

# **WARWICK INDEPENDENT SCHOOLS FOUNDATION**

**COMPANY NUMBER: 4252305**  
**CHARITY NUMBER: 1088057**

## **DIRECTORS' REPORT**

## **AND**

## **FINANCIAL STATEMENTS**

## **FOR THE YEAR ENDED**

## **31 AUGUST 2018**

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Warwick School, Myton Road, Warwick, CV34 6PP  
Tel: 01926 735400 Fax: 01926 735406 Email: [governors@warwickschools.co.uk](mailto:governors@warwickschools.co.uk)  
Chair of Governors: D B Stevens BA (Hons)  
Foundation Secretary and Clerk to the Governors: S T Jones, FCMA

Warwick Independent Schools Foundation, company number 4252305, is limited by Guarantee and Registered in England. It is also a registered Charity, number 1088057. Registered Office: Warwick School, Myton Road, Warwick, CV34 6PP

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

### DIRECTORS, OFFICERS AND ADVISORS

#### Governors, Directors and Charity Trustees

The Governors of Warwick Independent Schools Foundation ("the Company", "the Foundation") are the directors and the charity trustees of the Company and have all served in office throughout the financial year except where indicated. Those who have served during the year are shown below.

The total number of elected Governors is 18, being six nominated and 12 co-opted Governors. Nominations are subject to approval by the Board, reflecting the change reported last year by bringing King's High and Warwick Prep Academic Staff into one nominating body. All Governors may serve up to three terms of four years. In addition, the Lord-Lieutenant of Warwickshire and the Mayor of Warwick have the right to be ex-officio Governors should they choose to take up the position.

#### **Governors nominated by the following bodies:**

The Charity of Sir Thomas White, Warwick	- Mr D B Stevens (Chairman)
The King Henry VIII Endowed Trust, Warwick	- Mr R M B Griffiths
Academic Staff Nominations:	
- King's High School and Warwick Preparatory School	- Mrs E J Lillyman
- Warwick School	- Mr J P Cavanagh
University of Warwick	- Prof D Griffin (from 1 <sup>st</sup> September 2018)
Warwick Town Council	- Mrs M-A Grainger

#### **Co-opted Governors:**

Mrs M B Ashe	Mr T H Keyes
Mrs S M Austin	Mrs G Low
Dr A D Cocker (Vice-Chairman)	Miss K A Parr (to 31 <sup>st</sup> August 2018)
Mr A C Firth	Mrs C A I Sawdon
Mr C R Gibbons	Mrs P A Snape
Mr N F Keegan	Mr J N Wallis (from 1 <sup>st</sup> January 2018)

#### **Ex-officio Governors:**

The Lord-Lieutenant of Warwickshire	- Mr T B Cox
Mayor of Warwick	- [Not taken up]

#### **Officers:**

Foundation Secretary and Clerk to the Governors (Company Secretary)	- Mr S T Jones
Head Master, Warwick School	- Mr A R Lock (resigned 31 <sup>st</sup> August 2018)
Head Master, Warwick School	- Dr D A Smith (appointed 1 <sup>st</sup> September 2018)
Head Master, King's High School for Girls	- Mr R Nicholson
Headmistress, Warwick Preparatory School	- Mrs H Dodsworth
Headmaster, Warwick Junior School	- Mr A Hymer

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

### Addresses

#### Principal Address and Registered Office

Warwick Independent Schools Foundation  
Myton Road  
WARWICK CV34 6PP

King's High School    *Day, girls 11–18*  
Landor House  
Smith Street  
WARWICK  
CV34 4HJ

Warwick Preparatory School    *Day, boys 3–7  
and girls 3–11*  
Bridge Field  
Banbury Road  
WARWICK  
CV34 6PL

Warwick School    *Day, boys 11–18*  
Myton Road  
WARWICK  
CV34 6PP

*Boarding, boys  
13–18*

Warwick Junior School    *Day, boys 7–11*  
Myton Road  
WARWICK  
CV34 6PP

### Advisers

Bankers    Lloyds Bank Plc  
12 Swan Street  
WARWICK CV34 4BJ

HSBC  
6th Floor  
120 Edmund Street  
BIRMINGHAM B3 2QZ

Solicitors    Veale Wasbrough Vizards  
Narrow Quay House  
Narrow Quay  
BRISTOL BS1 4QA

Insurance Brokers    Marsh Brokers  
Capital House  
1-5 Perrymount Road  
HAYWARDS HEATH  
West Sussex RH16 3SY

Investment Advisers    Smith & Williamson Investment Management  
3rd Floor  
9 Colmore Row  
BIRMINGHAM B3 2BJ

Auditors    Crowe U.K. LLP  
Carrick House  
Lypiatt Road  
CHELTENHAM GL50 2QJ

# **WARWICK INDEPENDENT SCHOOLS FOUNDATION**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

The Directors of the Company present their annual report for the year ended 31<sup>st</sup> August 2018, together with the financial statements for the year, which have been prepared in accordance with Company Law and in compliance with the Charities SORP 2015.

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The Company was incorporated on 29<sup>th</sup> August 2001 and is registered in England under Company Number 4252305. It is also a Charity, registered with the Charity Commission under Charity Number 1088057, and is the Corporate Trustee of the Warwick Schools Foundation Trust ("the Trust"). The Directors and Governors of Warwick Independent Schools Foundation and the executive officers are listed on page 2 and the principal addresses and professional advisers are listed on page 3.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing Document**

In 1875, a scheme was approved by the Endowed Schools Commission for the amalgamation of certain educational charities in Warwick, under the name King's School Foundation. The Scheme provided for the re-establishment of the old King's School in new buildings, to be called the Grammar School (for boys), a Middle School (for day boys to the age of 15), and a school for girls. A number of local charities contributed the whole, or a portion, of their annual income.

A Charity under the name Warwick Schools was registered with the Charity Commissioners for England and Wales (registration number 528775) and was regulated by Schemes signed on 23<sup>rd</sup> December 1981, 26<sup>th</sup> November 1991, 13<sup>th</sup> June 1995, and 16<sup>th</sup> September 1998. On 29<sup>th</sup> August 2001, this Charity changed its name to Warwick Schools Foundation Trust. Under the Charity Commission Scheme made on 29<sup>th</sup> August 2001 all trust funds other than the Trust's permanent endowment of the Schools' land were transferred to a new Charity known as Warwick Schools, as property of the Company, and the Trust itself was made a subsidiary Charity of the Company as its Corporate Trustee.

On 11<sup>th</sup> March 2003 the Charity and the Company changed its name from Warwick Schools to Warwick Independent Schools Foundation. The Company is governed by its Memorandum and Articles of Association, an amendment to which was made by special resolution on 28<sup>th</sup> March 2012. A further review was then carried out which has resulted in a full update of the Articles of Association in order to incorporate additional amendments and bring them up to date with current Companies and Charity Laws. The changes were adopted by the Foundation at its AGM on 12<sup>th</sup> February 2015 and were agreed by the Charity Commission on 6<sup>th</sup> October 2015.

#### **Governing Body**

The Governors listed on page 2 are appointed as Governors of the Foundation and have overall responsibility for the operation of two Schools, namely King's High School for Girls (incorporating Warwick Preparatory School, which has separate DfE registration) and Warwick School (incorporating Warwick Junior School). Two subsidiary Committees of Governors have been established, one for each School, with each comprising half of the 18 Governors. There are also three Strategic Committees, each comprising one-third of the 18 Governors. In this way, Governance is delivered to the individual Schools within an overall Foundation framework. The benefits of the approach are robust, inclusive governance, with all Governors taking equal responsibility for the effective running of the Charity.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The full Board of 18 Governors plus one ex-officio Governor are also the Directors and Members of the Limited Company and Trustees of the Charity. They are responsible for the overall management and control of the Company and meet three times a year. Management of the individual Schools is delegated to the Heads and Foundation Secretary who report to the Trustees and to the various sub-committees relevant to their individual responsibilities. This group, known as the Heads Executive Group, is supported by the appropriate School Committees.

### Organisational Management

**School Committees** are responsible for overseeing the educational business and financial management of each individual School within the broader strategic outline provided by the Foundation Governors. Any matters with implications for the Foundation and/or the other Schools are referred to the Finance and Regulatory and/or Education and Resources Committees as appropriate.

The **Education Committee** is responsible for considering all matters pertaining to the educational side of the Foundation's business and has the power to make any decisions as it feels are necessary to fulfil its responsibilities. The Committee is also responsible for liaising with the Resources Committee and the Finance and Regulatory Committee in ensuring robust and collective governance is delivered.

The **Resources and Estates Committee** is responsible for ensuring the effective delivery of the resources required for educational and business activities, including oversight of the central Estates and Operations function. It has the power to make any decisions as it feels are necessary to fulfil its responsibilities. The Committee is also responsible for liaising with the Finance and Regulatory Committee in ensuring robust and collective governance is delivered.

The principal purpose of the **Finance and Regulatory Committee** is to advise and provide recommendations to the full Board of Foundation Governors on finance and regulatory matters. It has delegated powers to act on behalf of the Foundation Governors in financial matters should the need arise. It can also make any decisions necessary to ensure compliance with current regulation and legislation.

The **Appointments Committee** is responsible for discussing and recommending to the full Board of Foundation Governors the appointment of Governors, Heads and the Foundation Secretary in order to ensure the Foundation has suitable people in these key positions. It meets termly and consists of the Chair and Vice-Chair of the Foundation, as well as the Chairs of the two School Committees and the Chairs of the three Strategic Committees.

### Remuneration

Remuneration is set by the Board, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to the Foundation'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 Foundation remains sensitive to the broader issues of pay and employment conditions elsewhere.

Delivery of the Foundation's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

# **WARWICK INDEPENDENT SCHOOLS FOUNDATION**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

### **Employment Policy**

The Foundation is an equal opportunities employer, which treats all prospective and existing staff without favour. The Foundation is fully committed to providing the opportunity for people with disabilities to be employed whenever suitable work is available and to be able to fulfil their career potential. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made which are likely to affect their interests. Communication with employees continues through normal management channels in a variety of methods to inform staff of current issues.

### **Group Structure and Relationships**

The Company has a wholly-owned subsidiary, Warwick Schools Enterprises Limited (WSEL), which carries out a number of trading activities to generate funds for the Schools. WSEL retains a small surplus each year so as to build up working capital, but thereafter any surplus remaining is gift-aided back to the main Charity.

### **Governor Recruitment, Induction and Training**

Nominated Governors are selected by their respective Nominating Bodies (see page 2) but must then be approved by the Governing Body. Co-opted Governors are selected having regard to the particular skills required on the Governing Body at the time of appointment. All Governors follow an induction programme on appointment including meetings with the Foundation Secretary and relevant Chairs and visiting the Heads at the Schools. All Governors are encouraged to attend external training courses to complement internal training provided. As standard, all Governors receive annual Child Protection and Safeguarding training. During the year, they have also received training on the new GDPR requirements.

## **OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES**

### **Charitable Objects**

The Objects of the Charity are set out in the Articles of Association and are “to advance education by carrying on in or near Warwick day and boarding schools for boys and girls”. Within these Objects, the Charity and the Trust have various permanent endowments and unendowed trust funds held for special purposes in connection with the development of the Schools’ facilities and for scholarships, bursaries, prizes, and other educational purposes.

### **Objectives for the Year**

During the year, the Governors continued to work towards the successful delivery of one major strategy, Project One Campus, the construction of a new school for King’s High on the main campus, which presently hosts all other pupils within the Foundation. This consists of a number of specific key tactical and operational objectives, as follows:

- Phase one of the project was to construct the new shared form 6<sup>th</sup> Form Centre, key to the future collaborative model to be adopted at the top of the two senior schools. This would provide the best of both worlds to older pupils, with individual schools continuing to offer single sex teaching, but with the benefits of co-educational co and extra-curricular activities. The project was successfully delivered for the start of the new academic year, creating much excitement and offering a tangible vision of the quality educational environment to be expected when the remaining buildings are delivered over the next two years.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

- The contract for the flagship main building of the new school, with a two year construction programme, commenced alongside the 6<sup>th</sup> Form Centre at the start of the academic year. The main contractor, Speller Metcalfe, have made tremendous progress towards the summer 2019 completion date, including adjustments to manage the unexpected discovery of the remains of a Roman agricultural villa in the heart of the building site. This caused great excitement, with opportunities for pupils to see at first hand the foundations of a sizeable working farm and various artefacts, some of which will be displayed once the project is complete.
- With two thirds of the total project underway, the next priority was to secure the phase two contract terms, in readiness for the construction of the Design Technology/Sports block and music school buildings. The Governors' Resources & Estates Committee oversaw this contract negotiation to ensure that the project remained on track financially as well as achieving the agreed timeline. This was achieved, allowing contract two to commence at the start of the new academic year, with the ambitious but deliverable aim of moving the relocation forward to complete by Autumn 2020.
- At the end of the previous academic year, a fundraising campaign commenced, with ambitious plans to raise up to £4m to complement the funds committed to Project One Campus to ensure the new King's High School was equipped with the highest possible quality facilities and resources. Much of the spadework has been completed in the year, with plans to confirm commitments to donations underway at the start of the new academic year.
- The year saw a number of initiatives to continue generating increased funding from donors for supporting pupils otherwise unable to afford places at the school for financial reasons. There have been notable successes, strongly supporting our charitable aim in increasing the sizeable sums offered to bursary recipients at both senior schools. The Development Office continued to promote the Bursary Fund and was developing regular reporting mechanisms on major, regular, and legacy donors. Increasing bursaries was a key priority in the Warwick School 2021 Strategic Plan and the School was grateful to the Old Warwickian Trust (OWT), a charitable foundation set up by alumni of Warwick School. The OWT continued its annual support of three full bursary places at the school, and had pledged to support another full bursary place for a boy starting in September 2018.

### Strategies to Achieve the Year's Objectives and Support Long Term Goals

Warwick Independent Schools Foundation is a leading educational charity in the Midlands, providing education to over 2,300 pupils from ages 3 to 18. Our fundamental aim is to enable each individual pupil to achieve personal fulfilment and success, and we seek to develop intelligent, responsible, resilient and compassionate young people of character to succeed in a changing world. Our vision is to create a world-class educational establishment based in the heart of Warwick, able to contribute to our community and society.

The 'Vision 2020' review, which was implemented in 2014, set the following long term strategic aims:

- *To oversee and develop outstanding interdependent schools, each with its own unique character and ethos, as part of one supportive community.*
- *To deliver the 'best of both worlds' in education through single-sex teaching and learning alongside appropriately integrated extra-curricular activities and social development.*
- *To provide an equal opportunity for all pupils to develop their full potential through outstanding facilities and resources across the Foundation.*
- *To promote social and cultural diversity by facilitating access to talented pupils from all backgrounds through the provision of means-tested bursaries and scholarships.*
- *To create an environment in which inspirational education can develop and grow.*
- *To 'future proof' the Foundation educational model against future change through the creation of a world class educational campus by 2026.*

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Our priorities are driven by our core values of:

- *Inspirational teaching inside and outside the classroom.*
- *A caring environment in which everyone can feel safe, nurtured and valued as an individual.*
- *Academic excellence together with breadth of opportunity.*
- *Close links to parents, former pupils and the wider community.*
- *Traditional values of respect, tolerance and integrity.*
- *A forward-looking Foundation which 'seeks for higher things'.*

Core to successful delivery of these objectives are a number of overarching strategies. Strategic application of estates master planning is complemented by robust strategic financial planning in the form of a regularly updated ten-year plan, incorporating sound arrangements for bursary funding. Furthermore, Governors are ever mindful of the challenges of both providing the outstanding education offered and fee affordability, thereby ensuring accessibility to the schools for the maximum possible number of pupils. A clear pricing strategy has been adopted to achieve this delicate balance. This is further aided by termly consideration of risks and opportunities. Last, but probably most importantly given the importance of staff to our organisational success, focussed HR strategies are being rolled out to ensure the employment and development of first class educational leaders and classroom practitioners.

### Principal Activities of the Year

During 2017/18, Warwick School had 987 (2016/17: 983) boys in the Senior School, of whom 59 (2016/17: 55) were boarders, and 259 (2016/17: 252) boys in the Junior School. King's High School for Girls had 617 (2016/17: 607) girls and Warwick Preparatory School had 431 (2016/17: 439) children in the main School and 57 (2016/17: 57) children in the Nursery School. All the Schools continue to be popular choices amongst local parents and demand for places remains strong.

### Public Benefit Aims and Intended Impact

Having been a significant participant in the Government Assisted Places scheme and its forerunner, the Direct Grant system, the Foundation has always operated with a strong emphasis on providing education to pupils from a wide range of social backgrounds. Our aim is that pupils from all backgrounds are able to benefit from the excellent education provided, irrespective of the ability to pay full fees. The Trustees of the Foundation are determined to maintain the philosophy of providing the rounded education synonymous with the Schools to as wide a pupil base as possible, including those pupils who do not possess the means to afford fees. A robust means tested bursary scheme is operated to ensure the effective and charitable delivery of this aim, with an annual review of the scheme carried out to ensure appropriate distribution of available resources.

Although the main focus for bursary support ensures that free places are offered to a large number of recipients, the scheme also provides the opportunity for pupils with parents of moderate income to attend the Schools. This is managed through the provision of a number of part-funded, means-tested places, thereby further widening access to potential beneficiaries. In addition to providing public benefit through the provision of bursaries, the Foundation is committed to playing a significant role within the local community, through a number of outreach initiatives. These include the sharing of facilities, running holiday clubs and revision courses that are open to pupils from all around Warwickshire and its bordering counties.

Across the Foundation there are 126 pupils in receipt of means-tested bursaries, who between them achieve some outstanding academic results, with an overwhelming majority of boys and girls reaching the very highest grades on offer. With ever increasing financial pressures on parents we are doing more and more to generate further funds over the coming years, with the Development Office actively targeting £2.5m over the next five-year period to support means-tested places.



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Financial support to pupils otherwise unable to afford fees is the foundation of our public benefit delivery but our schools do much more than this, specifically through our outreach work. Our 5 for 5 programme included workshops on languages, science, sport, art and DT, music, English speaking and union debating skills. Year 5 pupils from maintained schools from across Warwickshire and surrounding counties were invited to attend. We were also delighted to once again work with gifted Years 5 and 10 pupils from local schools in a partnership link with Clare College, Cambridge, with well over a hundred children taking part in this *Young Scholars* programme. In addition, children from primary schools in the Warwick area were invited to attend two mornings of celebration cookery. Staff from our Politics and Food departments also meet termly with staff from local maintained schools to share expertise, resources and ideas, and the IT and Food departments share resources through Facebook groups.

Our excellence in music and the arts is shared with children from outside the Foundation in a number of ways, notably through heavily subsidised and free use of facilities by Warwickshire Children's Chorus and The County Music Service. Two Trustees of the latter are a senior executive and a Governor of the Foundation, with plans for stronger links once our current major project is complete. We hold a primary schools art exhibition, to which local schools, both state and independent, submit selected work and the artists, their parents, teachers and civic representatives are invited to the opening event. Pupils from approximately 20 schools take part. The Art department also invited local state primary schools to take part in an immersive art experience. Children took part in a full day workshop of Art and Ceramics using exciting techniques to inspire creativity.

Around 25-30 older maintained sector pupils per annum from Campion, Aylesford and Myton Schools benefit through mock university interviews, including Oxbridge preparation work. Our *Science in Action* programme brings the top science students from a variety of local schools face-to-face with undergraduate level scientific research. We manage the *Sprint Finish* Revision programme at Easter. This is free to local state school children at GCSE, AS or A level and continues to be popular and successful. The school also hosted Morpeth School from London, offering support on exam technique and presentations from senior teaching staff.

Younger pupils feature prominently in our public benefit activities. As part of a government initiative to support the teaching of swimming in primary schools, Warwick School is part of the Kick 25 scheme, providing the pool at no charge to local primary schools. The Sports Centre manages a very successful swim school set up in 2011 and now provides lessons to approximately 750 children. A Summer Holiday programme (*Summer Action*) has been in place at Warwick School for many years providing the opportunity for all children aged 4-13 to take part in a variety of activities during the holidays. We offer 30 funded places at *Summer Action*, to pupils living within Warwick (CV34 postcode) who are not Foundation pupils and have been nominated by their primary school.

Across our Foundation of schools in the last academic year the pupils raised a total of £56,000 from charitable activities, distributed to a wide range of beneficiary charities, with a strong emphasis on children. Donations were made to local, regional, national and international charities. These included Birmingham Children's Hospital, Young Dementia UK, Children in Need, Charities of the Lord Mayor of Warwick, a number of smaller local charities and supporting children in India and Uganda.

A Warwick Independent Schools Foundation education continues to provide young minds not only with an awareness of global issues but also a willingness to take action towards social change. Pupils assist in many local charity shops, primary schools and care homes, as well as a local food bank on Friday afternoons. Many of the boarders also get involved in voluntary work after school and at the weekends including *ILEAP* sports sessions for young adults with a range of disabilities. Pupils from the schools with an interest in a medical career volunteer for the national *Kissing It Better* scheme in which they visit Warwick Hospital to talk to patients, usually with dementia, and entertain them with music or drama.

# **WARWICK INDEPENDENT SCHOOLS FOUNDATION**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

The schools have an important role to play in their wider community, achieved through outreach work and the provision of facilities for local clubs and associations, as well as the wider public. Many of these activities incorporate educational benefits to our own and wider pupil bodies. Individual members of staff serve in a variety of capacities for the benefit of the public, including as public examination examiners, sports coaches, school governors, and volunteers with local charities and in local churches. The Bridge House Theatre also has a programme of plays throughout the year, at cost or small profit, with it very much in mind that we are serving the local community, including a number of productions for children.

The facilities are regularly used by the community on a free or discounted basis. Car parks have been free of charge for charity events by Myton Hospice and the local Dragon Boat Festival. Round Oak School use the BHT free of charge for their end of term performances and Myton School annually use Warwick Hall for their prize giving event. Our School Sports Centre is open to members of the public and local organisations. The facilities, including the pool, gym and squash courts are available through various membership schemes to the local community. Over 51 external community clubs regularly use our sports facilities. Discounted rates are offered to charitable bodies.

In the furtherance of these aims, the Foundation Governors, as the Charity Trustees, consider that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant subsector guidance concerning the operation of the Public Benefit requirement under that Act.

### **Grant-Making Policy**

During the year, the value of scholarships, Foundation Awards, and Bursaries totalled £1,642,000 (£1,496,000 in 2016/17). Of this, the amount of unrestricted funds totalled £1,213,000 (£1,076,000 in 2016/17) with a further £429,000 (£420,000 in 2016/17) contributed from restricted funds. The Foundation Governors' policy is to increase further the means tested awards when opportunities arise and £1,263,000 of the total was awarded on this basis. 309 (283 in 2016/17) pupils benefited from these grants and awards, with the result that one in five pupils at the senior Schools receives some form of financial assistance.

The Foundation Award Scheme, which was introduced in 1999, is a means-tested scheme and enables Governors to widen access to as broad a group of pupils as possible. There are currently 75 (2016/17: 70) pupils attending the Schools who pay no tuition fees at all (as well as those who pay reduced fees). The Schools also operate scholarship schemes awarded on academic merit.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

### REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

#### Operational Performance of the Schools

##### King's High School for Girls

Academic standards at King's continued to be excellent and we were delighted that our Year 13 students were able to celebrate an exceptionally strong set of A Level results, which placed King's in the top 50 of all independent schools nationally in *The Daily Telegraph* league table. 63% of A Level entries were at A\* or A grades. GCSE results were also pleasing with 51% of grades awarded at A\*, or Grades 9 and 8 on the numerical system, and over 73% of grades awarded at Grade A/7 or above. Additionally, 90% of Year 13 students were admitted to their first-choice university with over 75% of the year group going on to study at Russell Group institutions, including at Oxford and Cambridge.

Particularly important sixth form academic developments have been the Inspire Programme for Academic Enrichment and the Boost Programme for Academic support, both of which have had considerable impact. Girls have enjoyed a range of new initiatives geared to increasing university aspirations, as well as visiting a number of Oxford and Cambridge colleges for stretch and challenge sessions, which has resulted in a significant increase in the number of girls applying for Oxbridge places.

In wider school life the highlight of the year was the live link-up with the International Space Station. In preparation for this pupil-led initiative, we embarked on a year-long series of cross-curricular activities, with the theme of space being integrated into schemes of work, for example, through studying science fiction in English. A Space Day saw over 300 pupils from local primary schools undertake space-related activities with many then joining the live link-up via the internet.

In the world of sport our girls continued to excel across the board in their sporting endeavours at local and national. The Clay Pigeon shooting team were once again National Champions, and the U15 Water Polo team were Bronze Medallists in the National Finals. Our teams were multiple county champions or finalists across a range of age groups in hockey and netball. Other national and regional success came in the form of two teams reaching semi-finals in the Plate of the Independent Schools national netball competition, as well as two swimming teams featuring at the ESSA national swimming finals. The breadth of offer at King's was further highlighted by regional success in athletics and strong performance in badminton, as Level 2 champions.

The artistic life of the school has also continued to flourish, including a joint art exhibition with our junior school sisters. The year saw a variety of superb concerts, not least from The Foundation Symphony Orchestra, under the baton of the King's Artistic Director (Music), which performed at the Music for Youth finals in Birmingham Town Hall. The Percussion Ensemble has performed with Birmingham Symphonic Winds, girls were prize winners at the Leamington Music Festival, and the Junior Chamber Choir performed at the Hosking Houses Trust Carol Service in Stratford. As well as winning prizes, girls are members of regional and national ensembles, orchestras and conservatoires.

Drama has also continued to thrive, with two major productions, *Les Misérables* and the *Curse of Cranholme Abbey* alongside Warwick School, as well as the Key Stage 3 production of *Mermaid*. Some 168 girls sat LAMDA examinations, achieving a total of 122 distinctions and 46 merits. In addition, five girls were awarded Arts Mark Gold.

These fantastic achievements have received sector acclaim. We were delighted that King's was a finalist in three categories in *The Times Educational Supplement Independent School of the Year Awards*, followed by even greater success in the 2019 awards, when King's was confirmed as West Midlands Independent Secondary School of the Year.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

### Warwick Preparatory School

The junior feeder to King's High has achieved a superb breadth and depth of academic and co-curricular success, in line with the achievements of its senior school, with a number of pupils awarded scholarships on transfer to the senior school. Increasing pupil roll is a key strategy for the school in fulfilling a vital role as the feeder to King's High, as well as to Warwick Junior School as boys move on from Pre-Prep. This year has seen the very successful introduction of four form entry in Pre-Prep. The reintegration with King's High continues to thrive, with further opportunities when older girls become neighbours in September 2019. Co-curricular achievements span sport, music, drama and a host of other activities.

Notable successes in the classroom included English and Drama, where we enjoyed tremendous success in LAMDA examinations with 17 distinctions and 83 merits awarded. In Art, the children's work was exhibited in many places, including Warwick Hall as part of the annual 'Young Artists' exhibition, in our first joint exhibition with King's High in the Warwick Court House and we were very proud of our prize winners at the Summer Schools exhibition at St. Mary's Church.

In sport, swimming teams enjoyed extraordinary success, with individuals and relay teams reaching the ESSA and IAPS National Finals. Our U10 and U11 gymnasts came no less than 3rd and 5th respectively in the IAPS National Finals, a fantastic performance. Musicians continue to flourish, a field in which selecting a highlight between *Young Voices* at the Genting Arena Birmingham and performing the very ambitious musical *Annie* to a packed Bridge House Theatre, is an impossible task. In broader terms, around 80% of our Year 2 children took part in the music carousel, which has led to over 75% of our older girls taking instrumental lessons. Of the examinations taken, 67% were awarded a merit or distinction. The extra-curricular life of the School continues to grow, with a host of clubs, after school events, charitable activities and residential trips geared to the dual aim of pupil development and supporting busy parents who entrust the care and education of their children to us.

### Warwick School

Warwick School had another highly successful year in 2017/18, both academically and outside the classroom, the highlight of which was a full set of "Excellent" ratings from visiting ISI Inspectors in March 2018. Public examination results outcomes were given special mention, as were co-curricular achievements, both vital elements of the superb education offered by the school. This recognition was further endorsed by outstanding academic results, tremendous musical and drama success and a second successive U18 Natwest Cup rugby triumph on the hallowed turf of Twickenham.

Results at A-level were again strong, with 53% of grades at A\* or A. These results saw most boys heading to chosen university destinations, with 16 securing the grades needed to take up their places at Cambridge or Oxford. GCSE results were at record levels, with over half the grades (55%) at A\* or the equivalent in the new system (9-8). 78% of grades were awarded at A\*-A (9-7). Results were strong across a diverse range of subjects, with History, Design & Technology and the Sciences all scoring around 90% A\*-A. Supra-curricular academic achievements included the award to one pupil of the rare Roentgenium grade in the chemistry Olympiad, with 15 other pupils getting awards. Other notable successes were achieved in winning prestigious external bursaries and awards for pupils studying history, music and science.

In the co-curricular environment, the Arts are a particular focus of the school's ongoing development and this year, music and drama once again flourished. The highlight came when the departments collaborated with their opposite numbers at King's High School (KHS) on a stunning production of *Les Misérables*, put on over four nights in the Warwick Hall in which over 100 students from Warwick and King's High performed, under the direction of a talented music scholar in the Upper Sixth at Warwick. Other notable performances at the Theatre included the first school production of

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

*The Curse of Cranholme Abbey*, together with Sixth Formers from Warwick and KHS co-directing the Middle School cast, *The Epic of Gilgamesh* (acted by Years 7 and 8).

Music at Warwick is outstanding, with excellence and sheer numbers participating difficult to split as the greatest attribute. Five bands performed at the 2018 National Concert Band Festival Finals. One band, a choir, and two school orchestras each gained awards in the Music for Youth Competition and performed at the Birmingham Town Hall and Symphony Hall. There were visits to Coventry Cathedral by senior strings players and Junior School musicians. Of particular note was the Junior School Big Choir and Orchestra which performed at the National Music Festival Finals and the Foundation Wind Orchestra which gained an Outstanding Performance Award for winning Platinum for three consecutive years. The range extends beyond classical and *Jazz at the Bridge* is becoming a popular annual event for the School's jazz musicians in the relaxed setting of the Bridge House Theatre. The inaugural Discovery Festival ran in the last part of the 2018 Summer Term, and saw performances from the Motionhouse Dance company, the Royal Birmingham Conservatoire, the Foundation Symphony Orchestra and the Jazz ensembles. The lasting visible product of the festival was the amazing creation of the Kraken, which can be still be seen devouring a boat at the front of the Art department.

Warwick has a strong sporting reputation, and participation is seen as the principal building block towards excellence. Over 400 boys represented the school at rugby, and around 250 at hockey in 2017/18, with scores of others representing the school in a wide variety of other sports. The school's rugby 1st XV were crowned U18 National Champions 2018 in the Schools Cup at Twickenham, successfully defending their 2017 title. There is strength lower down as well, with the U15s reaching the semi-finals of their national competition. Hockey is enjoying success too, with the U13s reaching the finals of the National Cup. The Clay Pigeon Shooting team winning the Schools Challenge illustrates the wider sports framework offered in the extra-curricular programme.

### Warwick Junior School

Warwick Junior School continues to offer the very best in Junior education and a strong pupil numbers feed to Warwick School, with all leavers this year being offered places at 11+. Junior boys continue to make very good progress, particularly in maths, with progress in English just a small way behind. Five boys were awarded academic scholarships and four boys received either music scholarships or exhibitions.

Success in sport continues to be measured by how many opportunities we provide for the boys. Our swimmers reached national finals competing at the Pond Forge International Sports Centre in Sheffield and the Olympic Pool in London. In the Autumn Term we went on our first sports tour to Jersey enjoying three days of competitive activity and visits. With up to twenty fixtures in some of our busiest weeks, all our boys enjoyed opportunities to represent the school.

The musical life of the school reached new heights this year with our boys performing at St Paul's Cathedral, the Royal Albert Hall, and Coventry Cathedral. Our Choir and Orchestra competed in national finals performing in Birmingham Town Hall with our brass group performing at the National Indoor Arena in Birmingham. Our Year 4 boys enjoyed a week in the Bridge House Theatre before performing their play 'Robin Hood and the Sherwood Hoodies'. In the Summer Term, our Year 6 boys performed 'Bats' with boys performing all roles including stage management, lighting, sound and performing in the band.

The school remains committed to provide opportunities for our boys to enjoy residential activities. The benefits for young people of having meaningful experiences, connecting with nature are well attested. Our programme begins in Year 4 with a two night camping experience enjoying outdoor activities at Blackwell Court near Bromsgrove. Our Year 5 boys participated in a new two night camp focusing on bushcraft skills in a woodland 'wilderness' near to Stoke. Our Year 6 boys headed

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

for Snowdonia for a week of physical challenge and teamwork at Towers Activity Centre near Betws-y-Coed.

### Collaboration between the Schools

Key to the future sustainability and success of our schools is our “best of both worlds” approach to the education of the boys, girls and young adults in our care, through primarily single sex teaching, complemented by enrichment in co-educational opportunities outside of the classroom environment.

Examples of such collaboration include a limited amount of co-educational 6<sup>th</sup> Form teaching, providing opportunities for students to study subjects that would be otherwise be uneconomical to offer. Performance music across the Foundation is hugely enhanced for pupils and audiences alike through collaboration within various age groups and across a range of music disciplines. There are annual drama productions that not only see co-educational benefits but also older pupils working alongside younger ones, thereby developing their production management and leadership skills. Charity fundraising, including in sporting events, is another area where the bonds between boys and girls, as well as younger and older pupils are embodied in the offer of the Foundation schools. The highlight of this is the annual charity hockey tournament, with mixed teams of senior pupils competing for bragging rights. Outreach work in other local charities also features prominently in the benefits provided to pupils and wider stakeholders.

The 2017/18 academic year saw many examples of collaboration at work, with ongoing events providing the platform for excellence to match that achieved by the individual schools. Few would dispute that the highlight was the joint production of *Les Miserables*, performed to packed, appreciative audiences over 4 nights in November 2017, and *The Curse of Cranholme Abbey* for 3 nights in March 2018. Comments from a range of attendees included “professional level performances” and “I would have paid to see that in the West End”. This pinnacle of the collaborative efforts of the drama and music departments at the schools is supported by other less headline making performances that typify the high standard of arts in our schools and provide pupils of all ages with enjoyable co-educational experiences.

At senior school level we now have co-ordinated timetables that enabled us to offer collaborative Friday afternoon activities for Years 10-13, as follows:

<b>Joint Activities between Warwick School and King's High School</b>	
<i>Careers/Industry</i>	Biz Watch, Furniture Making, Smart Law: A Young Person's Guide to the Legal System, Student Investor Club, Young Enterprise
<i>Life Skills</i>	Cyber Security, Debating Matters, <i>Kissing it Better</i> Caring Course; Basic First Aid Certificate and Volunteering, Life Saving
<i>Ethics/Philosophy</i>	Philosophy Society, Politics, Psychology in Action (Foundation/Advanced), Exploring Ethics in Science
<i>Current Affairs</i>	BBC School Report, Current Affairs, Model United Nations, The Green Team, Environmental Product Design
<i>Charity/Social Justice</i>	Amnesty, Community Sports Leadership Award
<i>Classroom Plus</i>	The War Room (History – exploration of battles), The 3Gs of Computer Science, Business French (Cert.), Business Spanish (Cert.), Italian Physics (STEM) Projects, Science in Action (Lower/Upper Sixth)
<i>Arts</i>	Arts Award, Designing and Making, Discovering New Art Skills: Glass and Jewellery, Improv, Music - Chamber
<i>Outdoor Activities</i>	Canoeing, Combined Cadet Force (CCF), Clay Pigeon Shooting, Sailing
<i>Sport/Other</i>	Judo, Yoga, Table Tennis, Chess (Beginner/Advanced)

A number of girls have embraced the opportunity to join their male counterparts as members of the Combined Cadet Force, an initiative that has also generated some good humoured cross-gender rivalry in tackling some challenging group tasks.

# **WARWICK INDEPENDENT SCHOOLS FOUNDATION**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

Collaborative music provides another tremendous platform for exhibiting the talents of our pupils, bringing with it a sense of pride and enjoyment for the boys and girls across the Foundation schools. We have seen national acclaim for Foundation bands at the 2018 National Concert Band Festival Finals, including hosting the finals event. Less formally recognised but equally spellbinding at times, are the performances of the Foundation Orchestra, whose range and quality of outputs are evidenced in stand-alone concerts, as well as during drama productions and festive celebrations.

### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The Foundation achieved an investment surplus (the widely recognised and benchmarked performance measure in the sector) for the year of £2.789m (£3.571m in 2016/17). The net movement in funds for the year is £2.790m (£7.041m in 2016/17). These accounts are negatively impacted by £351k for archaeology costs, incurred after discovering the remains of a roman villa during the for construction of Project One Campus. In addition, the impact of structural debt for the Project One Campus capital scheme results in new interest costs being incurred as the loan for the project is drawn down.

Governors continually strive to ensure that fee increases are maintained at the lowest possible level, whilst mindful of the importance of generating sufficient returns for the development of facilities to ensure the continuous improvement of teaching and learning in the Foundation schools.

The Foundation is grateful to the Trustees of The King Henry VIII Endowed Trust, Warwick and The Charity of Sir Thomas White, Warwick, for income provided exclusively for funding means tested bursaries to pupils residing within the town of Warwick, and also to the Trustees of Old Warwickian Trust for income provided exclusively for bursaries to pupils attending Warwick School.

The trading subsidiary (Warwick Schools Enterprises Ltd – WSEL) continued to hire out the Foundation's facilities throughout the year and has contributed £8,338 (£22,537 in 2016/17) to the investment surplus.

### **Reserves**

Largely as a result of the capital spend on Project One Campus during the year, and pending sale of the old King's site, the Foundation's Free Reserves at 31<sup>st</sup> August 2018 were in deficit by £11.588m, with unrestricted and designated funds standing at £62.711m at the end of the year. Unrestricted funds were made up of £59.686m representing funds deployed as part of the Schools' premises and £14.609m as Bursary Funds, with the balancing £4k being within the subsidiary company. Restricted funds were £0.506m at the end of the year. The Foundation's share of the Local Government Pension Fund deficit has to be shown in the Balance Sheet. At 31<sup>st</sup> August 2018, this deficit stood at £2.188m (£3.568m in 2016/17).

The Directors are satisfied that the Schools' operating cash flows and external finance facilities are sufficient to meet the Schools day-to-day working capital requirements.

### **Investment Policy and Objectives**

Under the Charity's Articles of Association, the Trustees have powers to invest in such securities or property as they may think fit, subject to the appropriate legal considerations. In practice, the Board of Governors has delegated responsibility to the Finance and Regulatory Committee to make such decisions on its behalf. The Finance and Regulatory Committee in turn appoints an investment manager to oversee funds under investment.



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Board's investment objectives remain to achieve, over the long term, an annual income yield of 3%, with 3% capital growth, within a medium risk profile.

The expenditure out of these funds is expected to be slightly below the total returns generated. As at 31<sup>st</sup> August 2018, the Foundation had a total of £13.100m invested for the long term with an investment objective of achieving a balance of income and capital growth. In the year to 31<sup>st</sup> August 2018, the total return generated by the Foundation's main portfolio was 6.70% compared with 5.59% for the agreed benchmark.

### Fundraising Performance

Significant progress has been made this year in the Foundation's ongoing work of raising voluntary income for its schools. Warwick School continued to receive pledged income towards the successful Warwick Hall Campaign. The year also saw a renewed focus on generating funds from alumni for mean-tested bursaries. The new Warwick School Bursary Fund was launched in June 2017 with the aim of raising £2.5 million by 2021 to achieve one of the school's core objectives in its strategic plan. The launch of the bursary campaign was followed by a telephone fundraising appeal to alumni in July which has so far raised £100,000 in income and pledges.

The Foundation invested in a fundraising feasibility study to establish the likelihood of raising voluntary income to support Project One Campus across Warwick School, King's High School and Warwick Preparatory School. The study resulted in a commitment by the Governors to establish a Foundation-wide Development function with a target of raising £4 million.

### Risk Management

The Board of Governors is responsible for the management of the risks faced by the Company. Risks are assessed and controls established throughout the year. A formal review of the Company's risk management processes is undertaken by the Finance & Regulatory Committee on an annual basis.

The key controls used by the Company include:

- formal agendas for all Committee and Board activity;
- detailed Terms of Reference for each Committee;
- comprehensive strategic planning, budgeting and management accounting;
- 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.

The most significant risks considered during the year were: a) fee affordability and increased competition from other local schools, leading to a potential fall in student numbers and/or demand for places; b) diminishing investment returns applying pressure to supported places; c) the increasing and unpredictable cost of the final salary pension scheme for support staff; d) the commencement of significant major building projects costing c£30m; and e) the continuing financial pressure being applied through central government policy, via pensions, teacher pay and the threat of loss of charitable business rate relief. Of particular concern is recent central Government policy around teachers' pensions, with an imposed uplift of around 43% for the 2019/20 budget.

Through the risk management processes established for the Schools, the Governors are satisfied that the major risks identified have been adequately managed, with further mitigation applied to each of the key risks. However, it is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

### FUTURE PLANS

With one year of the three year construction project complete, the focus for the next two years will remain on this major strategy, which sees King's High transfer to the main campus, joining their Foundation siblings on one site. Completing the main school building and the new Design Technology/Sports block in the summer of 2019, adding to the already finished 6<sup>th</sup> Form Centre, will facilitate the relocation of the 11-18 year old girls within the Foundation. From September 2019, all Foundation pupils will share a best of both worlds educational experience that we believe will rival any comparable offer in the West Midlands region, providing facilities to match the outstanding academic and extra-curricular performance of the pupils in our care.

With outdoor space surrendered in delivering the new school, Governors have commissioned the construction of a state of the art Third Generation (3G) rugby pitch, which as well as providing a world class additional facility in an area of performance for which the school achieves national recognition, will alleviate pressure on the remainder of the sports pitches. When utilised alongside a new Astro-turf hockey pitch and additional hard surface netball and tennis courts, it will enable greater sports participation by all pupils within the schools, encouraging a "sport for life" culture across the Foundation.

The current project was the core element of the Foundation's Vision 2020 strategy, a five year plan published in 2015, which will culminate in two years' time, with the sale of the King's High site due to be finalised during 2019/20 academic year. Whilst acknowledging the magnitude of decisions taken in recent years, Governors and the Executive recognise that facilities are merely the beginning of the delivery of the opportunities for further excellence promised by the relocation. With this in mind plans have commenced for the Strategy 2025 document to be produced, focussing on the educational outcomes within the new physical arrangements but also in a rapidly changing world. Financial stability must remain a given, but the focus of the new strategy will be on the educational outcomes for the pupils and the adjustments required for political, economical, sociological and perhaps most importantly, technological advancements in ensuring continuing success. The Governors will look to publish this vision of the next stage of our journey during the academic year 2019/20.

The Foundation commissioned Bromwich Hardy, a well-known regional agent, to market the King's High town centre site for disposal, with the objective of generating a substantial proportion of the total Project One Campus costs. Interest was attracted from a national and varied pool of developers and a sale for £9.25m was completed on 23<sup>rd</sup> January 2019, subject to a sale and leaseback agreement for a minimum period of 8 months whilst awaiting occupancy of the new site.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under Company Law, the Directors 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 Charity and the Group and of the surplus or deficit of the Group for that year. In preparing these financial statements, the Directors are required to:

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

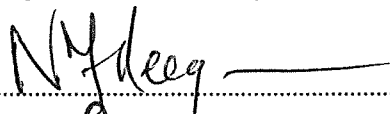

The Directors are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the Charity's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the Group and ensuring their proper application in accordance with Charity Law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Directors is aware, at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware;
- the Directors have taken all steps 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.

This report, incorporating the Strategic Report, was approved by the Trustees as Directors of Warwick Independent Schools Foundation.

Approved by the Board of Directors of Warwick Independent Schools Foundation on 29 March 2019 and signed on its behalf by:

 .....	DIRECTOR	<u>N. F. KEEGAN</u> (print name)
 .....	DIRECTOR	<u>D. B. STEVENS</u> (print name)

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF WARWICK INDEPENDENT SCHOOLS FOUNDATION**

We have audited the financial statements of Warwick Independent Schools Foundation for the year ended 31<sup>st</sup> August 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 24, 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).

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 Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

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<sup>st</sup> August 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for Opinion**

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

### **Conclusions Relating to Going Concern**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the 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.



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WARWICK INDEPENDENT SCHOOLS FOUNDATION

### **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.

We have nothing to report in this regard.

### **Opinion on Other Matter 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 Trustees' report, which includes 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 Trustees' 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 trustees' annual report.

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

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WARWICK INDEPENDENT SCHOOLS FOUNDATION

### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 18, the Trustees (who are also the Directors of the charitable Company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

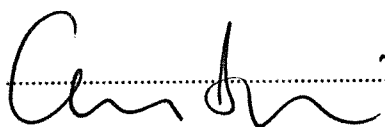
In preparing the financial statements, the Trustees are responsible for assessing the group or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



**Guy Biggin**  
**Senior Statutory Auditor**  
**for and on behalf of**  
**CROWE U.K. LLP**  
Chartered Accountants and Statutory Auditors

Crowe U.K. LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
GL50 2QJ

Dated: 8 April 2019

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER: 4252305)

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income & Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds		Restricted Funds	Endowed Funds	Total Funds 31 Aug 2018	Total Funds 31 Aug 2017
		Schools	Other				
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME FROM:</b>							
Donations		-	20	788	-	808	1,131
Charitable Activities							
School fees	2	28,112	-	-	-	28,112	26,699
Other income	3	3,909	-	-	-	3,909	3,206
Other Trading Activities							
Fundraising income		-	-	-	-	-	-
Trading turnover: WSEL	4	-	618	-	-	618	587
Investment Income	5	10	400	-	-	410	397
Total Income		<u>32,031</u>	<u>1,038</u>	<u>788</u>	<u>-</u>	<u>33,857</u>	<u>32,020</u>
<b>EXPENDITURE ON:</b>							
Raising Funds							
Cost of Development Office		315	-	-	-	315	275
Cost of trading activities: WSEL	4	-	511	-	-	511	483
Other activities		-	50	-	-	50	29
Charitable Activities							
Schools and grant-making		<u>31,692</u>	<u>4</u>	<u>669</u>	<u>27</u>	<u>32,392</u>	<u>29,986</u>
Total Expenditure	7	<u>32,007</u>	<u>565</u>	<u>669</u>	<u>27</u>	<u>33,268</u>	<u>30,773</u>
Net gains/(losses) on investments		-	531	-	-	531	1,122
Net income/(expenditure)		24	1,004	119	-27	1,120	2,369
Transfers between funds	15	<u>-24</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)							
Pension Scheme actuarial gain/(loss)	20		<u>1,670</u>	<u>-</u>	<u>-</u>	<u>1,670</u>	<u>4,672</u>
<b>NET MOVEMENT IN FUNDS</b>			<u>2,698</u>	<u>119</u>	<u>-27</u>	<u>2,790</u>	<u>7,041</u>
Balance brought forward at 1 September 2017			58,817	387	2,870	62,074	55,033
<b>FUND BALANCES at 31 August 2018</b>			<u>61,515</u>	<u>506</u>	<u>2,843</u>	<u>64,864</u>	<u>62,074</u>

All activities relate to continuing operations.

The notes on pages 25 to 45 form part of these accounts.

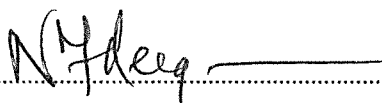

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER: 4252305)

## CHARITY AND CONSOLIDATED BALANCE SHEET AT 31 AUGUST 2018

		Group		Charity	
	Notes	31 Aug 2018 £'000	31 Aug 2017 £'000	31 Aug 2018 £'000	31 Aug 2017 £'000
<b>FIXED ASSETS</b>					
Tangible assets	8	61,212	51,200	60,839	50,780
Investments	9	15,619	16,954	15,619	16,954
		<u>76,831</u>	<u>68,154</u>	<u>76,458</u>	<u>67,734</u>
<b>CURRENT ASSETS</b>					
Stock	10	110	67	-	-
Debtors	11	1,791	2,186	2,312	2,669
Cash at bank and in hand		5,555	4,298	5,467	4,254
		<u>7,456</u>	<u>6,551</u>	<u>7,779</u>	<u>6,923</u>
CREDITORS: due within one year	12	<u>-7,235</u>	<u>-9,059</u>	<u>-7,189</u>	<u>-9,011</u>
<b>NET CURRENT ASSETS</b>		<u>221</u>	<u>-2,508</u>	<u>590</u>	<u>-2,088</u>
<b>TOTAL NET ASSETS before pension deficit</b>		<u>77,052</u>	<u>65,646</u>	<u>77,048</u>	<u>65,646</u>
CREDITORS: due after more than one year	12	-10,000	-4	-10,000	-4
Pension Scheme funding deficit	20	<u>-2,188</u>	<u>-3,568</u>	<u>-2,188</u>	<u>-3,568</u>
<b>TOTAL NET ASSETS</b>	15	<u>64,864</u>	<u>62,074</u>	<u>64,860</u>	<u>62,074</u>
<b>ENDOWED FUNDS</b>	15a	2,843	2,870	2,843	2,870
<b>RESTRICTED FUNDS</b>	15b	506	387	506	387
<b>UNRESTRICTED FUNDS</b>					
Designated & general funds	15c	62,711	61,393	62,707	61,393
Revaluation Reserve	15c	992	992	992	992
Pension Reserve (Deficit)	20	<u>-2,188</u>	<u>-3,568</u>	<u>-2,188</u>	<u>-3,568</u>
<b>Net Unrestricted Funds</b>		<u>61,515</u>	<u>58,817</u>	<u>61,511</u>	<u>58,817</u>
<b>TOTAL FUNDS</b>		<u>64,864</u>	<u>62,074</u>	<u>64,860</u>	<u>62,074</u>

Approved by the Board on 29th March 2019 and signed on its behalf by:

	DIRECTOR	<u>N. F. KEEGAN</u>
		(print name)
	DIRECTOR	<u>D. B. STEVENS</u>
		(print name)

The notes on pages 25 to 45 form part of these accounts.



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

(COMPANY NUMBER: 4252305)

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017
	Notes	£'000	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES	21		4,398	3,440
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income & bank interest		410		397
Other interest paid		-319		-25
Purchase of property, plant and equipment		-12,216		-5,422
Purchase of investments		-2,812		-1,170
Proceeds from sale of investments		2,938		3,278
(Increase)/decrease in bank deposits		1,740		-597
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			-10,259	-3,539
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from new loan drawdown		10,000		
Repayments of borrowing		-2,882		-217
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			7,118	-217
CHANGE IN CASH & CASH EQUIVALENTS IN THE REPORTING PERIOD			<u>1,257</u>	<u>-316</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD			4,298	4,614
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD			<u>5,555</u>	<u>4,298</u>

**Note:** Charity Law requires separate administration of the cash flow of endowed and other restricted funds of the Charity. This constraint has not adversely affected Group cash flows as stated above.

The notes on pages 25 to 45 form part of these accounts.



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### I. STATEMENT OF ACCOUNTING POLICIES

#### (a) Charity Status

Warwick Independent Schools Foundation is a Company limited by guarantee (registered number 4252305), which is registered in England & Wales. Its Charity registration number is 1088057. The registered office and principal place of business is Warwick School, Myton Road, Warwick, CV34 6PP.

Its principal activity is the provision of day and boarding schooling.

#### (b) Basis of Accounting

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. The date of transition to FRS102 was 1 September 2014. Warwick Independent Schools Foundation meets the definition of a public benefit entity under FRS102.

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

The accounts present the consolidated statement of financial activities (SOFA) and the Charity consolidated balance sheets comprising the consolidation of the Charity and the Company and its wholly owned subsidiary Warwick Schools Enterprises Limited. The results of the subsidiary are consolidated on a line by line basis.

The Charity became the Corporate Trustee of the Trust on 29 August 2001 and the accounts, therefore, include the Trust as a subsidiary Charity for the accounting period commencing 1 September 2001.

Under the Charity Commission Scheme of 29 August 2001 all trust funds other than the Trust's permanent endowment of the Schools land were transferred to the new Charity known as Warwick Independent Schools Foundation, as property of the Company, and the Trust itself was made a subsidiary Charity of the Company as its Corporate Trustee.

The Charity also owns the whole of the share capital of Campus Library Services Limited, which was dormant throughout the financial year. In the opinion of the Governors this Company is not material in the context of the overall accounts and has therefore not been included.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

The Charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

Having reviewed the funding facilities available to the Schools together with the expected ongoing demand for places and the Schools' 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 Charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Directors' Responsibilities on page 18.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### (c) Basis of Consolidation

The financial statements consolidate the accounts of Warwick Independent Schools Foundation and its subsidiary Warwick Schools Enterprises Limited.

The Charity has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account. The surplus for the year dealt with in the accounts of the Charity was £2,789,804 (2017: £7,040,840).

### (d) Charitable Income and Donations

Voluntary incoming resources including legacies are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the Charity is considered probable. Charitable income and donations received for the general purposes of the Charity are credited to "other unrestricted funds" to distinguish them from direct school income. Grants given for specific purposes are treated as income in the year of receipt and are taken to "restricted funds". Unspent restricted income is included under restricted funds as it is fully committed. Income received from the charities of The King Henry VIII Endowed Trust, Warwick and The Charity of Sir Thomas White, Warwick is accounted for on a receivable basis.

Investment income is recognised when receivable.

### (e) Fees and Similar Income

Fees receivable and charges for services and use of premises are accounted for in the year in which the service is provided. Fees receivable include contributions received from Restricted Funds for Bursaries and Awards. Trading income is exclusive of Value Added Tax and trade discounts.

### (f) Resources Expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. Teaching, welfare and premises costs are derived from activities classified in cost departments that are directly for the pupils' benefit. Support costs consist of the administration costs of running the Schools, Marketing & Recruitment costs for the Schools and expenditure in relation to school expeditions. Governance costs comprise the costs of running the Charity (including strategic planning for its future development), external audit, legal advice for the Governors and all costs of complying with statutory requirements. Liabilities are recognised when they can be measured reliably and there is a legal or constructive obligation committing the Charity to the expenditure.

### (g) Operating Leases

Rentals payable are charged on a time 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.

### (h) Pension Schemes

The Schools participate in a multi-employer pension scheme, the Government's Teachers Pension Defined Benefits Scheme, for their teaching staff. The pension liability is the responsibility of the Teachers' Pension Scheme. As a result, it is not possible to identify the assets and liabilities of the scheme that are attributable to the Schools. Accordingly, under FRS102 the scheme is accounted for as if it were a defined contributions scheme.

The Charity also participates in a multi-employer pension scheme, the Local Government Pension Scheme, for its non-teaching staff, which is administered by Warwickshire County Council. The

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

Charity is able to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Accordingly, the scheme is treated as a defined benefit scheme under FRS102. The scheme is being accounted for under FRS102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a designated fund entitled "Pensions Reserve", which is deducted from Unrestricted Funds in the balance sheet.

The Charity auto-enrols employees into the National Employment Savings Trust (NEST), an independently run defined contribution scheme.

Pension costs form part of staff costs and are allocated directly across activities and between restricted and unrestricted funds on the basis of time spent.

### (i) **School Buildings and Equipment**

#### Capitalisation and Replacement

The original land and buildings endowed to the Schools together with all subsequent additions recorded by the Trust were professionally re-valued as at 31 August 2001. On 1 September 2001, all land and buildings, other than the original endowed property, were transferred to the Charity. In these accounts these transfers are treated as being at cost to the Charity. The Charity is also responsible for keeping the original building in fit and useful condition and these costs are written off as incurred. Buildings improvements and extensions and furniture and equipment costing more than £5,000 individually are capitalised and carried in the balance sheet at historical cost.

#### Depreciation

Depreciation is calculated on a straight line basis to write off the cost, less estimated residual value of fixed assets, other than freehold land, over their estimated useful economic lives. These rates are currently as follows:

Buildings	50 years
Sports constructions	20 years
Furniture, fixtures & equipment	3 - 10 years
Motor vehicles	4 years

### (j) **Investments**

Investments are stated at market value.

Unit trust investments are stated at mid-market price.

Realised gains and losses on investments, calculated as the difference between the sale proceeds and their market value at the start of the year, or subsequent cost, are credited or charged to the SOFA in the year of gain or loss.

Unrealised gains and losses representing the movement in market values during the year are credited or charged to the SOFA in the year of gain or loss.

### (k) **Stock**

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

### (l) **Liquid Resources**

The Charity includes fixed term deposits of less than one year as liquid resources.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### (m) Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered.

### (n) Creditors

Creditors and provisions are recognised where the Charity 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### (o) Financial Instruments

Basic financial instruments are initially measured at transaction value and subsequently measured at amortised cost with the exception of investments which are held at market value. Financial assets held at amortised cost comprise cash at bank and in hand, trade and other debtors and school fees. 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.

### (p) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity. Unrestricted funds are identified as either Designated Funds or General Funds. Designated Funds represent funds that the Trustees have set aside for defined purposes. Certain elements of the Designated Bursary Funds are subject to restrictions set out in the Memorandum and Articles of Association. Each Designated Fund is disclosed separately in the notes to the financial statements. There is a commitment to use these monies in future years, as designated. General Funds represent accumulated surpluses/deficits to date, after transfers to Designated Funds.

Restricted Funds are funds subject to specific restrictions imposed by the donors.

The Endowment Funds are permanent endowment funds, i.e. the donors have stated that the funds are to be held as capital.

### (q) Significant Accounting Estimates and Judgements

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 2. FEES RECEIVABLE

	2018 £'000	2017 £'000
Fees	30,439	28,886
Less Teachers Fee Remission	-685	-691
Less Scholarships and Bursaries	-1,642	-1,496
	<u>28,112</u>	<u>26,699</u>

### 3. OTHER INCOME

	2018 £'000	2017 £'000
<b>Charitable Activities</b>		
Other educational charitable activities		
Entrance and registration fees	57	48
Music tuition fees	702	663
Holiday Action & Swim School	416	465
Other	1,194	1,087
	<u>2,369</u>	<u>2,263</u>
Other ancillary activities		
Insurance income	25	28
Excursions	1,515	915
	<u>3,909</u>	<u>3,206</u>

### 4. INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES

The Charity owns the whole of the £1 ordinary share capital of Warwick Schools Enterprises Limited. The principal activity of the Company is that of letting the school facilities and the operation of a school clothing shop. The trading results for the year, extracted from the audited accounts, are summarised below:

	2018 £'000	2017 £'000
Turnover	618	587
Operating costs	-606	-560
Profit from continuing activities	12	27
Covenanted donation gross	-8	-23
Tax on loss on ordinary activities	-	-4
Balance carried forward	<u>4</u>	<u>-</u>

Warwick Schools Enterprises Limited normally makes a gift aid donation of any surplus earned to its parent, Warwick Independent Schools Foundation. This amounted to £8,338 (2017: £22,537) to the Charity during the year.

The net assets of Warwick Schools Enterprises Limited at 31 August 2018 amounted to £3,957 (2017: £156).

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 5. INVESTMENT INCOME

	2018		2017	
	Unrestricted	Restricted	Total	Total
	£'000	£'000	£'000	£'000
UK Fixed Interest	4	-	4	10
UK Equities	301	-	301	283
COIF Property Fund	26	-	26	25
Bank Interest	11	-	11	16
Investment property	68	-	68	63
	<u>410</u>	<u>-</u>	<u>410</u>	<u>397</u>

### 6. EXPENDITURE

	2018	2017
	£'000	£'000
<b>Charitable expenditure includes:</b>		
Auditors' remuneration		
For audit	34	33
For audit of subsidiaries	2	2
For other services	4	15
Operating Leases Payable		
For Motor Vehicles	43	42
For Property	34	34
Impairment loss on fixed assets	-	233
Depreciation	2,200	2,139
Bank Loan interest payable	<u>320</u>	<u>25</u>
	2018	2017
	£'000	£'000
Total staff costs comprised:		
Wages and salaries	15,958	15,343
Social security costs	1,441	1,397
Pension contributions	2,450	2,384
Compensation for Loss of Office	<u>113</u>	<u>142</u>
	<u>19,962</u>	<u>19,266</u>
Aggregate employee benefits of key management personnel	<u>880</u>	<u>829</u>

During the year there were termination payments made which amounted to £113,048 (2017: £142,283). There were no payments outstanding at the year end.

The average number of the Charity's employees during the year calculated on an average headcount basis was 695 (2017: 686).

	2018	2017
Teaching	323	319
Support	<u>372</u>	<u>367</u>
	<u>695</u>	<u>686</u>

Neither the Governors nor persons connected with them received any remuneration or other benefits from the Schools or any connected organisation, other than one Governor whose son is in receipt of a Scholarship. Travelling and course expenses amounting to £727 (2017: £1,352) were reimbursed to 3 governors (2017: 3).

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

The number of higher paid employees was as follows, all of whom are accruing benefits under Defined Benefit Pension Schemes totalling £165,786 (2017: £158,950).

	2018	2017
£60,000 - £70,000	7	8
£70,000 - £80,000	1	1
£80,000 - £90,000	-	-
£90,000 - £100,000	1	-
£100,000 - £110,000	-	1
£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
£130,000 - £140,000	1	-
£140,000 - £150,000	-	1
£150,000 - £160,000	1	-

## 7. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £'000	Other £'000	2018 Depreciation £'000	Total £'000	2017 Total £'000
Costs of Generating Funds					
Other Activities	-	39	11	50	29
Cost of Development Office	194	121	-	315	275
<b>Total for Charity</b>	<b>194</b>	<b>160</b>	<b>11</b>	<b>365</b>	<b>304</b>
Trading Costs of the Subsidiary	180	284	47	511	483
<b>Total for Group</b>	<b>374</b>	<b>444</b>	<b>58</b>	<b>876</b>	<b>787</b>
Charitable Activities					
Teaching	15,007	2,809	-	17,816	17,636
Welfare	1,147	908	-	2,055	1,974
Premises	1,748	2,793	2,142	6,683	5,932
Support Costs and Governance	1,686	3,581	-	5,267	4,192
Bank/Pension Interest & Other Financing	-	567	-	567	248
Prizes & Other Awards	-	4	-	4	4
<b>Sub-Total</b>	<b>19,588</b>	<b>10,662</b>	<b>2,142</b>	<b>32,392</b>	<b>29,986</b>
<b>Total Resources expended Group</b>	<b>19,962</b>	<b>11,106</b>	<b>2,200</b>	<b>33,268</b>	<b>30,773</b>
<b>Charity</b>	<b>19,782</b>	<b>10,822</b>	<b>2,153</b>	<b>32,757</b>	<b>30,290</b>

## Governance Costs included in support costs

	2018 £'000	2017 £'000
Auditors remuneration	34	33
Liability insurance	36	43
	<b>70</b>	<b>76</b>

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 8. TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Furniture, Fittings & Equipment £'000	Motor Vehicles £'000	Assets in Course of Construction £'000	Charity Total £'000
<b>COST</b>					
At 1 September 2017	57,505	4,418	116	4,452	66,491
Additions	118	466	49	11,583	12,216
Disposals	-	(7)	(24)	-	(31)
Impairment	-	-	-	-	-
Reclassification	300	23	-	(323)	-
At 31 August 2018	<u>57,923</u>	<u>4,900</u>	<u>141</u>	<u>15,712</u>	<u>78,676</u>
<b>DEPRECIATION</b>					
At 1 September 2017	13,263	2,360	88	-	15,711
Charge for year	1,450	678	25	-	2,153
On Disposals	-	(2)	(25)	-	(27)
At 31 August 2018	<u>14,713</u>	<u>3,036</u>	<u>88</u>	<u>-</u>	<u>17,837</u>
<b>NET BOOK VALUES</b>					
At 31 August 2018	<u>43,210</u>	<u>1,864</u>	<u>53</u>	<u>15,712</u>	<u>60,839</u>
At 31 August 2017	<u>44,242</u>	<u>2,058</u>	<u>28</u>	<u>4,452</u>	<u>50,780</u>

	Charity Total £'000	Subsidiary Total £'000	Group Total £'000
<b>COST</b>			
At 1 September 2017	66,491	599	67,090
Additions	12,216	-	12,216
Disposals	(31)	-	(31)
Impairment	-	-	-
Reclassification	-	-	-
At 31 August 2018	<u>78,676</u>	<u>599</u>	<u>79,275</u>
<b>DEPRECIATION</b>			
At 1 September 2017	15,711	179	15,890
Charge for year	2,153	47	2,200
On Disposals	(27)	-	(27)
At 31 August 2018	<u>17,837</u>	<u>226</u>	<u>18,063</u>
<b>NET BOOK VALUES</b>			
At 31 August 2018	<u>60,839</u>	<u>373</u>	<u>61,212</u>
At 31 August 2017	<u>50,780</u>	<u>420</u>	<u>51,200</u>

Included in the net book value of land and buildings is £706,600 (2017: £818,060) in respect of long leasehold buildings. The remainder is freehold.



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 9. INVESTMENTS

	Unrestricted Designated £'000	Endowed Funds £'000	Total £'000
<b>Group:</b>			
Balance at 1 September 2017	16,954	-	16,954
Additions	2,812	-	2,812
Disposals at opening market value	(2,938)	-	(2,938)
Movements in cash deposits	(1,740)	-	(1,740)
Unrealised gains/(losses)	531	-	531
Balance at 31 August 2018	<u>15,619</u>	<u>-</u>	<u>15,619</u>
Securities Listed on the Stock Exchange	12,385	-	12,385
Property	2,519	-	2,519
Cash deposits	715	-	715
	<u>15,619</u>	<u>-</u>	<u>15,619</u>
Listed Securities comprise:			
UK Fixed Interest	628	-	628
UK Equities	10,995	-	10,995
Property Fund	511	-	511
S & W Investment Funds	251	-	251
	<u>12,385</u>	<u>-</u>	<u>12,385</u>

**Charity:** as above

Investment in subsidiary company (see note 4)

### Reconciliation of opening and closing investments by class

	Securities Listed on Stock Exchange £'000	Property £'000	Cash Deposits £'000	Total £'000
<b>Group:</b>				
Balance at 1 September 2017	11,980	2,519	2,455	16,954
Additions	2,812	-	-	2,812
Disposals	(2,938)	-	-	(2,938)
Movement in cash deposits	-	-	(1,740)	(1,740)
Unrealised gains/(losses)	531	-	-	531
Balance at 31 August 2018	<u>12,385</u>	<u>2,519</u>	<u>715</u>	<u>15,619</u>

The investment properties were valued in August 2015 by Margetts Chartered Surveyors at £2,115,000. A valuation in November 2018 confirmed that the properties are not materially misstated.

All investments are held to provide a return and all are held in the UK.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 10. STOCKS

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Goods for resale and consumables	<u>110</u>	<u>67</u>	<u>-</u>	<u>-</u>

Stocks recognised as an expense in the Statement of Financial Activities during the year were £268,592 (2017: £174,455).

### 11. DEBTORS

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
School Fees	431	449	431	449
Trade debtors	21	31	-	-
Other debtors	147	134	67	55
Prepayments and accrued income	1,192	1,572	1,186	1,569
Amount due from subsidiary undertaking	-	-	628	596
	<u>1,791</u>	<u>2,186</u>	<u>2,312</u>	<u>2,669</u>

### 12. CREDITORS due within one year:

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank Loan	-	2,882	-	2,882
Fees received in advance & deposits	2,828	2,671	2,828	2,671
Trade creditors	688	855	655	839
Other creditors	267	346	254	314
Taxation and social security	403	374	403	374
Accruals & deferred income	3,049	1,931	3,049	1,931
	<u>7,235</u>	<u>9,059</u>	<u>7,189</u>	<u>9,011</u>

### CREDITORS due after one year:

Fees received in advance	-	4	-	4
Bank Loan	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
	<u>10,000</u>	<u>4</u>	<u>10,000</u>	<u>4</u>

The AIB bank loan was settled in September 2017. A new agreement for £20m was taken out with HSBC to support delivery of Project One Campus, of which £10m was drawn down during the year. An interest rate swap arrangement was entered into to pay a fixed rate of 3% (with the bank as counterparty paying base rate) over £10m of the outstanding loan balance. The date of termination of the agreement is August 2027. No accounting entries have been recognised in these financial statements regarding the interest rate swap as the financial effect is not material to the results of the Group.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

The Bank Loan falls due as follows:

	2018 £'000	2017 £'000
Less than one year	-	2,882
Between one and two years	-	-
Between two and five years	-	-
Over five years	10,000	-
	<u>10,000</u>	<u>2,882</u>

### 13. DEFERRED INCOME

	£'000
Balance at 1 September 2017	587
Released in the year	-587
Deferred in current period	275
Balance at 31 August 2018	<u>275</u>

Income has been deferred where cash has been received before the year end but the event (mainly school trips) takes place in the next financial year.

### 14. FINANCIAL INSTRUMENTS

	2018 £'000	2017 £'000
Financial assets measured at amortised cost	897	1,240
Financial assets measured at fair value	21,174	21,251
Financial liabilities measured at amortised cost	-16,562	-8,097
Net financial assets measured at amortised costs	<u>5,509</u>	<u>14,394</u>
	2018 £'000	2017 £'000
Total investment income for financial assets measured at fair value through income and expenditure	-	-
Total investment gains for financial assets measured at fair value through income and expenditure	531	1,122
Impairment gains/(losses) on financial assets measured at amortised cost	<u>66</u>	<u>5</u>

Included in financial assets measured at amortised cost are school fee debtors, trade debtors, other debtors and accrued income. Included in financial assets measured at fair value are cash at bank and in hand and investments. Included in financial liabilities measured at amortised cost are bank loans, fees received in advance, fee deposits, trade creditors, other creditors and accruals.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 15. NET ASSETS OF THE FUNDS OF THE CHARITY

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

	Fixed Assets	Investments	Net Current Assets	Long Term Liabilities	Total
	£'000	£'000	£'000	£'000	£'000
Endowed funds	2,140	703	-	-	2,843
Restricted funds	-	-	506	-	506
Unrestricted funds					
- Bursary funds	-	14,609	-	-	14,609
- Other	58,699	307	84	-12,188	46,902
<b>Charity</b>	<b>60,839</b>	<b>15,619</b>	<b>590</b>	<b>-12,188</b>	<b>64,860</b>
Subsidiary Reserves	373	-	-369	-	4
<b>Group</b>	<b>61,212</b>	<b>15,619</b>	<b>221</b>	<b>-12,188</b>	<b>64,864</b>

### 15a. ENDOWED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 Sept 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers & Investment Gains £'000	Balance at 31 Aug 2018 £'000
Exhibitions & prizes fund	202	-	-	-	202
Legacy funds	501	-	-	-	501
Fixed assets fund	2,167	-	-27	-	2,140
	<u>2,870</u>	<u>-</u>	<u>-27</u>	<u>-</u>	<u>2,843</u>

Legacy, Exhibitions & Prizes – These Funds represent the capital value of amounts originally donated for the purpose of generating income to be distributed as prizes.

Fixed Assets – The Endowed funds represent the value of land and buildings originally endowed to the Schools of the Charity.

### 15b. RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 Sept 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Balance at 31 Aug 2018 £'000
Donations from Friends of Warwick School	10	24	-22	-	12
Donations from WPSA	-	6	-6	-	-
Donations for Warwick Hall	-	-	-	-	-
Fundraising	13	195	-208	-	-
Borough Bursary Fund	333	541	-429	-	445
Memorial Endowment Fund	-	-	-	-	-
Warwick Scholarship Trust	31	-	-	-	31
Income from Legacy Funds & Prizes	-	22	-4	-	18
	<u>387</u>	<u>788</u>	<u>-669</u>	<u>-</u>	<u>506</u>

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

These Funds represent the money donated to the Schools by the Parents' Association of Warwick School, a contribution from the Parents' Association of Warwick Preparatory School and accumulated funds resulting from campaigns run by the Schools' Development Office. These funds must be applied to the projects specified by the donor.

The Borough Bursary Fund relates to the funds received from two charitable bodies, which must be used to help pupils who attend the School and live within the old borough of Warwick. The transfers represent the matching of the fund income to the relevant resources expended by the Schools.

### 15c. UNRESTRICTED FUNDS

	Balance at 1 Sept 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Investment Gain/(Loss) £'000	Balance 31 Aug 2018 £'000
<b>Designated Funds</b>						
Bursary Fund	13,524	352	-888	483	531	14,002
-Mary Hall Legacy	477	-	-	-	-	477
-Other Legacy	130	-	-	-	-	130
Fixed Assets	49,325	-	-	10,095	-	59,420
Repairs & Maintenance Fund	238	48	-20	-	-	266
<b>Unrestricted Funds</b>						
Free Reserves	-2,301	32,051	-30,863	-10,475	-	-11,588
<b>Charity</b>	61,393	32,451	-31,771	103	531	62,707
Subsidiary Trading Funds	-	618	-511	-103	-	4
	61,393	33,069	-32,282	-	531	62,711
Revaluation Reserve	992	-	-	-	-	992
Pension Reserve Deficit	-3,568	-	-290	-	1,670	-2,188
<b>Group</b>	58,817	33,069	-32,572	-	2,201	61,515

Bursary Funds – These funds enable the Governors to provide such number of free and assisted places in the Schools of the Charity as they shall determine, for the benefit of pupils who are in need of financial assistance. A number of unrestricted legacies were received during the year. There were transfers during the year from the Schools' free reserves into the Bursary Fund of £483,207. Governors have designated these funds to be used for means-tested Bursaries.

Fixed Assets – These represent the net book value of the un-endowed assets available for use by the Charity, excluding assets funded out of Bursary Funds.

Repairs and Maintenance Fund – This fund is being accumulated from net rental income to finance future repairs and maintenance.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

## NET ASSETS OF THE FUNDS OF THE CHARITY AS AT 31 AUGUST 2017

	Fixed Assets	Investments	Net Current Assets	Long Term Liabilities	Total
	£'000	£'000	£'000	£'000	£'000
Endowed funds	2,167	703	-	-	2,870
Restricted funds	-	-	387	-	387
Unrestricted funds					
- Bursary funds	-	14,131	-	-	14,131
- Other	48,613	2,120	-2,475	-3,572	44,686
<b>Charity</b>	<b>50,780</b>	<b>16,954</b>	<b>-2,088</b>	<b>-3,572</b>	<b>62,074</b>
Subsidiary Reserves	420	-	-420	-	-
<b>Group</b>	<b>51,200</b>	<b>16,954</b>	<b>-2,508</b>	<b>-3,572</b>	<b>62,074</b>

## ENDOWED FUNDS: MOVEMENTS IN THE YEAR AS AT 31 AUGUST 2017

	Balance at 1 Sept 2016	Incoming Resources	Resources Expended	Transfers & Investment Gains	Balance at 31 Aug 2017
	£'000	£'000	£'000	£'000	£'000
Exhibitions & prizes fund	202	-	-	-	202
Legacy funds	501	-	-	-	501
Fixed assets fund	2,194	-	-27	-	2,167
	<u>2,897</u>	<u>-</u>	<u>-27</u>	<u>-</u>	<u>2,870</u>

## RESTRICTED FUNDS: MOVEMENTS IN THE YEAR AS AT 31 AUGUST 2017

	Balance at 1 Sept 2016	Incoming Resources	Resources Expended	Transfers	Balance at 31 Aug 2017
	£'000	£'000	£'000	£'000	£'000
Donations from Friends of Warwick School	11	22	-23	-	10
Donations from WPSA	-	2	-2	-	-
Donations for Warwick Hall	-	-	-	-	-
Fundraising	25	248	-260	-	13
Borough Bursary Fund	193	560	-420	-	333
Memorial Endowment Fund	-	147	-147	-	-
Warwick Scholarship Trust	31	-	-	-	31
Income from Legacy Funds & Prizes	-	2	-2	-	-
	<u>260</u>	<u>981</u>	<u>-854</u>	<u>-</u>	<u>387</u>

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### UNRESTRICTED FUNDS AS AT 31 AUGUST 2017

	Balance at 1 Sept 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Investment Gain/(Loss) £'000	Balance at 31 Aug 2017 £'000
<b>Designated Funds</b>						
Bursary Fund	12,414	352	-823	459	1,122	13,524
-Mary Hall Legacy	477	-	-	-	-	477
-Other Legacy	130	-	-	-	-	130
Fixed Assets	46,227	-	-	3,098	-	49,325
Repairs & Maintenance Fund	212	38	-12	-	-	238
<b>Unrestricted Funds</b>						
Free Reserves	-688	30,062	-28,222	-3,453	-	-2,301
<b>Charity</b>	58,772	30,452	-29,057	104	1,122	61,393
Subsidiary Trading Funds	-	587	-483	-104	-	-
	58,772	31,039	-29,540	-	1,122	61,393
Revaluation Reserve	992	-	-	-	-	992
Pension Reserve Deficit	-7,888	-	-352	-	4,672	-3,568
<b>Group</b>	51,876	31,039	-29,892	-	5,794	58,817

### 16. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted for:		
Project One Campus	32,965	21,840
Sports Pitches	868	-
	<u>33,833</u>	<u>21,840</u>

### 17. OPERATING LEASE COMMITMENTS

At 31 August 2018, the Group had the following future minimum lease payments under non-cancellable operating leases:

<b>Group &amp; Charity</b>	2018 £'000	2017 £'000
Operating leases which expire:		
Within one year	55	59
Within two to five years	110	150
After five years	<u>-</u>	<u>15</u>

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 18. TAXATION

No corporation tax has been provided for in these accounts because income of the Charity is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. The Charity has borne VAT on its expenditure where appropriate.

The trading subsidiary provides for corporation tax as applicable, nil this year. It is also registered for VAT.

### 19. PRINCIPAL SUBSIDIARIES

Company Name	Principal Place of Business	Percentage Share-holding	Description	Principal Activity
Warwick Schools Enterprises Limited (WSEL) (Registered number: 03617592, incorporated in England & Wales)	Myton Road, Warwick CV34 6PP	100%	£1 Ordinary share capital	Letting of school facilities and operation of school clothing shop

The Charity is also the Corporate Trustee of the Warwick Schools Foundation Trust.

These financial statements include the results of the above entities.

During the year the Charity charged £180,459 to WSEL for the provision of staff and administrative services (2017: £133,652). The balance owed to the Charity at 31 August 2018 was £627,687 (2017: £595,822).



# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

### 20. PENSION SCHEMES

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify consistently the liabilities of the TPS which are attributable to the School. As required by FRS102 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The pension charge for the year includes contributions payable to the TPS of £1,693,341 (2017: £1,644,727). At the year-end there were no contributions (2017: no contributions) accrued but unpaid in respect of 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 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 currently 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 completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019. There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

Non-teaching members of staff, joining before October 2013 are entitled to belong to the Warwickshire County Council Pension Fund, a multi-employer defined benefit scheme operated within the Local Government Pension Scheme, to which contributions are made by both employees and the employer. The basis of contribution to the Scheme is calculated according to the advice of the Scheme actuary. The cost of providing such pensions is charged on a systematic basis over the average remaining service life of the members.

The last full actuarial valuation of the Scheme was carried out on the effective date of 31 March 2010 when the assets of the Scheme were not deemed sufficient to cover its accrued liabilities. The employers have accordingly amended their rate of contribution to the scheme in line with advice from the actuary. The valuation method adopted was the Projected Unit Actuarial Cost Method and it was assumed that, in relation to security of both accrued and protected rights, the Scheme would continue. The method of calculating the discount rate at 31 August 2018 is based on the Consumer Price Index (CPI).

In accordance with FRS102 the pension valuation has been updated by the qualified actuary, Hymans Robertson LLP. The scheme's assets and liabilities relating to Warwick Independent Schools Foundation were found to be as follows:

	2018	2017
	£'000	£'000
Total market value of assets	18,420	17,306
Present value of scheme liabilities	-20,608	-20,874
(Deficit) in scheme	<u>-2,188</u>	<u>-3,568</u>

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

The main financial assumptions made by the actuary at the beginning of the year and at the balance sheet date were as follows:

	2018	2017
	%	%
Inflation	2.4	2.4
Rate of increase in salaries	3.0	3.0
Rate of increase for pensions	2.4	2.4
Discount rate for liabilities	2.8	2.5

Life expectations on retirements age 65:-

	2018	2017
	Years	Years
Male currently age 45	24.3	24.3
Female currently age 45	26.7	26.7
Male currently age 65	22.5	22.5
Female currently age 65	24.7	24.7

### Fair value of assets and expected rate of return

	31 August 2018		31 August 2017	
	Fair value	Expected rate of return	Fair value	Expected rate of return
	£'000	%	£'000	%
Equities	11,973	2.5	11,249	2.5
Government bonds	4,053	2.5	3,807	2.5
Other bonds	-	-	-	-
Property	2,026	2.5	1,904	2.5
Cash/Liquidity	368	2.5	346	2.5
Other	-	-	-	-
Total	18,420		17,306	

The overall expected rate of return on the scheme assets is determined based on market expectations at the beginning of the year, for investment returns over the entire life of the related obligation. The assumption used is the average of the above assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

	2018	2017
	£'000	£'000
The actual return on the scheme assets in the year	792	1,308

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

	2018	2017
	£'000	£'000
Opening value of scheme assets	17,306	15,582
Return on assets less interest	356	992
Net interest income on plan assets	436	316
Contributions by employer	643	695
Contributions by employees	134	147

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

Contributions in respect of unfunded benefits	2	2
Benefits paid	-457	-428
	<u>18,420</u>	<u>17,306</u>

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

	2018	2017
	£'000	£'000
Opening liabilities	20,874	23,470
Current service cost	843	890
Interest cost	528	475
Contributions by employees	134	147
Actuarial (losses)/gains	-1,314	-3,680
Benefits paid	-457	-428
	<u>20,608</u>	<u>20,874</u>

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

	2018	2017
	£'000	£'000
Schools and grant making		
Current service cost	843	890
Interest income on plan assets	-436	-316
Interest on pension scheme liabilities	528	475
Total charge to expenditure in SOFA	<u>935</u>	<u>1,049</u>

### The actuarial gains and losses shown in the Statement of Financial Activities comprised:

	2018	2017
	£'000	£'000
Return on assets less interest	356	992
Experience gains and losses on scheme liabilities	-	1,787
Changes in demographic assumptions	-	263
Changes in financial assumptions	1,314	1,630
Total amount recognised in the Statement of financial activities	<u>1,670</u>	<u>4,672</u>

Employers' contributions for the year to 31 August 2018 were £639,588 (2017: £687,373) including deficit payments. The contributions until 31 March 2018 were 19.5%. The best estimate of employer contributions for the coming year to 31 August 2018 is £618,000. The scheme applies only to members of staff employed by the Foundation before 31 October 2013 who signed up prior to that date. All other staff are auto-enrolled onto the National Employment Savings Trust (NEST), an independently run defined contribution scheme. Employers' contributions to the NEST scheme for the year to 31 August 2018 were £121,051 (2017: £51,321).

## 21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2018	2017
	£'000	£'000
Net income/expenditure for the reporting period	1,120	2,369
Interest receivable	-410	-397
Interest paid	319	25
Depreciation	2,200	2,187

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

Impairment of fixed assets	-	185
Decrease/(Increase) in stock	-43	41
Decrease/(Increase) in debtors	395	-297
(Decrease)/Increase in creditors	1,058	97
(Gains)/Losses on investments	-531	-1,122
Defined benefit pension scheme cost less contributions payable	198	193
Defined benefit pension scheme finance cost	92	159
Net cash provided by operating activities	<u>4,398</u>	<u>3,440</u>

### 22. RELATED PARTY TRANSACTIONS

Warwick Schools Enterprises Ltd is wholly owned by Warwick Independent Schools Foundation and has been incorporated in these accounts. Transactions with the subsidiary are disclosed in note 4.

During the year, the Foundation purchased £35,997 (2017: £22,150) of printing from Triple Crown Print Limited. Mrs Graham is a member of the senior management team of Warwick Preparatory School. Mrs Graham's husband is a director of this company. Mrs Graham is a shareholder. A balance of £900 (2017: £1,500) was outstanding at the year end.

During the year the Charity received donations from employees totalling £343.

### 23. POST BALANCE SHEET EVENT

The sale of the King's High Site was completed on the 23<sup>rd</sup> January 2019. The sale was approved by the Charity Commission on the 14<sup>th</sup> December 2018. A sale and leaseback agreement has been entered into for a minimum period of 8 months whilst awaiting occupancy of the new site.

# WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2018

## 24. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE

	Notes	Unrestricted Funds		Restricted Funds	Endowed Funds	Total Funds 31 Aug 2017
		Schools	Other			
		£'000	£'000	£'000	£'000	£'000
INCOME FROM:						
Donations		-	150	981	-	1,131
Charitable Activities						
School fees	2	26,699	-	-	-	26,699
Other income	3	3,206	-	-	-	3,206
Other Trading Activities						
Fundraising income		-	-	-	-	-
Trading turnover: WSEL	4	-	587	-	-	587
Investment Income	5	7	390	-	-	397
Total Incoming Resources		<u>29,912</u>	<u>1,127</u>	<u>981</u>	<u>-</u>	<u>32,020</u>
EXPENDITURE ON:						
Raising Funds						
Cost of Development Office		275	-	-	-	275
Cost of trading activities: WSEL	4	-	483	-	-	483
Other activities		-	29	-	-	29
Charitable Activities						
Schools and grant-making		<u>29,101</u>	<u>4</u>	<u>854</u>	<u>27</u>	<u>29,986</u>
Total Expended	7	<u>29,376</u>	<u>516</u>	<u>854</u>	<u>27</u>	<u>30,773</u>
Net gains/(losses) on investments		-	1,122	-	-	1,122
Net income/(expenditure)		536	1,733	127	-27	2,369
Transfers between funds	15	<u>-536</u>	<u>536</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Pension Scheme actuarial gain/(loss)	20		<u>4,672</u>	<u>-</u>	<u>-</u>	<u>4,672</u>
NET MOVEMENT IN FUNDS			<u>6,941</u>	<u>127</u>	<u>-27</u>	<u>7,041</u>
Balance brought forward at 1 September 2016			51,876	260	2,897	55,033
FUND BALANCES at 31 August 2017			<u>58,817</u>	<u>387</u>	<u>2,870</u>	<u>62,074</u>