	2,923,623	505,360	11,747,309

Governance costs of £24,106 (2018: £29,061) include auditors remuneration of £20,160; audit services of £18,720; non-audit services of £1,440 (2018: audit services of £14,825) and are included within support costs of schooling.

Year ended 31st July 2018	Staff costs £	Other £	Depreciation £	Total £
Charitable activities				
Teaching	6,420,974	1,031,872	182,740	7,635,586
Catering	197,991	196,288	4,277	398,556
Premises	383,891	1,188,607	273,166	1,845,664
Support costs of schooling	966,897	503,411	16,511	1,486,819
	7,969,753	2,920,178	476,694	11,366,625
KASS Expenses	-	11,988	-	11,988
Pension provision movement (note 15)	(94,000)	-	-	(94,000)
Total Education	7,875,753	2,932,166	476,694	11,284,613
Raising funds				
Letting expenses	15,746	-	-	15,746
Trading expenses	14,013	18,528	-	32,541
Total Raising Funds	29,759	18,528	-	48,287
Total Expenditures	7,905,512	2,950,694	476,694	11,332,900

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED****3. STAFF COSTS**

	2019	2018
	£	£
Salaries and Wages	6,683,468	6,372,049
Redundancy and settlement costs	41,362	25,263
Social security contributions	683,623	658,406
Pensions	991,873	943,794
Pension provision movement	(82,000)	(94,000)
	<u>8,318,326</u>	<u>7,905,512</u>

The Company has paid a termination payment during the year of £41,362 (2018: £25,263).

(a) The average number of employees of the group during the year was:

	2019	2018
Teaching staff	104	99
Non-teaching staff	99	97
	<u>203</u>	<u>196</u>

(b) The remuneration of the highest paid employees fell within the following bands:

	2019	2018
£60,000 - £70,000	13	1
£70,000 - £80,000	1	1
£90,000 - £100,000	2	-
£140,000 - £150,000	1	1
	<u>17</u>	<u>3</u>

(c) Council Remuneration

No members of Council were paid any remuneration or reimbursed expenses during the current or preceding year.

Trustees Indemnity Insurance is held by the school on behalf of the Council members.

(d) Key Management Personnel

Key management personnel during the year comprised the Head, Head of Upper School, Head of Lower School and the Director of Finance and Operations. The total remuneration for these individuals was £561,616 (2018: £471,101).

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

4. TANGIBLE FIXED ASSETS – GROUP AND COMPANY

	Freehold Land £	School Buildings £	Assets under Construction £	Furniture & Equipment £	Motor Vehicles £	TOTAL £
COST						
1st August 2018	25,000,000	12,238,070	337,394	4,669,627	65,500	42,310,591
Transfer	-	209,073	(337,394)	128,321	-	-
Additions	-	679,205	325,645	62,623	-	1,067,473
Disposals	-	-	-	(3,503,813)	-	(3,503,813)
31st July 2019	25,000,000	13,126,348	325,645	1,356,758	65,500	39,874,251
DEPRECIATION						
1st August 2018	-	3,876,127	-	4,112,646	62,949	8,051,722
Charge for year	-	262,527	-	240,282	2,551	505,360
Disposals	-	-	-	(3,503,813)	-	(3,503,813)
31st July 2019	-	4,138,654	-	849,115	65,500	5,053,269
NET BOOK VALUE						
31st July 2019	25,000,000	8,987,694	325,645	507,643	-	34,820,982
31st July 2018	25,000,000	8,361,943	337,394	556,981	2,551	34,258,869

1. The opening cost of assets under construction are transferred to the relevant asset heading on completion.
2. On adoption of FRS 102 and the new SORP the freehold land was revalued to deemed cost at the transition date (1st August 2014) by Council on the advice of a Governor who is also a partner in a real estate investment management firm.
3. The carrying amount of freehold land that would have been recognised under the historic cost model is £2,200,900.
4. The assets disposed of during the year represent assets fully written off and no longer in use.
5. The bank overdraft is secured over the freehold property and is the amount currently drawn down on a standing facility of £1 million repayable on demand.

KING ALFRED SCHOOL SOCIETY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

5. INVESTMENT IN SUBSIDIARY

The Company holds two shares of £1 each, the whole of the issued ordinary share capital of King Alfred School Trading Company Limited (No.7863431). The subsidiary was incorporated on 28th November 2011 and registered in England.

The subsidiary operates a coffee bar and manages the lettings of the school facilities. All activities have been consolidated on a line by line basis in the statement of financial activities.

A summary of the results of the subsidiary is shown below.

	2019	2018
	£	£
Turnover	99,995	86,282
Cost of Sales	(52,480)	(42,884)
Gross Profit	47,515	43,398
Administrative Expenses	(4,311)	(5,403)
Operating Profit	43,204	37,995
Donation payable to parent undertaking	(7,995)	(82,423)
Profit/(loss) on ordinary activities before taxation	35,209	(44,428)
Retained in subsidiary	35,209	(44,428)

The aggregate of the assets, liabilities and funds was:

	2019	2018
	£	£
Assets	72,285	13,730
Liabilities	(29,079)	(5,733)
Funds	43,206	7,997
Representing share capital (2 ordinary shares at £1 each)	2	2
Profit and loss account	43,204	7,995
	43,206	7,997

KING ALFRED SCHOOL SOCIETY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

6. DEBTORS

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Fees and extras	130,714	206,597	121,914	206,022
Other debtors	19,998	10,129	19,998	10,129
Prepayments and accrued income	233,988	240,086	233,988	240,086
Amount due from group undertaking	-	-	27,699	5,733
	384,700	456,812	403,599	461,970

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Bank overdraft	-	65,746	-	65,746
Advance fees	318,091	132,907	318,091	132,907
Trade creditors	122,288	56,675	121,888	56,675
Taxation and social security costs	183,640	166,209	183,640	166,209
Deferred income	13,116	9,740	13,116	9,740
Other creditors	77,452	133,997	77,452	133,997
Accruals	495,115	579,374	494,136	579,374
Fee deposits	875,390	573,756	875,390	573,756
	2,085,092	1,718,404	2,083,713	1,718,404

Deferred income (including advance fees):

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Deferred income brought forward	142,647	171,219	142,647	170,519
Received in year	331,207	142,647	331,207	142,647
Released in year	(142,647)	(171,219)	(142,647)	(170,519)
Deferred income carried forward	331,207	142,647	331,207	142,647

KING ALFRED SCHOOL SOCIETY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Advance fees	984,608	153,932	984,608	153,932
Fee deposits	3,309,236	3,297,744	3,309,236	3,297,744
	4,293,844	3,451,676	4,293,844	3,451,676

8.1 Advance Fees

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Due within one year	318,091	132,907	318,091	132,907
Due within one and two years	283,993	37,899	283,993	37,899
Due within two to five years	546,309	100,165	546,309	100,165
Due after five years	154,306	15,868	154,306	15,868
	1,302,699	286,839	1,302,699	286,839

8.2 Fee deposits

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Due within one year	875,390	573,756	875,390	573,756
Due within one and two years	316,491	435,822	316,491	435,822
Due within two to five years	852,588	918,054	852,588	918,054
Due after five years	2,140,157	1,943,868	2,140,157	1,943,868
	4,184,626	3,871,500	4,184,626	3,871,500

KING ALFRED SCHOOL SOCIETY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

9. PROVISIONS FOR LIABILITIES AND CHARGES

Pension provision

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Brought forward	1,136,000	1,230,000	1,136,000	1,230,000
Incurred/(utilised) in the year	(82,000)	(94,000)	(82,000)	(94,000)
Carried forward	1,054,000	1,136,000	1,054,000	1,136,000

The pension provision reflects the movement in the Pension Trust Pension provision disclosed in note 15.

10. FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
Carrying amount of financial assets				
Debt instruments at amortised cost	151,568	218,129	142,768	217,554
Carrying amount of financial liabilities				
Measured at amortised cost	694,855	835,792	693,476	835,792

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(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

11. RECONCILIATION OF FUNDS

Year ending 31st July 2019 - The Group

	Balance 1 August 2018 £	Income £	Expenditure £	Transfers £	Balance 31 July 2019 £
UNRESTRICTED GENERAL FUNDS					
General reserve	6,850,518	12,375,508	(11,544,824)	-	7,681,202
Revaluation reserve	22,799,100	-	-	-	22,799,100
	29,649,618	12,375,508	(11,544,824)	-	30,480,302
UNRESTRICTED DESIGNATED FUNDS					
Parent Staff Fund	-	39,364	(39,364)	-	-
Other Funds	-	5,600	(5,600)	-	-
History & Archives Fund	401	-	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	14,178	15,689	(15,101)	-	14,766
Treehouse Fund	69,636	71,229	(84,248)	-	56,617
	88,002	131,882	(144,313)	-	75,571
RESTRICTED FUNDS					
Bursary Fund	97,046	6,500	-	-	103,546
Music Fund	3,946	-	-	-	3,946
The Squirrel Hall Fund	2,000	-	(2,000)	-	-
Courts Renovation Fund	2,980	-	(2,980)	-	-
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	5,146	-	(361)	-	4,785
Phoenix Theatre Fund	52,282	549	(52,831)	-	-
	244,430	7,049	(58,172)	-	193,307
TOTAL FUNDS	29,982,050	12,514,439	(11,747,309)	-	30,749,180

Designated funds for the Year Ending 31 July 2019

- Parent Staff raise funds and they are designated to various teaching requests made by teachers during the year.
- Other Funds relate to donations received during the year which are allocated to specific teaching expenses.
- The History & Archives Fund is for the maintenance of the School's archives.
- The Lower School Camp Fund is for the replacement of tents and camping equipment.
- KASS subscriptions are used for the purpose of promoting the advancement of educational science by the diffusion of knowledge relating thereto and is typically spent within 12 months of receipt.
- The Treehouse Fund has come from voluntary contributions received during 2017/18 and 2018/19. The fund is being used to replace the old treehouse that has reached the end of its life. It is a community project that partly relies on volunteers and community involvement. The first stage will be completed by 2020.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

11. RECONCILIATION OF FUNDS - CONTINUED

Year ending 31st July 2019 - The Company

	Balance 1 August 2018 £	Income £	Expenditure £	Transfers £	Balance 31 July 2019 £
UNRESTRICTED GENERAL FUNDS					
General reserve	6,842,523	12,275,513	(11,479,347)	-	7,638,689
Revaluation reserve	22,799,100	-	-	-	22,799,100
	29,641,623	12,275,513	(11,479,347)	-	30,437,789
UNRESTRICTED DESIGNATED FUNDS					
Parent Staff Fund	-	39,364	(39,364)	-	-
Other Funds	-	5,600	(5,600)	-	-
History & Archives Fund	401	-	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	14,178	15,689	(15,101)	-	14,766
Treehouse Fund	-	140,865	(84,248)	-	56,617
	18,366	201,518	(144,313)	-	75,571
RESTRICTED FUNDS					
Bursary Fund	97,046	6,500	-	-	103,546
Music Fund	3,946	-	-	-	3,946
The Squirrel Hall Fund	2,000	-	(2,000)	-	-
Courts Renovation Fund	2,980	-	(2,980)	-	-
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	5,146	-	(361)	-	4,785
Phoenix Theatre Fund	52,282	549	(52,831)	-	-
Treehouse Fund	69,636	-	(69,636)	-	-
	314,066	7,049	(127,808)	-	193,307
TOTAL FUNDS	29,974,055	12,484,080	(11,751,468)	-	30,706,667

Restricted funds for the Year Ending 31 July 2019

- The Bursary Fund is to provide financial support to pupils who would not otherwise be able to afford to attend the School
- The Music Fund, originally to purchase equipment and to fund a music technology teacher, is now being used for music bursaries. Assets acquired are being depreciated over 50 years for the construction and five years for equipment.
- The Squirrel Hall Fund was applied to the refurbishment of Squirrel Hall
- The Courts Renovation Fund has been used to resurface the lower courts and replace sports equipment in the Studio.
- The Upper School Building Fund will be applied to future building in the Upper School.
- The Sophie Coleman Music Bursary was set up from donations in memory of a former pupil to fund violin lessons.
- The Phoenix Theatre Fund comprised donations to build a much needed theatre foyer to provide an entrance, including a bar and social space as well as extra classroom space for performing arts. The project was completed on 9 November 2018
- The Treehouse Fund represent donations made to replace the old treehouse.

KING ALFRED SCHOOL SOCIETY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

11. RECONCILIATION OF FUNDS - CONTINUED

Year ending 31st July 2018 - The Group

	Balance 1 August 2017 £	Income £	Expenditure £	Transfers £	Balance 31 July 2018 £
UNRESTRICTED GENERAL FUNDS					
General reserve	6,162,235	11,987,289	(11,299,006)	-	6,850,518
Revaluation reserve	22,799,100	-	-	-	22,799,100
	28,961,335	11,987,289	(11,299,006)	-	29,649,618
UNRESTRICTED DESIGNATED FUNDS					
The Hardship Fund	38	-	(38)	-	-
Little Orchard	146	-	(146)	-	-
History & Archives Fund	401	-	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	9,441	16,725	(11,988)	-	14,178
Treehouse Fund	-	73,008	(3,372)	-	69,636
	13,813	89,733	(15,544)	-	88,002
RESTRICTED FUNDS					
Bursary Fund	97,046	-	-	-	97,046
Music Fund	20,936	1,000	(17,990)	-	3,946
The Squirrel Hall Fund	2,000	-	-	-	2,000
Courts Renovation Fund	2,980	-	-	-	2,980
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	5,506	-	(360)	-	5,146
Phoenix Theatre Fund	-	52,282	-	-	52,282
	209,498	53,282	(18,350)	-	244,430
TOTAL FUNDS	29,184,646	12,130,304	(11,332,900)	-	29,982,050

Designated funds for the year ending 31st July 2018

- The Hardship Fund was for assisting pupils with the financial costs of school trips.
- The Little Orchard Fund was for the maintenance of the School's "pets' corner."
- The History & Archives Fund is for the maintenance of the School's archives.
- The Lower School Camp Fund is for the replacement of tents and camping equipment.
- KASS subscriptions are used for the purpose of promoting the advancement of educational science by the diffusion of knowledge relating thereto and is typically spent within 12 months of receipt.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

11. RECONCILIATION OF FUNDS - CONTINUED

Year ending 31st July 2018 - The Company

	Balance 1 August 2017 £	Income £	Expenditure £	Transfers £	Balance 31 July 2018 £
UNRESTRICTED GENERAL FUNDS					
General reserve	6,109,812	11,983,430	(11,250,719)	-	6,842,523
Revaluation reserve	22,799,100	-	-	-	22,799,100
	28,908,912	11,983,430	(11,250,719)	-	29,641,623
UNRESTRICTED DESIGNATED FUNDS					
The Hardship Fund	38	-	(38)	-	-
Little Orchard	146	-	(146)	-	-
History & Archives Fund	401	-	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	9,441	16,725	(11,988)	-	14,178
	13,813	16,725	(12,172)	-	18,366
RESTRICTED FUNDS					
Bursary Fund	97,046	-	-	-	97,046
Music Fund	20,936	1,000	(17,990)	-	3,946
The Squirrel Hall Fund	2,000	-	-	-	2,000
Courts Renovation Fund	2,980	-	-	-	2,980
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	5,506	-	(360)	-	5,146
Phoenix Theatre Fund	-	52,282	-	-	52,282
Treehouse Fund	-	73,008	(3,372)	-	69,636
	209,498	126,290	(21,722)	-	314,066
TOTAL FUNDS	29,132,223	12,126,445	(11,284,613)	-	29,974,055

Restricted funds for the year ending 31st July 2018

- The Bursary Fund is to provide financial support to pupils whose parents are experiencing financial difficulties in meeting the School's fees. All funds raised are put towards fees and extras.
- The Music Fund, originally applied to the acquisition of equipment and to the funding of a music technology teacher, is now being using for music bursaries. The assets acquired under the Music Fund are being depreciated over 50 years for the construction and five years for the equipment.
- The Squirrel Hall Fund was applied to the refurbishment of Squirrel Hall
- The Courts Renovation Fund has been used to resurface the lower courts and replace sports equipment in the Studio.
- The Upper School Building Fund will be applied to future building in the Upper School.
- The Sophie Coleman Music Bursary was set up from donations in memory of a former pupil to fund violin lessons.
- The Phoenix Theatre Fund comprised donations to build a much needed theatre foyer to provide an entrance, including a bar and social space as well as extra classroom space for performing arts. The project was completed on 9 November 2018.
- The Treehouse Fund represents donations made to replace the old treehouse.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

As at 31st July 2019

	Unrestricted Funds £		Designated Funds £		Restricted Funds £		Total Funds £	
	Group	Charity	Group	Charity	Group	Charity	Group	Charity
Tangible fixed assets	34,820,982	34,820,984	-	-	-	-	34,820,982	34,820,984
Current assets	3,092,256	3,048,363	75,571	75,571	193,307	193,307	3,361,134	3,317,240
Current liabilities	(2,085,092)	(2,083,713)	-	-	-	-	(2,085,092)	(2,083,713)
Long term liabilities	(4,293,844)	(4,293,844)	-	-	-	-	(4,293,844)	(4,293,844)
Provisions	(1,054,000)	(1,054,000)	-	-	-	-	(1,054,000)	(1,054,000)
Total Net Assets	30,480,302	30,437,790	75,571	75,571	193,307	193,307	30,749,180	30,706,667

As at 31st July 2018

	Unrestricted Funds £		Designated Funds £		Restricted Funds £		Total Funds £	
	Group	Charity	Group	Charity	Group	Charity	Group	Charity
Tangible fixed assets	34,258,869	34,258,871	-	-	-	-	34,258,869	34,258,871
Current assets	1,696,829	1,688,832	88,002	18,366	244,430	314,066	2,029,261	2,021,264
Current liabilities	(1,718,404)	(1,718,404)	-	-	-	-	(1,718,404)	(1,718,404)
Long term liabilities	(3,451,676)	(3,451,676)	-	-	-	-	(3,451,676)	(3,451,676)
Provisions	(1,136,000)	(1,136,000)	-	-	-	-	(1,136,000)	(1,136,000)
Total Net Assets	29,649,618	29,641,623	88,002	18,366	244,430	314,066	29,982,050	29,974,055

13. RELATED PARTY TRANSACTIONS

The Group has taken the exemption under FRS 102 not to disclose any related party transactions with its subsidiary on the basis full consolidated accounts are prepared. There were no other related party transactions in the current or preceding year.

14. CAPITAL COMMITMENTS

Total capital commitments for the year ended 31 July 2019 are £447,557 (2018: £564,825).

KING ALFRED SCHOOL SOCIETY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

15. PENSION SCHEMES

Teachers' Pension Scheme

The Company 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 £742,099 (2018: £709,361) and at the year-end nil (2018: £96,537) 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 Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed an employer contribution rate for the TPS would increase from 16.4% to 23.6 from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

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

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

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. In view of the above rulings and decisions, the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation. Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

TPT Retirement Solutions – Independent Schools' Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 66 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. This defined benefit scheme was open to non-teaching staff with benefits accruing at the rate of 1/60th of annual salary per annum. Because of concerns about increasing deficit costs, the scheme was closed to new members and a defined contributions scheme opened for them instead. Existing members of the 1/60th scheme were moved into a 1/80th defined benefits scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

15. PENSION SCHEMES - CONTINUED

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 27 December 2018 and showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

From 1st September 2019 to 30 April 2030: £2,387,357 per annum payable monthly and increasing by 3% on each 1st September

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £110.0m, liabilities of £147.4m and a deficit of £37.4m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1st September 2016 to 31 August 2029: £2,341,000 per annum payable monthly and increasing by 3% on each 1st September

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision

	31st July 2019 £000s	31st July 2018 £000s	31st July 2017 £000s
Present value of provision	1,054	1,136	1,230

Reconciliation of opening and closing provisions

	Period Ended 31st July 2019 £000s	Period Ended 31st July 2018 £000s
Provision at start of period	1,136	1,230
Unwinding of the discount factor (interest expense)	22	21
Deficit contribution paid	(98)	(96)
Re-measurements – impact of any change in assumptions	43	(19)
Re-measurements – amendments to the contribution schedule	(49)	-
Provision at end of period	1,054	1,136

Income and expenditure impact

	Period Ended 31st July 2019 £000s	Period Ended 31st July 2018 £000s
Interest expense	22	21
Re-measurements – impact of any change in assumptions	43	(19)
Re-measurements – amendments to the contribution schedule	(49)	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

15. PENSION SCHEMES - CONTINUED

Assumptions

	31st July 2019 % per annum	31st July 2018 % per annum	31st July 2017 % per annum
Rate of discount	1.24	2.01	1.71

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the Company and the scheme at each year end period:

Deficit contributions schedule

Year ending	31st July 2019 (£000s)	31st July 2018 (£000s)	31st July 2017 (£000s)	31st July 2016 (£000s)
Year 1	91	98	96	91
Year 2	93	101	98	96
Year 3	96	104	101	98
Year 4	99	108	104	101
Year 5	102	111	108	104
Year 6	105	114	111	108
Year 7	108	118	114	111
Year 8	111	121	118	114
Year 9	115	125	121	118
Year 10	118	128	125	121
Year 11	91	132	128	125
Year 12		11	132	128
Year 13	-	-	11	132
Year 14	-	-	-	11
Year 15	-	-	-	-
Year 16	-	-	-	-
Year 17	-	-	-	-
Year 18	-	-	-	-
Year 19	-	-	-	-
Year 20	-	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

16. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating result to net cash inflow from operating activities

	2019 £	2018 £
Net movement in funds	767,130	797,404
Depreciation	505,360	476,694
Bank interest received	(14,155)	(2,708)
Interest payable	14,289	15,703
Decrease in debtors	72,112	186,654
(Decrease)in creditors and provisions	(136,384)	(143,987)
	<u>1,208,352</u>	<u>1,329,760</u>

Analysis of Changes in Net Debt

	At 1 August 2018 £	Cash Flows £	At 31 July 2019 £
Cash at bank and in hand	1,572,449	1,403,985	2,976,434
Bank overdraft	(65,746)	65,746	-
	<u>1,506,703</u>	<u>1,469,731</u>	<u>2,976,434</u>

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2019, CONTINUED

17. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted	Designated	Restricted	
	Funds	Funds	Funds	Total
	2018	2018	2018	2018
	£	£	£	£
INCOME FROM:				
Charitable activities				
School fees	11,898,299	-	-	11,898,299
KASS membership	-	16,725	-	16,725
Trading activities				
Trading income	33,753	-	-	33,753
Investments				
Investment income	2,708	-	-	2,708
Rents and lettings	52,529	-	-	52,529
Donations and Legacies				
Grants and donations	-	73,008	53,282	126,290
Total Income	11,987,289	89,733	53,282	12,130,304
EXPENDITURE ON:				
Charitable activities				
Education	11,250,719	15,544	18,350	11,284,613
Raising funds				
Lettings expenses	15,746	-	-	15,746
Trading expenses	32,541	-	-	32,541
Total Expenditure	11,299,006	15,544	18,350	11,332,900
Net income/(expenditure)	688,283	74,189	34,932	797,404
Transfer between funds	-	-	-	-
Net Movement in Funds	688,283	74,189	34,932	797,404
Fund balances brought forward at 1 August 2017	28,961,335	13,813	209,498	29,184,646
Fund balances carried forward at 31 July 2018	29,649,618	88,002	244,430	29,982,050



EX CORDE VITA



EX CORDE VITA.

King Alfred School Society
A company having no share capital and limited
by guarantee