

Charity Number: 528413

SHREWSBURY SCHOOL

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 JULY 2016**

SHREWSBURY SCHOOL

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ANNUAL REPORT OF SHREWSBURY SCHOOL GOVERNORS
For the year ended 31 July 2016

GOVERNORS AND CHARITY TRUSTEES

The Trustees and Members of the Governing Body of Shrewsbury School have all served in office throughout the year under review, except where otherwise stated. They are shown below, together with past Trustees and Members who served for part of the year.

M. H. Collins, MA (Chairman) (1), (2), (4), (6)
(Co-opted member)

S.R. Baker, BSc, FCA, CF (1), (3), (4)
(Co-opted member)

Councillor T.H. Biggins MA (1), (3)
Appointed by Shropshire Council

R. Burbidge OBE (2), (6)
(Co-opted member)

J.R. Clark MA (3), (5), (6), (7)
(Co-opted member)

Professor C. Dobson, FRS (5)
Master of St. John's College, Cambridge

D. Flint, DL (1), (5)
Appointed by the Lord Lieutenant of the County of Shropshire

Dr. F. Hay, MA (Oxon), BM Bch, DRCOG, MRCP, DFFP, MSc Pall Med (Cardiff) (5), (7)
(Co-opted member)

T.H.P. Haynes, BA, PGCE
(Co-opted member)

C. Howarth, LLB (3), (6)
(Co-opted member)

W.R.O. Hunter, QC (2), (6)
(Co-opted member)

Professor E.W. Jones, BSc (Hons), PhD, Hon DSc, FRAgS, FIAGrE (3), (5)
(Co-opted member)

R.J. Kendall, BSc (1), (5), (7)
Appointed by the Assistant Teachers of the School

D. Kerr (appointed 1 June 2016) (1)
(Co-opted member)

Councillor C.M. Motley B.A. (1), (3)
Appointed by Shropshire Council

Professor A.J. McCarthy BSc, PhD (5)
(Co-opted member)

L. O'Loughlin, (Deputy-Chair) LLB (Hons), (1), (2), (5)
(Co-opted member)

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GOVERNORS AND CHARITY TRUSTEES (CONTINUED)

Professor M Proctor FRS, FIMA (5)
(Co-opted member)

P.St.J Worth, FCA (1), (2), (4)
(Co-opted member)

- (1) Finance and Marketing Committee
- (2) Nominations and Remuneration Committee
- (3) Audit Committee
- (4) Investment Committee
- (5) Education Committee
- (6) International Development Committee
- (7) Safeguarding Committee

OFFICERS

Headmaster

M Turner, MA

The Bailiff, Bursar and Clerk to the Governing Body

M J Ware, MA, ACA

Principal address and Registered Office

The Bursary
Kingsland House
Shrewsbury School
The Schools
Shrewsbury SY3 7AA

Professional Advisers

Bankers

Svenska Handelsbanken AB (publ)
1st Floor, Willow House West
Shrewsbury Business Park
Shrewsbury SY2 6LG

Lloyds Bank Plc
1 Pride Hill
Shrewsbury
SY1 1DG

Auditors

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury, West Midlands, B69 2DG

Investment Advisors

Rathbones
1 Curzon Street
London W1J 5FB

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The Governors present their annual report for the year ended 31 July 2016, under the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the Act, the School's Statutes and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Charities SORP (FRS102) effective 1 January 2015.

REFERENCE AND ADMINISTRATIVE INFORMATION

The School was founded in 1552 as "The Free Grammar School of King Edward VI" and is registered with the Charity Commission under charity number 528413. The School's Governors, Officers and principal address and particulars of the School's professional advisers are as listed on pages 1-2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Shrewsbury School is governed in accordance with the Shrewsbury School Statutes, approved by the Queen's Most Excellent Majesty, in Council on 12 October 2016.

Recruitment and Training of Governors

The School's Governing Body consists of both appointed and co-opted members.

The Master of St John's College Cambridge is an ex-officio member of the Governing Body. Three members are appointed to the Governing Body by persons or a body of persons as specified in the School's Statutes and effectively provide an informal link with Shrewsbury Town and its County. One member is elected by the Assistant Teachers of the School (Common Room).

Fourteen members (maximum) are co-opted by the current Governors, their names being brought forward for appointment by the Nominations and Remuneration Committee of the Governing Body. There is a regular audit of Governors' qualifications, skills and experience. Governors are encouraged to attend appropriate training courses and seminars.

New Governors are introduced to the workings of the School and the Governing Body largely by past financial statements, management accounts, minutes of Governor and sub-committee meetings, and a day's visit to the School, including meeting representatives of staff and employees. General information is provided in the School Statutes, the School Handbook, information for pupils, and Charity Commission regulations. Specific issues are addressed at an academic-year-end strategy meeting with the Headmaster. Governors are encouraged to keep abreast of new regulations. All Governors are required to undergo a Disclosure and Barring check for child protection purposes.

Organisational Management

The members of the Governing Body, as Trustees of the Charity, are legally responsible for the overall management and control of the School, and meet as the full decision-making Governing Body of the School at least three times a year.

There are seven committees to which powers of investigation and recommendation are delegated, and which meet regularly under their respective chairmen. Minutes are kept of all meetings of the Trustees and of the Committees. Draft minutes are circulated to all Governors for discussion at meetings of the full Governing Body.

The Finance and Marketing Committee (F&M) is the working Committee responsible for making recommendations on the financial and operational policy to the Governing Body and for ensuring that the decisions and policies of the Governing Body are implemented. The F&M meets at least three times a year, prior to full Governing Body meetings. The F&M during the year was chaired by M. Collins.

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The other committees are the Nominations and Remuneration Committee, chaired by M. Collins; the International Development Committee, chaired by R. Burbidge; the Audit Committee, chaired by S. Baker; the Investment Committee, chaired by P. Worth; the Education Committee, chaired by Dr. F. Hay and the Safeguarding Committee, chaired by R. Kendall. Each Committee meets at least once a year.

The Governing Body has approved the terms of reference for each of the committees.

The day-to-day running of the School is delegated to the Headmaster, who is supported by the Bursar and their various management teams (together the key management personnel).

The Headmaster and the Bursar attend Governing Body and F&M Committee meetings, and the meetings of other committees as appropriate. Other teaching and support staff attend Governing Body and committee meetings on an ad hoc basis to advise and inform Governors on specific areas of the School's activities.

Policies and guidelines for the effective governance and management of the School are regularly reviewed by the Audit Committee and their recommendations passed to the F&M and the Governing Body for action.

The remuneration of the key management personnel of the School (Senior Leadership Team) is set by the Nominations and Remuneration Committee. The policy objectives are to provide appropriate incentives to encourage enhanced performance and to reward fairly and responsibly individual contributions to the School's success.

The appropriateness and relevance of the remuneration policy is reviewed annually, including references to comparisons with other independent schools to ensure that the School remains sensitive to broader issues of pay and employment conditions elsewhere.

Group Structure and Relationships

During the year, the School had two wholly owned subsidiaries:

- Shrewsbury School Enterprises Limited (non-charitable); and
- Shrewsbury School Development Company Limited (non-charitable).

The activities of these companies are discussed later in this report.

In addition, the School pays the employment, administrative and other costs and expenses of Shrewsbury School Foundation. These costs are categorised as fund raising costs within the Consolidated Statement of Financial Activities. The Governors have agreed that the School will incur these costs to the extent that Shrewsbury School Foundation exercises and continues to exercise its charitable objects (the "Shrewsbury School Charitable Objects") as set out in the Foundation Trust Deed.

Risk Management

The Governing Body is responsible for the management of the risks faced by the School. Detailed analysis of the risks is delegated to the Audit Committee, assisted by the School's senior team. Risks are identified, assessed and controls established throughout the year. The risks are identified under the following headings; mission and objects; law and regulations; governance and management; external factors; marketing/pupil recruitment; academic factors; operational factors human resources; environmental; technological and financial. A formal review of the major risks facing the School and the concomitant risk management processes is performed annually by the Governing Body.

The key controls used by the School include:

- formal agendas and papers where appropriate for all Committee and Governing Body meetings with detailed minutes taken for each and circulated in draft to relevant participants and members prevented from attending;

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- clear and detailed terms of reference for each Committee;
- comprehensive strategic planning, budgeting and management accounting;
- timely, clear and accurate management financial information readily available;
- formal written policies agreed;
- established organisational management structure and lines of reporting;
- clear authorisation and approval levels for payments;
- Governors who have designated responsibility for child protection, health and safety, estates and admissions.

It is recognised that these control systems provide a reasonable, but not an absolute, assurance that risks are being managed properly. The Governors are satisfied that the major risks being faced by the School this year have been identified and are being adequately addressed in order to avoid each, or to mitigate the effects of an unavoidable occurrence.

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

Charitable Objects

The Objects of the Charity are the advancement of education, including the provision of boarding and day schooling.

Within these Objects the Charity has a number of permanent endowed funds held for special purposes in connection with the development of the School's facilities and for scholarships, bursaries, prizes and other educational purposes.

Public Benefit Aims and Intended Impact

The School was founded in 1552 by Royal Charter to provide charitable education in the Shrewsbury area. This it has done with conspicuous success for over 460 years. Today Shrewsbury attracts entrants from all over the United Kingdom – and also from abroad – whilst still retaining its strong links with the town and its citizens. Its many distinguished Alumni have occupied high office and achieved hugely in the fields of science, the artistic and cultural life of the country, sport, academia, the professions, politics, business and in many other ways as may be seen from the School's website (www.shrewsbury.org.uk).

The School's aim is to offer a first class education to pupils between the age of 13 and 18, which at least matches – and hopefully exceeds – that found in the best independent boarding schools in the United Kingdom. Those at Shrewsbury experience depth of educational excellence, the opportunity to participate in a wide range of sporting and other extra curricular activities, adventure and community responsibility. In short, our purpose is to encourage young people to become fully rounded, well educated, and responsible adult citizens able and keen to contribute to their communities.

The School itself aims to develop strong links with the wider community in educational, cultural, sporting, religious and charitable activities by encouraging appropriate organisations to share in activities and use the School's extensive facilities.

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Objectives for the Year

This year, the focus has been on:

- Continuing to provide broad access to the School via the provision of scholarship and bursary funding to enable pupils to attend the School who otherwise would not have the financial resources to do so;
- Implementation of the development plan that was adopted in late 2011, focusing on
 - The reinforcement and enhancement of the School's academic record;

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- Becoming fully co-educational in all year groups, and
 - A multi-million pound capital campaign to support a range of key capital projects over a seven year period.
- More specifically, the School was focussed on the completion of the Chatri Design Centre and the plans for the conversion of Moser's Hall to become the fourth girls' house, as well as supporting the growth of international schools.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational Performance of the School

This year, school numbers averaged 770 (2015 – 764) pupils of whom 611 (2015 – 619) were boarders and 159 (2015 – 145) were day pupils.

The small rise in pupil numbers reflected a growing number of girls in the school. Pupil numbers at the start of the 2016/17 academic year were 788.

The summer 2016 A level results were in line with expectations but represented some settlement following last year's record results. The number of A*, A and B grades at A Level represented 79% of the total, with 15% receiving A* grades. Within these figures, 12 pupils gained at least three A* grades, a further 41 gained A* or A grades in all subjects.

The GCSE results represented a near record year and 71% of grades achieved were at A* or A. Within this 44% were A*.

The Chatri Design Centre was completed in August 2016, and work commenced on initial phase of the Moser's Hall refurbishment. This project will continue until Summer 2017.

There were many notable achievements outside of the classroom. The RSSH were the winning team at the Knole run in January 2016. In the National Schools Eton Fives Championships the girls won the Under 16 competition & the U14 boys won the National Schools Beginners' Competition. Pupils continued to perform well in a range of science with 4 gold medals at the Chemistry Olympiad and 2 gold medals at the Biology Olympiad. In addition the Royal Marines section of the CCF won the Pringle Trophy in October 2016.

The School continues to make its facilities available to other local schools from both state and private sector, as well as many community groups.

2015/16 was the first year when there were girls in every school year group, completing the move to full co-education.

Grants and Awards

The School, despite not possessing a large endowment reserve, continues to support and assist pupils to come to Shrewsbury. During the year the School awarded a total of £2,600,714 (2015 - £2,491,524) of scholarships, grants, prizes, bursaries and other allowances to pupils, of which £586,600 came from restricted funds, including £562,773 (2015 - £579,882) from Shrewsbury School Foundation. In addition, several external charitable foundations supported pupils attending the school, by way of bursaries, to a value of £17,846.

The School holds a scholarship competition for suitably qualified candidates under the age of 14 each year, awarding four Butler Scholarships up to a value of 35% of fees; up to four Kennedy Scholarships; and two Moss Scholarships worth up to one-fifth of fees; and up to seven Alington Exhibitions worth £2,000 per year. There are also up to four Music Scholarships worth up to 35% of fees, each year, and two Art Scholarships worth one-fifth of fees. For entrants to the School at Sixth Form level, there are a range of academic, music and sporting awards. In addition, the School offers two means tested Sixth Form sporting scholarships worth up to 100% of fees.

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House Foundation Bursaries are awarded to pupils who will make a significant contribution to the School whether it be academically, in sport or through the arts. The funding for these awards comes from the Shrewsbury School Foundation, which raises funds from former pupils who were residents in the particular house. In the year these awards totalled £328,845 (2015 - £308,218) and assisted 27 (2015 - 30) pupils. In addition to the House Foundation Bursaries, Shrewsbury School Foundation provided a further £239,928 (2015 - £271,662) in funding to support other bursaries awarded in accordance with the donors' wishes.

The Governors approved a detailed grant making policy in June 2008 and this policy is published on the School's website. In short, the Governors' policy is to make bursary awards on the basis of the individual's educational ability and his or her family's ability to pay, subject to the particular conditions imposed by the original donor where the award is taken from restricted funds.

Financial Review and Results for Year

The financial statements reflect the activities and results of the School and its two subsidiary companies, Shrewsbury School Enterprises Limited and Shrewsbury School Development Company Limited.

The group had net incoming resources of £2,215,762 (2015 - £2,499,876) for the year.

The Group made an operating surplus (defined as net incoming resources before investment holding gains/losses, pension scheme adjustments, capital donations, profits on disposal of fixed assets, fundraising costs, commercial and trading income, depreciation, net interest payable and investment income) of £3,330,609 (2015 - £3,597,381).

The School, as it does not have a large endowment, needs to generate significant operating surpluses in order to fund capital investment in the School site and service long term loans taken out to build additional boarding houses.

Shrewsbury International School Bangkok ("SISB") continues to provide an important income stream, reflecting the success of the venture. The SISB site was a new build and opened in 2003, it currently has 1,613 pupils, aged between 3 to 18 representing 40 nationalities. There is a close working relationship between the schools. Further information on SISB is available from that school's website (www.shrewsbury.ac.th)

During the year, the School:

- Completed the construction of the Chatri Design Centre and the surrounding Moser Precinct;
- Built a new all-weather pitch, primarily to meet the growing demand for hockey;
- Completed the investment in the wifi network as a precursor to the School formalising its "bring your own device"(BYOD) IT policy for pupils in September 2016;
- Started construction work on the refurbishment of Moser's Hall;
- In June 2016 the Shrewsbury International School Hong Kong Governors attended a blessing ceremony to mark the start of construction, including the representatives of the UK Governing Body. The Hong Kong School will open in August 2018.

The School's present rolling 10 year plan assumes the following means of financing the continued investment in the School's facilities:

- Achieving operating surpluses that generate substantial cash flows. This involves continuously reviewing the cost base of the School in all areas to ensure best use is being made of the School's resources, while maintaining a commitment to excellence;
- Shrewsbury School Foundation will continue to provide financial support for the School. This is primarily in the form of funding for scholarships and bursaries, including House Foundation Bursaries, but also includes donations towards specific building projects;
- For large capital projects, that increase capacity, the School will consider borrowing funds in the medium term, whilst ensuring that the overall level of borrowing is prudent;

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- It is anticipated that the major projects identified from the 2020 Development Plan will be funded from School surpluses, bank borrowings and a capital fundraising campaign;
- Further increasing the commercial income of the School: new or refurbished school facilities are designed not only for use by the School, but also for commercial lettings, and to maximise the opportunity for the wider community.

Net assets increased to £26,461,023 from £25,585,261. The increase comprised net incoming resources of £1,974,686; an increase in the market value of the School's investments of £241,076; and actuarial losses of £1,340,000 relating to the School's defined benefit pension scheme under FRS 102.

The School's defined benefit scheme deficit, as calculated under the requirements of Financial Reporting Standard 102 (FRS102) increased by £1,234,000 compared to the previous year and as valued under FRS102 assumptions is now £2,368,000. The increase in the deficit is primarily a result of the fall in the yield of AA rated corporate bonds which is then used to value the Scheme's liabilities. This fall of 33% compared to the previous year, has resulted in an increase in the Scheme's liabilities.

Capital expenditure totalled £3,225,517. Of this £1,390,483 related to the reconfiguration of the Chatri Design Centre; £531,466 to a new artificial playing surface and £348,924 on the refurbishment of Mosers Hall into the fourth girls' house.

At the year-end net bank debt was £1,422,679 (2015 - £2,433,999) the decrease reflects the strong cash operating performance for the year, as well as the completing the final payment on the 10 year AIB loan used to assist with the construction of Mary Sidney Hall.

Shrewsbury School Enterprises Limited (SSEL) continued to be the trading arm of the School. As well as providing business and consultancy services to SISB, the school shop is operated through this company. Any profits made by the Company, in excess of operating needs, are gift aided to the School.

Shrewsbury School Development Company Limited (SSDC) did not trade during the year.

Fundraising Performance

The School received £1,053,343 (2015 – £1,376,012) in donations during the year, of this amount £999,916 was donated by Shrewsbury School Foundation to the School.

Shrewsbury School Foundation (a separate Charity) raise funds to donate to the School for bursary support, capital and educational projects. In the current year the School received from the Foundation, £406,735 for capital projects (Hodgson Hall and Chatri Design Centre), £562,773 to support bursaries and £83,835 fund small capital and educational projects.

In addition £34,185 was received from the Salopian Club relating to staff and the Salopian Magazine; and £17,846 was received from Trusts to assist with pupils fees.

RESERVES POLICY

The School does not possess large endowment reserves to generate income to assist in the financing of the School.

Restricted and Endowed funds are, because of the particular spending constraints attached to them, not available for funding the general operations of the School. The Unrestricted, or General, funds are expendable in accordance with the Objects of the School. However, these Unrestricted funds, together with specific long-term bank finance, have already been invested by the Governing Body in the building, development and refurbishment of school buildings and other fixed assets used by the School. Accordingly there are no current free reserves (unrestricted funds less the net book value of fixed assets financed by those funds).

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Given our plans for new buildings, this nil balance will continue for several years. This is in accordance with the long-term plans of the Trustees for the development of the School and they are satisfied that the resources available to the School through external bank finance is adequate for its projected requirements. In addition to the operational land and buildings, the School owns residential properties for housing its staff.

There are also artefacts and works of art, which have been acquired and accumulated over very many years. These are of huge educational and wider cultural benefit to the School community and some are made available, under appropriate conditions, to external researchers and scholars. They are not revalued in the Balance Sheet and the Governors are of the view that there is no benefit to be gained from incurring the costs of valuations other than for insurance purposes.

The annual revenue requirements of the School are generally met from annual income. Prudent budgeting and tight financial control are designed to ensure that adequate but not excessive cash headroom is maintained and this is supported by a seasonal overdraft facility.

The Governors are confident that the capital development plan can be achieved by the policies set out above supported by prudent borrowing and a capital fundraising campaign.

INVESTMENT POLICY

The Governors, as Trustees, have wide powers to invest in property and securities, including stocks and shares.

The Governors review on a regular basis the investment profile of the School, the risks and returns achieved and likely future performance.

The fees in advance funds are invested in a targeted return fund with the aim of generating above inflation returns, while providing the security of investments backing the two years fees in advance liabilities.

The policy of the School with regard to endowed investments is to ensure that they produce a regular and growing income stream, together with capital growth. This policy is implemented by the School's investment advisors Rathbones Investment Managers. Funds are invested either directly in equities and corporate bonds, or in unitised funds and other authorised instruments both in the UK and overseas. The investment returns are benchmarked against the FTSE WMA Stock Market Balanced Index. The total return achieved by the index in the year to 31 July 2015 was 9.63% School's investments achieved a total return for the same period of 10.0%.

PRINCIPAL RISKS AND UNCERTAINTIES

As explained above the Governors have considered the principal risks and uncertainties facing the school. The economic climate affects the ability of parents to afford the school fees, and the affordability of fees is considered as an important factor in the long term financial planning. In terms of unexpected costs, the Governors ensure that insurance is in place for known and insurable risks. With a large built estate, the School also monitors and plans for foreseeable future building repairs, referencing to the condition survey conducted in 2010. The management team also monitor carefully the level of scholarships and bursaries to ensure that grant commitments are maintained at a sustainable level, carefully reviewing the future grant funding available from Shrewsbury School Foundation.

The School has also considered non financial risks and as the health and safety of the pupils and staff is paramount they consider any potential breach to be a principal risk. To mitigate this they have developed policies to ensure the regulations and guidelines for the welfare of pupils and staff are observed.

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PUBLIC BENEFIT

In many and various ways, some of which are impossible to quantify in monetary terms, the School provides substantial public benefit not only to the local community but also to a wider public.

Scholarships, bursaries and other awards are made available from three sources: funds controlled by the Governing Body as Trustees; funds managed by the Trustees of the Shrewsbury School Foundation; and the general income of the School. In the year 255 (2015 - 235) pupils were assisted of whom 130 were means tested (2015 -122). The value of this means tested support was £1,799,728 (2015 - £1,722,725). This figure includes 2 pupils (2015 - 6) who were in receipt of 100% means tested remissions.

Such a significant level of fee support is in keeping with the aims of the School and underscores its charitable purpose.

The School engages in substantial charitable fund raising for both local and national organisations. Of special interest is the School's on-going financial support for Shrewsbury House, a youth club in Liverpool established by the School in 1903 to serve the needs of the deprived local community. In addition to fund raising, the School provides accounting and other services, free of charge, to Shrewsbury House and regularly makes arrangements for members of 'The Shewsy' to come to Shrewsbury School during the course of a year. As well as direct help to the Shewsy, the School organised a sponsored walk by staff and pupils in September 2016 raising over £60,000 for the club.

Local schools, clubs and other organisations make use of the School's facilities either free of charge or at rates below commercial levels.

Partnerships activity with local schools includes the School providing rehearsal and other facilities, welcoming participation from local students at weekly careers lectures and annual conferences, and academic teaching in classics, which is offered at a local state school at zero cost to that school.

As well as undertaking fund raising, the School regularly makes available its facilities to various external charities, either at no cost to the charity or at heavily discounted rates to cover school costs.

School staff are encouraged to participate in the local and wider community, providing their time free of charge. Such participation ranges from acting as Governors of local schools to assisting organisations with performances in the performing arts. The School's annual concert series is open to the public and is well attended by members of the local community, and the School hosts performances and offers technical and artistic input and direction, free of charge, for events in the 'Summer Season', an annual arts festival recently established in the town.

A detailed inventory of the School's extensive charitable activity has been compiled and is updated periodically.

FUTURE PLANS

In addition to the move to full co-education, the 2020 Development Plan includes two other key elements;

- Reinforce and enhance the School's academic reputation; and
- A significant programme of capital investment in the school site.

During 2016-17

- In summer 2017 the School will start works on the Moser Library to improve opportunities for independent learning in a BYOD environment ;
- The School will complete the renovation of Moser's Hall as the fourth girls' boarding house;
- And plans will be developed for the upgrading of the Ashton Theatre.

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ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governing Body is required by law to prepare financial statements for each financial year, which give a true and fair view of the financial activities of the charity and of its financial position at the end of that year. In preparing those financial statements the Governing Body is required to:

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

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011 and the Shrewsbury School Statutes, approved by the Queen's Most Excellent Majesty, in Council on 12 October 2016. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the statement of financial activities and balance sheet, the Governors have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the Governors is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Crowe Clark Whitehill LLP have indicated their willingness to remain in office.

Approved by the Governors on 26 November 2016 and signed on its behalf by:



L. O'Loughlin

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF SHREWSBURY SCHOOL

We have audited the consolidated and parent charity financial statements of Shrewsbury School for the year ended 31 July 2016 (the "financial statements") which comprise the Consolidated Statement of Financial Activities, The Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes set out on pages 16 to 37.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's members, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity'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 charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS' AND AUDITOR

As explained more fully in the Statement of Governors' responsibilities, the Governors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

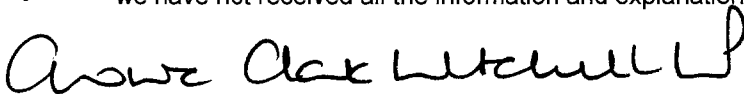
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Governors' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Crowe Clark Whitehill LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham, Glos.
GL50 2QJ

Date: 5th December 2016

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 July 2016

	Notes	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Endowed Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOME AND ENDOWMENTS FROM						
Charitable Activities						
School fees	2	21,262,291	-	-	21,262,291	20,476,077
Other educational income	3	477,257	-	-	477,257	520,165
Other ancillary trading income	3	178,390	-	-	178,390	212,572
Other trading activities						
Trading activities SSEL	4(a)	1,193,417	-	-	1,193,417	1,086,901
Other income	3	2,100	-	-	2,100	2,500
Investment income		71,761	34,401	2,235	108,397	108,626
Voluntary Sources						
Grants and donations		-	1,053,343	-	1,053,343	1,376,012
Total income		23,185,216	1,087,744	2,235	24,275,195	23,782,853
EXPENDITURE ON:						
Raising funds						
Trading activities SSEL	4(a)	673,966	-	-	673,966	645,702
Trading activities SSDC	4(b)	31	-	-	31	31
Financing costs	6	457,371	-	-	457,371	476,241
Fundraising costs		290,983	-	-	290,983	347,491
Charitable Activities						
Education and grant making		20,225,992	652,166	-	20,878,158	19,844,443
Total expenditure	5	21,648,343	652,166	-	22,300,509	21,313,908
Net incoming funds from operations before transfers and investment gains		1,536,873	435,578	2,235	1,974,686	2,468,945
Transfers between funds	17	406,735	(406,735)	-	-	-
Gains on investment assets	10	163,284	-	77,792	241,076	30,931
NET INCOME		2,106,892	28,843	80,027	2,215,762	2,499,876
Pension scheme actuarial (loss)	22	(1,340,000)	-	-	(1,340,000)	(114,000)
NET MOVEMENT IN FUNDS		766,892	28,843	80,027	875,762	2,385,876
TOTAL FUNDS AT 1 AUGUST 2015		23,906,095	496,566	1,182,600	25,585,261	23,199,385
TOTAL FUNDS AT 31 JULY 2016	17	24,672,987	525,409	1,262,627	26,461,023	25,585,261

The notes on pages 16 to 37 form part of these financial statements.

CHARITY AND CONSOLIDATED BALANCE SHEETS
As at 31 July 2016

	Notes	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
FIXED ASSETS					
Tangible fixed assets	9	35,845,033	34,691,419	35,830,282	34,670,664
Investments	10	<u>3,683,412</u>	<u>3,429,423</u>	<u>3,683,412</u>	<u>3,429,423</u>
		39,528,445	38,120,842	39,513,694	38,100,087
CURRENT ASSETS					
Stocks	11	215,754	211,924	69,882	77,003
Debtors	12	1,193,868	1,021,476	1,398,171	1,346,386
Cash at bank and in hand		<u>2,726,828</u>	<u>2,303,763</u>	<u>2,463,972</u>	<u>1,931,291</u>
		4,136,450	3,537,163	3,932,025	3,354,680
CREDITORS: amounts falling due within one year	13	<u>(4,978,854)</u>	<u>(3,870,814)</u>	<u>(4,771,734)</u>	<u>(3,684,299)</u>
NET CURRENT LIABILITIES		(842,404)	(333,651)	(839,709)	(329,619)
TOTAL ASSETS LESS CURRENT LIABILITIES		38,686,041	37,787,191	38,673,985	37,770,468
CREDITORS: amounts falling due after more than one year	14	<u>(9,857,018)</u>	<u>(11,067,930)</u>	<u>(9,857,018)</u>	<u>(11,067,930)</u>
NET ASSETS before pension deficit		28,829,023	26,719,261	28,816,967	26,702,538
Pension scheme funding (deficit)	22	<u>(2,368,000)</u>	<u>(1,134,000)</u>	<u>(2,368,000)</u>	<u>(1,134,000)</u>
NET ASSETS after pension deficit	16	<u>26,461,023</u>	<u>25,585,261</u>	<u>26,448,967</u>	<u>25,568,538</u>
ENDOWED FUNDS	17	1,262,627	1,182,600	1,262,627	1,182,600
RESTRICTED FUNDS	17	525,409	496,566	525,409	496,566
UNRESTRICTED FUNDS – General funds	17	27,040,987	25,040,095	27,028,931	25,023,372
Less: Pension scheme funding (deficit)	22	<u>(2,368,000)</u>	<u>(1,134,000)</u>	<u>(2,368,000)</u>	<u>(1,134,000)</u>
Net Unrestricted Funds	17	<u>24,672,987</u>	<u>23,906,095</u>	<u>24,660,931</u>	<u>23,889,372</u>
TOTAL FUNDS		<u>26,461,023</u>	<u>25,585,261</u>	<u>26,448,967</u>	<u>25,568,538</u>

The financial statements were approved by the governing body on 26 November 2016 and signed on its behalf by:


L. O'Loughlin


S.R. Baker

The notes on pages 16 to 37 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Net cash provided by operating activities	19	<u>4,806,909</u>	<u>3,978,015</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		108,397	108,626
Proceeds from the sale of property, plant and equipment		17,889	18,361
Proceeds from the sale of investments		117,878	2,529,230
Purchase of investments		(124,583)	(2,502,439)
Purchase of fixed assets		<u>(3,225,517)</u>	<u>(4,693,108)</u>
Net cash used in investing activities		<u>(3,105,936)</u>	<u>(4,539,330)</u>
Cash flows from financing activities			
Repayments of borrowing		(1,033,748)	(736,334)
Cash inflows from new borrowing		-	2,700,000
Interest paid on borrowings		<u>(237,952)</u>	<u>(210,574)</u>
Net cash (used in)/provided by financing activities		<u>(1,271,700)</u>	<u>1,753,092</u>
Change in cash and cash entitlements in the reporting period		<u>429,273</u>	<u>1,191,777</u>
Cash and cash equivalents at the beginning of the reporting period		<u>2,331,269</u>	<u>1,139,492</u>
Cash and cash equivalents at the end of the reporting period	20	<u>2,760,542</u>	<u>2,331,269</u>

The notes on pages 16 to 37 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

1. ACCOUNTING POLICIES

Legal status of the Charity

The School is governed in accordance with the Shrewsbury School Statutes approved by the Queen's Most Excellent Majesty in Council on 12 October 2016, whose registered office and primary place of business is Shrewsbury School, The Schools, Shrewsbury, SY3 7AA. It has no share capital. Its principal activity is the provision of boarding and day schooling. Its charity registration number is 528413.

The Charity meets the definition of a public benefit entity under FRS102.

1.1 Basis of preparation of financial statements

The accounts present the consolidated statement of financial activities (SOFA) and the charity and consolidated balance sheets comprising the consolidation of the school and its wholly owned subsidiaries, Shrewsbury School Enterprises Limited (Company registration number 4535585) and Shrewsbury School Development Company Limited (Company registration number 5580019).

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102) issued on 16 July 2014 (the FRS102 SORP) and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

This is the first year in which the financial statements have been prepared under FRS102. An explanation of the transition is given in note 24 to the financial statements.

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to give a "true and fair view". This departure has involved following the FRS102 SORP rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April, 2005 which has since been withdrawn.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 11.

No separate SOFA has been presented for the Charity alone.

The net income for the year relating to the school amounted to £2,220,429.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the school and which have not been designated for other purposes.

Restricted and endowment funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the school for particular purposes. The aim and use of each restricted and endowment fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the relevant fund.

1.3 Fees and similar income

All incoming resources are included in the Statement of Financial Activities when the school is legally entitled to the income and the amount can be quantified with reasonable accuracy and the economic benefit to the school is considered probable.

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school.

Turnover comprises revenue recognised by the trading entities in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Donations

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Donations receivable for the general purpose of the school are credited to unrestricted funds. Donations for purposes restricted by the wishes of the donor are taken to "restricted funds" where these wishes are legally binding on the Governors. Donations required to be retained as capital in accordance with the donors' wishes are accounted for as "endowments" – permanent or expendable according to the nature of the restrictions. Gifts in Kind would be valued at estimated open market value at the date of the gift, in the case of assets for retention or consumption or at the value to the School in the case of donated services or facilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

1.6 Resources expended

Expenditure is accrued as soon as a liability is considered probable discounted to present value for longer term liabilities and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources. Liabilities are recognised where there is a legal or constructive obligation committing the entities to the expenditure.

Fund-raising costs are those incurred in seeking voluntary contributions in relation to Shrewsbury School Foundation. Provided that, and so long as, Shrewsbury School Foundation exercises and continues to exercise its charitable objects in furtherance of the objects (the "Shrewsbury School Charitable Objects") set out in the Foundation Trust Deed, the School shall pay the employment, administrative and other costs and expenses of the Foundation in furthering the Shrewsbury School Charitable Objects.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Included in support costs of the school are bursary costs, payroll administration, budgeting and accounting, information technology, human resources and finance. School trip expenditure is included under support costs.

Governance costs comprise the costs of running the charity including strategic planning for its future development, also internal and external audit, any legal advice for the Governors and all costs of complying with constitutional and statutory requirements such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

1.7 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)**1.9 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	10 - 50 years
Furniture, fixtures and fittings and equipment	3 - 10 years
Boats	10 years
Ground machines and vehicles	4 - 10 years

Leasehold property is depreciated over the term of the lease.

Depreciation is calculated on a monthly basis.

Capitalisation and replacement

Computer equipment costing more than £300 is capitalised and carried in the balance sheet at historical cost.

Major refurbishment expenditure, equipment, boats and vehicles costing more than £1,000 are capitalised and carried in the balance sheet at historical cost.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Pensions

The School operates a defined contribution pension scheme for non-teaching staff (Shrewsbury School (2001) Retirements Benefits Scheme). This scheme gives exemption from the requirement to offer a stakeholder pension scheme. During the year the total contributions were £161,010 (2015 - £155,928).

The School contributes to a defined benefit pension scheme (final salary scheme) for the academic staff, which is a national scheme operated for the Department for Education and Skills, which requires contributions to be made to a separately administered fund. The total premiums paid during the year were £921,299 (2015 - £734,957).

In addition, the School operates a defined benefit pension scheme for non teaching staff (Shrewsbury School (1971) Pension and Life Assurance Scheme), which is closed to new members. The basis of contributions to the Scheme is calculated according to the advice of the Scheme actuary.

1.12 Fees in advance

Parents may, subject to contractual terms and conditions, pay to the school tuition fees in advance. The money may be returned, subject to specific conditions.

Investments are held to cover the next two years capital liabilities.

1.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised costs using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)**1.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.15 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

1.16 Concessionary Loans

The loans from Shrewsbury School Foundation and Shropshire Council (see note 14) are considered to meet the criteria of concessionary loans under FRS102. They have been recorded in the financial statements at face value.

2. CHARITABLE ACTIVITIES: FEES RECEIVABLE

	2016 £	2015 £
(a) The School's fee income comprised:		
Gross fees	23,277,405	22,357,937
Less: Total bursaries, scholarships and allowances	<u>(2,600,714)</u>	<u>(2,491,524)</u>
	<u>20,676,691</u>	<u>19,866,413</u>
 Add back bursaries, scholarships and allowances paid for by Restricted Funds.	 <u>585,600</u>	 <u>609,664</u>
	<u>21,262,291</u>	<u>20,476,077</u>

Scholarships, bursaries and other awards were paid to 255 pupils (2015: 235)

Within this means tested bursaries totalling £1,799,728 were paid to 130 pupils (2015: £1,722,725 to 122 pupils)

3. CHARITABLE ACTIVITIES - OTHER INCOME

	2016 £	2015 £
Other educational charitable activities		
Entrance and registration fees	72,810	158,505
Courses and sub-lettings	366,920	329,674
Royalties received	<u>37,527</u>	<u>31,986</u>
	<u>477,257</u>	<u>520,165</u>
Other ancillary activities		
Commissions received	1,272	1,011
School Trips	<u>177,118</u>	<u>211,561</u>
	<u>178,390</u>	<u>212,572</u>
Other incoming resources		
Late payment surcharges	<u>2,100</u>	<u>2,500</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

4. INCOME FROM SUBSIDIARIES' TRADING ACTIVITIES

- (a) The Charity owns the whole of the £1 ordinary share capital of Shrewsbury School Enterprises Limited, incorporated in England. The principal activity of the company is that of providing business and consultancy services and other recreational activities, and the operation of a school shop.

Its trading results for the period, as extracted from the audited accounts, are summarised below:

	2016 £	2015 £
Turnover	1,191,674	1,085,366
Cost of sales	<u>(423,201)</u>	<u>(444,767)</u>
Gross profit	768,473	640,599
Administration	<u>(250,765)</u>	<u>(200,935)</u>
Operating profit	517,708	439,664
Interest receivable	<u>1,743</u>	<u>1,535</u>
Net profit	519,451	441,199
Gift Aid donation	<u>(524,087)</u>	<u>(437,358)</u>
Retained (loss)/profit	<u>(4,636)</u>	<u>3,841</u>

Shrewsbury School Enterprises Limited made a gift aid donation of £524,087 (2015 - £437,358) to Shrewsbury School during the year.

The net assets of Shrewsbury School Enterprises Limited at 31 July 2016 amounted to £12,055 (2015 – net assets of £16,691).

The management charge from the School to Shrewsbury Enterprises Limited was £67,297 (2015 - £66,878).

- (b) The Charity owns the whole of the £100 ordinary share capital Shrewsbury School Development Company Limited, incorporated in England. The principal activity of the company is that of design and build.

Its trading results for the period, as extracted from the audited accounts, are summarised below.

	2016 £	2015 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Administration	<u>(31)</u>	<u>(31)</u>
Net (loss)	(31)	(31)
Taxation	-	-
Gift Aid donation	-	-
Retained (loss)	<u>(31)</u>	<u>(31)</u>

The net assets of Shrewsbury School Development Company Limited at 31 July 2016 amounted to £1 (2015 - £32).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

5. ANALYSIS OF TOTAL RESOURCES EXPENDED**(a) TOTAL EXPENDITURE**

	Staff costs £	Other costs £	Depreciation £	Total 2016 £	Total 2015 £
Costs of generating funds:					
Financing costs	-	457,371	-	457,371	476,241
Fundraising for voluntary resources	<u>181,009</u>	<u>109,974</u>	-	290,983	<u>347,491</u>
Total for Charity	<u>181,009</u>	<u>567,345</u>	-	748,354	<u>823,732</u>
Trading costs of the subsidiaries	<u>145,236</u>	<u>519,283</u>	<u>9,478</u>	673,997	<u>645,733</u>
Total for Group	<u>326,245</u>	<u>1,086,628</u>	<u>9,478</u>	1,422,351	<u>1,469,465</u>
Charitable activities					
Teaching	7,791,585	1,378,556	-	9,170,141	8,313,945
Welfare	728,755	2,483,683	-	3,212,438	3,153,038
Premises	1,682,784	1,517,810	2,049,314	5,249,908	5,045,376
Support and governance	<u>1,564,917</u>	<u>1,028,588</u>	-	2,593,505	<u>2,600,273</u>
School's operating costs	<u>11,768,041</u>	<u>6,408,637</u>	<u>2,049,314</u>	20,225,992	<u>19,112,632</u>
Grants, awards and prizes	-	<u>652,166</u>	-	652,166	<u>731,811</u>
Total Charitable expenditure	<u>11,768,041</u>	<u>7,060,803</u>	<u>2,049,314</u>	20,878,158	<u>19,844,443</u>
Total Resources Expended					
Group	<u>12,094,286</u>	<u>8,147,431</u>	<u>2,058,792</u>	<u>22,300,509</u>	<u>21,313,908</u>

(b) GRANTS, AWARDS AND PRIZES

	2016 £	2015 £
From Restricted Funds		
Bursaries and scholarships	585,600	609,664
Prizes and awards	<u>66,566</u>	<u>122,147</u>
	<u>652,166</u>	<u>731,811</u>

(c) GOVERNANCE INCLUDED IN SUPPORT COSTS

	2016 £	2015 £
Remuneration paid to auditor for audit services	35,040	34,050
Remuneration paid to auditor for non-audit services	12,138	16,560
Other governance costs	<u>68,507</u>	<u>41,371</u>
	<u>115,685</u>	<u>91,981</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

6. FINANCE AND OTHER COSTS

	2016	2015
	£	£
Pension scheme financing cost	39,000	45,000
Fees in advance financing cost	104,322	108,694
Bad debts and debt collection	41,673	73,680
Bank and investment manager charges	34,424	38,293
Loan interest	<u>237,952</u>	<u>210,574</u>
	<u>457,371</u>	<u>476,241</u>

7. STAFF COSTS AND RELATED PARTY TRANSACTIONS

	2016	2015
	£	£
The aggregate payroll costs for the year was as follows:		
Wages and salaries	10,068,498	9,556,197
Social security costs	914,696	825,587
Other pension costs		
Defined benefit	970,462	789,183
Defined contribution	<u>161,010</u>	<u>155,928</u>
	12,114,666	11,326,895
Capitalised labour costs	<u>(20,380)</u>	<u>(40,045)</u>
	<u>12,094,286</u>	<u>11,286,850</u>

During the year there were redundancy or termination payments made which amounted to £47,000. There was £45,000 outstanding at the year end.

In the period no governors and no persons connected with them received any remuneration or other benefits from the school or any connected organisation. The governors received £885 in the current year in respect of reimbursed expenses (2015: £1,292) payable to 6 (2015: 5) trustees relating to travel and accommodation.

	2016	2015
	£	£
Aggregate employee benefits of key management personnel	<u>896,966</u>	<u>838,180</u>

Key management includes the Senior Leadership Team.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

8. STAFF COSTS AND RELATED PARTY TRANSACTIONS (Continued)

The number of higher paid employees was:

	2016	2015
	No.	No.
Taxable emoluments band:		
£60,001 - £70,000	26	20
£70,001 - £80,000	5	3
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£120,001 - £130,000	1	1
£170,001 - £180,000	-	1
£180,001 - £190,000	<u>1</u>	<u>-</u>

The number with retirement benefits accruing in

- Money-Purchase Schemes was	6	6
for which the contributions amounted to	£32,140	£30,807
- Defined Benefit Schemes was	<u>29</u>	<u>21</u>

The average number of the Group's employees during the year calculated on a head count basis was 392 (2015: 384).

	2016	2015
	No.	No.
Teaching	162	159
Welfare	42	42
Premises	113	109
Support	60	59
Other activities	<u>15</u>	<u>15</u>
	<u>392</u>	<u>384</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

9. TANGIBLE FIXED ASSETS

	Assets in course of construction	Freehold Land and Buildings	Furniture Fixtures & Fittings	Boats	Ground Machines & Vehicles	Charity Total
Cost	£	£	£	£	£	£
1 August 2015	4,283,816	38,322,031	7,498,042	702,771	1,322,297	52,128,957
Additions	2,268,780	-	787,462	75,817	89,984	3,222,043
Disposals	-	-	(14,562)	(14,163)	(42,364)	(71,089)
Transfers	<u>(3,998,692)</u>	<u>3,937,045</u>	<u>61,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 July 2016	<u>2,553,904</u>	<u>42,259,076</u>	<u>8,332,589</u>	<u>764,425</u>	<u>1,369,917</u>	<u>55,279,911</u>
Depreciation						
1 August 2015	-	10,264,980	5,779,318	473,947	940,048	17,458,293
Charge for year	-	1,277,890	632,076	39,948	99,400	2,049,314
Elimination on disposal	<u>-</u>	<u>-</u>	<u>(4,460)</u>	<u>(14,164)</u>	<u>(39,354)</u>	<u>(57,978)</u>
31 July 2016	<u>-</u>	<u>11,542,870</u>	<u>6,406,934</u>	<u>499,731</u>	<u>1,000,094</u>	<u>19,449,629</u>
Net book values						
31 July 2016	<u>2,553,904</u>	<u>30,716,206</u>	<u>1,925,655</u>	<u>264,694</u>	<u>369,823</u>	<u>35,830,282</u>
31 July 2015	<u>4,283,816</u>	<u>28,057,051</u>	<u>1,718,724</u>	<u>228,824</u>	<u>382,249</u>	<u>34,670,664</u>

	Charity Total	Subsidiary Furniture, Fixtures & Fittings	Group Total
Cost	£	£	£
1 August 2015	52,128,957	89,311	52,218,268
Additions	3,222,043	3,474	3,225,517
Disposals	(71,089)	-	(71,089)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
31 July 2016	<u>55,279,911</u>	<u>92,785</u>	<u>55,372,696</u>
Depreciation			
1 August 2015	17,458,293	68,556	17,526,849
Charge for year	2,049,314	9,478	2,058,792
Elimination on disposal	<u>(57,978)</u>	<u>-</u>	<u>(57,978)</u>
31 July 2016	<u>19,449,629</u>	<u>78,034</u>	<u>19,527,663</u>
Net book values			
31 July 2016	<u>35,830,282</u>	<u>14,751</u>	<u>35,845,033</u>
31 July 2015	<u>34,670,664</u>	<u>20,755</u>	<u>34,691,419</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

10. FIXED ASSET INVESTMENTS

	Consolidated Schools Fund £	Re-endowment Fund £	General Purposes Fund £	Fees in Advance £	Total £
Group and Charity:-					
Market value					
At 1 August 2015	1,119,482	72,725	892	2,236,324	3,429,423
Additions	116,894	7,595	94	-	124,583
Net Investment Gains	73,045	4,747	59	163,225	241,076
Movement in cash deposits	(1,914)	(124)	(1)	8,247	6,208
Disposals	<u>(110,605)</u>	<u>(7,186)</u>	<u>(87)</u>	<u>-</u>	<u>(117,878)</u>
At 31 July 2016	<u>1,196,902</u>	<u>77,757</u>	<u>957</u>	<u>2,407,796</u>	<u>3,683,412</u>

Investments are primarily held to provide an investment return to the school.

Investments at market value compromise:

	2016 £	2015 £
BNY Mellon – Newton Real Return Fund	2,398,923	2,235,697
M & G Units - Charibond (21,200 units)	28,272	26,485
UK quoted stock	800,068	754,852
Overseas quoted stocks	422,435	384,883
Cash	33,714	27,506
Total market value	<u>3,683,412</u>	<u>3,429,423</u>

Material investments

The following investments are held which represent more than 5% of the total market value of investments held:

	2016 £	2015 £
BNY Mellon – Newton Real Return Fund	<u>2,398,923</u>	<u>2,235,697</u>

11. STOCKS

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Goods for resale and consumables	<u>215,754</u>	<u>211,924</u>	<u>69,882</u>	<u>77,003</u>

Stock recognised as an expense during the year was £423,201 (2015: £444,767).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

12. DEBTORS	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
School fees	264,570	281,955	264,570	281,955
Other debtors	823,639	629,651	291,456	253,739
Prepayments and accrued income	105,659	109,870	105,659	104,423
Amounts due from group undertakings	-	-	736,486	706,269
	<u>1,193,868</u>	<u>1,021,476</u>	<u>1,398,171</u>	<u>1,346,386</u>

An impairment loss of £32,783 (2015 - £72,591) was recognised against the School fees debtor.

Included within amounts due from group undertakings is a loan to Shrewsbury School Enterprises Limited of £137,635. The loan is unsecured and repayable with one year's notice and is charged at 1% above Lloyds Bank Plc base rate.

13. CREDITORS due within one year	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Fee deposits	623,544	544,317	623,544	544,317
Trade creditors	747,533	526,291	724,096	495,281
Fees in advance (see note 15)	1,310,357	968,238	1,310,357	968,238
Social security and other taxes	303,222	277,069	274,795	249,756
Other creditors	732,640	763,188	624,643	657,777
Accruals and deferred income	494,518	153,456	447,259	130,675
Bank loan (14 b)	-	270,488	-	270,488
Other loan (14 c)	50,000	50,000	50,000	50,000
Term loan (14 d)	336,510	317,767	336,510	317,767
Term loan (14 e)	380,530	-	380,530	-
	<u>4,978,854</u>	<u>3,870,814</u>	<u>4,771,734</u>	<u>3,684,299</u>

Within other creditors is £27,422 (2015 - £108,578) payable in respect of pension contributions.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

14. CREDITORS amounts falling due after more than one year	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Fee deposits	2,206,388	1,993,790	2,206,388	1,993,790
Fees in advance (see note 15)	1,789,277	2,050,254	1,789,277	2,050,254
Loan from Shrewsbury School Foundation (14 a)	1,500,552	1,896,046	1,500,552	1,896,046
Other loan (14 c)	928,334	978,333	928,334	978,333
Term loan (14 d)	1,712,997	2,049,507	1,712,997	2,049,507
Term loan (14 e)	1,719,470	2,100,000	1,719,470	2,100,000
	<u>9,857,018</u>	<u>11,067,930</u>	<u>9,857,018</u>	<u>11,067,930</u>

- 14 a The loan from Shrewsbury School Foundation is unsecured, interest free and has no fixed repayment terms. The loan is considered to be a concessionary loan.
- 14 b The bank loan from Allied Irish Bank was secured on the investment portfolio and cash that comprise the Consolidated School Fund. The bank loan was repaid by April 2016 over termly instalments. The interest rate was fixed at 5.995%.
- 14 c The other loan has been provided by Shropshire Council. The loan is repayable by April 2032 paid by monthly instalments. The loan is interest free and is secured on the following properties: Mosers Hall, The New House, 6 Ashton Road, 13 and 15 Ashton Road. This loan is considered to be a concessionary loan.

The other loan falls due as follows:

	2016 £	2015 £
Between one and two years	50,000	50,000
Between two and five years	185,000	155,000
Over five years	<u>693,334</u>	<u>773,333</u>
	<u>928,334</u>	<u>978,333</u>

- 14 d The term loan from Lloyds Bank is secured by a first legal charge over the freehold land and buildings at The Tudors, Tudor House, including Emma Darwin Hall. The term loan is repayable by September 2021 in 30 termly instalments. The interest rate is fixed at 5.94%.

The term loan falls due as follows:

	2016 £	2015 £
Between one and two years	357,945	336,509
Between two and five years	1,209,003	1,139,848
Over five years	<u>146,049</u>	<u>573,150</u>
	<u>1,712,997</u>	<u>2,049,507</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

- 14 e The term loan from Handelsbanken is unsecured. The term loan is repayable by May 2021 in 20 quarterly instalments commencing August 2016. The interest rate is fixed at 4.85%.

The term loan falls due as follows:

	2016 £	2015 £
Between one and two years	399,308	380,530
Between two and five years	1,320,162	1,257,984
Over five years	-	461,486
	<u>1,719,470</u>	<u>2,100,000</u>

15. FEES IN ADVANCE

Parents may, subject to contractual terms and conditions, pay to the School tuition fees in advance. The money may be returned, subject to specific conditions but, assuming the relevant pupils remain in the School, advance fees will be applied as follows:

	2016 £	2015 £
After 5 years	-	197,648
Within 2-5 years	1,078,551	1,102,805
Within 1-2 years	710,726	749,801
	<u>1,789,277</u>	<u>2,050,254</u>
Within 1 year	1,310,357	968,238
	<u>3,099,634</u>	<u>3,018,492</u>

The balance represents the accrued liability under the contracts. The movements during the year were:

	£	£
Balance at 1 August 2015		3,018,492
New contracts	1,423,738	
Amounts accrued to contracts	<u>104,322</u>	<u>1,528,060</u>
Amounts utilised in payment of fees: To the School		<u>(1,446,918)</u>
Balance at 31 July 2016		<u>3,099,634</u>

16. NET ASSETS OF THE FUNDS OF THE CHARITY AND GROUP

The Charity's net assets belong to the various funds as follows:

	Fixed Assets £	Investments £	Net Current Assets / (Liabilities) £	Long Term Liabilities £	Fund Balances £
Endowment funds	-	1,274,659	(12,032)	-	1,262,627
Restricted funds	-	-	525,409	-	525,409
Unrestricted funds	35,830,282	2,408,753	(1,353,086)	(12,225,018)	24,660,931
Charity	35,830,282	3,683,412	(839,709)	(12,225,018)	26,448,967
Subsidiaries' Reserves	14,751	-	(2,695)	-	12,056
Group	<u>35,845,033</u>	<u>3,683,412</u>	<u>(842,404)</u>	<u>(12,225,018)</u>	<u>26,461,023</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

17. MOVEMENT IN FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	<u>25,023,372</u>	21,991,799	(21,080,346)	930,822	163,284	<u>27,028,931</u>
Charity	<u>25,023,372</u>	21,991,799	(21,080,346)	930,822	163,284	<u>27,028,931</u>
Subsidiary trading	<u>16,723</u>	1,193,417	(673,997)	(524,087)	-	<u>12,056</u>
Group	<u>25,040,095</u>	23,185,216	(21,754,343)	406,735	163,284	<u>27,040,987</u>
Pension scheme						
Funding deficit	<u>(1,134,000)</u>	-	106,000	-	(1,340,000)	<u>(2,368,000)</u>
	<u>23,906,095</u>	<u>23,185,216</u>	<u>(21,648,343)</u>	<u>406,735</u>	<u>(1,176,716)</u>	<u>24,672,987</u>
PERMANENT ENDOWMENT FUNDS						
Capital	<u>1,083,195</u>	-	-	-	73,046	<u>1,156,241</u>
Re-endowment fund	<u>98,905</u>	2,235	-	-	4,746	<u>105,886</u>
Hentschrew Prize Fund	<u>500</u>	-	-	-	-	<u>500</u>
	<u>1,182,600</u>	<u>2,235</u>	<u>-</u>	<u>-</u>	<u>77,792</u>	<u>1,262,627</u>
RESTRICTED FUNDS						
Shrewsbury School Foundation	<u>401</u>	999,916	(593,181)	(406,735)	-	<u>401</u>
Guyer Family Prize	<u>100</u>	40	-	-	-	<u>140</u>
Hentschrew Prize	<u>80</u>	-	-	-	-	<u>80</u>
Darwin Scholarship	<u>7,212</u>	-	-	-	-	<u>7,212</u>
Hargreaves Legacy	<u>500</u>	-	-	-	-	<u>500</u>
Sundry Bursary Donations	-	17,846	(17,846)	-	-	-
Salopian Club	-	34,185	(34,185)	-	-	-
Shrewsbury School Foundation Inc	-	1,200	(1,200)	-	-	-
Goulding Family Prize	-	150	(30)	-	-	<u>120</u>
The James Meikle Prize	<u>60</u>	-	(30)	-	-	<u>30</u>
Consolidated Fund:						
Unappropriated income	<u>488,213</u>	34,407	(5,694)	-	-	<u>516,926</u>
	<u>496,566</u>	<u>1,087,744</u>	<u>(652,166)</u>	<u>(406,735)</u>	<u>-</u>	<u>525,409</u>
TOTAL FUNDS	<u>25,585,261</u>	<u>24,275,195</u>	<u>(22,300,509)</u>	<u>-</u>	<u>(1,098,924)</u>	<u>26,461,023</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

17. MOVEMENT IN FUNDS (CONTINUED)

Re-endowment Fund

A fund established in 1924 to contribute to the upkeep of the estate and to the support of pupils at Shrewsbury School who are in financial need.

Shrewsbury School Foundation

A registered charity supporting a range of educational objectives through financial contributions to Shrewsbury School and its pupils. Donations received totalled £999,916, of which £562,773 was given to support bursaries awarded to pupils, £395,493 to assist with the construction of buildings (Hodgson Hall and the Chatri Design Centre), £10,627 to support other capital projects and £31,023 to assist in funding educational activities, including the Harvard and Careers Fellows).

Guyer Family Prize

An annual prize for an outstanding contribution to the music department.

Hentschrew Prize

An annual prize to the boy in the School House who contributes most to the well running of the house, in a social rather than academic or sporting context.

Darwin Scholarship

A scholarship awarded to pupils attending the School from Hong Kong who are judged outstanding academically, in the arts, music or sport.

Hargreaves Legacy

A legacy left by an old boy, to be used for educational purposes.

Sundry Bursary Donations

Donations received from The Knightsbridge School Educational Trust (£9,846) and Keasby Foundation (£8,000) to provide financial support for specific pupils who attend the School.

Salopian Club Fund

The donations received from the Salopian Club to assist with costs relating to staff and the Salopian magazine.

Shrewsbury School Foundation Inc Donation

A donation received to assist with the School's rowing trip to America.

Goulding Family Prize

A donation received to fund the award of a music prize to a pupil who excels at music.

The James Meikle Prize

Donation received to provide an annual prize for physical education to pupils at the School.

Consolidated Fund

A consolidation of 70 small funds, the income from which is used to provide prizes, scholarships and bursaries to pupils at Shrewsbury School.

Transfers between funds

The transfer between funds represents capital items purchased from restricted funds, in accordance with the donors wishes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

18. CONTRACTS AND COMMITMENTS

Capital expenditure of £1,726,458 had been authorised and contracted for at 31 July 2016 (2015 - £1,225,158).

19. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income for the reporting period (as per the statement of financial activities)	2,215,762	2,499,876
Adjustments for:		
Depreciation charges	2,058,792	1,910,863
(Gains) on investments	(241,076)	(30,931)
Dividends, interest and rents from investments	(108,397)	(108,626)
(Profit)/Loss on the sale of fixed assets	(4,778)	1,252
(Increase)/decrease in stocks	(3,830)	25,023
(Increase)/decrease in debtors	(172,392)	148,049
Increase/(decrease) in creditors	930,876	(574,065)
Pension scheme movement before actuarial loss	(106,000)	(104,000)
Interest paid on borrowings	<u>237,952</u>	<u>210,574</u>
Net cash provided by operating activities	<u>4,806,909</u>	<u>3,978,015</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank	2,726,828	2,303,763
Cash held in investments	<u>33,714</u>	<u>27,506</u>
Total cash and cash equivalents	<u>2,760,542</u>	<u>2,331,269</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

21. PENSION SCHEMES

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £921,299 (2015 - £734,957) and at the year-end £Nil (2015 - £108,578) was accrued in respect of contributions to this scheme.

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

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

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

22. PENSION COMMITMENTS

The School has a defined benefit pension scheme for certain support staff and its assets are invested in pooled tracker investment funds and a property fund with Legal & General Investment Managers. The scheme has been closed to new members since 2001.

The scheme was shared with Shrewsbury School Enterprises Limited. On 16 March 2016 the Governing Body of Shrewsbury School and the Trustees of the Shrewsbury School (1971) Pension and Life Assurance Scheme entered into a Scheme of Apportionment with Shrewsbury School Enterprises Limited. The Scheme Apportionment transferred all pension liabilities to Shrewsbury School and Shrewsbury School Enterprises Limited ceased, on that date, to be a participating employer of the Scheme.

The amounts in the financial statements for the year ended 31 July 2016, relating to pensions, are based on a full actuarial valuation dated 31 May 2013.

The deficit is partly secured on the following properties: 33 Porthill Road, 23 and 23a Aston Road.

The contributions made for the year ended 31 July 2016 were £192,365 (2015 - £203,989) which included additional employer contributions of £150,900 (2015 - £150,900). As from 1 March 2014 the contribution rate for future periods was 19.2% (with employees contributing 5%). The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 July 2016 is £159,284 (this includes additional employer contributions of £150,900 to reduce the deficit).

The main financial assumptions used at the beginning of the period and at the balance sheet date were as follows:-

	2016	2015
	%	%
Inflation - RPI	2.6	3.0
- CPI	1.6	2.0
Rate of increase in salaries	1.6	2.0
Rate of increase for pensions:		
- In deferment	1.6	2.0
- In payment, RPI inflation	3.4	3.0
- In payment, CPI inflation	3.1	3.0
Discount rate	<u>2.4</u>	<u>3.6</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

22. PENSION COMMITMENTS (Continued)

Life expectations on retirement age 65:-

	2016 Years	2015 Years
Male currently age 45	23.5	23.6
Female currently age 45	25.7	26.3
Male currently age 65	22.1	21.7
Female currently age 65	<u>24.2</u>	<u>24.5</u>

The major categories of scheme assets were:-

	2016 £'000	2015 £'000
Equities	3,103	2,961
Bonds	629	610
Property	679	697
Insurance annuities	51	86
Cash	<u>2,281</u>	<u>2,193</u>
Fair value of scheme assets at year end	<u>6,743</u>	<u>6,547</u>

	2016 £	2015 £
The actual return on the scheme assets in the year	<u>549,000</u>	<u>530,000</u>

The amounts recognised in the balance sheet are as follows:-

	2016 £'000	2015 £'000
Fair value of assets	6,743	6,547
Present value of scheme liabilities	<u>(9,111)</u>	<u>(7,681)</u>
Deficit in the scheme	<u>(2,368)</u>	<u>(1,134)</u>

Changes in the fair value of the scheme assets are as follows:-

	2016 £'000	2015 £'000
Opening fair value of scheme assets	6,547	6,105
Interest income on scheme assets	229	254
Return less interest income on scheme assets	320	276
Contributions by employer	192	205
Contributions by employees	16	21
Benefits paid	<u>(561)</u>	<u>(314)</u>
Fair value of scheme assets at year end	<u>6,743</u>	<u>6,547</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

22. PENSION COMMITMENTS (CONTINUED)

Changes in the present value of the scheme liabilities are as follows:-

	2016 £'000	2015 £'000
Opening liabilities	7,681	7,229
Current service cost	47	56
Interest cost	268	299
Contributions by employees	16	21
Actuarial losses	1,660	390
Benefits paid	<u>(561)</u>	<u>(314)</u>
Scheme liabilities at year end	<u>9,111</u>	<u>7,681</u>

The charge to the Statement of Financial Activities over the financial year comprised:-

	2016 £	2015 £
Schools and grant making		
Current service cost	<u>47,000</u>	<u>56,000</u>
Finance charges		
Net Interest on pension scheme liabilities	<u>39,000</u>	<u>45,000</u>
Total charge to expenditure in SOFA	<u>86,000</u>	<u>101,000</u>

The actuarial losses shown in the Statement of Financial Activities comprised:-

	2016 £	2015 £
Return less interest income on scheme assets	320,000	276,000
Actuarial loss on liabilities	<u>(1,660,000)</u>	<u>(390,000)</u>
Total actuarial loss in SOFA	<u>(1,340,000)</u>	<u>(114,000)</u>

Reconciliation of funded status:

	2016 £'000	2015 £'000
Opening deficit	(1,134)	(1,124)
Employer contributions	192	205
Charge recorded in SOFA	(86)	(101)
Actuarial loss received in SOFA	<u>(1,340)</u>	<u>(114)</u>
	<u>(2,368)</u>	<u>(1,134)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

23. OPERATING LEASE COMMITMENTS

The group had the following minimum lease payments due in relation to non-cancellable operating leases as at 31 July 2016:

	2016 Group £	2016 Charity £	2015 Group £	2015 Charity £
Amount payable within 1 year	57,258	55,572	51,494	51,494
Amount payable within 2 and 5 years	58,908	55,747	101,553	101,553
Amount payable after more than 5 years	-	-	-	-

Operating lease rentals charged during the year were £45,778 (2015 - £45,326).

24. TRANSITION TO FRS102

In preparing the accounts, the Governors have considered whether in applying the accounting policies required by FRS102 and the FRS102 SORP the restatement of comparative items was required.

The transition to the accounting standard FRS102 has created different classifications of Income and Expenditure in the Statement of Financial Activities, compared with the prior year, which the Governors consider have been fairly presented. In particular the decrease in the pension scheme actuarial loss from £188,000 to £114,000 and the increased finance charge from a credit of £29,000 to a charge of £45,000.

At the date of transition, 1 August 2014, the policies under the entry's previous accounting framework are not materially different to FRS102 and have not impacted on the funds or results of the charity.

25. FINANCIAL INSTRUMENTS

	2016 Group £	2015 Group £	2016 Charity £	2015 Charity £
Financial assets				
Financial assets measured at fair value through income and expenditure	6,410,240	5,733,186	6,147,384	5,360,714
Financial assets measured at amortised cost	1,087,813	911,606	1,292,512	1,241,963
Financial liabilities				
Financial liabilities measured at amortised cost	14,511,159	14,661,675	14,353,957	14,502,473

Financial assets measured at fair value through income and expenditure comprises investments in UK listed securities and cash at bank.

Financial assets measured at amortised cost comprise school fees, group and other debtors, accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and loans, fee deposits and fees in advance.

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2016 Group £	2015 Group £	2016 Charity £	2015 Charity £
Total investment income for financial assets measured at fair value through income and expenditure	108,397	108,626	108,397	108,626
Net gains on financial assets measured at fair value through income and expenditure	241,076	30,931	241,076	30,931
Impairment losses on financial assets measured at amortised cost	32,783	72,730	32,783	72,591
Total interest expense for financial liabilities held at amortised cost	237,952	210,574	237,952	210,574

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

26. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2015

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total Funds 2015 £
INCOME AND ENDOWMENTS FROM:				
Charitable Activities				
School fees	20,476,077	-	-	20,476,077
Other educational income	520,165	-	-	520,165
Other ancillary trading income	212,572	-	-	212,572
Other trading activities				
Trading activities SSEL	1,086,901	-	-	1,086,901
Other income	2,500	-	-	2,500
Investment income	74,134	32,388	2,104	108,626
Voluntary Sources				
Grants and Donations	-	1,376,012	-	1,376,012
Total income	<u>22,372,349</u>	<u>1,408,400</u>	<u>2,104</u>	<u>23,782,853</u>
EXPENDITURE ON:				
Raising funds				
Trading activities SSEL	645,702	-	-	645,702
Trading activities SSDC	31	-	-	31
Financing costs	476,241	-	-	476,241
Fundraising costs	347,491	-	-	347,491
Charitable activities				
Education and grant making	19,112,632	731,811	-	19,844,443
Total expenditure	<u>20,582,097</u>	<u>731,811</u>	<u>-</u>	<u>21,313,908</u>
NET INCOMING FUNDS FROM OPERATIONS BEFORE TRANSFERS AND INVESTMENT GAINS				
Transfer between funds	1,790,252	676,589	2,104	2,468,945
(Losses)/Gains on investment assets	655,356	(655,356)	-	-
NET INCOME AND CAPITAL (OUTFLOW)	(16,197)	-	47,128	30,931
Pension Scheme actuarial loss	2,429,411	21,233	49,232	2,499,876
NET MOVEMENT IN FUNDS	(114,000)	-	-	(114,000)
TOTAL FUNDS AT 1 AUGUST 2014	2,315,411	21,233	49,232	2,385,876
TOTAL FUNDS AT 31 JULY 2015	<u>21,590,684</u>	<u>475,333</u>	<u>1,133,368</u>	<u>23,199,385</u>
	<u>23,906,095</u>	<u>496,566</u>	<u>1,182,600</u>	<u>25,585,261</u>