

KING EDWARD VI SCHOOL SOUTHAMPTON

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2019

KING EDWARD VI SCHOOL SOUTHAMPTON

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KING EDWARD VI SCHOOL SOUTHAMPTON

LEGAL AND ADMINISTRATIVE INFORMATION

Charity number: 1088030

Company number: 4238902

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Professional advisors:

Auditors: Fiander Tovell Limited
Chartered Accountants
Registered Auditors
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Southampton
SO17 1XS

Bankers: National Westminster Bank plc
68 Above Bar Street
Southampton
SO14 2DS

Investment advisors: Smith & Williamson Investment Management LLP
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Solicitors: Veale Wasbrough Vizards
Narrow Quay House
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Bristol
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Paris Smith
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SO15 2AE

Insurance brokers: Marsh Brokers Limited
Capital House
1-5 Perrymount Road
Haywards Heath
RH16 3SY

Architects: Morse Webb
The Byre, Lantern Courtyard
The Street
Bramley
Berkshire
RG26 5DE

KING EDWARD VI SCHOOL SOUTHAMPTON

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

Structural engineers:	R J Watkinson and Partners Limited 12 High Street Lyndhurst SO43 7BD
Governors (who are also directors):	
Patron	The Lord Lieutenant for the County of Hampshire N Atkinson
Ex officio Governors	The Incumbent of the Church of St Mary, Southampton Reverend J M Finch
Nominative Governors	Hampshire County Council Councillor R Perry BA (ceased 4 February 2019) Councillor K Mans FRAeS BA (appointed 11 December 2019) Hampshire Chamber of Commerce J C May The Old Edwardians Association J Mist FCA The Senate of the University of Southampton M H Mayes MA, MSc, MBA Southampton City Council Councillor M Chaloner
Co-optative Governors	Dr Y Binge MB, ChB P W Brazier BSc, FCIOB (Vice-Chair) (ceased 31 August 2019) Dr R B Buchanan MBBS, FRCP, FRCR N Challis CEng, BEng, MStructE (appointed 1 April 2019) M L Chant B E Gay BA J J Gray BSc FCA A M Holden (appointed 1 September 2019) P S Kirk B.Ed Cert.Ed (appointed 3 January 2019) S J Mancey Dr J E Mitchell MA (Cantab), MBBS, DRCOG, DCH A J Morgan MA (Oxon), FCA, ATII (Chair) C G Musker H V Nicholson MA (Oxon) MSc W A Oscroft BSc (appointed 22 January 2019) R W Page BSc URB. EST. MGMT PGCE, NPQH (appointed 15 October 2018) B Richards (ceased 31 August 2019) A J Reid MA (Cantab), PGCE, NPQH (ceased 15 October 2018) I H Rudland W P Swinn Dr A L Thomas MA, PhD (Cantab), CBiol, MRSB J L Wadsworth
Officers:	
Senior School Headmaster	N T Parker MA (Oxon), M Ed (from 1 September 2019) A J Thould MA (Oxon) (to 31 August 2019)
Bursar, Clerk to the Governors and Company Secretary	R V Maher BA Econ (Hons), ACA

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 AUGUST 2019

The Governors of King Edward VI School Southampton present their annual report and consolidated financial statements for the year ended 31 August 2019 and confirm that they comply with the requirements of the Charities Act 2011, the Companies Act 2006, the Charities SORP (FRS 102) and the company's Articles of Association (updated 12 December 2018). The annual report includes the directors' report as required by company law.

King Edward's was founded on 4 June 1553. Since 1 September 2001, it has operated as a charitable company limited by guarantee and not having a share capital.

In 2012, King Edward's completed the acquisition of Stroud School Limited and the results of that company have been included in the consolidated financial statements since that date. Stroud is the principal preparatory feeder school to King Edward's. On 1 November 2017 KES Bookings Limited was incorporated with 100% of the share capital owned by King Edward's. On 5 July 2018, it entered a framework agreement with King Edward's to hire facilities within the School to third parties. The results of KES Bookings Limited have also been included in the consolidated financial statements since that date.

STRATEGIC REPORT

OVERVIEW

The Governors are confident that the strategy set out below and related detailed objectives are a sound basis to maintain the exceptional educational experience for our students over the long term. The Schools continue to be in excellent health not only achieving outstanding academic results but also providing a huge range of opportunities for our pupils in sport, the arts and in our co-curricular activities. The Schools are financially robust and we are well placed to take advantage of any opportunities which may benefit our educational aims going forward. However, the Governors are acutely aware of the continuing economic and political uncertainty which prevails at the moment, and recognise that there is absolutely no cause for complacency. We will continue to place our pupils at the centre of everything we do, so that the young adults who leave us will continue to have the confidence and skill set to flourish in whatever field they choose.

OUR AIMS

The School is a charitable company and operates within its Articles of Association, which include regulations for the appointment of trustees.

The object for which the company is established is to advance education and training in or near Southampton and elsewhere, including the carrying on of a school or schools or other educational establishments and ancillary or incidental educational and other associated activities for the benefit of the community.

Our primary aim is to educate boys and girls through the running of an independent HMC (Headmasters' and Headmistresses' Conference) co-educational day school. The aims of the Charity include:

- To maintain and extend academic excellence.
- To foster in every pupil a sense of personal worth and help each achieve his or her potential.
- To offer an extensive range of co-curricular activities.
- To encourage all students to become responsible members of society.
- To develop and sustain close links between the School and the community.

We promote the academic, moral and physical development of our students through our pastoral care, academic curriculum, and sporting and ancillary activities. The Charity prioritises wellbeing, seeking to ensure that its students flourish, being supported to achieve the highest standards of excellence thereby enabling them to operate effectively in a world marked by rapid change. They are taught to be flexible and adaptable. We prepare our students for the future, focusing on initiative, independence and responsibility, and instilling a desire to contribute to the wider community.

The Governing Body shares the common objective to keep King Edward's at the forefront of education, recognising the need for excellence and opportunity within the context of over 465 years of tradition.

Our Independent Schools Inspectorate (ISI) Inspection report in 2012 concluded that:

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

"... King Edward VI is a thriving and highly successful school at which pupils gain a rich and varied educational experience. The school meets its aims in full. Academic achievement is excellent at all levels for boys and girls, and this shows in the pupils' attainment in external examinations and in the standards they usually achieve in lessons. Wider achievement is excellent and is enabled by the extensive and vibrant enrichment programme provided by all departments and energetically supported by staff. Achievement in extra-curricular activities, including sport, music and drama is of a very high standard.

Governance is excellent, being suitably focused on educational development, with safeguarding given a very high priority, and financial guidance that is outstanding."

Since the above inspection, the Senior School has undergone a statutory ISI Regulatory Compliance Only Inspection in September 2017, fully meeting all compliance requirements. There is no qualitative grading, schools being assessed simply as having met, or not met, the standard applicable to each area of compliance.

Copies of both reports are available on the School's website.

The Governors believe that, as our main preparatory feeder school, Stroud has a natural synergy with King Edward's and this has proved to be the case with a seamless transition to a 3-to-18 culture. This is very evident at our Wellington Sports Ground facilities where parents and students across the age range meet on a regular basis. Children are valued as individuals and provided with a stimulating, caring and disciplined environment.

Stroud's core values are honesty, respect and happiness. The success in delivering excellent academic achievement is made clear in its most recent ISI inspection report, which concluded that:

"The quality of the pupils' academic and other achievements is excellent. Pupils across all age groups make rapid progress from their starting points...Pupils are outstanding, articulate communicators, orally and in writing, and skilled and respectful listeners, able to build on the comments and contributions of others...Pupils' linguistic and mathematical skills are outstanding due to the many opportunities provided for them to use and develop these skills in challenging tasks...Pupils' attitudes towards learning are exceptional; across the school they demonstrate high levels of initiative and independence. A high proportion of pupils both individually and as part of a team develop their talents to a high level, gaining awards and success in sport, music and the arts at regional and national levels."

Further extracts can be found on page 22 below demonstrating the report's conclusion that the *"quality of the pupils' personal development is excellent."*

In addition to the above inspection in November 2019, Stroud has undergone a statutory Independent Schools Inspectorate (ISI) Regulatory Compliance Only Inspection in April 2017, fully meeting all compliance requirements. Copies of both reports are available on the School's website.

OUR OBJECTIVES

Our objectives are set to reflect our educational aims and the ethos of the Schools. It is important to us that we maintain and enhance academic success. This objective is, however, set in the context of the broader goals we set for the Charity and its students.

In setting the objectives and planning activities, our Governors have given careful consideration to the Charity Commission's general guidance on public benefit together with its supplementary public benefit guidance on advancing education and on fee charging. The Governors have revisited our objectives and future planned activities with due regard to the September 2013 Charity Commission guidance (PB1, PB2, PB3) in accordance with their responsibilities under the Charities Act 2011.

The public benefit narrative within this report is also set out taking account of PB3. The updated Charity Commission guidance for fee-charging educational charities dated 22 October 2015 is also noted. Our historic and ongoing public benefit approach as evidenced in this report is wholly congruent with the increased emphasis, set out in this latest guidance, on sharing the Schools' facilities with our state sector partners.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

The key objectives for the year included:

- To sustain the highest standards of pastoral care and teaching through prioritising and continuing to invest heavily in staff development.
- To maintain our extensive programme of lesson observations and peer reviews to spread best practice.
- To continue to invest heavily in our ICT infrastructure ensuring a consistent exceptional platform, 3 to 18.
- To maintain the current exceptional levels of co-curricular provision and participation.
- To continue to reflect the feedback from students and parents in the Schools' development plans both through regular liaison and formal surveys.
- To continue to expand community links consistent with our aims for mutual benefit.
- To continue to promote and develop the King Edward VI School Southampton Foundation to provide additional fee support.
- To create additional means-tested bursary support at both Schools.
- To undertake the final phase of improvement works on the west elevation of the main school building at the Preparatory School.
- To extend and refurbish the Senior School library facilities to increase capacity by 100m2.

We are delighted with the overall performance of the Schools in the year which meets our targets with regard to pupil achievement and numbers. Reserves are in line with our long-term cash flow projections, and financial performance remains within budget.

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

Student numbers and fees

Our educational activities are carried out through our Senior and Preparatory co-educational day Schools; the former is located in Southampton and the latter near Romsey.

King Edward's

The School roll for 2018/2019 averaged 950 (952) students, 59% (59%) boys and 41% (41%) girls. The Governing Body is aware of the challenging public sector wage constraints on many of our parents and the continued economic uncertainty. The consistent outstanding performance of both students and staff continues to make this the School of choice for students living within commuting distance. This year has again seen outstanding results and new initiatives and as a consequence our pupil numbers remain high with September 2019 seeing an increase to 964.

Our fees for the year before means-tested and non-means-tested deductions such as bursaries and scholarships were £16,050 (£15,510).

As we are mindful of the ongoing imperative to maintain excellent school facilities, our significant capital expenditure over the last decade has been above the average for the independent day school sector. As trustees of an educational charity, the Governors seek to charge fees at the minimum level required to sustain the exceptional quality of education provided within a sound financial framework with appropriate investment and reserves.

Stroud

The School roll for 2018/2019 averaged 351 (356). The students' outstanding achievements in many areas of school life continue to enhance the School's reputation for excellence. Termly fees for the year 2018/2019 were £5,800 (£5,607) for the Senior School, £5,325 (£5,145) for the Middle School and £3,615 (£3,495) for the Pre Prep.

The acquisition of Stroud represented a major strategic change for King Edward's as the School expanded its reach to include children from the early years in a combined community of over 1300 students.

The benefits delivered in combining with our main feeder school have increased efficiencies, allowing greater investment together with shared knowledge. A number of cross-school initiatives have been a significant benefit to students in both Schools. There is a natural synergy and the Governors are delighted with the reputation and strength of both Schools, reinforced by the healthy pupil numbers at Stroud since its acquisition in 2012, from an average of 308 to today's figure.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Academic

The academic year 2018/2019 has seen much success for our students, as well as progress with a number of developments to enhance the educational experience for all in the School. We began the year with 952 students on roll and we much enjoyed Prizegiving in The Dobson Theatre with the address given by the well-known scientist and polar explorer, Felicity Aston MBE.

Our students have celebrated another well-deserved set of excellent academic results. At A Level, 20% of all grades achieved were at A*, 52% at A* and A and 82% at A*, A or B. A third of all students achieved at least three A and A* grades. At IGCSE 77% of grades achieved were at A* and A, and 92% at A*, A or B. We were also very pleased with our university admissions with over 90% of our students proceeding to courses at the top 25 universities.

Co-curricular activities at King Edward's

Sport remains central to school life. Our philosophy is enjoyment and fitness for all, aiming for each student's personal best. We seek to inspire the less able to have an interest in a particular sport which suits them and encourage enjoyment of that sport at their level, hopefully on an ongoing basis. The Schools are in favour of healthy competition but the ethos of "sport for all" underpins the Charity's programme. Once more our students have excelled themselves on the sports field with two thirds of the students representing King Edward's at some stage during the year.

Netball had its best season for over a decade. The foundations, so carefully laid over the last three years, have created match-winning teams. For the first time, both the U14 and U16 teams reached the regional stages of the national competition and just missed out on progressing to the national rounds by a single point. The U13 and U15 teams competed well in the National Cup progressing to, and winning, the finals of the plate competition. To hold two national titles in different age groups is a great achievement.

The level of boys' and girls' hockey continues to impress. As well as very good performances throughout the regular season, the senior girls achieved the greatest success, reaching the regional rounds of the National Cup, as did the U13 team. In boys' hockey a number of teams reached the regionals while the 1st XI got to the quarter-finals of both of their National Cup competitions.

The rugby teams continue to work hard on a very competitive circuit. The senior team found the season challenging but the U14, U15 and U16 age groups all had success, which is encouraging for the future. In addition, the U12 and U13 teams played some good rugby and will benefit with the addition of new players when they reach the Third Year.

The boys' cricket season was notable for some very good performances across the age range. The U12s reached the county final, the U14s reached the county semi-final and the 1st XI retained the Altham Trophy. In an innovation for KES sport, cricket became the principal girls' sport for the summer term. It will be exciting to see how this develops next season and we look forward to fielding a girls' 1st XI in the near future.

In addition to our major sports, many students did well in a variety of other games and activities. The Sixth Form football team competed well in their league and progressed well in the cup competition and we fielded teams in tennis, basketball, table tennis and rounders. A number of our students have had individual success at county, regional, national and international levels in athletics, basketball, cricket, cross country running, diving, hockey, netball, rugby, sailing, squash and swimming.

Our trips and visits programme remains an integral part of what we provide beyond the classroom. This year has been as busy as ever, with KES pupils enjoying visits across the globe from local galleries and tramps across the New Forest and Dartmoor to trekking through the highlands of Vietnam and a visit to high tech industry in Tokyo. Students have taken part in exchanges with pupils in the USA, done charity work in South Africa, examined particle physics at CERN in Switzerland and improved their language skills in Spain, Italy and France. They have skied in the Alps, played netball in Belfast, hockey in Holland and cricket in India.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Closer to home, students have participated in study visits to Berlin, the First and Second World War battlefields in France and trips across the UK from regular theatre, music and art visits to London to geography and biology field trips across the country. Hundreds of our students made use of our facility at Lovaton on Dartmoor for the Duke of Edinburgh Award and for school-run camps, and a host of other Duke of Edinburgh expeditions have taken place in Devon, the New Forest, the Lake District and the Peaks.

The Arts Festival in June was a culmination of a very busy year for the Arts Faculty. High profile events such as the Carol Service at Romsey Abbey and the Service of Thanksgiving at Winchester Cathedral were interspersed with a wide range of musical events including two stunning spring concerts. We were treated to a range of drama productions including a new version of Mr Herklots's musical, 'Gedanken in your Heart', Oscar Wilde's dark comedy 'Lady Windermere's Fan', a gripping première of Dr Schofield's play, 'The Secret Battle' to mark Armistice Day, Junior Drama's 'The Wind in the Willows', a summer production of Steinbeck's 'Of Mice and Men' and Mr Collinson's mischievous farce, 'Schoolboy Errors'. #KESFEST itself, was a fabulous showcase of our pupils' talents and an opportunity for them to experience a huge range of workshops and specialised lessons, as well as the spectacular Street Theatre event on the final day.

Charitable and community work remain at the heart of the School. In the past year a record £45,000 has been raised by the students for a range of different organisations including our Summer Camp for Southampton young carers, the South Africa venture supporting the Goedgeacht Trust's work for impoverished children near Cape Town and the second outing of our Dartmoor partnership adventure with Sholing Junior School. Our primary school partnerships have prospered through such activities in addition to our regular visiting Science Roadshow, mathematics and language partnerships, reading schemes and philosophy workshops. We were particularly pleased to welcome hundreds of staff and pupils from our partnership schools to take part in our Endeavour programme in July.

As well as the usual plethora of charity sales, events and dressing up, perhaps the highlight was hosting the BBC 'Children in Need' live in November in the Dobson Theatre. Over sixty KES and Stroud pupils joined choirs from across the county singing in the televised performance conducted by Miss Forsey; an amazing experience for all concerned.

Although it is tempting to focus on the more tangible achievements such as IGCSE and A Level results, the real mark of our Schools' success continues to be the development of the character of our students as compassionate, thoughtful, energetic and committed young adults with a strong awareness of the needs of the less fortunate. Students progress from the Preparatory School with confidence and a love of learning and leave the Senior School as confident adults and impressive leaders, combining personal ambition with a strong commitment to the wider community.

Educational facilities

In the last year our capital programme at King Edward's has continued apace. The new extension to the Senior School dining room, which had become a significant bottleneck in the daily routine, was finished in time for the beginning of the academic year, and it has proved to be an exceptional success. Our dining facilities have been extended by over a third and the new space has been used extensively throughout the year for numerous hospitality events. The newly created Memorial Garden, designed by Mrs Peebles, including the magnificent sculpture depicting three Old Edwardian First World War servicemen that was created by our former Head of Art, Mr Long, was the focal point of a very moving Remembrance Service in November marking the centenary of the end of hostilities. This has become a very important 'quiet space' in the centre of the School.

The major building project for the summer of 2019 has been the extension and modernisation of our library facilities at Hill Lane. This has been an exceptionally complex project including a large number of preparatory steps to create the new library space within the School. This has allowed more space for reading, study and reflection in a bright and contemporary setting which has been appreciated, proving to be very popular with our students.

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REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

At the Preparatory School, the new five-classroom Key Stage 1 pod, which replaced some of the older teaching accommodation, was also completed in time for the commencement of the school year. This is part of a ten-year plan of upgrading and refurbishment on the site, which has already had a significant impact on its presentation and efficiency. The next phase, a new six-classroom Key Stage 2 pod is currently scheduled to be built in the summer of 2020. We have also created an excellent covered outdoor area for our nursery and reception pupils which has been a significant enhancement to our early years teaching facilities.

Alongside these major developments, there have been numerous other projects on all four of our sites, including a new Duke of Edinburgh centre, and the ongoing programme to refurbish the main house at Stroud and fix the roofs at Hill Lane which has continued over the summer.

The Schools have an ongoing commitment to ensure that the facilities match the aspirations of our students across all of our sites. Further details can be found in this report under "OUR OBJECTIVES" and "FUTURE PLANS".

Details of bursary and scholarship awards – policy into practice

Bursaries

This year the value of means-tested bursaries and studentships awarded by King Edward's totalled £881,450 (£770,936) representing 5.9% (5.3%) of the School's gross fees. In total, 9.0% (7.6%) of the students received means-tested support. This represents 85 (72) of the students of which 21 (21) benefitted from a full remission of fees, the average award being 65% (69%).

An external trust accepts applications from us where appropriate to help students in receipt of bursaries to meet the cost of school trips, examination entrance fees and similar expenses as well as assisting cases of hardship. For the academic year 2018/2019 we received the sum of £13,965 (£7,140).

Scholarships

In addition, King Edward's awarded scholarships and music awards to 125 (113) students, based on their educational merit and potential, totalling £105,487 (£90,030) and representing 0.7% (0.6%) of our gross fees.

Scholarships are separated into three areas: Sixth Form, Upper and Lower School years. Awards are made by the Academic Board and relevant Faculty Heads based on assessments made at the start of these three periods. The progress of students receiving scholarships is reviewed at least annually to ensure that their progress is in line with their abilities.

Policy review

The Governors seek to ensure the bursary, studentship and scholarship awards policies maximise opportunities for able children to accept offers of places at King Edward's through the availability of means-tested fee assistance. Our policy is designed to widen access and direct resources to those in genuine need who would be unable to attend without assistance. These policies are regularly reviewed in the light of new developments to help to ensure that the objective of maintaining the current wide access continues to be achieved in the short term, and that there are increased access opportunities and means-tested assistance over the long term. With this in mind the Governors have applied a further £110,514 to means-tested support in the year.

The majority of non-means-tested Senior School scholarship awards made in the current year were from restricted funds donated to the School specifically for that purpose. The external funding directed at ability rather than means, although small, is important in encouraging our students to excel in addition to creating links with local employers. The Partridge BMW Engineering Award, established in 2019, is one recent example.

Advancing learning – including the local Partnerships programme

Two of our five charitable aims are 'to encourage all pupils to become responsible members of society' and 'to develop and sustain close links between the School and the community.' We strive towards these aims in much of what we do, and see ourselves as Schools embedded in the local community. This is central to our purpose and reflects the Senior School's recent past as a state-funded grammar school. We foster a number of links with local primary schools, preparatory schools, secondary schools, colleges, sports clubs and charities.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

On 16 September 2013, the Charity Commission published revised public benefit guidance. The old guidance was withdrawn by the Charity Commission following a challenge by the Independent Schools Council in 2011, after a series of assessments by the Commission of fee-charging independent schools concluded that two of the schools failed to meet the public benefit test. The current guidance is intended to be consistent with the decision of the Upper Tribunal and was published following a period of consultation with the sector.

The current guidance is less prescriptive and makes it clear that it is for the trustees, not the Commission or the Courts, to determine how best to meet the requirements. The current guidance therefore comes with an important shift in focus, with a far greater emphasis on the importance of trustees understanding the guidance and ensuring that it is taken into account when making decisions. On 22 October 2015 a further update was provided for fee-charging educational charities. This increased the emphasis within existing guidance on sharing facilities with state sector partners, which has been a long-standing feature of our School as evidenced below. Attempts to make this a legal requirement for independent schools were unsuccessful but in any event our work in this area remains excellent. The Schools continue to make a significant contribution to the wider community and comply with the Charity Commission public benefit guidance including its latest update in October 2015.

Overall the resources invested in this area, identified by the value of time and support costs, are considerable. The vast majority of the work done by our students and staff is voluntary and, as a result, the benefit is difficult to quantify with precision. The feedback from partners is regularly monitored and is highly positive although there is no formal impact assessment. The observation of the work at first hand, together with the feedback from our partners, leaves us in no doubt as to the extensive mutual benefits to all involved. We know that our partners return for further programmes and that our pupils volunteer year on year, thus strengthening our belief in its value. The establishment of a system to quantify and highlight the extensive voluntary contribution has been considered but, at present, it is not felt that this would merit the considerable additional work required to achieve a meaningful assessment. It also runs the risk of discouraging staff and students with potentially adverse consequences for so much of the community work in which they so willingly participate.

Our thriving Partnerships' Programme seeks to widen access to our education resources bringing independent and state school communities together. This includes the students from both sectors working together in each other's schools. The programme has grown significantly and, with the appointment of a new Partnerships' Coordinator in September 2018, we have put new initiatives in place, and plans are afoot for a partnership section in our biennial Science Festival in 2020, as well as roadshows, a Fun Run and more engagement throughout Endeavour.

The School wishes to sustain the current extensive programme but recognises that such provision is in effect a cross-subsidy and that, for a number of our parents on limited incomes, this is something that must be considered when setting the fees. The directly attributable financial costs of the programme in the year amounted to £6,124 (£4,355), excluding senior management and voluntary staff time, as there are salary points and timetable remission involved for those with responsibility for the programmes. The budget for the partnerships activities in 2019/2020 is £6,000. It is worth noting that the direct annual saving on state sector education expenditure as a consequence of the fees paid by our parents from after-tax personal income is in excess of £8,500,000 based on the national average cost per pupil.

Partnerships Programme:

Our Partnerships programme continues to be strong and has benefitted hugely from the appointment of Mr Sinclair as its coordinator in September last year. Activities range from regular workshops in curriculum subjects such as Mathematics, ICT, and Science, to off-curriculum events in Music, Drama and Sport. A significant number of KES students are involved in helping to lead and participate in these activities, developing personal attributes and experiences as well as, at times, contributing towards their Duke of Edinburgh qualification. Primary school students benefit from the facilities and equipment available at King Edward's, as well as the expertise of staff and students leading the groups and the opportunity to try new activities. Projects are evaluated through regular verbal communication with the schools involved, and the use of surveys, student interviews and analysis of KS2 student data.

Principal partnership schools:

- Springhill Catholic Primary School
- Wordsworth Primary School
- Highfield Junior School

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REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Other schools participating in events:

- The Toynbee School
- Mount Pleasant Primary School
- Portswood Primary School
- Shirley Junior School
- Sholing Junior School
- Nursling Primary School
- Hollybrook Junior School

Regular events:

- **Endeavour:** a two-day project involving around half of our 4th year. On the Thursday students plan and prepare resources for a day of workshops to be delivered to primary schools and deliver them on the Friday. Year 4 students prepare a day of sports activities at Wellington, Year 5 lead a day of activities including Drama, Science, ICT, Dance, Art and Public Speaking.
- **Science Festival (biennial):** the last event included opportunities for students from our partnership schools to attend a Magic Science show and Presentations on the Solar System and the science of sound.
- **ICT Club:** Workshops for Springhill in a 6 week block. This event has been very positively received by the school and contributes to their provision for students who are particularly gifted in this area, helping to inspire them to pursue their interests further. The students are supported by members of the Digital Leaders' scheme at King Edward's.
- **Literacy:** 1-1 reading with our students from 4th and 5th Year and 6th Form at Highfield, Springhill, and Nursling schools. Our students help to provide targeted one-to-one literacy support to struggling readers, aiming to achieve objectives set by the schools.
- **Philosophy:** Introduction to Philosophy for students from Yr6 at Highfield Primary School. Led by our A Level Philosophy and Ethics teacher, who teaches the material to students from the 3rd Year in advance of them helping to lead the Monday sessions. This activity forms part of the primary school's provision for Gifted and Talented students. Students who are academically more able are invited to participate and lead the sessions from King Edward's.
- **Maths Enrichment:** This work includes a series of online challenges for local schools led by 2nd and 3rd Year students alongside a 6 week block of workshop sessions for able mathematicians at Springhill School with a focus upon challenging these students beyond the curriculum through problem solving activities.
- **Science Club:** a club for able students from Springhill and Wordsworth schools allowing them to use new equipment and facilities with the aim of inspiring them towards the further study of science.
- **Gifted and Talented Lectures:** Students from Richard Taunton's Sixth Form College are invited to attend a series of lectures at King Edward's.
- **French:** A French club for students at Springhill aimed at increasing engagement with foreign languages and providing lessons in a primary curriculum which only has limited space for this activity.
- **Debating:** A debating workshop with King Edward's students and students from a range of interested local schools on an ad hoc basis
- **Football Tournament:** Students from Springhill, Wordsworth and Highfield participated in an inter-schools Football Tournament.
- **The Sholing Partnership:** A group of Sixth-formers accompany a small group of students from Sholing Junior School on a residential visit to the School's outdoor education centre at Lovaton.

Creative Arts

There were various collaborations by our creative arts department over the year which included:

- **London Mozart Players String/Woodwind Day:** a day of string/woodwind workshops involving pupils from partnership schools, culminating in an afternoon concert alongside King Edward's students and the London Mozart Players.
- **Art Club:** Workshops for Springhill, Wordsworth and Highfield each in 6 week blocks. This activity gives the able artists from these schools an opportunity to use equipment and techniques they do not have access to in their own school as well as benefiting from an expert Art teacher. These students are supported by able artists from King Edward's.
- **Theatre events:** A Cast of 45 lower school King Edward's students beautifully performed Alan Bennett's 'Wind in the Willows' to packed audiences, including an invited audience from partnership schools, who came at no cost to them. Our GCSE and A-level students attended Splendid's Oresteia at The Mountbatten School

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- **Our biennial Arts Festival** celebrating creative arts through workshops, theatre, music, art, events, concerts, lectures and dance. We enjoyed 45 visiting artists who came to the school over three days to work with the pupils. 1032 workshop places were filled by King Edward's students and 202 Partnership school pupils took part in additional workshops and enjoyed our street theatre
- **Bournemouth Symphony Orchestra:** Singers from the Lower School took part in a workshop and joint concert with local schools and music ensembles as part of the Bournemouth Symphony Orchestra anniversary concert at the Southampton Guildhall.
- **Dance and Drama workshops:** As part of the School's Endeavour programme, a selection of Fourth Years led Dance and Drama workshops for several young dancers from partnership schools.

Stroud School Collaborations with State Schools

- Cross country (Years 3 – 8): This biannual event is staffed and catered by Stroud School, inviting all local state schools. Recent attendees have included Springhill, Wordsworth and Highfield Primary Schools.
- Annual U10 and U9 Football tournaments: These have included Springhill, Halterworth and The Kings Primary Schools.
- Stroud regularly hosts fixtures with primary schools on Wednesday and Thursday afternoons. Recent matches have included Mayville High School, Springhill and Halterworth Primary.
- Annual Digital Leaders' Conference: This involves able and passionate pupils who are 'digital leaders' in local schools. Recent attendees include Whiteparish All Saints, Springhill, Wildern, Bishop Luffa, Mount Pleasant, and Berrywood Primary Schools.
- Annual Maths Challenge for local primary schools: This is organised and hosted at Stroud. Last year's attendees included pupils from Pitton, Crescent, Ludlow, John Keeble, Colden Common, Cupernham, North Baddesley, Marchwood, St Bedes, Twyford, Morgan's Vale and Nursling Primary Schools.
- Emotional Literacy Support Assistant (ELSA) supervision meeting for staff CPD: This was organised and hosted at Stroud with invitations to staff from Romsey, Cupernham, Awbridge, Braishfield and Romsey Abbey Primary Schools.
- Author visits: Local infant and junior schools attended Pre-Prep author visits through our link with the Hampshire Library Service. Most recently were Jenny Maizels and Guy Bass, with Halterworth Primary School.

Other Stroud School community links

- Our pupils have a well-established link with Woodley Grange Care Home. Key Stage 1 choristers visit residents to sing and senior pupils attend as part of their 'Civic Award' community outreach.
- Romsey Young Carers use the school's facilities in the summer holidays without charge.
- Simon Says charity uses the site for a day in the summer holidays without charge.
- The local rotary group use the school facilities for their annual meeting without charge.
- Car parking is made available to local rambling association without charge.
- Wessex Cancer Care Trust uses the site for a day in the summer holidays without charge.
- Sportskool activity club: The sports hall and other onsite facilities are used during the holiday periods for local families to support working parents. This offer is extended to the community for pupils who do not attend Stroud School.

Other King Edward VI School community links

- We offer to Richard Taunton's College located nearby, the opportunity for their students to join the KETA bus scheme where spare capacity exists. We know that the Bursar at Richard Taunton's College is very grateful as it does influence parents in their decision to enrol. IT equipment continues to be donated to IT Schools Africa.
- We donated 160 boxes of textbooks at an estimated value of £38,000 to Books2Africa in March 2019.
- We donated Psychology textbooks to the following schools: Ripley St Thomas, Lancaster, Exeter School, Exeter, Blythe Bridge High School, Cheadle Road, Stoke on Trent and to two teachers on Maternity leave in Cheshire and Derbyshire.
- Wiltshire Search and Rescue used our Lovaton property for their water rescue and navigation training without charge.

Teacher Training and CPD:

- 1 PGCE placement (one term)
- 4 pre-PGCE visits
- 1 pre-PGCE return visit

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- Heads and SLT teams from local state schools were invited to our parents' information evenings throughout the year, with topics such as eating disorders, managing stress and the risks of online behaviours. They were also this year invited to our Oxbridge Explained event.

KES Charities Commission and Charity Projects

- **Goedgedacht South Africa:** Our students raise money throughout the year for the new Pathway out of Poverty centre in Riebeeck, South Africa. We also send out a team of 8 students and two staff per year, in August, to work on the farm in Goedgedacht and with the children who benefit from the scheme. This year this team alone raised £28,012.
- **Summer Camp:** We organise and run a holiday camp for one week in the school holidays in the New Forest, Hampshire, for youngsters (aged 8-12 years old) from the Southampton Young Carers Initiative. Due to problems at home, these children have to act as the responsible adult within their families. The Summer Camp is well established and runs every year giving them an opportunity to recapture some of their childhood and enjoy structured activities with similar children. There is no cost to any of the young carers involved as the monies are raised by a dedicated team of 16 Sixth Formers who then carry out the week's holiday, looking after all aspects of the children's care, backed up by our staff.
- This year we have begun a partnership with Portsmouth Down Syndrome Association, where we are planning a 4 day summer camp in August 2020 for our pupils and their children, with 16 of our Year 11 and 12 being involved.

Charities Commission

There were a number of activities and events organised by pupils, raising £24,308. Some highlights include:

- **Link to Hope Shoebox Appeal** – each year we endeavour to fill over 100 boxes for families in Eastern Europe.
- **The First Year Toy Appeal Fun Run** - The first year raised over £1000. This money was used to buy toys that were distributed by the Scratch charity to impoverished families in Southampton.
- **Sal's Shoes** – We held an end of Summer Term collection of shoes. We managed to collect 247 pairs to be sent to those in need and to pay for their postage.

Events:

- KES has got talent
- School discos
- Lunch time shows
- Christmas Stalls
- South Africa Dinner Dance
- PTA Quiz evening - serving and collecting donations
- Krispy Kreme doughnut sales
- Non-uniform days
- Art Festival stalls
- Sports competitions and tournaments
- Triathlonathon
- National fund raisers e.g. Children in Need
- Christmas Jumper Day
- Easter Egg Hunt
- Chase the Cupid

Our students are actively involved in finding out about and supporting charities through fundraising and volunteering. This year the monies raised were shared amongst the following charities:

- The SVS Toy Appeal
- Scratch Charity
- Honeypot Children's Charity
- Clic Sargent
- Step by Step
- Alzheimer's Society
- Warwick in Africa
- Save the Children
- Crisis

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- Marine Conservation Society
- British Heart Foundation
- Portsmouth Down Syndrome Association
- Abby's Heroes
- Movember
- Women's Aid Collection
- Children in Need
- Goedgedacht Trust
- Sal's Shoes
- No Limits
- Wessex Cancer Trust

Community Service

Students also take part in practical voluntary service in the local community and elsewhere. Through these opportunities to serve others our students also gain educationally through a meaningful interaction with those outside our School community.

- At any one time, we have up to 300 students enrolled in Duke of Edinburgh from Bronze to Gold (ages 14-18). As part of the Volunteering section of their Award, students involve themselves in clubs and partnerships which aid the local community, for example working in charity shops or with Brownie or Cub groups. In 2018/2019 the collective hours volunteered by our pupils was 2106. The social value of these hours was £9,161, based on an under 18 minimum wage of £4.35 per hour.
- Students are trained in the use of first aid and employ these skills in a variety of activities within the School and elsewhere.

The items above give a flavour of the variety and extent of the public benefit delivered through the important interaction of our students with the wider world and, in particular, our local community. Encouraging our students to understand different perspectives and cultures whilst assisting the learning and development of others is integral to our ethos.

Staff

In addition to direct involvement in charity work by students, several Stroud and King Edward's staff are also involved with the local community and charities. Although this work is entirely voluntary and outside of their job roles, the Schools seek to support such commitments as they reinforce our ethos and links into the community. They are:

- Mr Aellen runs the Hospitality and Bible Study group for international students at Christ's Church in Southampton, where he is also a trustee and an elder.
- Mrs Alexander volunteers within her village, on the committee for a toddler group and in children and family activities through her church.
- Mr Atwal is a volunteer at the Sikh temple, and helps with Sikh martial art classes.
- Mr Ayres helps regularly with breakfast for the homeless during the holidays at the Above Bar Church.
- Mr Baker is an Assistant Beaver Leader.
- Mrs Beaumont is a volunteer at Hoops Netball Club and All Stars Swimming at David Lloyd
- Mrs Burrows teaches sailing and paddle boarding voluntarily at Netley Sailing Club and provides training for adoptive parents for Hampshire County Council Social Services.
- Mr Case leads children's church on Sundays and attends a residential trip with them every June, has sponsored a child in Ethiopia for the past 10 years and donates 10% of his earnings to the church and charity.
- Mrs Chambers is a committee member for Romsey Lantern Parade.
- Miss Clouder is on the Netley Marsh Infant School Committee.
- Miss Cole umpires and mentors younger umpires for Bournemouth Netball Club.
- Mr Breen is a foster carer and trustee at his church.
- Mrs Brown volunteers for Serve Direct UK, (Charity No. 1138282) working on projects in Uganda and for Romsey Young Carers, the Romsey Show and Michelmersh Silver Band.
- Mrs Costello-Kelly volunteers in 'Crisis at Christmas' homeless shelters.
- Mr Crichton runs coaching for Indoor Hockey for the local community.
- Mr Cross is a session Leader for Romsey Road Runners. This has a total membership of 165 adults who train and race throughout the year. He leads groups out on training nights, coaches them and generally covers the Health and Safety issues for each run.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- Mrs Dawson is Vice-Chair of Governors at Cupernham Infant School in Romsey and part of the Cupernham Junior School Parent Teacher Association and a volunteer Befriender at Wessex Cancer Charity.
- Dr Dean fundraises for Portsmouth Down Syndrome Association.
- Mr Diver is a governor at Upper Shirley High.
- Mrs Duncan is a parent helper at All Saints Primary School, Winchester.
- Miss Fessey is a volunteer with Simon Says Charity.
- Mr Giles is a magistrate and the School provides time for him to perform his official duties.
- Mr Havers is a Gold Duke of Edinburgh Award Supervisor and Assessor. He is also a Lymington Town Sailing Club Committee member and Senior instructor, focusing on voluntary adult and youth training skills.
- Mrs Henderson coaches the Junior section of Swan Netball Club.
- Mrs Hodges volunteers as the rugby manager for the U15s Romsey Rugby team.
- Mr Hopper is a parent helper for IV Netley Sea Scouts.
- Miss Jordan is a Senior Coach at Southampton Hockey Club on a voluntary basis.
- Mrs Keith is a committee member for local Neighbourhood care group, social committee member for Awbridge Church and cooks for a church community lunch club.
- Mrs Kent coaches the U12 girls' hockey team and the U11 girls' cricket team at Trojans.
- Mr Lee is a governor at Wimborne School.
- Mrs Lopes models to raise money for charities in Dorset.
- Mr Maher is Director and Chair of Trustees of Youth and Families Matter (YFM). They help children to deal with issues such as family breakdown, bullying, self-harm, drink and drugs. YFM's schools workers work in eight local state schools. King Edward's provides resources for the Bursar to conduct his role.
- Mrs Martin did a charity parachute jump.
- Miss McGinn helps out in a homeless kitchen called 'In Touch' in Bournemouth during holidays.
- Mrs Meager volunteers at South Downs Equine Therapy where they provide children and young adults the experience of meeting, touching and riding horses.
- Mrs Meredith is honorary secretary of the Southampton Branch of the Classical Association.
- Mr Miller raises money and awareness for #wouldntchangeathing focusing on Down Syndrome awareness. His main focus is Portsmouth Down Syndrome Association. The school allowed days off to help with the promotion of this.
- Mr Nichols organises a triathlon in Winchester on behalf of Macmillan Cancer Support, the Pedal Paddle Pace. In 2019 they raised £16,000.
- Mr Parker is a league welfare officer at Solent Churches Football League.
- Mrs Paul volunteers for Voice FM.
- Mr Piggott volunteers for the Glepe Copse Trust - Highfield - small wood which is run as a bird sanctuary, and is the Chair of ISADA Independent Schools Art and Design Association.
- Reverend Poppleton is supported by the School in his voluntary ministry in his home parish. He is also Chair of Trustees for the A Cappella Trust, which supports the auditioned choir at South Wilts Grammar School for Girls, Salisbury, in enabling and encouraging them to sing religious music in places of Christian worship.
- Mr Powell is a Trojans RFC U11 and Academy rugby coach. He is also the Chapel Triathlon Club Strength and Conditioning Coach.
- Mr Preston is a member of church council, committee co-editor for a parish magazine, sings in the church choir and volunteers with Hampshire County Youth Orchestra.
- Mr Reid volunteers for 15 days a year doing ecological survey work for Game and Wildlife Conservation Trust which is linked to arable biodiversity projects.
- Mrs Robinson hosts a bible study group at Highfield Church, runs a ladies' choir, is a member of the Southampton Operatic Society and is on the leadership team for a scripture union holiday club in Suffolk each summer.
- Miss Rose is a Brownie leader and volunteer in her local church kids' club.
- Mr Rosenberg coaches U16 and also umpired for the U15 Cricket Team at Fair Oak Club.
- Mrs Sheppard is a governor at Highfield Primary School and at Prince's Mead school.
- Mr Sinclair coaches the U10's Football team Greenfields Panthers in the Bournemouth Youth Football League.
- Mr Tofts is a trustee of The Libra Foundation, working with students from Romanian schools and universities for the benefit and support of disadvantaged children in Romania.
- Dr Waymark is a governor for Crestwood Community School, Eastleigh.
- Mr Worrall is a governor at Whiteparish Primary School

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- Miss Yerbury marshals for Triathlon events around the south of England.

Facilities usage at no charge or non-commercial community rates:

All of the third parties listed below have benefited from the use of our facilities during 2018/2019 at no charge or non-commercial community rates.

Hill Lane Site

Sports and Room Facilities

- Harvey Barr – Basketball Training (no charge)
- Calum Crichton – Hockey Training
- Dreams Netball Club
- Hampshire Hockey
- Hamwic Education Trust
- Ian Bassett Hockey Training
- Cadnam Cricket Club
- MCC Cricket (no charge)
- Swan Netball
- Testlands FC
- Jets Netball Club
- Trojans Hockey
- Waterside Ladies Hockey
- Romsey Road Runners

Dobson Theatre

- Solent Seahawks American Football Club
- BBC (Children in Need)
- Southampton Choral Society
- Shirley Junior School

Minibus Use (at no charge)

- Above Bar Church
- Romsey Baptist Church
- Springhill School
- Hants and Dorset Christian Youth Camps
- Testwood Baptist Church
- The Country Trust (Stroud)
- Southampton City Scouts
- Young Families Matter (YFM)
- Romsey Hockey Club
- Eastleigh Rugby Club U15
- Romsey Show Society's Countryside Education Project
- Netley Sea Scouts

Wellington Sports Ground

- Old Edwardians
- Trojans Hockey
- Trojans Rugby, Touch Rugby and Cricket
- Hampshire Rugby
- Southampton Hockey
- Hampshire Hockey
- England Hockey Performance Centre
- Hampshire Cricket Performance Centre
- England Hockey Performance Centre
- Taunton's College Cricket
- Taunton's College Rugby
- Waterside Hockey Club

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

We provide facilities to other local users who often use us for fundraising events but these are usually focused on the relief of poverty, rather than education and training.

Children in Need - 16th November 2018

On the 16th November 2018 the BBC, led by the South Today team, used the Dobson Theatre and associated rooms to host BBC Children in Need. They broadcast 2 episodes of South Today and the South slots of the live Children in Need show from the Dobson Theatre.

- 205 children sang in the BBC Children in Need choir from Wordsworth School, Springhill RC School, Mount Pleasant School, Stroud School and King Edward's
- 35 of our pupils played in the Swing Band on South Today
- A pupil played the guitar throughout all of the live performances

We were a huge part, therefore, of a BBC effort. The choir drew the biggest audience of the evening, with seven million people watching. They raised a record total in the BBC South region of £4.7m. We did not charge for the use of our facilities, a donation of £4,625 based on commercial rates for 2018/2019. We also provided 285 hours of staff time free of charge, including 80 hours of senior leadership resources.

Environmental Initiatives: Cutting our 'carbon footprint'

Mrs Brown leads the Green Team who continue to monitor waste recycling and other environmental issues. The Lower Sixth members put together a successful bid to the KES PTA in order to obtain equipment such as litter pickers, gloves etc, for activities to help their community through the Endeavour, Duke of Edinburgh or Foundation Studies' programmes. The Sixth Form also conducted "plastic freebruary" as a challenge; they amassed all their non-recyclable waste as a visual aid to understand the problem and have made changes to their daily routines as a result.

The Green Team continue to use social media to raise awareness of environmental issues together with assemblies to the Sixth Form and separately to the Upper School. Sodexo now provide pupils with a slightly different packed tea when they are off-site. The School encourages children to bring their own water bottle and make use of the water fountains on-site. Also, during the year, there was a significant switch to using recycled paper for photocopying purposes in the reprographics room.

Travel remains an important area to minimise our carbon footprint and over three quarters of our Senior School students use the KETA bus system and additional bus routes have been provided at our Preparatory School. A strategic review of our transport system has resulted in a commitment from our contractors that all bus and coach pupil transport will be Euro 6 compliant by Easter 2020, with a consequent reduction in our carbon footprint.

We continue to examine ways of reducing the consumption of energy on both refurbishment and new build projects proposed on all our sites 3 to 18. A good example of this is the new library refurbishment opened in September 2019 which has incorporated a highly effective but low cost design feature to increase natural light and ventilation preventing the need for a mechanical and electrical engineering solution. The new light fittings across the site, including the library are LED. Energy saving initiatives are an important part of our site improvements and are delivering tangible results. We also replaced the 'pot-wash' at the senior school in October 2019. This machine mechanically cleans in excess of 500,000 plates and bowls annually. The new machine uses substantially less energy.

On the Preparatory School site, it was the first full year of the Early Years building, ASD sports hall, swimming pool and new Key Stage 1 building being heated using the biomass boiler. Connecting these areas of the large site required significant expenditure demonstrating our strategic commitment to reducing our carbon emissions.

We continue to use solar voltaic cells on the Steward's house at Wellington Sports Ground.

The Edwardian Society and King Edward VI Foundation

Our Edwardians have enjoyed numerous reunions organised by our Development Officer, Ms Hooper, who also continues to raise the profile of our King Edward VI Foundation that provides bursaries to help students applying to King Edward's from disadvantaged backgrounds.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

The School continues to be well-supported at our alumni sporting and social events. In the Autumn Term we had an excellent turn out to the annual 10-year reunion, which was followed by an equally successful 50-year reunion in January. OE sporting events included the OE v King Edward's 1st XI football match and the Ladies' OE hockey fixture. The Spring Term saw the OE boys' hockey fixture take place at Wellington Sports Ground; the match was followed by refreshments in the Pavilion. In March, we returned to St Edmond Hall, Oxford for this year's university dinner with our current Oxbridge alumni. The annual Poole Evacuation Lunch was held in The Hospitality Suite on a Monday this year, to ensure more staff were on site for this very elderly group of alumni. In June, we held a Former Heads of School Dinner. This attracted a high turn-out and Former Heads of School and their Deputies from 1957 through to 2018 were represented. The Summer Term was rounded off with an OE v King Edward's 1st XI cricket match. Throughout the year, the OE golfing society has organised a further five events, all of which have attracted a core group of players. In summary, over 200 alumni have attended social and sporting events this year, with many more assisting with careers talks, mentoring and work experience placements.

The Edwardian magazine continues to be produced bi-annually and sent to all those alumni for whom we have contact details.

In this last academic year the King Edward VI Foundation has received £4,110 (£6,486) in direct debit and one-off donations. We were extremely fortunate to benefit from a very generous legacy earlier this year believed to be in excess of £400,000 from one of our past pupils who has been a regular donor to the school in recent years.

FUTURE PLANS

The Governors intend to continue their current strategy of maintaining the Schools' position in a competitive market by investing, as required, to provide high-quality education for our students. Achieving a high standard of academic results is a constant aim whilst maintaining the breadth and depth of the education provided.

Following Mr Worrall's appointment to an overseas role closer to his extended family in New Zealand next September, the Governors undertook a thorough three-stage recruitment process using Odgers Berndtson to appoint a new Head of the Preparatory School. Mrs Lyons-Smith was selected from an outstanding field of candidates and has been appointed as Mr Worrall's successor from 1 September 2020. Mrs Lyons-Smith is currently the Headmistress at St Swithun's Prep school, Winchester, but knows the King Edward VI family well, having previously held the positions of Head of English and Deputy Head at Stroud School. The Governors are confident that she has the skills and experience to take Stroud School forward to the next stage in our development.

At Stroud we continue to implement the Governors' strategic site-wide improvements. Mrs Lyons-Smith is involved in the design of our next phase, sharing the Governors' vision in an integrated and exceptional educational provision from ages 3 to 18. Whilst we have increased capacity, the next new pod of six Key Stage 2 classrooms to be opened in September 2020 will be larger, replacing the majority of the remaining older accommodation as we work through a programme of replacing the older classrooms. This will involve enhancing and increasing the size of the playground and playing field. This follows the completion of a 370m² Key Stage 1 building in August 2018 which has been a resounding success adding to the construction of an exceptional dining room with spectacular views overlooking our farm, and a new pod of three classrooms. We remain committed to maintaining first-class facilities to promote excellence on all sites and in all areas of the Schools' operation and will continue to do so with an awareness of the importance of long-term financial and environmental sustainability. The planned installation of an additional biomass boiler during 2019/2020 will increase existing biomass capacity by one third.

The Senior School triennial survey of students, parents and staff by an external specialist took place in the Spring Term 2019. Stroud also conducts the same triennial surveys on a rolling annual programme. The results of both will be incorporated into our next phase of strategic planning from 2020 to 2023 following a period of review during 2019/2020 by Mr Parker, the Senior School Head and Mrs Lyons-Smith.

We aim to achieve the highest standards of teaching and pastoral care by continuing to prioritise investment in staff development. A monthly training programme for non-teaching staff was successfully trialled during 2018/2019 together with a revised Professional Development Review process using the new HR software system. Both are now embedded into a settled programme for 2019/2020 and beyond, further reinforcing the ethos of learning and development across all staff, whatever age range they teach. The Assistant Head (Staff Development) and Head of HR will continue to increase the time spent on supporting staff training needs, sharing best practice and mentoring.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

A systematic and thorough approach to lesson observations is maintained including a programme of external assessment and feedback as we continually seek to learn and grow. The coming year will see external assessments of Sport and the Creative Arts following the assessments of English, Maths, the Science and Language departments during 2018/2019. This investment tangibly demonstrates our commitment to recruit and support high-calibre staff and enhance the pastoral care and personal development of our pupils.

The School purchased 30 Kellett Road on 6 September 2019, a 4 bedroom detached house next to the rear entrance of the Senior School. This was an investment from endowed funds and a further drawdown will be made to cover the cost of refurbishment. The Governors intend to use this property to provide rental accommodation to School staff, assisting recruitment and retention. All rental income will be applied to the relevant endowed purposes.

Our future plans are financed predominantly from fee income and from our reserves. The Governors need to maintain an equitable balance ensuring that our current students benefit whilst, at the same time, ensuring that a sound infrastructure and financial base are preserved for the next generation of students in the same way as our current students benefit today from the investment made in the past.

The current economic climate has had an impact on many preparatory schools and the Governors keep a watching brief on the threats and opportunities this poses. A healthy intake of students over the long term remains an important factor underpinning the Schools' development plans to maintain the high quality of educational provision.

King Edward's has continued to develop links internationally as well as in the City through the development of partnerships with UK and overseas schools, charitable activity in the UK and abroad, fundraising, community work and support for local projects.

The Governors view our bursary and scholarship awards as important in both promoting excellence and widening access to the education our Schools provide. The Governors regularly review our bursary and scholarship awards policies to ensure that able children can accept offers of places at both Schools through the availability of means-tested fee assistance. This includes reviewing earning thresholds applied to our bursary awards in the light of ongoing Charity Commission guidance. We believe our current policies and procedures are well designed and effective to target the limited resources where they are most needed. This is particularly the case with the introduction of means-tested bursary awards in our Preparatory School in January 2017 and their further expansion agreed for 2019/2020. This supplements the additional £103,681 in scholarships, bursaries and prizes in 2018/2019 over the previous year.

As set out earlier in this report, the success of the King Edward VI School Southampton Foundation initiative is critical to increasing the funds available for means-tested awards in the long term. We hope that the commitment of our staff and in particular the dedicated role of Development Officer will help the difficult task of fundraising in the present climate. The emphasis is long term with much effort expended in relation to generating future legacy income. The large legacy in 2018/2019 is testament to the work to date and the Governors regard this as a key area in our 2020 – 2023 strategic plan.

The Governors intend to continue investing in the success of the Partnerships programme by maintaining our strong links and exchanges with the state sector. In developing our plans as we move forward, we will work closely with the Heads of the schools we partner ensuring that a positive contribution to our shared educational aims continues. This takes up a considerable amount of staff and student time but has always been a core part of our ethos.

A local primary school Head from one of our partnership schools joined the Governing Body in October 2018 and our increased community use of facilities at non-commercial rates during the current year is planned to continue for 2019/2020 and beyond. Despite the financial pressures our focus remains on community links and maximising educational opportunities, resisting the pressure to prioritise commercial bookings. The new 400 seater theatre is an outstanding facility which is well used by community groups alongside our pupils, 3 to 18.

Following this year's 100m² extension and refurbishment of the library into a welcoming, modern, high quality learning environment, a number of smaller projects are planned at King Edward's in 2019/2020. The year will see a continuation of significant work on the Senior School main roof and ongoing improvement of the external student areas, which are expected to continue over the next three years. The floor in the main school hall is to be completely renewed and a major refurbishment of the pupil changing rooms and toilets in the east wing is planned for summer 2020.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

A review of staff residences took place following the retirement during the year of the Senior School Head Caretaker after 29 years of dedicated service to the school. His on-site accommodation has been refurbished in November 2019 and renovation is also planned to the Senior School's Head's house and the Preparatory School Groundsman's Lodge.

The self-evaluation process under the ISI inspection arrangements continues to be regularly updated. Our students are known for their intellectual talents being nurtured and encouraged through exceptional pastoral care. The School maintains its friendly and welcoming character. The involvement of Edwardians and students from Stroud in the wider community as well as in sport, culture and charity work gives our students a strong social conscience. They are very keen to support the wider community, and the quality of the education they receive from age 3 to 18 is clearly reflected in the most recent qualitative ISI reports for each School which are available on our website.

The implementation of the Charity's strategic planning processes, coupled with the consistent high performance of its students, underpins our reputation as one of the UK's leading educational establishments.

OUR FINANCES

The reduced operational surplus from the previous year although marginal is indicative of the sector headwinds which as noted above will have a greater impact in 2019/2020. The Governors are pleased with the financial performance in the year through careful cost management resulting in keeping cost inflation to 0.7% above the increase in income despite the lower percentage Senior School fee increase from the previous year and marginal fall in pupil numbers. The impact of BREXIT on blue-collar wage and food inflation continues to drive catering and cleaning costs which together with large increases in utility costs now equate to £1.42 million per annum across all sites, an increase of 10%, adding in excess of £130,000. In addition, teaching staff costs have increased by 5% however the increase in overall expenditure has been kept at 3.7% indicating the extent of efficiency savings made elsewhere. We continue to focus resources on high quality teaching staff and pupil welfare, increasing bursary provision where we can through the generosity of our benefactors coupled with sound financial planning.

The review of our investment policy during the year led to the appointment of Smith & Williamson Investment Management LLP following a three stage tender process. The details are reported under 'Investment Policy' below. In addition to managing our restricted cash an overdraft facility was agreed at a pre-agreed highly competitive interest rate as part of this arrangement. This allows cash balances in excess of working capital to be invested to improve returns whilst maintaining quick access to funds if and when needed. This revised approach is the primary reason for the net reduction in consolidated cash over the year by £2.9 million to £3.4 million.

The Governors continue to be proactive in monitoring the implementation of our longer-term strategic aims, regularly reviewing the finances, budgets, expenditure variances and cash flow as part of the effective stewardship of the Schools. Our long-term strategic approach to decision making together with the financial policies outlined in this report are necessary elements in the consistent delivery of our educational aims.

Reserves policy and financial health

The unrestricted funds can be used in accordance with the charitable objects at the discretion of the Governors and are held at a level considered appropriate to cover the risks and uncertainties of operating as an independent educational establishment. Designated funds are set aside by the Governors out of unrestricted general funds and the transfers into capital reserves relate to our plans to continue to develop our Preparatory School site to the same high standard as the Senior School and our exceptional shared sports ground facilities. Our available cash reserve exceeds our strategic target of half a term's fees. The Schools have no borrowings and the Governors believe that they are financially resilient.

Investment policy and performance

The Board have assigned responsibility for the management of the investments to the Finance sub-committee, which has delegated that role to Smith & Williamson Investment Management (SWIM). The investments are managed on a discretionary basis but within the confines of an agreed investment policy.

The primary purpose of our investment policy is to generate monies to meet bursaries and scholarship/prize awards. In addition, the school seeks to protect the real long-term value of the investments against inflation. The long term total return objective is CPI +3%, net of costs, implying a medium level of risk.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

The assets can be invested widely including equities, bonds and property both in the UK and overseas. Smith & Williamson is committed to investing our funds responsibly and is a signatory to the United Nations Principles for Responsible Investment. The manager is specifically excluded from direct investment in companies that generate more than 5% of revenue in the following activities: gambling, tobacco and adult media.

This year has been one of transition. The portfolios were re-organised after the new investment policy was agreed in January and following the appointment of SWIM. At our half year, prior to this restructuring, 60% of the funds were held in cash, with approximately one third in UK equities and the balance in fixed interest securities. The reorganisation, which is now largely complete, was implemented gradually in order to reduce the market timing risk and has resulted in a well balanced and diversified portfolio with a global orientation. At the year-end, approximately 60% of our funds are invested in UK and overseas equities through a combination of global leading companies and collective investments. The remainder is invested in a combination of short dated fixed interest securities, commercial property, infrastructure, gold and 15% is still held in cash.

Over the last year, global economic growth slowed albeit gradually. Profitability and earnings forecasts for global listed companies have proved resilient, despite a somewhat uncertain backdrop. Valuations for equities remain attractive both relative to other assets and in isolation. However, some caution is warranted not least given the on-going trade wars, structural challenges in Europe and elevated levels of debt all of which have the potential to overshadow confidence at a time when investors are increasingly questioning the durability of the current, already protracted, economic cycle.

Asset cover for funds

Note 20 to the accounts sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the Schools' obligations on a fund-by-fund basis. The Schools' tangible fixed assets are all held for use by the Schools. Investments (including Endowed Assets) are held to create income and capital growth pending utilisation.

Pension liability

Details of our staff pension schemes are shown in Note 25. The following defined benefit schemes are operated.

The teaching staff in both our Schools are eligible to join the Teachers' Pension Scheme (TPS), an unfunded multi-employer defined benefits scheme governed by the Teachers' Pension Scheme Regulations 2014. Employer contribution rates are increasing by 43.69% to 23.68% from September 2019 at an additional cost to the school in excess of £550,000 per annum from September 2019. This is considered further in the 'Risks and risk management' section below.

Some Senior School non-teaching staff are in a defined benefits scheme which remains within the Hampshire Pension Fund Scheme having been de-grouped on 1 April 2017 in line with national trends on such local authority schemes. The Senior School has been graded as the lowest risk category and our annual contributions are therefore expected to be lower than other de-grouped admitted organisations. The Governors are committed to clearing any deficit relating to retired scheme members' liabilities whenever cash flow permits. A payment of £300,000 to reduce our deficit was made in November 2018 in advance of the 31 March 2019 actuarial valuation. The results of the valuation were reported at the Hampshire Pension Fund AGM in October 2019. The investment performance since the March 2016 valuation increased the total fund assets to £7.2 billion which represented a 98% funding level. The portfolio had also increased by a further 5.6% from March to September 2019. In the light of the current position the Governors have no plans to make further deficit reduction payments before the next valuation due in March 2022.

OUR ETHOS, STRATEGY AND POLICIES

Our Governors are responsible for setting a strategy for achieving the objectives they have set. Its focus is on the development of our students, their continued high levels of academic and co-curricular achievement, and to widen further the extensive access to the education our Schools provide. In taking forward our strategy we:

- Regularly review the academic syllabus, teaching practices and pastoral care.
- Invest in technology, related infrastructure and specialist staff with a high degree of expertise.
- Monitor the number and range of trips and activities. We also monitor levels of student participation and co-curricular staff hours in addition to benchmarking success in external awards.
- Monitor and benchmark our success in student retention, public examinations, university entrance and student destinations against their individual aims.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- Monitor current community links and the development of new opportunities consistent with our aims and the Charity Commission guidance in October 2015, including co-operation and the sharing of resources with local state schools and groups promoting educational activities.
- Regularly conduct staff development reviews.
- Evaluate feedback from partners, staff and students. A parent, staff and student survey was undertaken for the Senior School in 2019 by an independent specialist company and an equivalent survey is undertaken at the Preparatory School on a rolling three year basis.
- Regularly review activities against the agreed 3 to 18 Development Plan. We are currently undertaking a zero-based revision to the Plan for the period 2020/2023.
- Continue to review and develop our methods and funding for awarding means-tested fee assistance to ensure wider access to students from all backgrounds.

Our ethos: caring schools serving our local community and society

King Edward's is a charity which seeks to benefit the public through the pursuit of its stated aims. Our fees are set at a level to ensure the financial viability of the educational provision offered and at a level that is consistent with our aim of providing a first-class education to boys and girls. Our Schools welcome students from all backgrounds. To admit a prospective student we need to be satisfied that our Schools will be able to educate and develop them to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken in the Senior School to satisfy ourselves and parents that potential students can cope with the pace of learning and benefit from the education we provide.

An individual's economic status, sex, gender reassignment, ethnicity, race, religion, sexual orientation or disability do not form part of our assessment processes. We are an equal opportunity organisation and our policies are consistent with the Equality Act 2010. We are committed to a working environment that is free from any form of discrimination and, for the avoidance of doubt, regard all the protected categories listed above as equally valid with none taking precedence over the other. We will use our best endeavours to understand and uphold the fundamental rights of all parties equally in the event of any real or perceived conflict. We seek to educate, creating an environment reflecting mutual respect, empathy and understanding and to that end encourage constructive dialogue offering differing perspectives from students and staff. We will make reasonable adjustments to meet the needs of staff or students who are or become disabled.

Our Schools are committed to safeguarding and promoting the welfare of our students and expect all staff and volunteers to share this commitment. All staff are subject to ongoing safeguarding training in accordance with DfE guidelines, the last such training taking place on 7 October 2019. New staff also receive child protection training as part of their induction. All staff and Governors involved in recruitment have been trained in a National College accredited safer recruitment course, the most recent one taking place on 5 November 2019. Whilst our systems and training on all safeguarding matters are robust we are not complacent. Pastoral staff have also been trained by a member of the local PREVENT team on matters relating to radicalisation to ensure their actions are proportionate and address only relevant risks. All staff have completed the prescribed online PREVENT training, most recently in October 2018. In particular, the staff and Governors note that the sole aim of the PREVENT duty on schools is to stop people becoming terrorists or supporting terrorism. The School actively promotes creative and independent thinking, welcoming staff, parents and pupils of all faiths and none.

Parents are given regular information about their children's social and academic progress through parent evenings in addition to the traditional end of term and year reports. We maintain regular contact with parents throughout the year both informally and through our e-bulletin and parent portal. We also have a strong pastoral system which, as well as supporting the welfare of our students, also enforces our very rigorous anti-bullying policy.

The most recent qualitative ISI inspection reports from both Schools demonstrate the impact of the ethos and pastoral care provided:

At King Edward's, the "Pupils' personal development is excellent and fully meets the school's aim of developing self-confidence and independent young people who have a strong sense of community. The school's extensive range of extra-curricular and charitable activities makes a very significant contribution to the school's aim of encouraging pupils to become responsible and reflective. The school is meticulous in its approach to safeguarding and child protection and has all the necessary arrangements in place to manage the pupils' welfare, health and safety. The pastoral work of the staff is key to pupils' excellent personal development and to meeting their needs. Relationships both between pupils and with staff are very good and pupils are very positive about their time in school."

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

At Stroud School, "The quality of the pupils' personal development is excellent. Pupils are very confident and reflective learners due to the embedding of the 'Stroud Spirit' across all areas of school life...Pupils have a well-developed sense of themselves and an objective awareness of their strengths and areas for development. Pupils demonstrate exceptional levels of self-knowledge, self-esteem, self-confidence and resilience. Pupils have an excellent understanding of physical and mental health, reflected in the choices they make, due to the inspiring teaching, curriculum planning and the nurturing school environment. Strong leadership for their personal development enables pupils throughout the school to flourish. Governance takes a deep interest in all aspects of the school, contributing strongly to the health, care and welfare of the school community...Pupils' ability to work collaboratively is exceptional enabling them to have healthy, mature debate...The pupils display a strong sense of belonging and responsibility towards each other. Pupils have a strong moral compass: they are very aware of the school's expectations and their behaviour is exemplary. Pupils make an excellent contribution to the lives of others within the school, the local community and wider society, and are keen to volunteer for positions of responsibility such as form captains, section leaders and prefects. This extends to the local community and wider society, with pupils taking part in a range of events."

Instilling an ethos of social responsibility is at the heart of our charitable educational aims. In the light of Charity Commission guidance, the aim to develop and sustain close links with the community is fulfilled through educational and other associated activities carried out by the students and staff in the community delivering important educational and non-educational benefits to all involved. Both are recognised and appreciated by our community. The Governors are committed to developing and sustaining this important aspect of the Schools' ethos. As such, we continue to interpret the aim in its widest sense in accordance with our objectives, resisting pressures to direct resources away from activity which results in non-educational benefits for those who do not attend the Schools. In practice, this means that activities such as visits to local retirement homes by our students will continue to be encouraged.

ACCESS POLICY

It is important to us that access to the education we offer is not restricted to those who can afford our fees. We believe our students benefit from learning within a diverse community. A great deal of learning occurs through social interaction, conversation and shared experiences which help our students develop an understanding of the perspectives of other people that will be vital in their adult lives.

Our bursary policy together with our "Partnerships" programme and Foundation initiative contribute to a widening of access to the education we offer and the facilities we enjoy. Means-tested bursaries have been introduced at Stroud from January 2017 and totalled £65,207 (£23,988) in the current year. The introduction of means-tested scholarships from 1 September 2015 has resulted in £1,682 (£7,398) being awarded by Stroud in the current year. The Governors are committed to identifying ways to expand the current bursary opportunities across all age groups whilst recognising the need to maintain affordability for parents paying the full fee. A local trust considers requests to alleviate hardship from King Edward's on a case-by-case basis. In the current year this amounted to £13,965 (£7,140). Support up to £43,558 has been offered for 2019/2020.

Bursary policy and overview

The Governors view our bursary awards as important in helping to widen student access to ensure that a King Edward VI School education is provided to children from a broad spectrum of society, continuing the School's long tradition of providing public benefit. We are a registered charity that is committed to providing significant public benefit. The Governors are aware of their obligations under the Charities Act 2011 and the Charity Commission's guidance, and seek to adhere to the public benefit principles identified by the Charity Commission. This policy is normally reviewed on an annual basis to take into consideration the latest guidance from the Charity Commission. The Governors note the October 2015 revision, and Department for Education encouragement of the sharing of facilities with other state schools. We will continue to seek funds to increase our bursary awards whilst delivering our extensive programme of sharing our facilities with state and charitable organisations that share our aims, the details of which are listed under the extensive "Partnerships Programme" heading above.

King Edward's has a long history of providing financial assistance to students and their families and will continue to do so. While the costs of running the School require that those who can pay full fees must do so, in the current year the School has foregone 6.6% (5.9%) of gross fee income at the Senior School in fee remissions. This reflects the varying household income of recipients of bursary awards from year to year which we factor in over the longer term to the number of bursary awards offered. This figure is broken down into means-tested bursary and studentship awards totalling 5.9% (5.3%); scholarships and other non-means-tested awards make up the balance.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Approximately 9.0% (7.6%) of the students at King Edward's at any one time benefit from means-tested support, with 25% (29%) being up to 100% of fees. The bursary awards ranged from 7% to 100% remission of fees in the current year (7% to 100%).

The Senior School's limited bursary funding is primarily directed towards the parents of new students with the purpose of providing ongoing support during the time that their child is a pupil of the Senior School up to the level of support required on entry into the School, subject to the parents' continuing compliance with the terms and conditions of the bursary award and the level of bursary funds available. The scheme is designed to assist prospective parents on low incomes who, for financial reasons, might otherwise be unable to send their child to the School. In cases of hardship where an existing student's education and future prospects would otherwise be at risk, in exceptional circumstances, consideration will be given to providing financial support including the funding of school trips. Applications to an external trust may be made for support in hardship cases or to cover additional items incurred by bursary candidates such as uniform costs, bus fares, lunches and school trips.

In assessing means, we take a number of factors into consideration including family income, investments, equity, other assets and savings. We also take account of family circumstances, for example, dependent relatives and the number of siblings. However, King Edward's does not have a large endowment and in funding our awards we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefitting from the awards.

In 2007 the Governors established the King Edward VI School Southampton Foundation to work with the School and the Old Edwardians Association with the primary aim of improving access to the School by providing a continuous and sustainable level of financial support for bursary development. The sum of £4,110 (£6,486) has been received during the year. The Foundation continues to increase the number of Edwardians who have made provision for the School in their will and we benefitted from a legacy earlier this year believed to be in excess of £400,000 from one of our past pupils. We are indebted to the generosity of our benefactors, many of whom benefitted from a free King Edward's education and are committed to helping others to do the same.

We are thankful to the trustees of The EPA Cephalosporin Fund (EPA) for their ongoing support with the latest award of £500,000 over 5 years to 2023 towards the endowment of our bursary support together with an additional £100,000 for laboratory refurbishment. Maintaining exceptional science facilities is an important requirement to preserve the ongoing support from the EPA.

We view a socially diverse student population as a key component of a full and balanced education. The availability of bursaries is advertised locally and in line with the objectives of the School. The focus of the advertising reflects the fact that we wish to make low income families aware that a King Edward's education can be accessible to those who cannot afford the fees. It also seeks to inform those involved in the current education of potential students who may be better placed to assess the benefit to the individual child thus encouraging families to look into the opportunities available for their child. Further details of our bursary policy and how to apply are available on our website.

Increased bursary provision

Following on from the significant increase in the number and quality of bursary candidates who joined in September 2010, means-tested support in the 9 years since has risen from £495,680 to £948,339 including the Preparatory School. This represents an increase in excess of 90% over the period. We will continue to seek additional bursary funding to expand awards to younger students, the first means-tested bursary awards being introduced into Stroud School in January 2017, with £95,153 awarded since that date.

The success of our bursary scheme is explained in the 'REVIEW OF ACTIVITIES AND ACHIEVEMENTS' section of the Trustees' Report above. Details of bursary awards are also set out in Notes 21, 22 and 23 to the Accounts.

OTHER POLICIES ON ASSISTANCE

Financial planning policy

Timely financial planning is often the key for many parents who are hoping to send their children to King Edward's or Stroud. The Governors are aware of the many competitive products available from specialist third parties to finance school fees through monthly payments or other payment terms tailored to the fee payer. In the light of this and the strict financial regulations governing credit agreements, the Schools do not offer comparable products to new entrants.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

In the event of financial hardship, such as redundancy, individual discussions may take place to consider varying the standard payment terms where this will assist the fee payer to overcome temporary financial difficulties; any agreed variation being in accordance with the relevant regulations.

Family discounts policy

Sibling discounts are awarded in both Schools without recourse to means testing. The Governors are aware that continuity is important for families, and currently believe that some recognition of the increased likelihood of financial difficulty in meeting the fees of more than one child is warranted. The policy for new entrants remains under ongoing review in the light of increasing pressures on bursary funding.

PROMOTING HIGH ACADEMIC STANDARDS

Scholarship policy

The purpose of our scholarship awards is to recognise and encourage exceptional ability. The creation of the role of Co-ordinator of the Very Able in 2008, tangibly demonstrates our commitment to academic excellence, maximising the potential of all students including the most academically able. Awards may be subject to conditions imposed by the original donor.

Academic scholarships are awarded on the results of the Admissions Examination, taking into account the recommendations of Head Teachers. Awards made when progressing within the School are based on nominations by teaching staff and a shortlist is drawn up for consideration by the Academic Board.

Sports and Creative Arts scholarships in Music, Art and Drama are also available. The successful candidates are expected, during the tenure of their award, to make an important and continuing contribution to Sport or the Creative Arts at the School.

Scholarships are awarded with a fixed remission of fees of between 5% and 25%. The level of remission awarded to a scholarship student has been reduced in recent years. Awards above 10% are only available in the Sixth Form and have been predominantly funded by historic donations given by external bodies for that purpose. Where further assistance is required, scholarship awards may be supplemented by a means-tested bursary. We advertise the availability of scholarship awards and further details of our scholarship policy are available on our website.

Stroud School also makes awards using the Senior School studentship criteria to Years 7 and 8 and these have become means tested from 1 September 2015 in accordance with Charity Commission guidance and in the current year total £1,682 (£7,398).

Assistance for our staff

As part of our emphasis on attracting and retaining high-calibre staff, we offer a discount scheme where staff members choose to educate their children at either School.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is governed by its Articles of Association, which were revised on 12 December 2018.

Governing Body

The Governors (who are also directors of the company for the purpose of the Companies Act 2006) of King Edward VI School Southampton during the year are disclosed in the Legal and Administrative Information pages of the Annual Report.

Nominative Governors are appointed in accordance with the practice of the appointing body. The name of each person appointed is notified to the Clerk to the Governors. Nominative Governors hold office for up to five years and can be re-appointed by the Governing Body.

Co-optative Governors are appointed by the Governing Body and hold office for up to three years and can be re-appointed by the Governing Body.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

The Chair and Vice-Chair are elected to their respective posts annually by the Governing Body.

The Governors' Committees are as follows:

Stroud:

Chair of Governors, Mr A J Morgan
Chair of the E&W Committee, Mrs M L Chant
Mrs C G Musker (Chair)
Dr Y Binge
Mr B E Gay
Mrs S J Mancey
Mr W A Oscroft
Mrs W P Swinn
Mrs J L Wadsworth

Education and Welfare (E&W):

Chair of Governors, Mr A J Morgan
Mrs M L Chant (Chair)
Dr Y Binge
Dr R B Buchanan
Miss P S Kirk
Dr J E Mitchell
Mrs C G Musker
Mrs H V L Nicholson
Mr R W Page
Dr A L Thomas

Development:

Chair of Governors, Mr A J Morgan (Chair)
Chair of the BG&S Committee, Mr I Rudland
Chair of the E&W Committee, Mrs M L Chant
Chair of the Finance Committee, Mr J J Gray
Chair of the Stroud Committee, Mrs C G Musker
Mr M H Mayes

Salaries:

Chair of Governors, Mr A J Morgan (Chair)
Chair of the BG&S Committee, Mr I Rudland
Chair of E&W Committee, Mrs M L Chant
Chair of Finance Committee, Mr J J Gray
Chair of the Stroud Committee, Mrs C G Musker
Mr B E Gay

Buildings, Grounds and Sports (BG&S):

Chair of Governors, Mr A J Morgan
Vice-Chair of Governors, Mr I Rudland (Chair)
Mr N Challis
Ms A M Holden
Mr J W J Mist
Miss J C May

Finance:

Chair of Governors, Mr A J Morgan
Chair of the BG&S Committee, Mr I Rudland
Chair of the E&W Committee, Mrs M L Chant
Chair of the Stroud Committee, Mrs C G Musker
Mr J J Gray (Chair)
Mr B E Gay
Mr M H Mayes

Membership:

Chair of Governors, Mr A J Morgan (Chair)
Chair of the BG&S Committee, Mr I Rudland
Chair of the E&W Committee, Mrs M L Chant
Chair of the Finance Committee, Mr J J Gray
Chair of the Stroud Committee, Mrs C G Musker
Mr B E Gay

Following the retirement of Mr P Brazier from the Board on 31 August 2019, Mr I Rudland took over the role of Vice-Chair and Health and Safety Governor on 1 September 2019, continuing his role as the Chair of the Buildings, Grounds and Sports Committee. Mr Brazier has been awarded a Fellowship to recognise his distinguished service to the Schools over many years. In order to maintain a high level of expertise in overseeing our capital expenditure programme, Mr N Challis and Ms A Holden were appointed on 2 April 2019 and 1 September 2019 respectively. Mr Challis is a senior structural engineer at Andrew Waring Associates, based in Romsey. Ms Holden is a locally based facilities manager for a major international management consultancy firm.

Councillor R Perry, Leader of Hampshire County Council, stepped down from the Board on 4 February 2019 following his 75th birthday. The new Leader, Councillor K Mans, joined the Board on 11 December 2019.

Following the retirement of Mr B Richards from the Board on 31 August 2019, Mrs C Musker was elected as Chair of the Stroud Committee on 1 September 2019, stepping down as a member of the Education and Welfare Committee. Her specialist HR knowledge and experience has proved timely in leading the recruitment of a new Head at Stroud School for September 2020 following Mr Worrall's appointment to a new overseas role closer to his extended family in New Zealand. We are particularly grateful for the dedicated work of Mr Worrall and Mr Richards since 2012.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Miss P Kirk was appointed to the Board on 3 January 2019 bringing a wealth of preparatory school experience. She was Head of Portsmouth High Junior School for nine years and was Headmistress at Prince's Mead in Winchester until 2018.

Mr W Oscroft was appointed on 22 January 2019. He is an experienced international marketing and communications Director with first-hand knowledge of the upper school at Stroud as a parent of a former Stroud Head Boy. Mr Oscroft has most recently spent 8 years managing a marketing team of 30 across the UK, Dubai and China.

Mr Reid stepped down on 15 October 2018 following his retirement as Head of Ballard School and subsequent relocation out of the area.

The Board reviewed the terms of reference for all Committees on 8 December 2018 and agreed revisions to the terms of the Finance, Stroud, Membership and Salaries sub-committees. The Board has continued its proactive focus on strategic long-term governance matters, including skill mix and succession planning, having established a Membership Committee in July 2015 for that purpose. This review included a revision to the Articles in December 2018.

Governance remains strong and the Governing Body is well placed to provide wise leadership to meet the unique mix of challenges that will face the sector over the medium term. The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Governor recruitment and training

The Governing Body requires breadth and depth of experience to carry out its duties effectively and efficiently. New Governors are appointed by the existing Board of Governors. When recruiting new Governors, the important attribute is a passion for the work of our Schools and an understanding of education as a holistic and rounded experience of personal growth. We invite individuals to consider joining our Board where they possess these qualities and add to the breadth and quality of the existing perspectives, experience and expertise. Where possible, the Governors consider that the skills and experience of the Board should comprise the following:

A Governor with a legal background.

A Governor with a financial/accounting background.

A Governor with senior managerial or business experience.

A Governor with experience of equal opportunities or disability needs.

Governors with education experience across the age range 3 to 18 and in higher education.

At least five female and five male Governors.

One Governor may have one or more of these skills. The Governors are proactively seeking a senior school Head to replace Mr Reid who retired during 2018/2019 following relocation. Our Governors are a significant factor underpinning the exceptional record of success in recent years as recognised by the most recent ISI inspection.

New Governors are inducted into the workings of the Schools and Charity by other Governors, the Head and Clerk to the Governors and undertake external induction training as appropriate. As well as receiving regular training, the Governors remain actively involved in the Schools.

Department Heads give regular presentations directly to the Governors to aid their understanding of key aspects of the School. Since September 2018 this has included SEND provision, Early Years, the 'Forest School – Learning Outside the Classroom', the new senior school Library, Economics, English, Sport and Partnership links with local primary and secondary schools.

The full Board also received a presentation on 'Governors Responsibilities – a Practical Guide to Risk Free Good Governance of Independent Schools' from the Association of Governing Bodies of Independent Schools (AGBIS) in April 2018 as part of our ongoing commitment to ensure the highest governance standards. During the year we have also arranged training courses in specific areas of interest for individual Governors organised by AGBIS and other leading providers to the sector. Governors are also provided with appropriate training materials including general guidance such as the Charity Governance Code in addition to the AGBIS guidelines for Governors. Particular care is taken to induct new Governors and we encourage all Governors to attend third-party training courses as part of their continuing professional development.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

The Governors' intranet provides online support and has been updated to facilitate easier secure Governor access to relevant supporting documentation. This is an important source of training materials in addition to ensuring that all Governors receive timely information on governance issues affecting the Schools. Email updates on key issues and training opportunities are also circulated to all Governors on a regular basis.

In July 2012 AGBIS conducted an external governance review and presented their findings to the Board, concluding that the Governors had a good overview of school life and were extremely well briefed from the documentation that had been reviewed, which struck the right balance between summaries of key points and access to detail, as required. The papers showed that there was good debate on the important matters. A governance self-review is conducted annually in the Autumn Term and the 2019 summary will be discussed by the Board. The skills audit highlights the core competencies pertinent to running preparatory and senior day schools in a charity context. "Away days" take place as required, the most recent being on 14 May 2019 to specifically review integration from Early Years through to Key Stage 4.

Governance is a dynamic process and the most recent ISI Inspector's judgement that governance is "excellent" with "outstanding" financial guidance is not taken for granted. Proactively maintaining the Schools' strong governance is a key factor in the success of the Charity in delivering its aims. This is clearly evidenced in the latest strategic review by the Chair of Governors ensuring the continued effective governance of the Schools. An external review of our governance is scheduled to take place during the 2019/2020 academic year as part of our ongoing monitoring processes.

Organisational management

The Governors determine the general policy of the Schools. The Heads undertake the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day-to-day administration is undertaken within the policies and procedures approved by the Governors, which provide for only significant expenditure decisions and major capital projects to be referred to the Governors for prior approval. The Heads oversee the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching staff.

The Governors meet as a Board at least three times a year to determine the general policy of the Charity and review its overall management and control, for which they are legally responsible. The work of implementing the Board's policies is carried out by the relevant sub-committees, meeting three times a year and reporting to the Board. These regular meetings are attended by senior management. Detailed written reports are presented, together with verbal briefings on all governance items. Minutes set out agreed actions to be taken and are kept under review.

Clear policies are in place and the implementation of agreed objectives is monitored. The day-to-day running of the Schools is delegated to the Heads and the Bursar, supported by other teaching members of the senior management team. The Heads and Bursar are invited to attend all meetings of the Governing Body and all sub-committee meetings.

The Bursar, who is also the Clerk to the Governors and Company Secretary, is responsible for co-ordinating the work of the Governors and their committees, preparation of papers and management accounts and the review of matters arising.

The Governors commit to exercise their role in accordance with the seven principles outlined in the Charity Governance Code being part of their induction process.

- Organisational purpose – the Governors are clear about the charity's aims and ensure that these are being delivered effectively and sustainably. The actions of the executive are regularly monitored as to their impact on the achievement of the strategic aims.
- Leadership – the Governors accept collective responsibility, providing strategic leadership in line with the charity's aims and values. The Board ensures that those values are reflected in all of its work, seeking to lead by example.
- Integrity – the Governors act with integrity, in line with the values of the Schools. They are aware of the importance of the public's confidence in the running of the Schools for the public benefit and undertake their duties accordingly.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

- Decision-making, risk and control – the Governors make sure that its decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored. The Board's main focus is on strategy, performance and assurance. Its oversight of operational matters seeks to be supportive, encouraging effective innovative solutions within the agreed strategic framework.
- Board effectiveness – the Governing Body work as an effective team. The number of Governors currently on the Board is above average for similar organisations and reflects a proactive approach to ensure an appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions during a period when a number of very experienced Governors are expected to retire. The Chair is active in ensuring a collective approach to strategic decision making, arranging additional meetings of the Board to allow sufficient time for full discussion to take place on key items.

Whilst the Code provides guidance that trustees should not continue beyond 9 years of service without good reason the Board believe that maintaining a diverse, experienced and skilled Governing Body takes precedence. The number of Governors with a longer period of service is kept under review and is expected to reduce over the next few years. This approach has been instrumental in maintaining our strong performance during a period of change in the senior leadership of the Schools and Governing Body.

- Diversity – the Governors' approach to diversity supports its effectiveness, leadership and decision-making. The mix of perspectives, in addition to skills and experience, reflects that of its stakeholders and wider community.
- Openness and accountability – the Governors lead the organisation in being transparent and accountable. The Board and senior leadership team are open in their work. Minutes of senior leadership meetings are circulated to all staff and teaching and non-teaching staff members are elected by staff to attend Governors' sub-committee meetings. The Governors visit the School Council and PTA, welcoming the involvement of parents, pupils and staff to promote a greater understanding of the governance of the Schools.

These principles, together with safeguarding, underpin the actions of Governors, ensuring they act in the best interests of the Charity, within its Objects and the powers set out in its Articles. They seek to exercise reasonable skill and care to achieve the strategic aims.

All Governors, as trustees give of their time freely and no remuneration was paid in the year. Expenses legitimately incurred on School business paid to Governors in the year totalled £486 (£623). No Governor or person connected with a Governor received any benefit from either means-tested bursaries or scholarships awarded to our students.

The pay of the senior management team across both Schools is set by the Chair of Governors in consultation with senior Governors including the Chair of the Finance Committee and Vice-Chair of Governors. Regular sector benchmarking is undertaken on a 3-yearly cycle and discussed at the Finance Committee, the last discussion being in March 2017. A separate non-teaching staff pay benchmarking review was also completed in 2017/2018, and a new teaching scale was agreed for the Preparatory School.

Organisational structure and relationships

King Edward's is an active member of ISC, ISBA, Solent and Trinity Groups for the promotion and maintenance of school standards generally. After 17 years of outstanding service, Mr Julian Thould retired as Senior School Head. His successor, Mr Neal Parker was appointed to commence in September 2019. The handover period from July 2018 throughout this year has been hugely beneficial in ensuring continuity in all key areas of the Senior School. External recruitment consultants are used to assist with the recruitment of Heads and an appropriate panel of not less than four members from the governing body conduct a three stage process. The final interview for the Senior School Head took place in front of the full Governing Body, with all Governors involved in the final selection process. The selection panel for all other senior leadership appointments will include the Head and at least one Governor depending on the role.

The Head of King Edward's is a member of the Headmasters' and Headmistresses' Conference, which provides the opportunity to share expertise, knowledge and experience across the independent school sector. The Conference also facilitates appropriate sector representation to government and regulators. The Head at Stroud School is a member of the Independent Association of Prep Schools (IAPS) and ensures he keeps abreast of all matters relevant to the Preparatory School. He reports to the Senior School Head.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Risks and risk management

The Governors are responsible for the overseeing of the risks faced by the Schools. The detailed consideration of risk is delegated to the senior management of the Schools. Risks are identified, assessed and controls established throughout the year. A formal review of the Charity's risks and risk management processes is undertaken annually and in compliance with the Charity Commission risk management guidance (CC26) and with regard to their February 2016 risk framework document. Risk is managed by reviewing in excess of 90 specific factors under the broad headings of governance, operational, financial, environmental, external, compliance and legal.

Political uncertainty and the potentially adverse impact on our Schools has significantly increased as a risk factor. The Governors acknowledge that a decade of austerity has made the political climate increasingly difficult for the sector as reflected in a recent Labour party conference pledge to 'abolish' independent schools altogether. The Governors do not consider the sequestration of its assets to be a credible risk to the Charity requiring action at this juncture.

The cost of defined benefit staff pensions and the risk that they could compromise the financial viability of the Charity have increased significantly. During the year, the Governors established a working party, the Pensions Working Group, to consider the implications of the recent changes to the Teachers' Pension Scheme. The unexpected 43% increase in employer TPS contributions from September 2019 has increased the annual operating costs across both Schools by over £550,000. The threat of losing business rates relief and the potential imposition of VAT could have serious implications for the potential size of both Schools in the short to medium term. Affordability remains an issue for our parents, many of whom work in the public sector. The Governors continue to keep these risks to the Charity under close review.

The referendum vote in June 2016 to leave the European Union has also created significant economic uncertainty for our parents. The impact on the London financial services sector and other jobs in the capital is as yet unknown. The Governors recognise the uncertainties, which will become clearer as we move towards 2020, and have responded by maintaining our current reserve policies reinforcing our commitment to strong financial resilience. The ongoing impact on parents is being monitored, as is the impact on staffing and key supplies.

It is also recognised that the inability to recruit and retain high-calibre staff, particularly teachers, continues to be a key risk to such a people-dependent organisation and greater focus and resource has been placed on this area including staff training. Coupled with this we have seen the continued growth of regulatory requirements increasing the risk of compliance failure. Specific Governor training, covering their responsibilities on compliance took place in July 2019 as a triennial refresher. Training on 'Governors Responsibilities – a Practical Guide to Risk Free Good Governance of Independent Schools' took place in April 2018.

There are specific external risks for all educational organisations with sixth form students both in terms of ongoing poor external exam marking, which continues to risk students losing their higher education places, but also changes to the AS and A2 level curriculum with associated increases in costs during the transition. As state sixth form colleges also face onerous financial restrictions the cost pressures may also represent an opportunity to differentiate our offer further, thereby increasing our added value to students. The external exam results in August 2019 continue to be exceptional as detailed under the "Review of Activities and Achievements: academic" section above.

Transporting pupils in and out of Southampton in a cost effective and timely manner continues to be difficult. The Governors are keeping a watching brief on plans to introduce local congestion zones and the general pressure of affordability on both transport providers and parents. A strategic review of our transport system has resulted in a commitment from our contractors that all bus and coach pupil transport will adopt a single live tracking system and be Euro 6 compliant by Easter 2020. Routes will also be regularly reviewed to manage predictable roadwork delays. These changes will improve the experience and convenience for pupils and parents whilst significantly reducing our carbon footprint. The Schools are also working very hard to avoid above inflation cost increases for our parents.

The Governors are also mindful of the long-term strategic benefits of taking opportunities for integration with other educational establishments that will add value to the educational experience of our students. This is managed through main Governors meetings, strategic away days and the Development sub-committee which meets as required.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Through the risk management processes established for the Schools, the Governors are satisfied that the major risks identified have been addressed and mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed, particularly in a post-Brexit world. The Governors believe that both Schools are well placed to meet future challenges in continuing to excel in the delivery of the Charity's aims.

Governors' responsibilities for the financial statements

The Governors (who are also directors of King Edward VI School Southampton for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Governors are required to:

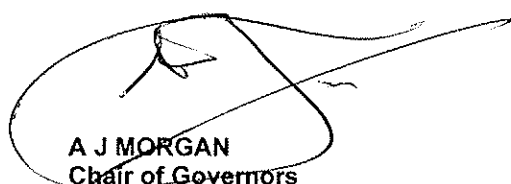
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

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

The above Strategic Report and Trustees' Report are approved by the Board on 11 December 2019 and signed on its behalf



A J MORGAN
Chair of Governors

KING EDWARD VI SCHOOL SOUTHAMPTON

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the financial statements of King Edward VI School Southampton (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2019, 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Report of the Governors, 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.

KING EDWARD VI SCHOOL SOUTHAMPTON

INDEPENDENT AUDITOR'S REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Governors 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 Report of the Governors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

As explained more fully in the governors' responsibilities statement set out on page 30, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

KING EDWARD VI SCHOOL SOUTHAMPTON

INDEPENDENT AUDITOR'S REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

This report is made solely to the company's Governors, 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 Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's Governors as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Paul Meacher FCA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited

Chartered Accountants
Registered Auditors

20 January 2020

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

KING EDWARD VI SCHOOL SOUTHAMPTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds			Restricted funds	Endowed funds	Total funds 2019	Total funds 2018
		Revenue fund	Capital reserve	Other designated funds				
		£	£	£	£	£	£	£
INCOMING RESOURCES								
Income from donations and legacies	6	-	-	-	541,420	-	541,420	6,126
Income from charitable activities:								
Fees		19,440,416	-	-	-	-	19,440,416	18,914,794
Additional school activities	4(a)	78,353	-	-	-	-	78,353	51,950
Catering income		638,547	-	-	-	-	638,547	622,290
Bus income		781,665	-	-	-	-	781,665	764,432
Other school income	5	241,154	-	-	-	-	241,154	150,781
Income from other trading activities:								
Self-financing activities		-	-	-	728,180	-	728,180	820,331
Income from property and ancillary activities		92,901	-	8,497	-	-	101,398	57,949
Investment income:								
Bank and other interest		-	-	-	43,150	-	43,150	40,130
Investment income		14,431	-	5,753	96,421	-	116,605	135,421
Total incoming resources		21,287,467	-	14,250	680,991	-	22,710,888	21,564,204
RESOURCES EXPENDED								
Expenditure on raising funds:								
Fund raising for voluntary income		141,114	-	-	-	-	141,114	124,955
Self-financing activities		-	-	-	678,770	-	678,770	831,121
Charitable activities								
School operating costs		17,515,078	-	-	-	-	17,515,078	16,740,427
Bus costs		765,139	-	-	-	-	765,139	773,459
Scholarships, bursaries and prizes		-	-	799,749	-	-	995,575	891,894
Ancillary activities' costs	4(b)	426,179	-	-	195,826	-	426,179	427,604
Other resources expended								
Taxation of subsidiary	11	-	-	-	-	-	-	-
Total resources expended	12	18,847,510	-	799,749	195,826	-	20,521,855	19,789,460

KING EDWARD VI SCHOOL SOUTHAMPTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds			Restricted funds	Endowed funds	Total funds 2019	Total funds 2018
		Revenue fund	Capital reserve	Other designated funds	Self-financing activities			
		£	£	£	£	£	£	£
Net incoming/(outgoing) resources before transfers		2,439,957	-	(785,499)	49,410	-	2,189,033	1,774,744
Transfers between funds	13	(2,408,094)	1,569,988	765,506	-	-	-	-
Net incoming/(outgoing) resources before other recognised gains/(losses)		31,863	1,569,988	(19,993)	49,410	-	2,189,033	1,774,744
Realised gains/(losses) on disposal of investment assets		-	-	(9,006)	-	(84,729)	(112,860)	-
Net income/(expenditure) for the year		31,863	1,569,988	(28,999)	49,410	(84,729)	2,076,173	1,774,744
Actuarial gains/(losses) on defined benefit pension schemes		(1,266,000)	-	-	-	-	(1,266,000)	841,000
Unrealised gains/(losses) on investment assets		-	-	32,031	-	50,964	102,645	(64,016)
Net movement in funds for the year		(1,234,137)	1,569,988	3,032	49,410	(33,765)	912,818	2,551,728
Balances at 1 September 2018		4,939,282	23,022,488	609,089	23,090	2,790,990	33,984,262	31,432,534
Balances at 31 August 2019		3,705,145	24,592,476	612,121	72,500	2,757,225	34,897,080	33,984,262

All operations are continuing operations.

**KING EDWARD VI SCHOOL SOUTHAMPTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds			Restricted funds	Endowed funds	Total funds 2018
		Revenue fund	Capital reserve	Other designated funds			
		£	£	£	£	£	£
INCOMING RESOURCES							
Income from donations and legacies	6	-	-	-	6,126	-	6,126
Income from charitable activities:							
Fees	4(a)	18,914,794	-	-	-	-	18,914,794
Additional school activities		51,950	-	-	-	-	51,950
Catering income		622,290	-	-	-	-	622,290
Bus income		764,432	-	-	-	-	764,432
Other school income	5	150,781	-	-	-	-	150,781
Income from other trading activities:							
Self-financing activities		-	-	820,331	-	-	820,331
Income from property and ancillary activities		53,406	-	3,600	943	-	57,949
Investment income:							
Bank and other interest		(2,303)	-	-	42,433	-	40,130
Investment income		-	-	7,300	128,121	-	135,421
Total incoming resources		20,555,350	-	10,900	177,623	-	21,564,204
RESOURCES EXPENDED							
Expenditure on raising funds:							
Fund raising for voluntary income		124,955	-	-	-	-	124,955
Self-financing activities		-	-	831,121	-	-	831,121
Charitable activities							
School operating costs		16,740,427	-	-	-	-	16,740,427
Bus costs		773,459	-	-	-	-	773,459
Scholarships, bursaries and prizes		-	-	704,152	187,742	-	891,894
Ancillary activities' costs	4(b)	427,604	-	-	-	-	427,604
Other resources expended							
Taxation of subsidiary	11	-	-	-	-	-	-
Total resources expended	12	18,066,445	-	704,152	187,742	-	19,789,460

KING EDWARD VI SCHOOL SOUTHAMPTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds			Restricted funds	Endowed funds	Total funds 2018
		Revenue fund	Capital reserve	Other designated funds	Self-financing activities		
		£	£	£	£	£	£
Net incoming/(outgoing) resources before transfers		2,488,905	-	(693,252)	(10,790)	-	1,774,744
Transfers between funds	13	(2,463,303)	1,717,474	683,505	-	-	-
Net incoming/(outgoing) resources before other recognised gains/(losses)		25,602	1,717,474	(9,747)	(10,790)	-	1,774,744
Realised gains/(losses) on disposal of investment assets		-	-	-	-	-	-
Net income/(expenditure) for the year		25,602	1,717,474	(9,747)	(10,790)	-	1,774,744
Actuarial gains/(losses) on defined benefit pension schemes		841,000	-	-	-	-	841,000
Unrealised gains/(losses) on investment assets		(1,660)	-	(1,141)	-	(61,215)	(64,016)
Net movement in funds for the year		864,942	1,717,474	(10,888)	(10,790)	(61,215)	2,551,728
Balances at 1 September 2017		4,074,340	21,305,014	619,977	33,880	2,852,205	31,432,534
Balances at 31 August 2018		4,939,282	23,022,488	609,089	23,090	2,790,990	33,984,262

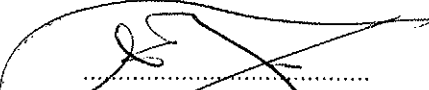
All operations are continuing operations.

KING EDWARD VI SCHOOL SOUTHAMPTON CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019	2018
		£	£
Fixed assets			
Tangible assets	14	28,852,920	28,226,197
Investments	15	7,530,019	3,135,858
		<u>36,382,939</u>	<u>31,362,055</u>
Current Assets			
Debtors	16	869,552	401,101
Cash at bank and in hand		3,352,221	6,220,058
		<u>4,221,773</u>	<u>6,621,159</u>
Creditors: amounts falling due within one year	17	<u>(1,821,437)</u>	<u>(1,227,319)</u>
Net current assets		<u>2,400,336</u>	<u>5,393,840</u>
Total assets less current liabilities		<u>38,783,275</u>	<u>36,755,895</u>
Creditors: amounts falling due after more than one year	18	(214,695)	(223,723)
Self-financing activities' net assets		72,500	23,090
Defined benefit pension scheme liability	25	(3,744,000)	(2,571,000)
Net assets		<u>34,897,080</u>	<u>33,984,262</u>
Funds			
Endowed funds	21	2,757,225	2,790,990
Restricted funds	22	3,157,613	2,599,323
Designated funds	23	25,277,097	23,654,667
Revenue fund:	24		
Revaluation reserve		263,258	263,258
Other funds		3,441,887	4,676,024
		<u>3,705,145</u>	<u>4,939,282</u>
		<u>34,897,080</u>	<u>33,984,262</u>

The financial statements were approved by the Governors on 11/12/19


A J Morgan
Chair of Governors

Company registration no.: 4238902

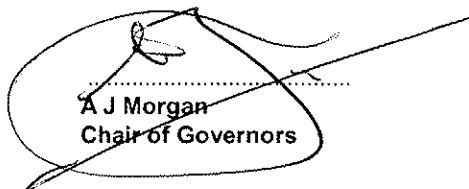
KING EDWARD VI SCHOOL SOUTHAMPTON

BALANCE SHEET - PARENT ONLY

AS AT 31 AUGUST 2019

	Notes	2019	2018
		£	£
Fixed assets			
Tangible assets	14	21,706,804	21,142,104
Investments	15	10,018,567	5,624,406
		<u>31,725,371</u>	<u>26,766,510</u>
Current Assets			
Debtors	16	4,846,863	4,189,147
Cash at bank and in hand		3,250,317	6,134,141
		<u>8,097,180</u>	<u>10,323,288</u>
Creditors: amounts falling due within one year	17	<u>(1,233,331)</u>	<u>(719,642)</u>
Net current assets		<u>6,863,849</u>	<u>9,603,646</u>
Total assets less current liabilities		<u>38,589,220</u>	<u>36,370,156</u>
Creditors: amounts falling due after more than one year	18	<u>(160,508)</u>	<u>(163,784)</u>
Self-financing activities' net assets		<u>72,500</u>	<u>23,090</u>
Defined benefit pension scheme liability	25	(3,744,000)	(2,571,000)
Net assets		<u><u>34,757,212</u></u>	<u><u>33,658,462</u></u>
Funds			
Endowed funds	21	2,757,225	2,790,990
Restricted funds	22	3,157,613	2,599,323
Designated funds	23	25,277,097	23,654,667
Revenue fund	24	3,565,277	4,613,482
		<u><u>34,757,212</u></u>	<u><u>33,658,462</u></u>

The financial statements were approved by the Governors on11/12/19.....


A J Morgan
Chair of Governors

Company registration no.: 4238902

KING EDWARD VI SCHOOL SOUTHAMPTON

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

	2019		2018	
	£	£	£	£
Cash used in operating activities		3,542,481		2,728,307
Cash flows from investing activities				
Investment income	159,755		175,551	
Interest paid	-		-	
Payments to acquire fixed asset investments	(7,427,374)		-	
Proceeds from sale of fixed asset investments	3,022,998		-	
Payments to acquire tangible fixed assets	(2,171,530)		(2,529,865)	
Receipts from sale of tangible fixed assets	5,833		125	
Cash provided by/(used in) investing activities		(6,410,318)		(2,354,189)
Cash flows from financing activities				
Repayment of bank loans	-		-	
Cash used in financing activities		-		-
(Decrease) / Increase in cash in the year		(2,867,837)		374,118
Cash and cash equivalents at the beginning of the reporting period		6,220,058		5,845,940
Cash and cash equivalents at the end of the reporting period		3,352,221		6,220,058
Reconciliation of net income/(expenditure) to net cash flow from operating activities:				
Net income/(expenditure) for the reporting period	912,818		2,551,728	
Adjustments for:				
Depreciation charges	1,544,807		1,501,666	
Profit/loss on disposal of fixed assets	(5,833)		(125)	
Unrealised (gains)/losses on investment assets	(102,645)		64,016	
Realised (gains)/losses on investment assets	112,860		-	
Investment income	(159,755)		(175,551)	
Interest paid	-		-	
(Increase)/decrease in debtors	(468,451)		(82,013)	
Increase/(decrease) in creditors	585,090		(436,204)	
Increase/(decrease) in defined benefit pension scheme liability	1,173,000		(706,000)	
Decrease/(increase) in self financing activities' net assets	(49,410)		10,790	
Net cash provided by operating activities		3,542,481		2,728,307

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting Policies

Charity information

King Edward VI School Southampton is a charitable company established under its Memorandum and Articles of Association and registered with the Charity Commission and Companies House in England and Wales. The principal address is Wilton Road, Southampton, Hampshire, SO15 5UQ. The charity is a public benefit entity.

1.1 Basis of preparation

The Financial Statements have been prepared under the historic cost convention, with the exception of certain fixed assets which are included at market value. The Financial Statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (SORP 2015) issued in July 2014, applicable UK accounting standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the Financial Statements are set out below.

The Financial Statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts are rounded to the nearest £.

1.2 Basis of consolidation

These accounts incorporate the results of the Charity, King Edward VI School Southampton, and its subsidiary companies, Stroud School Limited and KES Bookings Limited, on a line for line basis. The results of subsidiaries sold or acquired are included in the statement of financial activities up to or from the date control passes. All intra group transactions have been eliminated on consolidation.

1.3 Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

1.4 Fees and similar income

Fees received and receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees are stated after deducting allowances, scholarships and other remissions granted by King Edward's and Stroud, but include contributions received from Restricted and Designated Funds for scholarships, bursaries and other grants. Amounts invoiced in advance are deferred and carried forward within creditors, whilst amounts due but not yet received in the year are shown within debtors.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting Policies (continued)

1.5 Investments and investment income

Equity investments and government stocks are valued at market value at the balance sheet date. Gains or losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

Investments in subsidiary undertakings are stated at cost in the parent company's financial statements.

Investment income from listed investments is accounted for when received. Interest on deposits is accounted for on an accruals basis.

1.6 Donations

Donations received for the general purposes of King Edward's and Stroud are credited to the Revenue fund. Donations subject to specific wishes of the donors are carried to relevant restricted funds or to endowed funds where the amount is required to be held as permanent capital.

1.7 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities. The irrecoverable element of VAT is included with the item of expense to which it relates. Construction costs charged to King Edward's and Stroud that are capitalised are excluded from trading expenditure.

1.8 Fixed assets

Fixed assets of the parent company are included at valuation at 1 September 1979 or subsequent cost. Freehold land and buildings were valued by the Governors at that date for insurance purposes with the exception of land which was revalued at its estimated market value. The surplus arising on the valuation has been transferred to Capital Reserve.

The land and buildings of the subsidiary undertaking include assets shown at their fair value as at 21 May 2012.

Fully depreciated assets are written out of the financial statements at the end of their depreciation period.

Single items costing less than £1,000 are written off as an expense as acquired.

1.9 Depreciation

Depreciation is provided on all tangible fixed assets in use, other than freehold land and assets in the course of construction, at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected life as follows:

Freehold buildings	Over 50 years
General plant and equipment	Over 3 to 10 years
Furniture, fixtures and fittings	Over 3 to 10 years
Motor vehicles	Over 4 to 5 years
Computer and audio-visual equipment	Over 3 to 4 years
Sailing boats and equipment	Over 4 years
Portable computer equipment including laptops	Over 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively

KING EDWARD VI SCHOOL SOUTHAMPTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting Policies (continued)

1.9 Depreciation (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the Statement of Financial Activities.

1.10 Leasing

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

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts.

1.13 Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that is likely to 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.

1.14 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.15 Self-financing activities

Receipts collected and payments made by King Edward's and Stroud in connection with self-financing activities are accounted for in the Statement of Financial Activities as the schools ultimately retain any surplus or deficit arising. These balances are a reflection of the large number of activities and trips which the pupils undertake.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.17 Taxation

The subsidiary companies are subject to corporation tax but liability to tax can be relieved by way of a Gift Aid distribution to the parent charity.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting Policies (continued)

1.18 Pension schemes

King Edward's and Stroud participate in the superannuation scheme operated by the Department for Children, Schools and Families. This is a multi-employer defined benefit pension scheme. The pension liability is the responsibility of the fund. As a result it is not possible to identify the assets and liabilities of the scheme that are attributable to King Edward's and Stroud. Accordingly, under FRS 102, the scheme is accounted for as if it were a defined contribution scheme.

King Edward's is an admitted body to the superannuation scheme operated by the Hampshire County Council which is a multi-employer defined benefit pension scheme. The assets of the scheme are measured using closing market values. Liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period, the expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time, and actuarial gains and losses are all recognised in the Statement of Financial Activities.

All other pension arrangements are defined contribution schemes where the assets of the schemes are held separately from those of King Edward's and Stroud in independently administered funds. The pension cost charge represents contributions payable by King Edward's and Stroud to the funds.

1.19 Funds and reserves

The endowed funds represent donations to fund scholarships, bursaries, prizes and other awards from the income derived and which cannot be expended as revenue. The income from these funds, together with accumulated unspent income from prior years, is restricted.

Restricted funds are to be used for specific purposes as laid down by the donor.

The unrestricted funds can be used in accordance with the charitable objects at the discretion of the Governors and are held at a level considered practicable and achievable to cover the risks and uncertainties of operating as an independent educational establishment. Designated funds are set aside by the Governors out of unrestricted general funds for specific future projects.

2 Key estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Charity's accounting policies.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Defined benefit pension scheme liability

Provision is made for the deficit on the Hampshire County Council superannuation defined benefit pension scheme. The deficit is an estimate based on calculations and valuations made by independent actuaries.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

3 Subsidiary companies

The Charity has an interest in two wholly owned subsidiaries, Stroud School Limited (company no: 00616684), which provides education for 3 to 13 year olds and a trading subsidiary, KES Bookings Limited (KBL) (company no: 11043126). The results of these companies up to 31 August 2019 are included in the group financial statements as detailed below:

	£ Stroud	£ KBL
Turnover	4,552,575	79,006
Rent receivable	2,063	-
Interest receivable	571	-
Other operating income	43,864	-
Operating expenses	(4,359,871)	(43,145)
Interest payable	(54,372)	-
Net profit before taxation	184,830	35,861
Taxation credit	-	-
Net profit after taxation	184,830	35,861
Donation to parent charity	(403,385)	(3,239)
Retained profit/(loss) for the year	(218,555)	32,622

At 31 August 2019, the aggregate amount of net assets and reserves was as follows:

	£	£
Fixed assets	6,651,075	-
Current assets	192,415	76,578
Current liabilities	(4,696,785)	(35,717)
Liabilities due in more than one year	(54,187)	-
	2,092,518	40,861

Represented by:

	£	£
Share capital	5,945	5,000
Revaluation reserve	263,258	-
Other reserves	1,823,315	35,861
	2,092,518	40,861

KING EDWARD VI SCHOOL SOUTHAMPTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4 Fees

(a) Fees consists of:	2019	2018
	£	£
Gross fees	20,084,321	19,503,590
Less: total bursaries, grants and allowances	(1,629,182)	(1,467,272)
	<u>18,455,139</u>	<u>18,036,318</u>
Add back: scholarships, grants etc. paid from restricted and designated funds	985,277	878,476
	<u><u>19,440,416</u></u>	<u><u>18,914,794</u></u>

(b) The total grants, awards and prizes paid for by Trust Funds consist of:

	2019	2018
	£	£
Scholarships, grants etc. paid from restricted and designated funds	985,277	878,476
Prizes and leaving awards	10,298	13,418
	<u><u>995,575</u></u>	<u><u>891,894</u></u>

5 Other income

	2019	2018
	£	£
Insurance commission	19,729	22,937
Entrance and registration fees	19,045	20,735
Other school income	202,380	107,109
	<u><u>241,154</u></u>	<u><u>150,781</u></u>

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

6 Donations	2019	2018
	£	£
Restricted:		
EPA Cephalosporin Fund	100,000	-
KES Foundation	441,110	5,746
Other	310	380
Designated:		
Other	-	-
	541,420	6,126
7 Expenditure	2019	2018
	£	£
Total expenditure includes:		
Auditors' remuneration:		
- Fees payable for the audit of the parent and consolidated accounts	13,875	12,336
Fees payable to the charitable company's auditor for other services:		
- Audit of the charitable company's subsidiary	10,014	5,160
- Taxation compliance	2,016	660
- Advisory and other services	3,567	4,410
Operating lease rentals		
- Plant and machinery	27,138	14,659
- Land and buildings	5,000	
Governors' liability insurance	405	379
8 Employees	2019	2018
	£	£
Total staff costs:		
Wages and salaries	9,738,271	9,293,840
Social security costs	978,556	935,862
Pension contributions - defined contribution and multi-employer defined benefit schemes	1,207,913	1,148,574
Operating costs of defined benefit pension schemes	374,000	279,000
	12,298,740	11,657,276
Private medical insurance	24,998	21,885
	12,323,738	11,679,161

The average monthly number of employees in the year was:

	Total		Full time equivalents	
	2019	2018	2019	2018
	Number	Number	Number	Number
Teaching	226	220	173	166
Non-teaching	112	102	74	73
	338	322	247	239

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

8 Employees (continued)

	2019 Number	2018 Number
Full time	190	159
Part time	148	163
	<u>338</u>	<u>322</u>
	2019 Number	2018 Number
£60,001 - £70,000	9	9
£70,001 - £80,000	3	2
£80,001 - £90,000	2	2
£90,001 - £100,000	1	-
£100,001 - £110,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

There were 17 (2018 - 15) higher paid employees to whom retirement benefits were accruing under defined benefit pension schemes.

9 Key management remuneration

	2019 £	2018 £
The remuneration of key management personnel is as follows:	<u>634,692</u>	<u>631,091</u>

10 Governors

Neither the governors nor any other person connected with them received any remuneration. Four governors were reimbursed expenses of £486 (2018 - five governors, £623).

KING EDWARD VI SCHOOL SOUTHAMPTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11 Taxation	2019	2018
	£	£
Domestic current year tax		
U.K. corporation tax	-	-
Total current tax	-	-
Factors affecting the tax (credit)/charge for the year		
Profit/(loss) of subsidiary undertakings on ordinary activities before taxation	220,691	406,623
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018 - 19%)	41,931	77,258
Effects of:		
Change in unrecognised deferred tax	(19,252)	(26,639)
Permanent disallowable expenditure	424	-
Adjustments to previous periods	-	-
Depreciation on assets not qualifying for tax allowances	18,828	12,927
Gift Aid transfer to parent	(41,931)	(63,546)
	(41,931)	(77,258)
Current tax (credit)/charge for the year	-	-

Finance Act 2015 (No 2) was substantively enacted on the 26 October 2015 and reduced the main rate of corporation tax in the UK to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporate tax in the UK to 17% with effect from 1 April 2020.

All taxable profits of the subsidiary undertakings are donated to the parent charity by way of a gift aid transfer. Therefore, no tax charge arises.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

12 Analysis of total resources expended

	Staff costs 2019 £	Depreciation 2019 £	Other 2019 £	Total 2019 £
Charitable activities:				
Bus costs	-	-	765,139	765,139
Teaching costs	10,357,208	477,098	1,251,221	12,085,527
Welfare costs	112,303	24,070	1,091,292	1,227,665
School premises	472,671	942,683	1,035,673	2,451,027
Other premises	136,806	97,373	192,000	426,179
Support costs	1,244,750	3,583	446,569	1,694,902
Bursaries, grants, awards and prizes	-	-	995,575	995,575
	12,323,738	1,544,807	5,777,469	19,646,014
Governance costs	-	-	55,957	55,957
Costs of generating funds:				
Marketing and publicity	-	-	141,114	141,114
Self-financing activities	-	-	678,770	678,770
	-	-	819,884	819,884
Other resources expended:				
Taxation of subsidiary	-	-	-	-
Total resources expended	12,323,738	1,544,807	6,653,310	20,521,855
	Staff costs 2018 £	Depreciation 2018 £	Other 2018 £	Total 2018 £
Charitable activities:				
Bus costs	-	-	773,459	773,459
Teaching costs	9,863,532	450,240	1,182,203	11,495,975
Welfare costs	113,389	24,786	994,886	1,133,061
School premises	451,669	921,024	1,060,128	2,432,821
Other premises	140,189	97,633	189,782	427,604
Support costs	1,110,382	7,982	519,415	1,637,779
Bursaries, grants, awards and prizes	-	-	891,894	891,894
	11,679,161	1,501,665	5,611,767	18,792,593
Governance costs	-	-	40,791	40,791
Costs of generating funds:				
Marketing and publicity	-	-	124,955	124,955
Self-financing activities	-	-	831,121	831,121
	-	-	956,076	956,076
Other resources expended:				
Taxation of subsidiary	-	-	-	-
Total resources expended	11,679,161	1,501,665	6,608,634	19,789,460

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

13 Transfers	2019 £	2018 £
From Revenue fund to:		
Capital reserve	1,569,988	1,717,474
Bursary grants and allowances	765,506	683,505
Net transfers from Revenue fund	<u>2,335,494</u>	<u>2,400,979</u>
From designated to restricted funds:		
School contribution to bursaries paid from restricted funds	<u>72,600</u>	<u>62,324</u>

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets

Group:	Assets in the course of construction £	Freehold land and buildings £	Furniture and fittings £	Ground equipment £	Motor vehicles £	Computer and a-v equipment £	Sailing boats and equipment £	Total £
Cost or valuation								
At 1 September 2018	1,700,505	28,203,117	9,194,326	1,367,523	346,398	3,218,715	29,477	44,060,061
Additions	1,886,886	-	164,106	-	58,914	61,624	-	2,171,530
Reclassification	(2,460,143)	1,218,634	569,242	421,954	-	250,313	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 August 2019	1,127,248	29,421,751	9,927,674	1,789,477	405,312	3,530,652	29,477	46,231,591

Depreciation

At 1 September 2018	-	5,627,977	6,019,688	1,066,180	245,015	2,845,528	29,476	15,833,864
Charge for the year	-	469,220	586,763	185,516	46,625	256,683	-	1,544,807
Disposals	-	-	-	-	-	-	-	-
At 31 August 2019	-	6,097,197	6,606,451	1,251,696	291,640	3,102,211	29,476	17,378,671

Net book value at 31 August 2019	1,127,248	23,324,554	3,321,223	537,781	113,672	428,441	1	28,852,920
Net book value at 31 August 2018	1,700,505	22,575,140	3,174,638	301,343	101,383	373,187	1	28,226,197

Freehold land and buildings includes land at estimated market value on 1 September 1979 of £435,000. Buildings include assets valued by the Governors as at 1 September 1979 at £2,400,000 for insurance purposes. The assets of the subsidiary undertaking include a property valued at £325,000 in 1986, which had a historic cost of £61,742. The group has adopted transitional rules under FRS 102 not to update the valuation. No depreciation has been charged on land and buildings of £2,674,234 (2018 - £2,674,234).

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets (continued)

Parent:	Assets in the course of construction £	Freehold land and buildings £	Furniture and fittings £	Ground equipment £	Motor vehicles £	Computer and a-v equipment £	Sailing boats and equipment £	Total £
Cost or valuation								
At 1 September 2018	597,595	23,290,179	7,691,270	1,317,848	326,621	2,765,397	29,477	36,018,387
Additions	1,726,386	-	65,659	-	58,914	32,988	-	1,883,947
Reclassification	(1,335,067)	249,178	461,010	421,954	-	202,925	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 August 2019	988,914	23,539,357	8,217,939	1,739,802	385,535	3,001,310	29,477	37,902,334
Depreciation								
At 1 September 2018	-	5,569,428	5,741,947	848,254	225,238	2,461,940	29,476	14,876,283
Charge for the year	-	439,975	518,301	129,305	46,625	185,041	-	1,319,247
Disposals	-	-	-	-	-	-	-	-
At 31 August 2019	-	6,009,403	6,260,248	977,559	271,863	2,646,981	29,476	16,195,530
Net book value at 31 August 2019	988,914	17,529,954	1,957,691	762,243	113,672	354,329	1	21,706,804
Net book value at 31 August 2018	597,595	17,720,751	1,949,323	469,594	101,383	303,457	1	21,142,104

Freehold land and buildings includes land at estimated market value on 1 September 1979 of £435,000. Buildings include assets valued by the Governors as at 1 September 1979 at £2,400,000 for insurance purposes. Included within land and buildings is land of £1,384,234 (2018 - £1,384,234), which is not being depreciated.

KING EDWARD VI SCHOOL SOUTHAMPTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15 Investments

Group:

	Managed funds	Other listed investments	Shares in group undertakings	Total 2019	Total 2018
	£	£	£	£	£
Market value					
At 1 September 2018	3,087,478	48,380	-	3,135,858	3,199,874
Disposal	(3,087,478)	(48,380)	-	(3,135,858)	-
Additions	7,427,374	-	-	7,427,374	-
Change in market value	102,645	-	-	102,645	(64,016)
At 31 August 2019	7,530,019	-	-	7,530,019	3,135,858
Historical cost	7,427,374	-	-	7,427,374	2,251,644

Parent:

	Managed funds	Other listed investments	Shares in group undertakings	Total 2019	Total 2018
	£	£	£	£	£
Market value					
At 1 September 2018	3,087,478	48,380	2,488,548	5,624,406	5,683,422
Disposal	(3,087,478)	(48,380)	-	(3,135,858)	-
Additions	7,427,374	-	-	7,427,374	5,000
Change in market value	102,645	-	-	102,645	(64,016)
At 31 August 2019	7,530,019	-	2,488,548	10,018,567	5,624,406
Historical cost	7,427,374	-	2,488,548	9,915,922	4,740,192

Holdings of more than 20%

The charitable company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Principal activity	Class	Shares held %
Subsidiary undertakings				
Stroud School Limited	England & Wales	School	Ordinary	100
KES Bookings Limited	England & Wales	Facility hire	Ordinary	100

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

16 Debtors

	Group		Parent	
	2019	2018	2019	2018
	£	£	£	£
Fees	51,838	103,121	21,872	75,378
Other debtors	487,109	36,286	451,659	22,689
Amounts owed by group undertakings	-	-	4,144,396	3,896,364
Prepayments	330,495	260,656	228,826	193,678
Accrued interest receivable	110	1,038	110	1,038
	869,552	401,101	4,846,863	4,189,147

Amounts owed by group undertakings are unsecured and repayable on demand. The interest rate charged on the loan is 1.5%.

17 Creditors: amounts falling due within one year

	Group		Parent	
	2019	2018	2019	2018
	£	£	£	£
Amounts owing to suppliers	489,262	211,741	355,293	121,611
Fees in advance	725,682	688,938	371,498	362,831
Taxation and social security	157,782	8,878	156,542	8,233
Other creditors and accruals	448,711	317,762	349,998	226,967
	1,821,437	1,227,319	1,233,331	719,642
Debt due in one year or less	-	-	-	-

Fees in advance comprise the following:

	Group		Parent	
	2019	2018	2019	2018
	£	£	£	£
At 1 September 2018	688,938	794,326	362,831	395,834
Amount released to incoming resources	(688,938)	(794,326)	(362,831)	(395,834)
Amount deferred in the year	725,682	688,938	371,498	362,831
At 31 August 2019	725,682	688,938	371,498	362,831

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18 Creditors: amounts falling due after more than one year

	Group		Parent	
	2019	2018	2019	2018
	£	£	£	£
Other creditors	214,695	223,723	160,508	163,784
	<u>214,695</u>	<u>223,723</u>	<u>160,508</u>	<u>163,784</u>

Included in other creditors due after more than one year are the following balances which are due after more than five years:

	Group		Parent	
	2019	2018	2019	2018
	£	£	£	£
Returnable deposits	57,873	63,983	35,642	36,778
	<u>57,873</u>	<u>63,983</u>	<u>35,642</u>	<u>36,778</u>

19 Financial instruments

	Group		Parent	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,891,278	6,360,503	7,868,354	10,129,610
Equity instruments measured at fair value	7,530,019	3,135,858	7,530,019	3,135,858
Equity instruments measured at cost less impairment	-	-	2,488,548	2,488,548
	<u>-</u>	<u>-</u>	<u>2,488,548</u>	<u>2,488,548</u>
 Carrying amount of financial liabilities				
Measured at amortised cost	1,152,668	753,226	865,799	512,362
	<u>1,152,668</u>	<u>753,226</u>	<u>865,799</u>	<u>512,362</u>

KING EDWARD VI SCHOOL SOUTHAMPTON

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20 Allocation of net assets

Group:

	Fixed assets 2019 £	Investments 2019 £	Other net assets/ (liabilities) 2019 £	Total 2019 £
Endowed funds	-	2,757,225	-	2,757,225
Restricted funds	-	2,235,338	922,275	3,157,613
Unrestricted funds	28,852,920	2,537,456	(2,408,134)	28,982,242
	<u>28,852,920</u>	<u>7,530,019</u>	<u>(1,485,859)</u>	<u>34,897,080</u>

	Fixed assets 2018 £	Investments 2018 £	Other net assets/ (liabilities) 2018 £	Total 2018 £
Endowed funds	-	2,790,990	-	2,790,990
Restricted funds	-	-	2,599,322	2,599,322
Unrestricted funds	28,226,197	344,868	22,885	28,593,950
	<u>28,226,197</u>	<u>3,135,858</u>	<u>2,622,207</u>	<u>33,984,262</u>

Parent:

	Fixed assets 2019 £	Investments 2019 £	Other net assets/ (liabilities) 2019 £	Total 2019 £
Endowed funds	-	2,757,225	-	2,757,225
Restricted funds	-	2,235,338	922,275	3,157,613
Unrestricted funds	21,706,804	5,026,004	2,109,566	28,842,374
	<u>21,706,804</u>	<u>10,018,567</u>	<u>3,031,841</u>	<u>34,757,212</u>

	Fixed assets 2018 £	Investments 2018 £	Other net assets/ (liabilities) 2018 £	Total 2018 £
Endowed funds	-	2,790,990	-	2,790,990
Restricted funds	-	-	2,599,322	2,599,322
Unrestricted funds	21,142,104	2,833,416	4,292,630	28,268,150
	<u>21,142,104</u>	<u>5,624,406</u>	<u>6,891,952</u>	<u>33,658,462</u>

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21 Endowed funds

Group and parent	Scholarships & bursaries £	Prizes and other funds £	Total £
At 1 September 2018	2,770,182	20,808	2,790,990
Investment gains/(losses)	(33,765)	-	(33,765)
Resources expended	-	-	-
At 31 August 2019	<u>2,736,417</u>	<u>20,808</u>	<u>2,757,225</u>

These funds were set up by individual donors. Each fund is allocated its proportion of the investment income and bears its own expenses.

22 Restricted funds

Group and parent	KES Foundation £	Scholarships & bursaries £	Prizes and other funds £	Total £
At 1 September 2018	486,629	1,650,350	462,344	2,599,323
Incoming resources	455,015	209,602	16,374	680,991
Resources expended	-	(191,805)	(4,021)	(195,826)
Investment gains/(losses)	-	525	-	525
Transfers	-	72,600	-	72,600
At 31 August 2019	<u>941,644</u>	<u>1,741,272</u>	<u>474,697</u>	<u>3,157,613</u>

The King Edward VI School Foundation is a restricted income fund to provide additional fee support over the long term primarily from legacy funds. In accordance with the terms of the Foundation its administration costs are met by the School.

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23 Designated funds

Group and parent:	Foundation scholarships & bursaries	Capital reserve	Self- financing activities	Total
	£	£	£	£
At 1 September 2018	609,089	23,022,488	23,090	23,654,667
Incoming resources	14,250	-	728,180	742,430
Resources expended	(799,749)	-	(678,770)	(1,478,519)
Transfers in	765,506	1,569,988	-	2,335,494
Investment gains and losses	23,025	-	-	23,025
At 31 August 2019	612,121	24,592,476	72,500	25,277,097

Transfers into the Foundation Scholarships and Bursaries Fund represent 5.2% (2018 - 4.8%) of the previous year's fees which the Governors have voluntarily set aside for scholarships and bursaries.

Transfers into the Capital Reserve represent £219,988 (2018 - £217,474) in respect of fixed asset replacements and £1,350,000 (2018 - £1,500,000) in respect of the continuing development programme. This programme is reviewed on a regular basis to ensure ongoing total Capital Reserves are consistent with our updated ten-year strategic plan for the Schools

24 Revenue fund

	Group £	Parent £
At 1 September 2018	4,939,282	4,613,482
Net incoming resources	2,439,957	2,625,889
Net transfers	(2,408,094)	(2,408,094)
Actuarial gains/(losses) on defined benefit pension schemes	(1,266,000)	(1,266,000)
Investment gains/ (losses)	-	-
At 31 August 2019	3,705,145	3,565,277

25 Pension commitments

King Edward's is an admitted body to the superannuation scheme operated by the Hampshire County Council, and King Edward's and Stroud participate in the superannuation scheme operated by the Department for Children, Schools and Families. Both of these schemes are defined benefit pension schemes. The Schools also operate a number of defined contribution pension schemes.

The latest full actuarial valuations for the Hampshire County Council Superannuation Scheme and the Government's Teachers Pension Defined Benefits Scheme are as at 31 March 2016. Since this date, there has been a ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions. In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuations may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

25 Pension commitments (continued)

(a) Hampshire County Council Superannuation Scheme

The Local Government Pension Scheme Regulations require a full actuarial valuation every third year. This is to establish that the Hampshire Pension Fund can meet its liabilities to past and present contributors, and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed at 31 March 2016 by Aon Hewitt Limited. The valuation at 31 March 2016 showed that the Fund's financial position had improved since the previous valuation at 31 March 2013 in relation to benefits promised for membership before the valuation date. The value of the Fund's assets was sufficient to cover 80% of the value of the benefits earned to date (£6.453 billion) by the Fund's members (that is, an 80% funding level).

The actuarial valuation determined that as an admitted body the School's employer contribution rate would increase from 16.6% (plus £80,300) for the year commencing 1 April 2017 to 17.6% (plus £83,100) for the year ending 31 March 2019. Additionally, the Governors intend to make additional lump sum contributions towards the pooled fund assets to clear any deficit relating to retired scheme members' liabilities as soon as cashflow permits. An instalment of £300,000 was made in November 2018. Based on the March 2019 actuarial valuation no further instalments are considered necessary prior to the next valuation due in March 2022.

The following information is based upon the 2016 full actuarial valuation, updated to 31 August 2019 by a qualified independent actuary.

<i>Principal Actuarial Assumptions</i>	2019	2018
Discount rate	1.80%	2.80%
Rate of increase in salaries	3.60%	3.60%
RPI inflation	3.10%	3.20%
CPI inflation	2.10%	2.10%
Pension increases	2.10%	2.10%

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	2019	2018
Retiring today:		
Males	23.1	24.1
Females	25.8	27.2
Retiring in 20 years:		
Males	24.7	26.2
Females	27.6	29.4

The allocation of the group's share of the scheme's assets between categories was:

	2019	2018
Equities	60.20%	63.90%
Property	7.20%	6.90%
Government bonds	20.60%	22.90%
Corporate bonds	0.00%	1.20%
Cash	1.90%	2.30%
Other	10.10%	2.80%
	100.00%	100.00%

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25 Pension commitments (continued)

The return on plan assets is:	2019	2018
Interest income on assets	218,000	175,000
Gain/(loss) on assets	258,000	331,000
	<u>476,000</u>	<u>506,000</u>

The reconciliation of funded status to the balance sheet is:	2019	2018
Fair value of assets	8,307,000	7,548,000
Present value of funded defined benefit obligation	(12,051,000)	(10,119,000)
	<u>(3,744,000)</u>	<u>(2,571,000)</u>

The movement in fair value of assets is analysed as:	2019	2018
Opening fair value of assets	7,548,000	6,988,000
Interest income on assets	218,000	175,000
Remeasurement gains/(losses) on assets	258,000	331,000
Contributions by the employer	529,000	224,000
Contributions by participants	63,000	62,000
Net benefits paid out	(309,000)	(232,000)
	<u>8,307,000</u>	<u>7,548,000</u>

The movement in present value of funded defined benefit obligations is analysed as:

	2019	2018
Opening defined benefit obligation	10,119,000	10,265,000
Current service cost	247,000	279,000
Interest expense on defined benefit obligation	280,000	255,000
Contributions by participants	63,000	62,000
Actuarial (gains)/losses on liabilities	1,524,000	(510,000)
Net benefits paid out	(309,000)	(232,000)
Past service cost	127,000	-
	<u>12,051,000</u>	<u>10,119,000</u>

Amounts recognised in the Statement of Financial Activities are as follows:

	2019	2018
Employer service cost	374,000	279,000
Financing cost	62,000	80,000
	<u>436,000</u>	<u>359,000</u>
Amounts included in charitable activities expenditure	436,000	359,000
(Gains)/losses arising on scheme assets	(258,000)	(331,000)
Liability (gains)/losses	1,524,000	(510,000)
	<u>1,266,000</u>	<u>(841,000)</u>
Total	<u>1,702,000</u>	<u>(482,000)</u>

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

25 Pension commitments (continued)

There were pension contributions outstanding at the year end of £23,682 (2018: £Nil) in respect of this scheme.

On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs (Guaranteed Minimum Pensions) is required. The calculated pension deficit therefore includes an additional liability as at 31 August 2019 relating to this matter which has been allowed for as a Past Service Cost.

(b) Government's Teachers Pension Defined Benefits Scheme

King Edward's and Stroud participate in the Teachers Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

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

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme and the schools are not able to identify the assets and liabilities of the schemes that are attributable to King Edward's and Stroud. Accordingly, under FRS 102 the schemes are accounted for as if they were a defined contribution scheme.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25 Pension commitments (continued)

The pension charge for the year includes contributions payable to the schemes, details of which can be found in note 8. There were pension contributions outstanding at the year-end of £120,834 (2018: £Nil).

(c) Other Defined Contribution Schemes

King Edward's and Stroud also contribute to other defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds. The pension charge for the year includes contributions payable to the schemes, details of which can be found in note 8. There were pension contributions outstanding at the year end of £8,629 (2018: £7,529) in respect of the above schemes.

26 Surplus for the financial year

The parent charity has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities.

The net movement in funds of the parent charity for the year was a surplus of £1,098,750 (2018: £2,441,161).

The parent charity's gross income for the year was £18,493,804 (2018: £17,397,556).

27 Capital and other financial commitments

The group had capital commitments at 31 August 2019 of £16,323 (2018: £75,541).

28 Contingent liabilities

There were no contingent liabilities at 31 August 2019 or 31 August 2018.

29 Operating lease commitments

At 31 August 2019 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	37,539	27,139
Between two and five years	51,881	79,019
In over five years	-	-
	<u>89,420</u>	<u>106,158</u>

30 Related parties

There are no related party transactions that require disclosure.

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