

Wells Cathedral School Limited
(Limited by Guarantee)

Governors' Report and Consolidated Financial Statements

Registered Company number 564883

Registered Charity number 310212

Year ended 31 July 2020

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GOVERNORS' REPORT

The Governors of Wells Cathedral School Limited ("the School") present their annual report for the year ended 31 July 2020 under the Charities Act 2011, together with the audited Consolidated Financial Statements for the year and confirm that they comply with the requirements of the Companies Act 2006, the School's Memorandum and Articles of Association and Accounting and Reporting by Charities' Statement of Recommended Practice (FRS 102) ("the Charities SORP").

Governance

The School has been in existence since 909AD. Its original purpose, which it still fulfils to this day, was to educate the Wells Cathedral choristers. It is registered with the Charity Commission and was incorporated in 1956 as a registered company, Limited by Guarantee.

The Governing Body

The School Governors who served during the year and up to the date of signing the Financial Statements are listed below. The Governors of the School are directors of the School for Companies Act 2006 purposes.

The Very Reverend Dr John Davies DL, MA, MPhil, PhD, Dean of Wells
The Reverend Canon Nicholas Jepson-Biddle BA, MA, Precentor of Wells ○#
The Reverend Canon Dr Rob James PhD, MPhil, MLitt, MA BA (Hons) Chancellor of Wells ◇
Prebendary Emeritus Barbara Bates BA, MA, FRSA \$◇
Prebendary Emeritus Helen Ball OBE \$◇
Mr David Brown MA, OBE ●#
Mr Tim Lewis BA (Cantab), FCA*
Mr Robert Powell \$ ●◇
Mr Andrew Campbell-Orde FCCA*
Mr Martin Cooke BEd ◇●
Mr Andrew Gummer LLB *#
Mr Kris Robbetts, MA MSc Solicitor ●
Mrs Elizabeth Shelton \$(*appointed 30th July 20*)
Professor Emeritus Derek Aviss, OBE, FLCM, LTCL hon FTCL, FRSA ◇ (*appointed 9th December 19. Resigned 14th September 20*)

* Members of the Finance and Audit Committee
\$ Members of the Pastoral and Recreation Committee
◇ Members of the Academic Committee
● Members of the Development Committee
○ Members of the Chorister Sub Committee
Parent of a pupil at Wells Cathedral School

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

The lay Governors are appointed for three years and retire by rotation.

Governors Report *(continued)*

Legal and Administrative Details

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| Registered and principal office | Wells Cathedral School Limited College Road Wells Somerset BA5 2SX |
| Bankers | National Westminster Bank PLC 7 High Street Wells Somerset BA5 2AD |
| Solicitors | Harris and Harris Diocesan Registry 14 Market Place Wells Somerset BA5 2RE Borges Salmon LLP One Glass Wharf Bristol BS2 0ZX |
| Insurance Brokers | Hettle Andrews & Associates Ltd Eleven Brindley place 2 Brunswick Square Birmingham B1 2LP |
| Independent Auditor | Crowe U.K. LLP Carrick House Lypiatt Road Cheltenham GL50 2QJ |
| Company Secretary | Mr Peter Knell Wells Cathedral School Limited College Road Wells Somerset BA5 2SX |
| Connected Charity | Wells Cathedral School Foundation Limited College Road Wells Somerset BA5 2SX |

Connected Charity registration number 1118159

Governors Report (*continued*)

Charitable Objectives

The School's objectives as set out in its Memorandum and Articles are:

- To advance education in accordance with the doctrine of the Church of England by such means as shall be exclusively charitable and by other associated activities for the benefit of the community;
- The carrying on and development of the School;
- To provide in particular for the training and education of the choristers of the Cathedral Church of St Andrew in Wells, and the other pupils of the School through instruction in every branch of learning, in citizenship, in outdoor pursuits and in arts and crafts of all kinds, and on the basis of Christian principles and in accordance with the doctrine of the Church of England to provide such pupils with spiritual, moral, mental and physical training; and
- To do all such other things as are incidental or conducive to the attainment of the Association's objects or any of them.

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

The School provides a family-orientated co-educational boarding and day School for 2 - 18 year olds which provides an all-round education alongside world-class specialist music training, including the Choristers of the Cathedral. Its vision is to inspire every individual pupil to nurture his or her talents in a vibrant, creative, spiritual and stimulating environment to become a responsible global citizen.

The School aims to achieve its objectives and realise its vision through the application of the core principles set out in its Mission Statement:

- **Encouraging** pupils intellectually to set themselves high expectations and aspirational goals
- **Challenging** pupils to discover new passions and develop existing ones through active engagement in a range of co-curricular and sporting endeavours
- **Delivering** a world-class specialist music and chorister education for those with particular talents
- **Stimulating** pupils to be individuals in a uniquely creative and spiritually aware environment
- **Empowering** pupils to be independent, resilient, confident and kind

Charitable Benefit

The School's primary charitable benefit is the provision of education to the boys and girls at the School. The School is a co-educational learning community and its pupils consist of both boys and girls at all stages. There are no geographical restrictions upon prospective pupils and 165 children (2019: 165) about 24% of total pupils (2019: 22% of total pupils) from about 19 (2019: 19) different overseas nations were pupils during the year. Although education is in accordance with the doctrines of the Church of England, there is no religious restriction upon those who may be admitted and pupils of all faiths are welcomed, with many different religions represented amongst the pupil body. All pupils are assessed academically on entrance to enable appropriate provision for them, and auditions are held for prospective musicians and choristers. Beyond the curriculum offered by the School, charitable benefit is also generated from the following activities:

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

Governors Report *(continued)*

Bursaries, Scholarships and Discounts

The School does not have substantial reserves or endowments and largely relies upon its annual fee income and Foundation fundraising to support its activities. Although fees are payable by parents, there is extensive bursary and scholarship support provided to pupils. The School seeks to provide as many means tested bursaries and scholarships as can be sustained by its annual fee income. Bursaries are reviewed after each phase of education by the School. During the year, the School provided fee remissions of £3,192k (2019:£3,292k), which comprises bursaries of £1,173k (2019:£1,257k), scholarships of £304k (2019:£269k), a subsidy to pupils participating in the Music and Dance Scheme of £919k (2019:£929k), and £796k (2019:£837k) of discounts (supporting military, clergy, siblings, Old Wellensians, employees and ex-choristers). Due to Covid 19 an additional £1.2m was also discounted on the Trinity term fee bills, which is an accumulation of savings acquired due to the national School lockdown.

Group Structure and Relationships

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

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

The Wells Cathedral School Foundation ("the Foundation") was established in 2007 as a separate but connected charity, number 1118159, to act as the legal entity for the recording and control of all fundraising activity on behalf of the School. The Foundation's objects are to advance the education of pupils at the School by means of:

- The provision of financial assistance towards the maintenance and development of the School;
- Raising money for awards to pupils to pursue their education at the School, including pupils whose parents or guardians are in need of financial assistance;
- The provision of facilities and equipment to support the education of pupils in the School; and
- The organisation of events to promote the good name of the School and further its educational objectives, including orchestral and choral concerts in the UK and overseas.

The Foundation's income is from charitable gifts plus gift aid from individuals, grant giving trusts and foundations, as well as from savings interest and returns on investments. During the year the Foundation received £279,285 (2019: £644,276) in income and made donations to the School of £75,796 (2019: £94,314) towards bursaries and specific projects.

Whilst the Foundation produces its own separate audited Financial Statements, these Financial Statements are then incorporated with the Financial Statements of the School into the consolidated Financial Statements of the group.

Recruiting and Training of Governors

The School's lay Governors are appointed at a meeting of the Board on the basis of nominations agreed between the Chairman and the Head Master with regard to the board's requirements concerning eligibility, personal competence, specialist skills and availability for meetings. A small sub-committee of Governors (the succession planning committee) meets with the Head Master on a regular basis to consider vacancies, names and succession. Governors are inducted into the workings of the School, including Board policy and procedures, by the Chairman, the Head Master, the Bursar and the Assistant Clerk to the Governors. The training needs of the Governors are continually assessed and relevant updating sessions are provided, including, but not limited to, development activities provided through membership of the Association of Governing Bodies of Independent Schools (AGBIS).

Charity Governance Code

All Governors of the School:

- Are committed to the School's cause and have joined its governing body because they want to help it to deliver its purposes most effectively for public benefit;
- Recognise that meeting the School's stated public benefit is an ongoing requirement;
- Understand their roles and legal responsibilities and have read and understood:

Governors Report (*continued*)

- o The Charity Commission's guidance *The Essential Trustee (CC3)*;
- o The School's governing document;
- o Are committed to good governance; and
- o Contribute to the School's continued improvement.

The Governors are familiar with, and acknowledge, the updated version of the Charity Governance Code published in July 2017 and the code's principles are reviewed at the Governors' away days.

Fundraising Disclosures

The School had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Over the last year the Foundation has undertaken fundraising activities as in previous years using its database. These fundraising activities have been undertaken by staff employed by the Foundation and no external persons have been used. The Foundation has voluntarily subscribed to the Fundraising Regulator which holds the Foundation to the Code of Fundraising Practice. Over the course of the financial year there have been no failures to comply with the Code, nor have any complaints been received.

Safeguarding Policy

In order to protect vulnerable people the Foundation complies with the School's safeguarding policy to report concerns of abuse, all members of staff receive regular safeguarding training, and safeguarding is an agenda item at all Governors meetings. This allows Governors and staff members to raise and be aware of any concerns.

Indemnity Insurance

As permitted by the Articles of Association, the directors are the beneficiaries of a qualifying third party indemnity as defined by Section 234 of the Companies Act 2006. The School also purchased and maintained throughout the financial year Governors' and officers' liability insurance in respect of itself, its Governors and the Trustees of the Foundation.

The cost of insurance is included in the cost of public liability cover which amounted to £7,560 (2019: £8,830) in the year for the group.

Statement of Going Concern

Following a reduction in the School's intake in 2017/18, which resulted in a deficit for that year, and the production of forecast financial projections for the subsequent three years, the School took the necessary steps to reduce its expenses with the objective of maintaining, then growing, its year end reserves. The School closely monitors its cash flows and has maintained an overdraft facility of £750k to ensure that it remains a going concern.

In consideration of the presumption of going concern as the basis for the preparation of the report and Financial Statements, the Governors have considered the impact of the Covid 19 pandemic as part of their assessment. They have concluded that no material uncertainties have been identified that may cast significant doubt on the ability of the School to continue as a going concern. The Governors therefore have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the Financial Statements.

Organisational Management

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

Governors Report (*continued*)

- Finance and Audit Committee: This committee meets four times a year, usually two weeks before a full meeting of the Governing Body, and is chaired by Andrew Campbell-Orde. Its main roles are to:
 - consider, monitor, challenge and recommend the annual budgets and fee increases to the board;
 - monitor and direct in-year expenditure;
 - authorise capital expenditure;
 - scrutinise the statutory Financial Statements and recommend them to the governing body;
 - appoint and appraise the performance of the external auditor;
 - scrutinise, monitor, challenge and endorse proposals for staffing and staff remuneration; and
 - monitor and advise on the School's human resource function.
- Academic Committee: This committee meets three times a year, and is chaired by Martin Cooke. Its objectives are to:
 - scrutinise, challenging, supporting and monitoring the School's educational aims; and
 - help the School develop new and appropriate ones.
- Pastoral and Recreation Committee: This committee meets three times a year, and is chaired by Prebendary Helen Ball. Its objectives are to:
 - monitor and advising in all matters relating to pupil welfare and wellbeing, including matters concerning safeguarding;
 - monitor and advising in matters relating to staff welfare;
 - review the School's provision of extra-curricular activities including trips; and
 - review and monitoring the School's boarding provision.
- Development Committee: This committee meets three times a year, and is chaired by David Brown. This committee:
 - challenges, advises and supports the Head Master in all matters concerning plant, grounds and non-core trading in order to meet the educational needs of the School; and
 - monitors and supports the work of the Foundation.

The Chorister Sub Committee meets three times a year and includes the Organist and Master of the Choristers (post re-titled 'Director of Music' during the current year), the assistant organist as well as the School's chorister tutor. It is chaired by the Precentor of Wells Cathedral, the Reverend Canon Nicholas Jepson-Biddle. It oversees, monitors and plans all matters to do with the choristers' life and programme.

The running of the School is delegated to the Head Master, supported by his Management Team which consists of the Heads of the Junior and Pre-Prep Schools, the Director of Music, the Bursar, who is also the Clerk to the Governors, Director of Admissions and Marketing and two Deputy Heads, Pastoral and Academic. The Head Master reports directly to the Governors, as does the Bursar through the Head Master but with direct access for matters relating to the roles of Company Secretary and Clerk to the Governors. The Head Master attends all meetings and committees of the Governors, and members of the Management Team attend meetings according to their responsibilities and at the direction of the Head Master and Clerk to the Governors.

Officers

During the year the executive officers were:

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|--------------------------------|---|
| Head Master | Mr Alastair Tighe MA (Cantab), BED |
| Bursar & Clerk to Governors | Mr Peter Knell BSc(Hons), MA, MSc, MBA, CITP, FCIPD, FCIS, FCMA, CDir |
| Head of Junior School | Mrs Julie Barrow BED |
| Head of Pre-Prep Development | Mrs Rebecca Allen BSc (Hons), MA Ed |
| Director of Music and | Mr Mark Stringer GMusRNCM(Hons), FTCL, ARCO(CHM), ARCM, |
| Managing Director, Cedars Hall | HonFTCL, HonLRSL, PGCE |
| Deputy Head (Pastoral) and | |
| Designated Safeguarding Lead | Mr Martin Ashton BA (Hons), PGCE |
| Deputy Head (Academic) | Mrs Natalie Perry BSc (Hons), MSc, PGCE |
| Director of Marketing | |
| and Admissions | Mr John Fosbrook BA (Hons), MA |

Governors Report (*continued*)

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

Volunteers

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

Employees

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

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

STRATEGIC REPORT

Review of Developments, Activities and Achievements

During 2019/20, the in-year average numbers in the Senior School decreased to 555 (2018/19: 556) and in the Junior School decreased to 131 (2018/19: 152), excluding the Nursery. The average overall School roll therefore decreased to 686 (2018/19: 708). This was fewer than the anticipated roll of 710, excluding nursery, and required some adjustments to budgets. The Board's long term intention is for the overall size and disposition of pupils (the 'shape' of the School) to increase numbers towards approximately 700 pupils and at the same time create a more even distribution of pupil numbers throughout all year groups.

The Covid 19 pandemic had a considerable operational effect on the School in the year. During the Whitsun/Trinity (summer) term, boarding provision on the School campus was suspended and, for pupils in most year groups, educational provision was delivered by way of directed home learning. The School maximised the financial savings opportunities afforded by the closure of the physical site and applied these savings to fees, in order to alleviate the financial effects suffered by parents, other fee payers and grant giving bodies.

Cedars Hall, now established for four years, as well as being an integral School asset, has cemented its place in the cultural life of the City of Wells and as a major public venue in the South West of England. The main focus during the past twelve months has been to build on its offer of world-class 'classical' and jazz performances by expanding its arts programmes to include more popular and 'commercial' music to embrace a wider audience often in a cabaret-style format. The Hall continues to host art exhibitions, drama and has become the home of a number of important festivals in Wells, e.g. The Festival of Literature and the Comedy Festival amongst others. The Hall also continues to welcome community events such as toddler groups on a regular basis. The Hall is in demand as a top-calibre recording venue and is admired by the BBC which has recorded 3 major chamber music festivals at the venue. Sadly, Covid 19 has had a major impact on our scheduled activities and all events from the end of March to September were either cancelled or postponed. This included a major programme of Summer School courses. This enforced 'window' is being used to review our aims and objectives for the Hall both as a School and public venue and we will be developing a strategic plan to deliver our revised goals in due course.

Governors Report (*continued*)

The conceptual development plan for the whole School site continues to form the basis of the School's estate strategy, whilst it is adjusted according to changes in the environment and implemented according to changing needs. An Estates Strategy Group continues to meet regularly to consider a number of long term strategies for the School estate, the utilisation of site buildings, the shape and size of the School and possible future new building projects. This is in addition to maintaining the regular cycle of maintenance of School buildings.

The School launched a new Strategic Vision in January 2020 which established a refreshed set of aims and purpose for the School, alongside Core Values.

The School continues to develop its curriculum offering, in response to both pupil demand and its overall academic strategy. Alongside this the School continues to enhance now established links with external experts to augment its own internal expertise in areas of teaching, learning, coaching and mental health. This programme has been extended to parents, and the continuation of the 'Parental Engagement Programme' (PEP) has been popular, with good outcomes for pupils' learning as School and parents share the same message.

The School is conscious of the need to be informed by academic research, and a number of teaching staff are engaged in research projects. Others are involved in 'lesson study' projects, with some staff studying towards formal masters level qualifications.

The School achieved Bronze Coachmark Status this year in recognition of its developing provision of coaching and mentoring for all staff. The School balances this breadth with a whole School pedagogical target, and one personal pedagogical target, for each member of staff per year. Its professional development programme is audited and supported by The Teacher Development Trust, an external agency which is research-informed in its approach. A particular target for the School this year has been to develop the provision of coaching and mentoring for all staff (with the aim of achieving a Coachmark accreditation), as an extension of the continuing professional development ("CPD") and performance management programmes. A number of staff from both the Junior School and Senior School have been working towards the ILM Level 3 qualification in Coaching and Mentoring.

With regard to supporting its business processes, the School continues to develop tools internally in order to make better use of its data. These include reporting and administration tools in areas such as admissions, finance, music timetabling, asset management and others.

Pastoral care is provided to all pupils with the aim of giving them the encouragement and support necessary to ensure they are supported to not only 'be what they are' (*esto quod es*) in the words of the School motto, but become the best they can be. This aim is threaded through our discourse whenever possible. Pupils should have a sense of belonging and be contented, balanced and confident individuals who have the necessary tools to be able to live safe, healthy and fulfilling lives. They should have a high level of spiritual awareness, emotional intelligence and self-control and also be active and responsible citizens who make a positive contribution to the School and wider world. They should be possessed of a good moral compass and a strong sense of honesty and integrity, and be equipped to work in partnership and in teams. To achieve this, the School has continued to develop its pastoral care and facilities, and to complete the implementation of a programme of works started in previous years. This continues to work towards improving boarding, through enhancement work. Pupils' wellbeing remains high on the agenda and not least in the light of Covid 19. A broader and more focused programme to support this is being developed alongside a new appointment of a Mental Health Counsellor.

Earlier in the year we carried out an extensive refurbishment of the swimming pool plant room. This was a strategic move to ensure the longevity of the pool, but also provides options for expansion and changes in the future to the sports hall and pool as a whole project.

Some work however has been disrupted and postponed due to the unusual year and the need to comply with Covid 19 restrictions, and guidelines. This also brought with it the need to refocus the work and resources into managing the grounds, buildings, legionella, fire, return to School set up and security to name just a handful of operational requirements that were essential though the lockdown period. However despite this, the School has continued with an, albeit reduced, programme of work.

This has included a continued extensive external decorative programme of improvement work and joinery repairs, including key areas such as Stable Yard, IT and Art block, De Salis boarding house and the Music School. The summer programme has focused on a much needed enhancement of Cedars boarding house, with decorative work, new flooring and a new kitchen. We have also added a new kitchen and breakfast bar to Haversham and created a modern kitchen/dining arrangement for the house. We have also created a new laundry facility in Shrewsbury.

Governors Report (*continued*)

Of course there are also the year round small improvement works that have been carried out, as we constantly strive to improve the site and buildings and keep on top of essential maintenance of Listed Buildings.

Pupils have also continued to be educated about their use of mobile phones and technology and how it can affect their well-being with, amongst other things, a mobile technology awareness week held in the Senior School in the Whitsun Term. Our continued policy of taking devices in during prep time, and digital sunsets, has helped pupils develop better habits. Phones are not permitted in the dining hall or when travelling around the site.

Following a review, an amended School rewards and sanctions system was implemented in September 2019 in the Senior School with the aim of ensuring there is consistency and a healthy balance between the amounts of rewards and sanctions given so that all pupils feel safe and well-motivated.

The co-curriculum aims to support the School ethos of 'be what you are' by providing opportunities for every pupil to find an activity outside the classroom, which could be physical or non-physical, for them to enjoy life. Pupils should be able to follow their passion to the highest level. The School supports elite pathways, but its main focus is on improving and developing every child. The co-curriculum is also designed to provide a brilliant foundation for life by choosing activities that develop the necessary character traits that enable a successful future.

Old Wellensian activities have continued as part of the same communications and events structure as last year with annual events in London (winter) and via a virtual means in Wells (summer) as well as 'pub drinks' in London three times a year. The Foundation has continued to work with the Old Wellensian Association on communications, and the Head of Foundation continues as secretary and Vice-Chairman of the association.

The Director of Admissions and Director of Music visited Hong Kong during the course of the year to conduct interviews and auditions for prospective pupils. This was in conjunction with our major agents, Britannia StudyLink, and, once again, delivered an excellent return in respect of recruitment. The Covid 19 pandemic meant that further visits were postponed but virtual recruitment events have proved successful and worthwhile.

There has been regular communication between the School and the Wells Music Society of Hong Kong (WMSHK) and, whilst the usual, planned Wells pupil music concerts have not been possible, future events are scheduled. The Head Master and Director of Music are working closely with the WMSHK to agree a clear remit for the society in terms of its profile-raising for the School and in facilitating existing, and exploring new, strategic relationships on the School's behalf; also in relation to pupil recruitment.

The School's admissions and recruitment efforts have continued this year, albeit that the methods of recruitment activity have varied significantly from those planned, as a result of the Covid 19 pandemic. Planned trips to international fairs in Russia and Vietnam, alongside return visits to Dubai, Mexico and the Baltic States, and further visits to the familiar recruiting markets of Hong Kong, Japan and China were postponed, in response to travel restrictions and local lockdown arrangements, which prevented either travel to the relevant countries, meeting with prospective parents or agents in those countries, or both. Instead, the situation resulted in the School refocusing on its online marketing and recruitment presence, including virtual open days, virtual walkaround tours, and online video conference meetings with agents and prospective pupils/parents. This accelerated the new strategy put in place in Autumn 2019, which was designed to encompass a much enhanced level of social media and online advertising.

The beneficiaries of the School also include children and young people who are not pupils of the School who have the opportunity to benefit from educational and entertainment activities undertaken at, or by, the School.

The School's state-of-the-art performing arts complex, Cedars Hall (opened in September 2016), is one of the School's primary vehicles for engagement with the wider community. The School hosts some 350 events, mainly concerts throughout the year, most of which are in the Eavis Auditorium of Cedars Hall, and Quilter Hall, our 14th Century concert hall. The concerts are a combination of student-led performances and also those by internationally-acclaimed professional musicians and performing artists from all over the world. In addition to many free concerts available to the general public, the School offers heavily discounted tickets to all who join the Friends of Music of Wells Cathedral School.

The School educates the boys and girls of the choir at Wells Cathedral which is an integral part of the worship at Wells Cathedral and a significant benefit to the members of the wider community. The School supports the Cathedral in providing mentoring in teaching, and in supporting safeguarding training for the vicars choral, and its choral and organ scholars. It also supports children from other Schools to "Be a chorister for a Day" providing staffing, students and physical resources;

Governors Report (*continued*)

In 2019/20 Wells Cathedral School delivered an extensive programme of music outreach, co-ordinated by a dedicated member of staff to the benefit of many local maintained Schools and the wider community both regional and international. The Director of Music and several other music and drama teachers are involved from time to time in a range of activities which are listed below. These are offered to the community and are free-of-charge to local participating schools:

- The Piano Club is held once a month in the School and pianists of all ages and ability from the Wells community are invited to join in. There are usually about 20–25 players. They have the opportunity to learn and hear new repertoire, to play duets, to hear performances by Wells pupils and to attend master-classes by visiting professionals. Many of the members have greatly improved the standard of their playing. The Piano Club is valued and supported by the Director of Music and the Head of Keyboard. It is also hugely appreciated by its members;
- The programme of five or six instrument days per year has been developed, and now includes trumpet and flute days. The teaching resources of the Music Department plus visiting professors are deployed to give a full day of instruction and demonstration for up to 60 young people, which are well received;
- Various ensembles have performed in schools, care homes and around the City of Wells to the benefit of School's pupils and the general public. Each year, many trumpet students play at various services throughout the county of Somerset; Remembrance Sunday is a particularly demanding day with many churches requesting players for the Last Post and Reveille but we endeavour to resource them all in this contribution to community life which is deeply valued both by those who play and those who hear them perform;
- Through its Wells Music Academy programme and its online gamelan and African drums teaching software, the School continues to seek to bring its musical excellence into the wider community, locally, nationally and internationally;
- The School regularly makes recordings of musical performances, and many of these are made available to the public free-of-charge, usually via the School's YouTube channel;
- Music outreach, under the brand name "Wells Music Academy", delivers an on-going programme which includes: a musical partnership with local primary schools; instrument days, piano and chamber music clubs for adults; music lessons for external pupils and community music events;
- Collaborative working with state schools is achieved mainly through the music outreach programme and the involvement of school pupils in the choristers' outreach programme, with local programmes partnering other schools;
- During Maths Week the School has, since 2002, held a Maths Festival for 100-200 local state primary schools, accompanied by 25-50 of their teachers and parents. Since 2013 it has organised and hosted Mathematics Circle for the United Kingdom Mathematics Trust (UKMT) for selected year 10 pupils from nearby maintained schools. Since 2009 "Be a Mathematician for a Day" events have been held three times a year, welcoming Year 4 to Year 6 pupils and usually attracting around 25 pupils. Often participants are from local schools; however pupils from all over the UK have attended. Since 2015 the School has hosted the Primary Maths Master Classes for The Royal Institution with five weekly Master Classes for local Year 5 primary school pupils. Finally, one or half-day Maths road show events are offered to local primary schools. These are free events delivered by the director of mathematics;
- The facilities of the School (buildings and sports facilities) are available to many users during the year for little or no charge. The School plans to continue to provide Outreach days centred around sport for local primary schools under the direction of the of the Director of Coaching, Mentoring and Student Leadership.
- There are 3 members of staff (2019: 7) that act as public examiners for GCSE, A level, ABRSM and Trinity examinations taken by maintained school candidates. One of the three is the chair of mathematics for the Edexcel Examination Board, responsible for 40 papers, another is a team leader and moderator for art and design; and

Governors Report (*continued*)

- Activities groups regularly visit the elderly, work in charity shops and give pupils opportunities to help with activities in local primary schools.

The School was named Independent School of the Year 2020 for the Performing Arts. We secured the title for "really living their philosophy of 'Be what you can be' through their elite and general programmes".

Key Challenges

Continuing on from the focuses set by the arrival of the Head Master in September 2018, key focuses and messages throughout the year were:

1. That Wells offers a holistic education which aims to educate the whole child academically, through its comprehensive range of co-curricular activities and charitably.
2. That it is a through School offering education from 2 – 18 years.
3. That it is a specialist music School within the context of an all-round School, which gives it a unique ethos and atmosphere, which also enables it to provide a world-class musical education for its specialist musicians but from which all its pupils also benefit.
4. That it is a Cathedral Choir School providing an education for the Cathedral choristers.
5. That it is a boarding and day School, and a School whose rhythms are dictated by the presence of its boarders, both UK boarders and international boarders.
6. That it aims to deliver the best academic experience possible, within the context of an all-round education.
7. That it has suitable strategies in place to appeal to the widest possible pupil base and to expand its recruitment of pupils of all ages whilst also attracting the best quality teaching and support staff.
8. That it provides long term strategic development, funding and sustainability to one of the country's oldest school communities.
9. That it ensures its former pupils are actively part of its extended community through regular communications and invitations.
10. That it continues to resource the School and manage its budgets in such a way as to aim to provide an operating surplus of at least £1 million before depreciation alongside funding "one off" projects, to enable continuing investment in facilities.

The launch of a new Strategic Vision for the School in January 2020 aimed to express all these points and make them a focus for the future development of the School. In addition, the challenge of Covid 19 and the subsequent lockdown and physical site closure of the School in March 2020, followed by a move to remote learning, presented some significant operational challenges in the latter part of the 2019/20 academic year, as well as recruiting challenges for the successive year.

Operational Performance

The School set itself the following objectives for the year 2019/20. Progress is indicated in italics.

1. To continue to improve the provision of sport and co-curricular education. *Significant progress has been made, including the establishment of an Annual Fund with a specific focus on Sport in its first year.*
2. To raise the level of fundraising for Bursaries both at home and abroad, and to create the basis for the next stage of advancement at the School. *Work continues on this, and the Foundation is reviewing our legacy plans for donors among other things.*
3. To increase the level and rate of recruitment of pupils at all stages in the School in order to continue to create a steady model for the School. *A lot of good work has been done in this area and progress has been made, although the long term effects of the additional challenge of Covid 19 to recruitment both nationally and internationally remains to be seen; at the time of writing, however, recruitment is holding up well compared to previous years.*
4. To continue to support families and parents better so that being a member of the Wells community is easier. *Progress is being made in a variety of forms, including improved communications and a greater sense of collaboration between the various supporting bodies of the School.*
5. To develop leadership and accountability at all levels throughout the School. *Progress is being made in a variety of ways. For pupil leadership, a revised Prefect and Captain structure has been implemented.*
6. To grasp the challenge of the School's diversity and market it accordingly. *Ongoing progress, with renewed focus on international pupils, HM Forces pupils, London families, day pupils and musicians.*
7. To maintain the commitment to continuous improvement in the delivery of the School's elite music programme and to widen its offering to embrace more fully commercial genres. To increase engagement

Governors Report (*continued*)

with the wider community via the Cedars Hall arts complex. *Progress continues. The outreach of Cedars Hall is ever-growing (notwithstanding its need to physically close from March 2020 because of Covid 19).*

8. To plan the funding and delivery of the next capital projects to extend and enhance educational, sport and boarding facilities. *An ongoing Estates Plan is developing.*

The School has monitored performance against key indicators throughout the year. At Wells there are many unseen exam factors, not least that many of the most able students at this stage in their development do fewer GCSEs or A levels than at other Schools; this may be because of their musical programme or because so many individual pathways are crafted. The main criterion for entry into the School at any level is that the girl or boy will be able to flourish and to help other people to do so too; however there is also a need to make sure that any individual who joins the Wells family can succeed in ways that they want to academically. This means providing honest and kind advice to Sixth Form pupils in relation to their preferred route of study.

Large numbers of pupils go to Oxford, Cambridge and other Russell Group universities as well as many excellent universities across the world, or on to eminent music conservatoires around the world, often with significant scholarships. Wells focuses most on how they will use all their education to be flexibly minded people of integrity, balance and determination. The increasing emphasis on independent learning has meant that the number of pupils taking the Extended Project Qualification has increased, as well as the introduction of the GCSE level Higher Project Qualification.

At GCSE level, the School achieved excellent results during the 2019/20 academic year. 20% of all grades awarded were Grade 9, compared to a national average of around 4%. 57% of all grades fell within the Grade 9 to 7 range (equivalent to A* to A under the old system) and 97% were in the range Grade 9 to 4 (A* to C equivalent). At A level, 21% of grades awarded were A*, with 90% falling in the A* to C range. The majority of pupils achieved their first choices of university or conservatoire; this includes three pupils who took up places at Oxford as well as many others who took up places at other Russell Group universities or other prestigious international establishments.

Instrumental music exam results have again been excellent throughout the year, with several pupils achieving diploma level qualifications in a range of instruments and voice. In the Sixth Form, the Geography department has chosen to take the International A Level, both on the basis of academic rigour and freedom of choice in terms of the topics available to study. History will cease with the Pre-U qualification in the Sixth Form and will begin the OCR A level syllabus from September 2020. It is felt that this course is more appropriate for our pupils and their future aspirations.

The School continues to strengthen and develop its links with partner institutions at home and abroad. Regrettably, the Covid 19 pandemic prevented plans for musical performances in overseas territories, including Hong Kong, where specialist musicians regularly undertake a programme of school visits, public recitals, master classes and fundraising. Wells has strengthened ties with a number of partner schools, particularly Cantonese schools which include the Yew Chung International School, the Alliance Primary School and Wah Yan College. There is regular collaboration with the Hong Kong Academy for Performing Arts where students from Wells and the Academy share the platform for free public concerts. The Hong Kong charity's mission to 'enrich the musical life of Hong Kong through its talented young musicians' has been brought to life by the partial funding of Hong Kong Scholars who have joined the School since September 2016. In Malaysia the School has a strong musical relationship with the UCSI University (Kuala Lumpur Campus), and it established a link in 2018/19 in Russia with the Moscow Conservatory which continues to flourish although the Covid 19 outbreak has impacted on any potential visit to Russia. Sadly, the virus also necessitated the cancellation of a jazz tour to New York which was partly focused on developing relationships with significant institutions and individuals. Wells is a founder-member of Young Music Talents Europe, a collaborative network of specialist music schools across Europe, which is committed to sharing expertise and good practice in the coaching of elite instrumentalists and vocalists. Whilst Covid 19 has been extremely detrimental in so many respects, it has nonetheless resulted in the School investing in its on-line provision and we have delivered more than a thousand instrumental and vocal lessons each week since we went into 'lock-down'. We have also been able to reach out to deliver music lessons to students who have expressed an interest in coming to Wells. Furthermore, we plan to roll out music provision to those who may wish to study with our renowned members of music staff and we may seek to commercialise this in due course.

The School maintains its link in Sierra Leone with the Ballanta Academy with a School trip planned in October 2020 as part of our annual cycle of visits. This has been postponed due to Covid 19 to hopefully the spring next year.

Closer to home a number of our specialist musicians have taken performances to a number of primary, prep and junior schools, mainly in and around Somerset.

Governors Report (*continued*)

FINANCIAL REVIEW

The financial performance for the year has been influenced by challenging environmental conditions. The average pupil numbers have decreased from last year by a total of 22 (*2019: increased 1*) pupils across the Junior and Senior Schools but the demand for Bursary and other discount funding for pupils has decreased. The School is determined to maintain the quality of its provision whilst ensuring that it operates at a financially sustainable level of surplus.

Consolidated Operating Results

The operating environment for the year was challenging: Senior pupil numbers decreased by 0.17% (*2019: increase of 8%*); bursaries and discounts decreased by 3.34% (*2019: decreased by 9.15%*); and donations received by the Foundation decreased by 19.63% (*2019: increased by 103%*). The level of gross fee income, the School's charitable income, has increased to £19,295k (*2019: £18,684k*). The School has continued to invest in staffing and infrastructure in order to maintain the quality of its provision. The cumulative impact of these factors was a marginal School surplus, aided by the delivery of several cost efficiency projects that have reduced costs without affecting outputs.

The consolidated net income for the year was a surplus of £797k (*2019: surplus of £552k*) which is composed of the net surplus income of the School £689k (*2019: £20k*) and the Foundation £108k (*2019: £532k*). The consolidated results for the year are set out in the Statement of Financial Activities (SOFA) on page 24. Under accounting rules for charities this statement combines transactions of a capital and revenue nature. The operating results for the two constituent charities are outlined below.

Consolidated Activities

During the year the School produced an operating surplus of £1,475k (*2019: surplus of £1,057k*) before depreciation and non-recurring premises projects. After depreciation and non-recurring premises projects its operating result was a surplus of £916k (*2019: surplus of £523k*).

The consolidated activities are summarised below:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £000 | £000 |
| Income from charitable activities (charitable activities per SOFA plus the School bursaries and discounts) | 19,295 | 18,684 |
| Operating costs of School | | |
| School bursaries and discounts | (4,344) | (3,292) |
| Expenditure on charitable activities (excluding depreciation) | (13,476) | (14,335) |
| Operating surplus of the School | 1,475 | 1,057 |
| Less: | | |
| Depreciation | (545) | (520) |
| Premises - non recurring projects | (14) | (14) |
| Net operating surplus | 916 | 523 |
| Income from generated funds | 390 | 377 |
| Realised (loss)/gain on investments | (34) | 33 |
| Cost of generating funds | (401) | (317) |
| Cost of charitable activities not part of operating costs | (74) | (64) |
| Net income in SOFA | 797 | 552 |

Governors Report (*continued*)

Analysis of the business using Key Performance Indicators (KPI's)

| KPI | 2020 | 2019 | 2018 |
|---|------|------|------|
| Net fee income growth % ** | (6%) | 6% | 0% |
| Bursaries, scholarships and discounts as % of gross fees ** | 25% | 13% | 21% |
| Donations and legacies as a % of gross fees | 1% | 1% | 2% |
| Teaching staff costs as a % of gross fees | 36% | 39% | 37% |
| Welfare costs as a % of gross fees | 5% | 5% | 4% |
| Premises costs at a % of gross fees | 19% | 19% | 8% |
| Operating surplus/(deficit) % of the School | 8% | 6% | (2%) |

The gross fees for these KPIs are £17,806k (2019: £17,598k) (note 3).

The net fees received £13,462k (2019: £14,306k) (note 3).

** There was a discount of £1.2m given back to the parents due to Covid 19. If this discount was removed, the 2020 percentages would read:

- Net fee income growth % 2.5%; and
- Bursaries, scholarships and discounts as % of gross fees 12%

Operating result of Wells Cathedral School Foundation

During the year the Foundation received £197,100 (2019: £575,553) in financial contributions in the form of income from donations and legacies. The Foundation continued to make donations to the School, which in the year under review totalled £75,796 (2019: £94,314). This year its operating costs of £58,446 (2019: £48,317), including staff costs and other direct costs associated with the Foundation, were borne by the School. The net movement in funds of the Foundation was a surplus of £108,588 (2019: £532,475).

Investment Policy, Powers and Performances

In accordance with the Trust Deed, Governors of the School and Trustees of the Foundation may authorise the funds of the Foundation to be invested in any stocks, shares or insurance policies. The Trustees' aim is to generate long-term total return from endowment funds invested, combining both capital growth and income. The investment objective is to outperform the MSCI Wealth Management Association Growth return which this year was -5.9% (2019: 5.8%). This year the portfolio outperformed the index return by 4.5% (2019: out performed by 0.6%). The interest of £23k earned from investments during the year was transferred to the restricted fund.

The Foundation's endowment funds have been entrusted to Smith & Williamson Investment Management to invest in a portfolio of equities, funds, bonds and cash. The investment is classed as a non-current asset as it will be held for longer than 12 months. The investment objectives and risk parameters are reviewed every year by the Foundation's investment committee. Once the value of this portfolio reaches a significant amount the income therefrom will be used to award bursaries to pupils of the School, consistent with the Foundation's objectives.

Political and Charitable Contributions

The Foundation made no political or charitable contributions during the year under review (2019: £nil) other than donations to the School of £75,796 (2019: £94,314), as disclosed in its Statement of Financial Activities. The Foundation's grant making policy is to make donations only to the School.

Reserves Policy

The total funds held by the group at the year end were £19,285k (2019: £18,488k). The Governors have designated an asset fund so that a framework exists for them to assess appropriate levels of free reserves, as recommended in the Charity Commission guidance paper, "Charities Reserves". Free reserves are defined in the guidance paper as excluding not only funds that are for restricted purposes but also those designated by the Governors for a particular

Governors Report (*continued*)

purpose, and any funds only realisable by disposing of fixed assets held for charity use. One thrust of the guidelines is to highlight those charities that are carrying excessive free reserves.

The free reserves in the Consolidated Balance Sheet, as defined by the guidelines, are a deficit of £4,705k (2019: deficit of £5,001k) at the end of the financial year. The Governors take comfort from the fact that the School holds significant unrestricted but designated reserves. The Governors believe that, over time, a prudent level of free reserves, consistent with the business risks of the School, equivalent to six months operating costs should be accumulated. The proposed level of such a reserve has yet to be determined, but is considerably higher than the current level of free reserves. It is unlikely that the target will be achieved for many years because of the previous and ongoing policy of the Governors to improve the facilities of the School through the investment of surpluses in School assets.

Restricted Funds

The balance of the restricted funds at the end of the year was £3,965k (2019: £3,882k). These funds are held for capital projects, bursary funds and projects funded by the Department for Education. The balance includes the restricted fund net movement of £140k (2019: £65k) from the Foundation.

Designated Asset Fund

The balance of the designated asset fund at the end of the year was £19,169k (2019: £18,721k). This fund represents the net book value of the majority of tangible fixed assets.

Endowment Funds

The endowment funds represent donations received to provide bursaries. Total endowment funds had decreased to £856k (2019: 886k) by the end of the year. Endowment funds are defined as donations made to the School in perpetuity, the income from which is to be used for the benefit of future pupils.

Bursaries, Scholarships and Fee Discounts

The following fee discounts were provided to parents of pupils at the School during the year:

| | Number of pupils | | Value £000 | Value £000 | % of gross fee income | % of gross fee income |
|-------------------------------|------------------|------|---------------|---------------|-----------------------------|--------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| School bursaries | 262 | 224 | 1,125 | 1,196 | 6.39% | 6.80% |
| Bursaries from the Foundation | 6 | 2 | 48 | 61 | 0.27% | 0.34% |
| Music and Dance Scheme | 80 | 80 | 919 | 929 | 5.22% | 5.28% |
| Scholarships | 155 | 137 | 304 | 269 | 1.73% | 1.53% |

Value of fee reductions provided to children of:

| | | | | |
|--|--------------|--------------|---------------|---------------|
| Members of the clergy of the Church of England | 19 | 18 | 0.11% | 0.10% |
| Members of the armed forces | 22 | 35 | 0.13% | 0.20% |
| Former pupils of the School | 24 | 24 | 0.14% | 0.14% |
| Parents with more than one child at the School | 142 | 154 | 0.81% | 0.87% |
| Employees of the School | 568 | 582 | 3.23% | 3.31% |
| Children of ex-choristers of the School | 21 | 22 | 0.12% | 0.13% |
| Total | 3,192 | 3,290 | 18.14% | 20.72% |

Governors Report (*continued*)

The bursaries from the School and Foundation are awarded on the basis of parental need and are all means tested. The total £3,192k includes £48k of restricted Foundation bursaries.

The level of support included 2 free places (2019:3) worth £63k (2019: £80k).

The Music and Dance Scheme (MDS) discounts are subsidies provided to parents of pupils whose places are funded by the MDS, as such funding is capped by the Department for Education (DfE). Support by the DfE to these pupils is also means tested.

Scholarships are awarded to recognise a pupil's academic or sporting achievement, and are also means tested.

Risk Management

The Board of Governors is responsible for the management of the risks faced by the School. Detailed consideration of risks is delegated through the Head Master to the Head of Junior School and Bursar, who are assisted by other members of the Senior Management team and other leadership groups in the School. Risks are identified and assessed, and controls established throughout the year. A register of key risks has been created and, together with the School's risk management process, is reviewed formally by the Governors on an annual basis.

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

In the current year the Covid 19 pandemic had a considerable impact on the operation of the School, with the physical closure of the site to most year groups during the Whitsun/Trinity (summer) term, the implementation of directed home learning, and a revised fee schedule for the Whitsun/Trinity term, funded by concomitant operational savings. The Board is aware of the residual risks posed by the pandemic, including but not limited to: the health and welfare of pupils, staff and visitors; the operational, social and economic impact of a second wave of infection; reduced confidence of the overseas boarding market in the safety of UK education; and the prospect of a significant UK domestic and worldwide recession precipitated by the pandemic.

The School is still awaiting the emergence of a clear picture on the impact of the exit from the EU on a number of areas of its operation. Initial response from families and educational agents from continental Europe was that of disappointment. At present there is no impact on existing pupils or those imminently joining the British independent education system. However the lack of certainty creates anxiety, and is resulting in some families looking elsewhere across the world - and not just those from within the EU. Two specific areas of uncertainty are: the impact of Brexit on access for pupils from EU countries to the MDS Scheme and; the impact on any requirement for pupils from EU countries to complete expensive and time consuming Tier 4 Visa applications, before coming to the School to study. A further, but more general, concern lies in any changes in the ability of European pupils to remain in the UK for higher education, as if this process becomes more difficult families may decide to look elsewhere for continuity of their educational experience. This is pertinent to a School with a specialist music programme as the UK music conservatoires currently have very high percentage levels of attendance from EU pupils.

Financial risk management covers:

- Income risk – The School's cost base operates predominantly on a fixed cost basis and its surplus is equivalent to a relatively small percentage of income. This high level of operational gearing means that the School's ability to generate surpluses is sensitive to fluctuations pupil numbers;
- Price risk – Fees are subject to annual reviews. Salary costs are communicated to staff during the formal annual review of salaries. Prices of significant materials purchased are subject to contracts with suppliers, based on current market prices and obtaining at least three quotations;
- Credit risk – The credit risk on amounts owed to the School by its parents is low, due to the nature of the income being received;
- Liquidity risk – The School has completed a number of significant capital projects: the construction of a music learning and performance building, a sports pavilion, and a boarding facility, as well as acquiring

Governors Report (*continued*)

and converting a second, plus the replacement of the School's astroturf pitch. The School has prepared cash flow forecasts and is monitoring these regularly;

- Interest rate risk – The School has five bank loans secured on property on which it pays interest at 0.9 to 1.5% above base rate. An interest offset arrangement is in place on two of the loans (see note 17);
- Treasury risk - The School's long-term, capital and working capital cash-cycle requirements mean that the School maintains deposits in cash and cash equivalents as well as longer term investments. These holdings expose the School to the risk of loss through investments whose risk profile does not include a guaranteed return and/or from the failure of the organisations holding the investments. The investments held by the group are actively managed by an investment manager, in accordance with an investment policy set by the investment committee of the Foundation, which considers the risk and return profile, duration and disbursement of the funds on deposit/invested; and
- Risk of Imposition of Additional Statutory Charges – The School (along with the rest of the independent sector in the UK) faces the risk of the imposition of additional statutory charges and taxes. This includes, but is not limited to, the application of VAT on fees, and the removal of the charitable dispensation on business rates.

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

- Formal agendas for all committee and Board activity;
- Terms of reference for all committees;
- Comprehensive strategic planning, budgeting and management accounting;
- A register of key risks, identifying and assessing the risks as well as a responsible manager and risk mitigation strategy for each risk;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Vetting procedures as required by law for the protection of the vulnerable.

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

Statement of Governors' Responsibilities

The Governors are responsible for preparing the Governors' report and the Financial Statements in accordance with the going concern basis under the historic cost convention, with the exception of listed investments which are held at fair value, in accordance with applicable accounting standards in the United Kingdom including the Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) Statement of Recommended Practice (FRS 102) 'Accounting and Reporting by Charities' ('the Charities SORP'), the Charities Act 2011 and the Companies Act 2006.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the School will continue in business.

Governors Report (*continued*)

The Governors are responsible for ensuring that adequate accounting records are kept by the School that are sufficient to show and explain the group's transactions, disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the Financial Statements comply with the Companies Act 2006 and the provisions of the School's constitution. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the provision and detection of fraud and other irregularities.

Statement on Disclosure of Information to the Auditor

So far as each Governor is aware, there is no relevant audit information of which the School's auditor is unaware. The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Independent Auditor

Crowe U.K. LLP has indicated their willingness to accept reappointment as the School's auditors and a resolution for their reappointment will be proposed at the annual general meeting.

The Governor's report, including the strategic report, was approved by the board of Governors of Wells Cathedral School Limited on 7th December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Davies', is written over a large, faint, light-grey watermark of the same signature.

The Very Reverend Dr John Davies
Chairman of Governors

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

Opinion

We have audited the Financial Statements of Wells Cathedral School Limited for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, School Balance Sheet, Consolidated Statement of Cash Flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- Give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

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 suit of the Financial Statements in the UK*, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

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

Other Information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Governors' report, which the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- The strategic report and the directors' report included within the Governors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- The parent company has not kept adequate accounting records; or
- The parent company Financial Statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Governors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement set out on page 19, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Governors are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the 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 assurances 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 Wells Cathedral School Limited (*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.



Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Cheltenham

Date: 5 February 2021

Consolidated Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 31 July 2020

| | <i>Note</i> | Endowment funds | Restricted funds | Unrestricted revenue | Designated Asset funds | Total 2020 | Total 2019 |
|---|-------------|----------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------|-----------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| INCOME FROM: | | | | | | | |
| Charitable activities: | | | | | | | |
| Fees receivable | 3 | - | - | 13,462 | - | 13,462 | 14,306 |
| Other educational income | 4 | - | - | 1,342 | - | 1,342 | 822 |
| Other ancillary trading income | 4 | - | - | 145 | - | 145 | 264 |
| Donations & legacies | 5 | 4 | 203 | - | - | 207 | 255 |
| Other trading activities | 5 | - | - | 161 | - | 161 | 132 |
| Income from investments | 6 | - | 23 | 1 | - | 24 | 22 |
| Total Income | | 4 | 226 | 15,111 | - | 15,341 | 15,801 |
| EXPENDITURE ON: | | | | | | | |
| Raising funds | 7 | - | - | (401) | - | (401) | (317) |
| Charitable activities | 7 | - | (153) | (13,488) | (468) | (14,109) | (14,965) |
| Total Expenditure | | - | (153) | (13,889) | (468) | (14,510) | (15,282) |
| (Loss)/gain on investments | 13 | (34) | - | - | - | (34) | 33 |
| Net income/(expenditure) | | (30) | 73 | 1,220 | (468) | 797 | 552 |
| Transfers between funds | 19,20 | - | 10 | (926) | 916 | - | - |
| Net movement in funds | | (30) | 83 | 296 | 448 | 797 | 552 |
| Fund balances brought forward at 1 August | 18,19,20 | 886 | 3,882 | (5,001) | 18,721 | 18,488 | 17,936 |
| Fund balances carried forward at 31 July | 18,19,20 | 856 | 3,965 | (4,705) | 19,169 | 19,285 | 18,488 |


The notes on pages 27 to 54 form part of these Financial Statements.

Consolidated Balance Sheet

As at 31 July 2020 Company Number 564883

| | Note | 2020 £000 | 2019 £000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 12 | 23,061 | 23,369 |
| Investments | 13 | 879 | 886 |
| Current assets | | | |
| Properties held for sale | 12 | - | 520 |
| Stocks | 14 | 13 | 9 |
| Debtors | 15 | 1,207 | 1,171 |
| Cash at bank and in hand | 25 | 966 | 264 |
| Total current assets | | 2,186 | 1,964 |
| Creditors: amounts falling due within one year | 16 | (3,791) | (3,971) |
| Net current liabilities | | (1,605) | (2,007) |
| Total assets less current liabilities | | 22,335 | 22,248 |
| Creditors: amounts falling due after more than one year | 17 | (3,050) | (3,760) |
| Net assets | | 19,285 | 18,488 |
| The funds of the group | | | |
| Endowment funds | 18 | 856 | 886 |
| Restricted funds | 19 | 3,965 | 3,882 |
| Unrestricted funds: | | | |
| Revenue fund | | (4,705) | (5,001) |
| Designated asset fund | 20 | 19,169 | 18,721 |
| Total unrestricted funds | | 14,464 | 13,720 |
| Total funds | | 19,285 | 18,488 |

These Financial Statements were approved by the Board of Governors on 7th December 2020 and were signed on its behalf by:


Mr Andrew Campbell-Orde
Governor


The Very Reverend Dr John Davies
Chairman of Governors

The notes on pages 28 to 54 form part of these Financial Statements


School Balance Sheet

As at 31 July 2020 Company Number 564883

| | Note | 2020 | | 2019 | |
|--|------|--------------|----------------|--------------|----------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 23,061 | | 23,369 |
| Current assets | | | | | |
| Properties held for sale | 12 | - | | 520 | |
| Stocks | 14 | 13 | | 9 | |
| Debtors | 15 | 1,121 | | 1,167 | |
| Cash at bank and in hand | 25 | 674 | | 5 | |
| Total current assets | | <u>1,808</u> | | <u>1,701</u> | |
| Creditors: amounts falling due within one year | 16 | (3,788) | | (3,968) | |
| Net current liabilities | | | <u>(1,980)</u> | | <u>(2,267)</u> |
| Total assets less current liabilities | | | <u>21,081</u> | | <u>21,102</u> |
| Creditors: amounts falling due after more than one year | 17 | | (3,050) | | (3,760) |
| Net assets | | | <u>18,031</u> | | <u>17,342</u> |
| The funds of the School | | | | | |
| Endowment funds | 18 | | - | | - |
| Restricted funds | 19 | | 3,569 | | 3,640 |
| Unrestricted funds: | | | | | |
| Revenue fund | | (4,707) | | (5,008) | |
| Designated asset fund | 20 | 19,169 | | 18,710 | |
| Total unrestricted funds | | | <u>14,462</u> | | <u>13,702</u> |
| Total charity funds | | | <u>18,031</u> | | <u>17,342</u> |

The net movement in funds for the School is £689k (2019:£20k).

These Financial Statements were approved by the Board of Governors on 7th December 2020 and were signed on its behalf by:


Mr Andrew Campbell-Orde
Governor


The Very Reverend Dr John Davies
Chairman of Governors

The notes on pages 28 to 54 form part of these Financial Statements.

Consolidated Statement of Cash Flows
For the year ended 31 July 2020

| | <i>Note</i> | 2020 | | 2019 | |
|---|--------------|-------------|--------------|-------------|--------------|
| | | £000 | £000 | £000 | £000 |
| Net cash provided by operating activities | 24 | | 1,307 | | 1,548 |
| Cash flows from investing activities: | | | | | |
| Income received from investments | 13 | 23 | | 20 | |
| Proceeds from sale of investments | 13 | 240 | | 83 | |
| Purchase of tangible fixed assets | 12 | (237) | | (334) | |
| Sale of property | | 520 | | - | |
| Purchase of investments | 13 | (262) | | (134) | |
| Net cash used in investing activities | | | 284 | | (365) |
| Cash flows from financing activities: | | | | | |
| (Repayment)/receipts of bank loans | 26 | (673) | | (201) | |
| Payment of interest | 11 | (64) | | (85) | |
| Net cash used by financing activities | | | (737) | | (286) |
| Change in cash and cash equivalents in the reporting period | 25,26 | | 854 | | 897 |
| Cash and cash equivalents at the beginning of the reporting period | | | 85 | | (812) |
| Cash and cash equivalents at the end of the reporting period | | | 939 | | 85 |
| Cash and cash equivalents | | | | | |
| Cash at bank and in hand | 25 | 966 | | 264 | |
| Cash held by investment manager | 13 | (27) | | (27) | |
| Overdraft | | - | | (152) | |
| | | 939 | | 85 | |

The notes on pages 28 to 54 form part of these Financial Statements

Notes

1 Company Status

The School is a Charitable Company, registered in England and Wales (company number: 564883) limited by guarantee, and not having any share capital. The members undertake to contribute to the assets of the company in the event of it being wound up, either whilst members or within one year of their membership ceasing. The maximum contribution required from each member would be £1. The School is also a Charity registered in England and Wales (Charity Number: 310212).

2 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's Financial Statements. There have been no material changes to accounting policies since the prior year.

Basis of Preparation

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

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

Going Concern

The accounts have been prepared on the going concern basis as the directors consider this to be appropriate based on a net surplus for the year of £797k and notwithstanding net current liabilities of £1,605k at the balance sheet date.

The Governors have prepared cash flow forecasts for a period of more than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonable possible downsides, the group will have sufficient funds to meet liabilities as they become due. The directors have specifically assessed the impact that Covid 19 will have on the ability of the Group to continue as a going concern. The impact of the COVID 19 virus has had a significant economic impact throughout the global economy and at the date of this report there remains uncertainty as to the full impact. We have expanded on the current situation below.

The School is continuing to operate within government guidelines of the second lockdown period and with all necessary precautions in place. However, in preparing the forecasts we have considered further severe but plausible downside scenarios. None of the scenarios indicate that the group would have insufficient funds to meet its liabilities as they fall due or fail to comply with its banking covenants. As part of this the School has agreed a waiver of the main borrowing covenant until August 2021 in order to ensure ongoing compliance and give the School maximum flexibility to manage its cash position and as such the Governors consider that it remains appropriate to adopt the going concern basis in the financial statements.

The Governors have reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff. On this basis the Governors have considered it appropriate to prepare the financial statements on a going concern basis.

Basis of Consolidation

These Consolidated Financial Statements include the Financial Statements of Wells Cathedral School Limited ("the School") and The Wells Cathedral School Foundation ("the Foundation").

The Foundation is not a direct subsidiary of the School but has been consolidated into the School's Financial Statements. Under accounting standard FRS102 the Foundation is classified as a quasi-subsiary as the School indirectly controls and directs the Foundation's activities from which the School benefits. The Charities SORP states that where the objects of the Charity (Foundation) are substantially or exclusively confined to the benefit of another

Charity (i.e. the School) and where the School influences the Foundation in its operational plans, i.e. the nature and timing of support, then the criteria for consolidation of the Financial Statements are deemed to have been met.

These Financial Statements consolidate the results of the School and the Foundation on a line by line basis. The results of the Foundation are disclosed in note 30 of these Financial Statements.

In accordance with the provisions of s408 of the Companies Act 2006 and paragraph 397 of the Charities SORP, the School is exempt from the requirement to present its own income and expenditure account and statement of financial activities. The company iMusic Limited and the two subsidiaries, Wells Cathedral School (Hong Kong) Ltd and Wells Cathedral International School (Hong Kong) Limited are dormant so are not included in the consolidation.

Income

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

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

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

Other income (excluding fee income) in furtherance of the group's activities is represented by:

- Donations, which comprise primarily donations and charitable gifts from individuals, grant giving trusts and foundations, are accounted for on an accruals basis. Such income is recognised when there is a legally binding commitment to the Foundation for the transfer of funds. Donations of assets are brought into the balance sheet and statement of financial activities at market value, at the date of acquisition. Gift aid on donations is subsequently applied for where appropriate;
- Legacies, which are accounted for at the earlier of receipt of estate accounts or cash received. An assessment is performed post year end of up to two months. Any legacies received are considered, their value reliably measured and then accounted for appropriately;
- Income from investments, which represents the interest and dividends earned during the year from bonds, deposits, and the endowment funds and any realised gains on their disposal. Income is accounted for on an accruals basis;
- Other educational income, which comprises educational income other than fees;
- Ancillary trading income which comprises income associated with the provision of education by the School such as the School bus and external concerts; and
- Other trading activities, which comprise income generated from lettings, hire of the School's facilities and external functions.

Accrued Income

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

Grants

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

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

Scholarships, Bursaries and Discounts

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

Expenditure

All expenditure is included in the statement of financial activities on an accruals basis. Costs directly attributable to a specific expense heading are allocated to that heading. Expenditure is recognised when a liability is incurred and in the following categories:

- Expenditure on raising funds, which consist of costs incurred in attracting voluntary income;
- Charitable activities, which comprise expenditure incurred in teaching, boarding and music programmes and include both the direct costs and support costs relating to these activities;
- All expenditure, including support costs, is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expenditure for which it is incurred;
- Termination/redundancy payments are accounted for as soon as the School is aware of the obligation to make payments.

Pension Costs

The teaching staff are members of the Teachers' Superannuation Scheme, which is a defined benefit scheme. Under the definitions set out in FRS 102, the teachers' pension scheme is a multi-employer pension scheme.

Accordingly the School has taken advantage of the exemptions available to multi-employer pension schemes and contributions to the scheme are charged to the statement of financial activities when they are payable.

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

Tangible Fixed Assets and Depreciation

All tangible fixed assets are accounted for at cost less accumulated depreciation. Cost includes the original purchase price of the asset plus the costs attributed to bringing the asset to its working condition for its intended use.

Depreciation is provided by the School to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives on a straight line basis as follows:

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

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

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

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

Investments

In accordance with the Trust Deed, the Trustees of the Foundation may authorise its funds to be invested in any stocks, shares or insurance policies. The Trustees' aim is to generate long-term total return from endowment funds invested, combining both capital growth and income, and to invest other funds received in bank deposits and bonds at attractive rates of interest. The basis for determining fair value is the quoted market price in an active market.

Any gains and losses on sale or revaluation of investments are recorded within the Statement of Financial Activities.

Properties Held for Sale

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

Stocks

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

Debtors

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

Cash and Cash Equivalents

Cash is represented by cash in hand.

Creditors

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

Fees Received in Advance

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

Leases

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

Repairs Provision

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

Endowment Funds (restricted)

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

Restricted Funds

These funds have been donated for specific purposes, such as bursaries, scholarships, capital projects or projects funded by the Department for Education.

Capital Fund (restricted)

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

Revenue Fund

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

Designated Asset Fund

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

Transfers between reserves

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

Financial Instrument Policy

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

Critical Accounting Judgements and Estimation of Uncertainty

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

(a) Critical judgements

The Governors do not believe that any critical judgements have been made in preparing the Financial Statements.

The accruals and prepayments are calculated based on firm or historical evidence, except pledges which are included based on a firm judgement by the Foundation.

(b) Estimates and assumptions

The estimates and assumptions made by the group consist mainly of an allocation of the School's development department's operating costs associated with the Foundation and the useful economic lives and residual value of the School's fixed assets. These reasonable estimates are based on the knowledge of key management personnel.

Taxation

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

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

3 Fees Receivable

| | 2020 | 2019 |
|---|---------------|---------------|
| | £000 | £000 |
| Fees receivable consist of: | | |
| Tuition and boarding fees | 15,974 | 15,840 |
| Music tuition fees | 1,832 | 1,758 |
| Total fees | 17,806 | 17,598 |
| Less: DfE Cap - Tuition and boarding fees | (919) | (929) |
| Bursaries, scholarships and other discounts | (2,225) | (2,363) |
| Covid 19 related discounts | (1,200) | - |
| | 13,462 | 14,306 |

The DfE cap is the contribution by the School to cover any shortfall which arises because the fees allowed by the DfE for the Music and Dance Scheme are lower than full fees. The bursaries don't include the restricted bursaries donated from the Foundation of £48k (2019:60k).

4. Income from Charitable Activities

| | 2020 | 2019 |
|----------------------------------|--------------|------------|
| | £000 | £000 |
| Other educational income: | | |
| School activities | 417 | 559 |
| Extra tuition | 150 | 212 |
| Wells Music College income | 14 | 13 |
| Registration and audition fees | 28 | 34 |
| Other income | 42 | 4 |
| Covid 19 related income | 691 | - |
| | 1,342 | 822 |

| | 2020 | 2019 |
|--|------------|------------|
| | £000 | £000 |
| Other ancillary trading income: | | |
| Bus service for pupils | 45 | 60 |
| Concert income | 16 | 34 |
| Other income | 84 | 170 |
| | 145 | 264 |

5 Income from Donations and Legacies

There were no unrestricted donations or legacies:

| | Group | | School | |
|----------------------------|------------|------------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Restricted/Endowed: | | | | |
| Donations: | | | | |
| Donations (restricted) | 193 | 221 | 74 | 92 |
| Donations (endowed) | 4 | 27 | - | - |
| Donations for Sierra Leone | - | - | - | - |
| Donations to Music | 10 | 5 | 10 | 5 |
| Donations for Outreach | - | 2 | - | 2 |
| | <u>207</u> | <u>255</u> | <u>84</u> | <u>99</u> |

Donations to the School from the Foundation totalled £76k (2019: £94k), including bursaries of £48k (2019: £60k); net restricted donations received by the Foundation totalled £193k (2019: £134k) and endowed funds in donations totalled £4k (2019: £441k).

| | 2020 | 2019 |
|----------------------------------|------------|------------|
| | £000 | £000 |
| Other trading activities: | | |
| Lettings | 27 | 119 |
| Hire of facilities | 10 | 11 |
| Functions/concert income | 93 | 145 |
| Solar panels | 15 | 32 |
| Rental | 6 | - |
| Surplus on fixed asset disposals | 10 | (175) |
| | <u>161</u> | <u>132</u> |

6 Income from Investments

| | Group | | School | |
|--|-----------|-----------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Interest from short-term deposits | 1 | 2 | 1 | 2 |
| Income earned on endowment funds transferred to restricted funds | 23 | - | - | - |
| Income earned on endowment funds | - | 20 | - | - |
| | <u>24</u> | <u>22</u> | <u>1</u> | <u>2</u> |

Wells Cathedral School Limited (limited by guarantee)
Consolidated Statement of Financial Activities
Year Ended 31 July 2020

7 Expenditure

| | Staff costs | Other | Depreciation | Total | Total |
|---|----------------------|---------------------|-------------------|----------------------|----------------------|
| | £000 | £000 | £000 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 | £000 |
| Expenditure on raising funds: | | | | | |
| Fundraising trading costs | 192 | 150 | - | 342 | 270 |
| Fundraising for voluntary costs | 31 | 28 | - | 59 | 47 |
| Total expenditure on raising funds | 223 | 178 | - | 401 | 317 |
| Expenditure on charitable activities: | | | | | |
| Teaching costs | 6,343 | 261 | 75 | 6,679 | 6,789 |
| Welfare costs | 651 | 160 | - | 811 | 839 |
| Premises - general | 1,306 | 1,488 | 470 | 3,264 | 3,385 |
| - non recurring projects | - | 14 | - | 14 | 14 |
| Support costs | 1,734 | 1,084 | - | 2,818 | 3,257 |
| School activities | - | 417 | - | 417 | 559 |
| Ancillary trading | 45 | 61 | - | 106 | 122 |
| Total expenditure on charitable activities | 10,079 | 3,485 | 545 | 14,109 | 14,965 |
| Total expenditure | <u>10,302</u> | <u>3,663</u> | <u>545</u> | <u>14,510</u> | <u>15,282</u> |

8 Support costs

| | Costs of generating funds £000 | Other charitable activities £000 | Total 2020 £000 | Total 2019 £000 |
|---|---|---|-----------------------|-----------------------|
| Staff costs | 223 | 1,734 | 1,957 | 1,891 |
| Other support costs: | | | | |
| Staff expenses/development | 1 | 79 | 80 | 126 |
| Office | 166 | 743 | 909 | 1,101 |
| Professional advice | 7 | 165 | 172 | 217 |
| Finance costs | - | 82 | 82 | 114 |
| <i>Services provided by the School's auditor:</i> | | | | |
| Fees payable for the audit (including Foundation) | - | 14 | 14 | 26 |
| - Audit additional costs | - | - | - | - |
| - Teachers' Pension Certificate | - | 1 | 1 | 1 |
| - Companies in Hong Kong | - | 4 | 4 | 6 |
| | <u>397</u> | <u>2,822</u> | <u>3,219</u> | <u>3,482</u> |

Included within the support costs are governance costs of £44k (2019: £55k) which mainly comprise the costs of administering the School, auditor's remuneration and Governors' meeting expenses.

9 Staff Numbers and Costs

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

| | Number of employees | |
|--------------------|---------------------|-----------|
| | 2020 | 2019 |
| Teaching staff | 167 | 176 |
| Non-teaching staff | 222 | 216 |
| | <hr/> 389 | <hr/> 392 |

The aggregate payroll costs of these persons were as follows:

| | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 8,366 | 8,476 |
| Social security costs | 708 | 717 |
| Pension costs (see note 23) | 1,228 | 915 |
| | <hr/> 10,302 | <hr/> 10,108 |

The number of employees earning in excess of £60,000 per annum:

| | Number of employees | |
|---------------------|---------------------|------|
| | 2020 | 2019 |
| £150,001 - £160,000 | 1 | |
| £140,001 - £150,000 | - | |
| £130,001 - £140,000 | - | 1 |
| £120,001 - £130,000 | 1 | 1 |
| £110,001 - £120,000 | - | - |
| £100,001 - £110,000 | 1 | - |
| £90,001 - £100,000 | 1 | 2 |
| £80,001 - £90,000 | - | 1 |
| £70,001 - £80,000 | - | - |
| £60,001 - £70,000 | 3 | - |

Of the above employees, five (2019: three) were members of the teachers' superannuation pension scheme which is a defined benefit scheme. The School's contribution to this was £80k (2019: £31k). The remaining two employees (2019: two) were members of a money purchase pension scheme for which the School's contribution was £12k (2019: £10k).

The Governors did not receive any emoluments or benefits during the year (2019: nil). See note 29 for further information. The total amount earned by the executive officers for the year was £734k (2019: £546k).

Termination/redundancy payments of £87k (2019: £29k) were made to four (2019: one) employee in the year.

10 Net Income/ (Expenditure) before Transfers

| | 2020 | 2019 |
|--|-------|-------|
| | £000 | £000 |
| <i>Net income/(expenditure) before transfers is stated after charging:</i> | | |
| Services provided by the School's auditor: | | |
| Audit fees - School | 12 | 22 |
| - Foundation | 2 | 2 |
| - Hong Kong | 4 | 5 |
| Other services - Music and Dance Scheme grant audit | 1 | 1 |
| - Teachers Pension certificate audit | 1 | 1 |
| - Non-audit fees (Hong Kong) | - | 6 |
| Rentals payable under operating leases | | |
| - land and buildings | 58 | 58 |
| - other | 135 | 132 |
| Depreciation - owned assets | 520 | 495 |
| - leased assets | 25 | 25 |
| | <hr/> | <hr/> |

11 Interest Payable

| | 2020 | 2019 |
|--------------------------------------|-------|-------|
| | £000 | £000 |
| Interest on bank loans and overdraft | 64 | 85 |
| | <hr/> | <hr/> |

Wells Cathedral School Limited (limited by guarantee)
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12 Tangible Fixed Assets

| Group and School | Freehold land and buildings | Assets in the course of construction | Leasehold land and building | Information computer technology | Fixtures, fittings, musical instruments and machinery | Motor vehicles | Total |
|---------------------------------|-----------------------------|--------------------------------------|-----------------------------|---------------------------------|---|----------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| <i>Cost</i> | | | | | | | |
| At 1 August | 24,114 | 62 | 1,571 | 546 | 2,682 | 59 | 29,034 |
| Additions | 88 | - | - | 15 | 134 | - | 237 |
| Transfer | 10 | (10) | - | - | - | - | - |
| Disposals | - | - | - | - | (2) | - | (2) |
| At 31 July | 24,212 | 52 | 1,571 | 561 | 2,814 | 59 | 29,269 |
| <i>Accumulated Depreciation</i> | | | | | | | |
| At 1 August | 2,530 | - | 832 | 460 | 1,796 | 47 | 5,665 |
| Charge for year | 298 | - | 25 | 23 | 196 | 3 | 545 |
| Disposals | - | - | - | - | (2) | - | (2) |
| At 31 July | 2,828 | - | 857 | 483 | 1,990 | 50 | 6,208 |
| <i>Net book value</i> | | | | | | | |
| At 31 July 2020 | 21,384 | 52 | 714 | 78 | 824 | 9 | 23,061 |
| At 31 July 2019 | 21,584 | 62 | 739 | 86 | 886 | 12 | 23,369 |

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

There is £715k (2019: 739k) in leasehold land and buildings which relates to long term lease improvements.

The £52k (2019: £62k) in "assets in the course of construction" is the continued capitalisation of the science quarter development.

Canon Grange was sold for £520k. The net value of this property was £520k and it was held in "property for resale"

13 Investments

Non-current investments

| | Group | |
|---------------------------------|--------------|--------------|
| | 2020 £000 | 2019 £000 |
| Investment management portfolio | 879 | 886 |
| | <u>879</u> | <u>886</u> |

The investment management portfolio is a portfolio of equities, bonds and cash managed by Smith & Williamson Investment Management, the majority of which comprises UK assets. They are categorised as non-current assets as they are held for longer than 12 months. Any gains or losses on sale or revaluation of investments are recorded within the statement of financial activities. The investment objective is to outperform the MSCI Wealth Management Association Growth return which this year was -5.9% (2019: 5.8%). This year the portfolio outperformed the index return by 4.5% (2019: outperformed by 0.6%).

The investment fund is backed by the following funds:

Endowed funds - £855,959
Restricted funds - £23,263

| Group and School | Group | | School | |
|--|--------------|--------------|--------------|--------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Investments at valuation | | | | |
| At 1 August | 886 | 807 | - | 414 |
| Additions at cost | 262 | 134 | - | - |
| Disposal proceeds (includes interest) | (263) | (83) | - | - |
| Add transfers from School | - | - | - | (414) |
| Cash held for re-investment | 27 | 20 | - | - |
| Net gain/(loss) on investments | (34) | 33 | - | - |
| | <u>878</u> | <u>911</u> | <u>-</u> | <u>-</u> |
| Increase/(decrease) in cash for reinvestment | 1 | (25) | - | - |
| | <u>879</u> | <u>886</u> | <u>-</u> | <u>-</u> |

14 Stocks

These consist of catering supplies.

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15 Debtors

| | Group | | School | |
|--|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Trade debtors - amounts due from parents | 501 | 653 | 501 | 653 |
| Other debtors | 339 | 329 | 339 | 329 |
| Prepayments | 367 | 189 | 281 | 185 |
| | <u>1,207</u> | <u>1,171</u> | <u>1,121</u> | <u>1,167</u> |

16 Creditors: amounts falling due within one year

| | Group | | School | |
|------------------------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdrafts | 202 | 352 | 202 | 352 |
| Fees received in advance | 154 | 348 | 154 | 348 |
| Pupil deposits | 2,184 | 2,316 | 2,184 | 2,316 |
| Trade creditors | 3 | 9 | 3 | 9 |
| Taxation and social security | 807 | 186 | 807 | 186 |
| Finance lease | 7 | 9 | 7 | 9 |
| Other creditors | 143 | 169 | 143 | 169 |
| Accruals and deferred income | 291 | 582 | 288 | 579 |
| | <u>3,791</u> | <u>3,971</u> | <u>3,788</u> | <u>3,968</u> |

In the normal course of business and assuming the going concern basis, the expected repayment of deposits to parents of pupils leaving the School will be £2,184k (2019: £2,316k).

Fees received in advance:

Group and School

| | 2020 | 2019 |
|---|------------|------------|
| | £000 | £000 |
| At 1 August | 395 | 443 |
| New contracts | 68 | 257 |
| Amounts utilised in payment of fees to the School | (294) | (305) |
| At 31 July | <u>169</u> | <u>395</u> |

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| | 2020 | 2019 |
|---|------------|------------|
| | £000 | £000 |
| Fees in advance - aged breakdown of fees: | | |
| Fees falling due within: | | |
| 1 year | 154 | 348 |
| 1 - 2 years | 15 | 47 |
| | <u>169</u> | <u>395</u> |

17 Creditors: amounts falling due after one year

| | 2020 | 2019 |
|--------------------------|--------------|--------------|
| | £000 | £000 |
| Group and School: | | |
| Bank loans | 3,034 | 3,713 |
| Fees received in advance | 16 | 47 |
| | <u>3,050</u> | <u>3,760</u> |

Bank loans are instalment debts and fees received in advance are non-instalment debts.

There are five (2019: five) bank loans secured on School properties.

The capital for the loans is repayable in monthly instalments which vary from £1k to £13k. The interest rates on these loans vary from 0.9% to 1.5% above base rate. The current bridging loan at year end was £325k (2019: £852k) and the interest rate on the loan is 1.5% above base rate.

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

The bank loans are repayable as follows:

| | 2020 | 2019 |
|---------------|--------------|--------------|
| | £000 | £000 |
| Within: | | |
| 1 year | 202 | 1,070 |
| 1 - 2 years | 299 | 217 |
| 2 - 5 years | 896 | 652 |
| After 5 years | 1,839 | 1,972 |
| | <u>3,236</u> | <u>3,911</u> |

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18 Endowment Funds

| Group | Chandler fund £000 | Alan Quilter fund £000 | Dulverton fund £000 | Carnegie fund £000 | Vandervell fund £000 | Ashley Jones fund £000 | Bursary fund £000 | Group Total £000 |
|---------------------|--------------------------|---------------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|-------------------------|------------------------|
| At 1 August 2019 | 80 | 6 | 40 | 25 | 249 | 14 | 472 | 886 |
| Additions | - | - | - | - | - | - | 4 | 4 |
| Interest | - | - | - | - | - | - | - | - |
| Loss on investments | - | - | - | - | - | - | (34) | (34) |
| At 31 July 2020 | 80 | 6 | 40 | 25 | 249 | 14 | 442 | 856 |

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

The Alan Quilter fund provides scholarships and bursaries.

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

The Carnegie fund is to fund a folk singing scholarship.

The Vandervell fund is to fund scholarships and bursaries.

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

The Bursary fund represents donations which are to be used to fund bursaries.

Comparative Statement of Endowment Funds for year ended 31 July 2019

| Group | Chandler fund £000 | Alan Quilter fund £000 | Dulverton fund £000 | Carnegie fund £000 | Vandervell fund £000 | Ashley Jones fund £000 | Bursary fund £000 | Group Total £000 |
|------------------------------|--------------------------|---------------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|-------------------------|------------------------|
| At 1 August 2018 | 80 | 6 | 40 | 25 | 249 | 14 | 393 | 807 |
| Additions | - | - | - | - | - | - | 26 | 26 |
| Interest | - | - | - | - | - | - | 20 | 20 |
| Gain / (loss) on investments | - | - | - | - | - | - | 33 | 33 |
| At 31 July 2019 | 80 | 6 | 40 | 25 | 249 | 14 | 472 | 886 |

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19 Restricted Funds

| Group and School | Project fund £000 | Bursary fund £000 | Capital fund £000 | Other fund £000 | School 2020 £000 | Foundation 2020 £000 | Group 2020 £000 | Group 2019 £000 |
|----------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|------------------------|----------------------------|-----------------------|-----------------------|
| Donations and other receipts | - | - | 10 | - | 10 | 193 | 226 | 228 |
| Bank and other interest received | - | - | - | - | - | 23 | - | - |
| Expenditure | - | - | (77) | - | (77) | (76) | (153) | (148) |
| Consolidation adjustment | (14) | - | - | - | (14) | 14 | - | - |
| (Deficit)/surplus for year | (14) | - | (67) | - | (81) | 154 | 73 | 80 |
| Transfers between funds | - | - | 10 | - | 10 | - | 10 | (57) |
| At 1 August | 88 | 27 | 3,185 | 340 | 3,640 | 242 | 3,882 | 3,859 |
| At 31 July | 74 | 27 | 3,128 | 340 | 3,569 | 396 | 3,965 | 3,882 |

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

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

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

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

The transfers from the restricted fund of £10k (2019: £57k) comprise the following:

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Transfer to revenue fund, funds held in the Foundation related to the Cedars field development. | - | 22 |
| Transfer from designated asset fund to capital restricted fund re: musical instruments funded by Friends of Music. | 10 | (5) |
| Transfer to revenue fund in respect of restricted bursaries from the Foundation | - | 35 |
| Transfer to designated asset fund in respect of aggregated funds related to funds from the Foundation and Outreach. | - | 5 |
| Total | 10 | 57 |

Comparative Statement of Restricted Funds for year ended 31 July 2019:

| Group and School | Project fund £000 | Bursary fund £000 | Capital fund £000 | Other fund £000 | School 2019 £000 | Foundation 2019 £000 | Group 2019 |
|----------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|------------------------|----------------------------|---------------|
| Donations and other receipts | 2 | 60 | 5 | 25 | 92 | 136 | 228 |
| Bank and other interest received | - | - | - | - | - | - | - |
| Expenditure | - | - | (83) | - | (83) | (65) | (148) |
| Consolidation adjustment | - | - | - | 5 | 5 | (5) | - |
| (Deficit)/surplus for year | 2 | 60 | (78) | 30 | 14 | 66 | 80 |
| Transfers between funds | - | (35) | (22) | - | (57) | - | (57) |
| At 1 August | 86 | 2 | 3,285 | 310 | 3,683 | 176 | 3,859 |
| At 31 July | 88 | 27 | 3,185 | 340 | 3,640 | 242 | 3,882 |

20 Designated Asset Funds

| | Group | | School | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| At beginning of year | 18,721 | 18,803 | 18,721 | 18,792 |
| School operating costs (depreciation) | (468) | (436) | (468) | (436) |
| Transfers between funds | 916 | 354 | 916 | 354 |
| At end of year | 19,169 | 18,721 | 19,169 | 18,710 |

The Designated Asset fund represents the additions of tangible fixed assets not funded by the capital fund, less the outstanding loans secured on specific properties and the net book value of property sales.

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The transfer to the designated asset fund of £916k (2019: £354k) comprises the following;

| | 2020 | 2019 |
|---|------------|------------|
| | £000 | £000 |
| Reduction in the loans secured against the assets in the fund | 679 | 200 |
| Unrestricted additions to fixed assets | 237 | 334 |
| Less net book value of property sale | 10 | (175) |
| Less fixed assets funded by the Friends of Music | (10) | (5) |
| Total | 916 | 354 |

Comparative Statement of Designated Asset Funds for year ended 31 July 2019

| | Group | | School | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £000 | £000 | £000 | £000 |
| At beginning of year | 18,803 | 18,742 | 18,792 | 18,731 |
| School operating costs (depreciation) | (436) | (455) | (436) | (455) |
| Transfers between funds | 354 | 516 | 354 | 516 |
| At end of year | 18,721 | 18,803 | 18,710 | 18,792 |

21 Financial Instruments

The School has the following financial instruments:

- Financial assets that are debt instruments measured at amortised cost

| | Group | | School | |
|-------------------|--------------|--------------|--------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Debtors | 501 | 653 | 501 | 653 |
| Bank and cash | 966 | 264 | 674 | 5 |
| Other receivables | 339 | 329 | 339 | 329 |
| | 1,806 | 1,246 | 1,514 | 987 |

Bad debts written off in the year were £32k (2019: £22k)

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- Financial liabilities that are measured at fair value

| | Group | | School | |
|--------------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2019 | 2019 | 2019 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdraft | 3,237 | 4,065 | 3,237 | 4,065 |
| Trade creditors | 3 | 9 | 3 | 9 |
| Pupils' deposits | 2,184 | 2,316 | 2,184 | 2,316 |
| Accruals | 192 | 307 | 189 | 304 |
| Other creditors | 150 | 178 | 150 | 178 |
| | <u>5,766</u> | <u>6,875</u> | <u>5,763</u> | <u>6,872</u> |

Financial assets that are measured at fair value

| | Group | |
|-------------|-------|------|
| | 2020 | 2019 |
| | £000 | £000 |
| Investments | 879 | 886 |

22 Commitments

Group and School

Operating leases

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

| Group and School | 2020 | | 2019 | |
|--|--------------------|------------|--------------------|------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £000 | £000 | £000 | £000 |
| Operating leases commitments: | | | | |
| In less than one year | 58 | 136 | 58 | 132 |
| In the second to fifth years inclusive | 82 | 156 | 140 | 264 |
| | <u>140</u> | <u>292</u> | <u>198</u> | <u>396</u> |

The leases of land and buildings are subject to rent reviews which occur over 1 to 7 years. The rent for the properties in Vicars Close is £57,652 p.a. (2019: £57,652). The leases on 17 and 18 Vicars Close expire in 2021 and the leases on 16 and 26 Vicars Close expire in September 2024.

Finance leases

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

Group and School

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | Land and buildings | Land and buildings |
| | £000 | £000 |
| Finance leases which are payable: | | |
| In less than one year | 103 | 103 |
| In the second to fifth years inclusive | - | 103 |
| | <hr/> 103 | <hr/> 206 |

Commitments under finance leases relate to the rental of properties from Wells Cathedral. The lease agreements dates back to 1983 and there is insufficient data to be able to accurately disclose the finance lease creditor amount. This is not considered to be material to the financial statements.

23 Pension Scheme

The School operates two pension schemes.

(a) Teachers

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,060k (2019: £764k) and at the year-end £146k (2019: £101k) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions 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 that the 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 for 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. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

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. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuation. Cash Flow was flawed... Bank loan negotiations, which is expected to be completed in 2021.

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 the consultation and the cost cap mechanism review are completed 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

(b) Non-teaching staff

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

The pension cost charge for the year represents contributions payable by the School to the funds (Employers Contribution) and amounted to £168k (2019: £151k) analysed as follows:

| | 2020 | 2019 |
|--------------------|-------------|-----------|
| | £000 | £000 |
| Non-teaching staff | 168 | 151 |
| Teachers | 1,060 | 764 |
| | <hr/> 1,228 | <hr/> 915 |

Contributions outstanding at 31 July were as follows:

| | 2020 | 2019 |
|-------------------------------|-----------|-----------|
| | £000 | £000 |
| Non-teaching staff | 24 | - |
| Teaching staff | 122 | 101 |
| Net contributions outstanding | <hr/> 146 | <hr/> 101 |

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

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Net movement in funds | 797 | 552 |
| Depreciation | 545 | 520 |
| Profit/Loss on sale of fixed assets | (10) | 175 |
| (Increase)/Decrease in stocks | (4) | 2 |
| (Increase)/Decrease in debtors | (36) | 163 |
| (Gains)/Loss on investments | 35 | (33) |
| Increase/(Decrease) in creditors | (61) | 105 |
| Interest from investments | (23) | (20) |
| Interest payable | 64 | 84 |
| Net cash inflow from operating activities | <u>1,307</u> | <u>1,548</u> |

25 Analysis of Changes in Cash Balances

| | At 1 August 2019 £000 | Cash flows £000 | At 31 July 2020 £000 |
|--------------------------|-----------------------------|--------------------|-------------------------|
| Cash in hand and at bank | 264 | 702 | 966 |
| Bank overdraft | (152) | 152 | - |
| Debt due within one year | (1,070) | 868 | (202) |
| Debt due after one year | (2,841) | (195) | (3,036) |
| Total | <u>(3,799)</u> | <u>1,527</u> | <u>(2,272)</u> |

26 Reconciliation of Net Debt

| | 2020 £000 | 2019 £000 |
|--|----------------|----------------|
| Increase in cash in the year | 854 | 921 |
| Cash inflow from repayment of loans and hire purchase agreements | 673 | 201 |
| Change in net funds resulting from cash flow | <u>1,527</u> | <u>1,122</u> |
| Net debt at start of year | (3,799) | (4,921) |
| Net debt at end of year | <u>(2,272)</u> | <u>(3,799)</u> |

27 Allocation of Net Assets

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

Group

| | Fixed assets | Net current assets/(liabilities) | Long term liabilities | Total |
|------------------------|---------------|-------------------------------------|--------------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Endowment funds | 879 | (23) | - | 856 |
| Restricted funds | 5,774 | (1,809) | - | 3,965 |
| Revenue fund | - | (4,689) | (16) | (4,705) |
| Designated asset funds | 17,285 | 4,916 | (3,034) | 19,169 |
| | <u>23,940</u> | <u>(1,605)</u> | <u>(3,050)</u> | <u>19,285</u> |

School

| | Fixed assets | Net current assets/(liabilities) | Long term liabilities | Total |
|------------------------|---------------|-------------------------------------|--------------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Restricted funds | 5,744 | (2,205) | - | 3,569 |
| Revenue fund | - | (4,891) | (16) | (4,707) |
| Designated asset funds | 17,287 | 4,916 | (3,034) | 19,169 |
| | <u>23,061</u> | <u>(1,980)</u> | <u>(3,050)</u> | <u>18,031</u> |

Comparative Statement of Allocation of Net Assets for year ended 31 July 2019:

| Group | Fixed assets | Net current assets/(liabilities) | Long term liabilities | Total |
|------------------------|---------------|-------------------------------------|--------------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Endowment funds | 886 | - | - | 886 |
| Restricted funds | 5,764 | (1,882) | - | 3,882 |
| Revenue fund | - | (4,954) | (47) | (5,001) |
| Designated asset funds | 17,605 | 4,829 | (3,713) | 18,721 |
| | <u>24,255</u> | <u>(2,007)</u> | <u>(3,760)</u> | <u>18,488</u> |

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| School | Fixed assets | Net current assets/(liabilities) | Long term liabilities | Total |
|------------------------|---------------|----------------------------------|-----------------------|---------------|
| | £000 | £000 | £000 | £000 |
| Restricted funds | 5,764 | (2,124) | - | 3,640 |
| Revenue fund | - | (4,961) | (47) | (5,008) |
| Designated asset funds | 17,605 | 4,818 | (3,713) | 18,710 |
| | <u>23,369</u> | <u>(2,267)</u> | <u>(3,760)</u> | <u>17,342</u> |

28 Changes in Resources available for charity use

| | 2020 | | | | |
|--|----------------------------|--------------------------------|--------------------------|-------------------------|---------------|
| | Unrestricted funds £000 | Designated asset funds £000 | Restricted funds £000 | Endowment funds £000 | Total £000 |
| Net movement in funds for year | 1,222 | (468) | 73 | (30) | 797 |
| Net increase in tangible fixed assets for direct charitable purposes | 308 | - | - | - | 308 |
| Net increase in funds available for future activities | <u>1,530</u> | <u>(468)</u> | <u>73</u> | <u>(30)</u> | <u>1,105</u> |

29 Related Parties

(a) Connected Persons

The Chapter of Wells Cathedral ("the Chapter") is a connected person within the terms of the Charities SORP. At the School's Governors meeting in December the members have to ratify the appointment of new Governors. The articles provide for three chapter members to be Governors.

During the year:

- Rent was paid to the Chapter of £169k (2019: £160k) under a repairing lease expiring in 2063 in respect of certain School buildings. At the year end there was a prepayment of £26k (2019: £20k).
- The Chapter contributed £61k (2019: £78k) towards the fees of the Cathedral choristers.
- The School paid £27k (2019: £28k) to the Chapter in respect of use of Cathedral facilities.

Burges Salmon LLP, of which a trustee of the Foundation is a partner, received £2k (2019: £2k) from the School.

The School paid £54k (2019: £54k) to a company owned by a Trustee of the Foundation for the lease of a property.

(b) Transactions with Governors and Trustees

During the year 2 (2019: 2) of the Governors received reimbursement for expenses of £643 (2019: £329). During the year 3 Governors and 2 Trustee (2019: 4 Governors and 1 Trustees) were parents of pupils at the School and paid fees on the same terms as any other parent and received the benefits of clergy and sibling discounts where appropriate.

(c) Transactions with Wells Cathedral School Foundation

The Foundation, which is a charitable company registered in England and Wales (company number: 2804495) is not a directly owned subsidiary of the School. However the results of the Foundation have been consolidated into the School's Financial Statements as the Foundation is indirectly controlled and influenced by the School.

The School has funded the initial set up costs of the Foundation and will fund certain ongoing costs of operation of the Foundation as agreed in the 'memorandum of understanding' between the School and the Foundation. In 2019/20, the Foundation's operating costs of £58k (2019: £48k) were recharged to the School.

During the year the School received £76k (2019: £94k) from the Foundation representing donations for Bursaries and specific projects.

(d) Subsidiary Companies

The School has three wholly owned subsidiary companies which have not traded during the year: Their details are:

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

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

30 The Wells Cathedral School Foundation

The Wells Cathedral School Foundation was established in 2007 as a separate but connected charity, number 1118159, to act as the legal entity for the recording and control of all fundraising activity on behalf of the School.

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

A summary of its results is shown below:

| | Endowment funds £000 | Restricted funds £000 | Unrestricted funds £000 | Total 2020 £000 | Total 2019 £000 |
|--|----------------------------|-----------------------------|-------------------------------|-----------------------|-----------------------|
| Income | | | | | |
| Income from charitable activities: | 4 | 216 | 59 | 279 | 643 |
| Expenditure on raising funds: | - | (76) | (60) | (136) | (144) |
| Unrealised gains/(losses) on investments | (34) | - | - | (34) | 33 |
| Net movement in funds | (30) | 140 | (1) | 109 | 532 |
| Balance brought forward at 1 August | 886 | 256 | 4 | 1,147 | 615 |
| Balance carried forward at 31 July | 856 | 396 | 3 | 1,256 | 1,147 |

The net assets and liabilities were:

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Fixed assets: | | |
| Investments | 879 | 886 |
| Total current assets | 379 | 264 |
| Creditors: amount falling due within one year | (3) | (3) |
| Net current assets | 376 | 261 |
| Net assets | 1,256 | 1,147 |
| Total charity funds | 1,256 | 1,147 |

Wells Cathedral School Limited (limited by guarantee)
Consolidated Statement of Financial Activities
Year Ended 31 July 2020

31 Comparative Consolidated Statement of Financial Activities for year ended 31 July 2019

| | <i>Note</i> | Unrestricted revenue £000 | Designated asset funds £000 | Restricted funds £000 | Endowment funds £000 | Total 2019 £000 |
|--|-------------|---------------------------------|-----------------------------------|-----------------------------|----------------------------|-----------------------|
| INCOME FROM: | | | | | | |
| Donations & legacies | 5 | - | - | 228 | 27 | 255 |
| Other trading activities | 5 | 132 | - | - | - | 132 |
| Income from investments | 10 | 2 | - | - | 20 | 22 |
| Charitable activities: | | | | | | |
| Fees receivable | 3 | 14,306 | - | - | - | 14,306 |
| Other educational income | 4 | 822 | - | - | - | 822 |
| Other ancillary trading income | 4 | 264 | - | - | - | 264 |
| Total income | | 15,526 | - | 228 | 47 | 15,801 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | 6 | 317 | - | - | - | 317 |
| Charitable activities | 6 | 14,381 | 436 | 148 | - | 14,965 |
| Total expenditure | | 14,698 | 436 | 148 | - | 15,282 |
| Gain on investments | 15 | - | - | - | 33 | 33 |
| Net income/(expenditure) | | 828 | (436) | 80 | 80 | 552 |
| Transfers between funds | 18,19 | (296) | 354 | (57) | (1) | - |
| Net movement in funds | | 532 | (82) | 23 | 79 | 552 |
| Fund balances brought forward at 1 August 2018 | 18,19,20 | (5,533) | 18,803 | 3,859 | 807 | 17,936 |
| Fund balances carried forward at 31 July 2019 | 18,19,20 | (5,001) | 18,721 | 3,882 | 886 | 18,488 |