



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

# ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31st July 2020

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





## King Alfred School Society

A company having no share capital and limited by guarantee

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# REFERENCE AND ADMINISTRATIVE DETAILS

**PRESIDENT**

Kara Conti

**CHAIR**

Annabel Cody

**TREASURER**

Nick Friedlos

**HEAD**

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

**DIRECTOR: FINANCE & OPERATIONS**

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

**OTHER COUNCIL MEMBERS**

Shay David (appointed 11 February 2020),  
Sandra Denicke-Polcher (re-appointed 11 February 2020),  
Robert Dye, Grace Edghill, Fiona Hackett,  
Areta Hautman (died 1 August 2019),  
Emily Holmstoel (resigned 11 February 2020),  
Sheila Jaswon, Sam Jukes-Adams (re-appointed 11 February 2020),  
Ian Laming, Liam Michaels, John Nevin (re-appointed 11 February 2020),  
Sarah Phillips, Sophie Ricard, Christian Schmidt,  
Sophie Silocchi (re-appointed 11 February 2020),  
Philip Whale, Harry Wingate (appointed 11 February 2020)

**REGISTERED ADDRESS**

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

**AUDITORS**

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

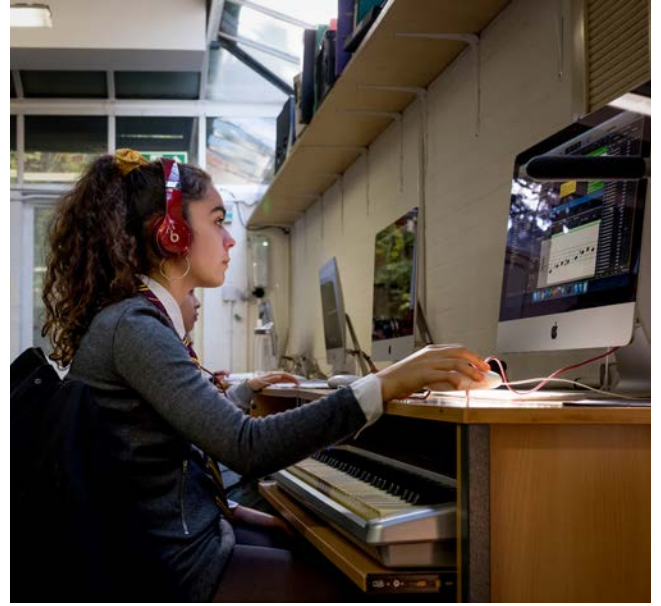
**BANKERS**

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

**SOLICITORS**

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

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



# INTRODUCTION BY THE CHAIR OF COUNCIL

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

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

It is Council's role, as the School's governing body, to oversee the financial, educational and strategic direction of the School in line with the Society's aims.

It is no exaggeration to say that 2019-20 has been a year like no other in the history of the School and Society.

When schools were forced to close in March 2020 due to the COVID-19 pandemic, KAS entered a new chapter. With our gates closed for the first time in memory, staff and Council worked together, prioritising the continuing education of our pupils and the ongoing coherence of our community, despite the challenging circumstances. Lessons were moved online and communications overhauled, making the most of modern technology with online videos and message groups in order to enable staff, students and parents to remain in touch and fully informed during the most confusing and alienating of situations. Financial flexibility was required as we adjusted to the new operational model. Council voted to reduce fees for the summer term and, with financial savings made in other areas we were able to commit to a programme of support for those families most seriously financially effected by the pandemic.

During lockdown, independent education, often characterised negatively under the current political spotlight was truly able to demonstrate its value, with the majority of schools in the sector offering continuous learning and support to their pupils. At KAS, we were particularly pleased to be able to welcome the entire Lower School cohort successfully back on site for at least part of the summer term, at a time when the government had required the return of just three year groups at primary level.

The pandemic is by no means over and will continue to impact the School's future for months, perhaps years to come. However due to our continued approach of careful financial management, we are pleased to report a substantial surplus at the end of 2019/20. This surplus will be used in 2020/21 to support areas of the School and community specifically impacted by Covid. Although our projected pupil numbers are looking healthy, we have also secured a loan, approved by Society members at a General Meeting in September, to ensure our cashflow is flexible enough to accommodate any unexpected stresses on our financial situation.

Prior to the pandemic and during it, Council continued to work in partnership with the Head, Robert Lobatto, and the Senior Leadership Team on plans for the school's broader development. Work on our new Sixth Form Centre was fortunately able to continue during lockdown and the building is on course to open in the spring of 2021, providing a much-needed home for Years 12 and 13, combining study and seminar space with a generous communal area.

The treehouse is also nearing completion, a palpable demonstration of King Alfred's historic and ongoing commitment to outdoor learning.



# INTRODUCTION BY THE CHAIR OF COUNCIL

In line with our founders' focus on educational innovation we were very pleased this spring to appoint Julian Reed as Head of the new 6-8 curriculum. The 6-8 curriculum is the result of strategic decisions taken by Council in collaboration with the Senior Team and will mark a distinctive, new approach to education in the pre-GCSE years. Julian was appointed from a very strong field, baring testament to the broader appetite for change and development in current educational practice. The revised 6-8 curriculum will start in September 2021.

Council has continued its work to improve the governance of the School. Our committees have gone from strength to strength and this year we have been pleased to create a new Council committee, the Community Committee, which will offer oversight in key areas of our outreach within the school community and beyond.

Council as a whole has also repeated its process of self-review, based on best practices in the UK charity sector, leading to opportunities for improvements in the performance of individuals and Council as a whole. As a result of this work, we have updated our Council Strategy with highlighted objectives across a broad spectrum of areas.

We were pleased to welcome two newly elected members to Council at the last AGM. The cycle of renewal is crucial to effective governance and accordingly we have stepped up our focus on recruitment, succession planning and Council visibility in recent months.

Full Council meetings are always attended by staff representatives and this year Council has continued its commitment to working with School Six, the elected Student representatives for the Upper School. This is in keeping with the School's ethos of valuing pupil voice and we intend their contribution to play an active role in future discussions around the governance of the School.



Council's focus moving forward through 2020/21 is on strategy. We will be reviewing our educational strategy and masterplan as the year progresses as well as looking closely at our broader outreach to ascertain how our educational model might most effectively support those in need around us and influence change in the broader educational landscape. Diversity, another important theme from the past year, will also be the subject of an imminent review at both organisational and governance levels with the aim of making positive change in this area.

In terms of the broader community, during the past year our Old Alfredian network has gone from strength to strength under the umbrella of the newly-created Development Office. Increasing numbers of alumni are now actively back in touch with the school and events, such as the online 'Connections' career guidance series, have successfully brought Old Alfredians together with current pupils. Planned-for investment has resulted in a much-needed upgrade of the Development Office database which will help strengthen alumni networks and support future fundraising initiatives.

The death of Dawn Moore, former Head of the School, in December 2019, was a huge shock to staff and pupils past and present. Dawn was Head for 15 years and a staff member for 23 years. Dawn's approach to life at the School and her relationships with others embodied the School's motto, 'Out of the heart springs life.' Her compassion, nurturing leadership and outstanding pastoral skills will be remembered by the generations who knew her. Dawn's legacy will be honoured in future projects and events at the School. Our sympathy goes to Dawn's husband, Keith, a longstanding staff member and their two daughters, both Old Alfredians.

Last year we could not have achieved so much without the continued support of our members and the School's staff and parents. Council offers its heartfelt thanks to every one of you for being a vital part of the Society and enabling it to continue its work. Finally, I would like to take this opportunity to thank Robert, the Senior Leadership Team and all staff for their outstanding contribution and commitment as we have navigated and continue to navigate the pandemic.

**ANNABEL CODY,**  
Chair of King Alfred School Society Council

# TRUSTEES' REPORT BY COUNCIL FOR THE YEAR ENDED 31ST JULY 2020

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

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

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

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

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## 1. OBJECTIVES, ETHOS, STRATEGIES & ACTIVITIES

### 1.1. Aims and Objectives of the King Alfred School Society

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

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

### 1.2. Ethos

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

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

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



# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### 1.3. Strategies for Achieving Objectives

#### 1.3.1. Educational research and dissemination

The Society aims to serve as a role model, inspiring and influencing others to create a better kind of education. It run seminars and conferences and, in 2019/20, held its second TEDx to share ideas and to provide a forum for debate. The Society also promotes projects that model our approach, generating evidence of best practice.

The Society supports research both externally and from individual staff members who can be offered financial

#### 1.3.2. The School

Today, the King Alfred School educates over 650 children aged 4 to 18.

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

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

The four areas of the strategic plan are:

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

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

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

#### 1.3.3. Broadening our Reach

The Trustees believe that it is important that access to the King Alfred School education is not restricted to those who can afford our fees. Each year, means-tested bursaries are awarded to children entering Year 7 which, subject to financial review, remain in place throughout the school career of the child concerned. Means-tested bursaries are also awarded for children joining the Sixth Form. In addition, temporary hardship relief is provided on a means tested basis for children whose circumstances have changed.

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

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### 1.4. Public Benefit

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

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## 2. REVIEW OF ACHIEVEMENTS AND PERFORMANCE

### 2.1. Overview

In a year dominated by COVID-19, the Society made significant progress against its planned activities. The table overleaf summarises the main achievements during the year.

### 2.2 Educational Research and Dissemination

During the year, Society members, staff and students hosted the second TEDxKingAlfredSchool to share ideas on "Connections" from students, teachers and parents and, online, with the wider public. Seven parents, three staff and twelve students spoke on subjects varying from knife crime to project-based learning and two student musicians gave a musical journey through the blues. We were able to share the experience with local schools preparing for their own TEDx talks with the organiser and President of the Society saying:

"I'm awed by the bravery of all of the speakers. Their willingness to speak about personal subjects from the heart was a credit to them and the School."

Due to Covid, the Village Project was postponed until September 2020, with Year 8 students establishing a self-sufficient community in the School grounds, governing their society, and preparing their own food. Work continued on the book about the Village Project, commissioned by the Society and written by Stephen de Brett. The publication will cover the 'what, why and how' of the Village, describing the history and inherent philosophy behind it, whilst also providing a handbook for other schools so that they can replicate this extraordinary outdoor experiment.

Within the School, the first phase of the ambitious project to rebuild the Treehouse was completed, engaging pupils in both its design and building. Once Covid restrictions are lifted, this will provide a focal point for outdoor learning within the School.

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

Work began on an update of The Society Framework before a physical reprint of the principles that govern the Society.

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### Achievements versus plan 2019/2020

<b>1. Expanding our programme of seminars, conferences &amp; research activities</b>	
1.1 A second TEDx KingAlfredSchool	The second TEDx KingAlfredSchool took place in February 2020 on the theme of Connections. Other schools in the area were supported to run their own TEDx events.
1.2 Further work on the Village Project and Funding of research projects.	Documentation of the Village project is progressing and a series of publications is planned for 2020/21. A research paper on the landscape of alternative courses for GCSE is currently being produced.
1.3 Increased engagement of Old Alfredians as we approach our 125th anniversary.	The number of alumni actively engaging with the school increased with a series of events, continued virtually during lockdown, as well as regular newsletters and e-news bulletin. The 125 voices project is providing an oral history of the School.
<b>2. Further strengthening the School and the Community</b>	
2.1 A new 4-18 curriculum	In each subject area, Lower School and Upper School staff have worked together to define purpose and create a "ladder" of skills and a coherent syllabus which progresses from Age 4-18.
2.2 Progressing the 6-8 Curriculum	Initial planning for the revised Year 6-8 curriculum has been completed and a new Director was appointed in September 2020. The launch of the initiative will take place in September 2021.
2.3 Continuing to work with staff and students to embed THRIVE into the everyday experience of School life.	In the Lower School, teachers have embedded THRIVE attributes into the day-to-day experience of the children. In the Upper School, planning was completed for a Year 9 Graduation ceremony built around the THRIVE attributes; implementation was postponed due to Covid.
<b>3. Continuing to broaden our impact</b>	
3.1 International partnerships	Visits to Sri Lanka and Namibia were postponed; we stayed in touch with our partners, and will travel as soon as circumstances allow.
3.2 Sharing with likeminded schools and institutions	The School has become a founder member of the "Rethinking Assessment" group which is exploring alternatives to GCSE.
3.1 Bursaries and hardships	25 bursaries were supplemented by Covid hardships and fee remissions.
<b>4. Maintaining our Financial Results and Investing in the Future</b>	
4.1 Investment in the campus	The new Sixth Form building progressed despite COVID-19 and is scheduled to open in April 2021.
4.2 Implementation of the School masterplan and preventative maintenance programme.	The planned preventative maintenance programme continued albeit at a reduced level. The School's masterplan will be revisited in 2020/21.
4.3 Continue to review our business model so that we are able to deliver our charitable objectives	During lockdown, the School was able to deliver an exciting educational curriculum online and keep students and the community connected. The year end surplus was £949,705 with £835,412 designated by Council to support the School and Community impacted by Covid in 2020/21.

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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#### 2.3 The King Alfred School

In 2019/20, 662 pupils (2018/2019, 642) were educated within the King Alfred School, of which 57 (2018/19, 51) received education at subsidised rates or free of charge.

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

The Society therefore considers its school's exam performance using a nationally recognised value-added method which evaluates whether or not the school has supported pupils to achieve outcomes above their predicted grades in public examinations. The academic year ended July 2020 was the sixth year that the School value added has been independently evaluated. In all six years, on this measure, the School was ranked amongst the top 25% of schools nationally overall. In 2019/20 A level results showed that the school was performing in the top 1% of schools nationally (ALPS data<sup>1</sup>).

The summer examination season 2020 was cancelled by the government in response to the closure of schools with the Covid pandemic. Schools were asked to submit Centre Assessed Grades (CAGs) on behalf of students. These were to be a fair, reasonable and carefully considered judgement of the most likely grade a student would have achieved if they had sat their exams this summer and completed any non-exam assessment. The process undertaken by the School to judge the CAGs was a rigorous, evidence-based process in all subjects and the CAGs submitted genuinely reflected what the students were likely to achieve in the summer. Exam boards were then to standardise the judgements across different centres once they have been submitted, using a statistical methodology developed by Ofqual. The well-documented fall-out following the release of the "algorithm" grades resulted in a government U-turn and the withdrawal of the standardised grades in favour of the Centre Assessed Grades (CAG). This resulted in both the A Level and GCSE grades being simply the Centre Assessed Grades (except for the instances where the standardised grades were higher than the CAG).

In terms of these CAG results, the School once again achieved well for mixed ability cohorts:

- GCSE raw scores were significantly better than the all schools average. 75% of grades were 7/8/9/ A /A\* compared to 26% as the National figure.
- 100% of GCSE grades were 4 / C grade or above, compared to a national average of 76%.

#### The School's GCSE Results for the Last Three Years

Grades	The School 2020	National % 2020	The School 2019	National % 2019	The School 2018	National % 2018
A*-A	74.6	25.9	47.9	20.7	57.3	21.7
A* -C	100	75.9	95.3	67.1	94.72	66.9

- A-Level raw results also show the School achieving higher than National averages and independent school averages. For example, 97% of our A-level grades were C or above, compared to 87% nationally. 62% of grades were A/A\* compared to 36% nationally. We were also pleased that again the more academic students achieved at the very highest level, with 3 A\* A Level grades and entering the most competitive Universities.

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### The School's A Level Results for the Last Three Years

	A*/A %	A*-B %	A*-C %	A*-E %
<b>The School 2020</b>	62.0	87.7	96.9	100
<b>National 2020</b>	35.7	63.4	86.7	99.6
<b>Independent 2020</b>	60.8	84.3	95.6	99.7
<b>The School 2019</b>	34.5	65	90	99
<b>National 2019</b>	25.2	51.1	75.5	97.5
<b>The School 2018</b>	28	56	76	99
<b>National 2018</b>	26	53	77	98
<b>The School Averages 2018 – 2020</b>	33	64	84	98
<b>National Average 2017-2019</b>	25	51	76	98

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

The first cohort successfully completed the UAL Diploma in Performing Arts this summer. This course is equivalent to three A levels. All six students achieved distinctions which are equivalent to three A\*s at A level.

In response to the Covid pandemic, the School continued its learning programme online through KAS Connected, ensuring that all children continued to access the curriculum from home.

The United Nations Sustainable Development Goals are explicitly and systematically built into the Lower School curriculum with students engaged in a range of activities including a Climate Change Awareness march. The School further improved its environmental credentials with student eco clubs in both the Lower and Upper Schools.

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

In January 2018, ISI (Independent Schools' Inspectorate) carried out a "compliance" inspection of the School to judge whether it met the regulatory requirements for running a school; the School passed in all areas. The next ISI inspection is likely to be a "Quality" inspection which would normally have been due in early 2021 and which will look at the quality of education the School provides. This is likely to be postponed due to Covid.

The Development Office has continued to provide a much-needed hub for School alumni (Old Alfredians). Their stories and connections with the School provide a wonderful tapestry of experience and are sowing the seeds for a valuable network connecting past, present and future generations of Alfredians. During the year, the @OldAlfredians was launched on social media, and a very successful connection series linked Old Alfredians with Sixth Formers to provide careers advice and insights.

The new Sixth Form building continued to progress despite Covid and is now expected to be completed in March 2021.

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### 2.4. Broadening Impact

In 2019/20, 25 (2018/19: 24) bursaries were in operation with a value of £396,406 (2018/19: £359,695). In addition, fee remissions and hardship awards totalled £404,251 (2018/19 £298,321).

Unfortunately, due to Covid, visits to our partner Schools in Namibia and Sri Lanka had to be cancelled.

In the UK, the partnership with Archer Academy to provide counselling support continued. Meanwhile, the School works in partnership with Tudor Park Education Trust and participates in the SCAMP project (Study of Cognition, Adolescents and Mobile Phones). A mobile forge has been designed and has begun to offer the valuable forge experience to other schools.

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## 3. FINANCIAL REVIEW AND RESULTS

### 3.1. Income and Expenditure

Both income and expenditure were impacted by the COVID-19 pandemic and the move to remote learning during lockdown.

As in previous years, by far the largest single income generating activity of the Society was the School, with 94% of the Society's income representing educational activities for the School. The remaining 6% of income arises from school meals, activities of the trading company and donations.

On the income side, the School reduced summer term fees by 15%. At the same time, it provided additional financial support to families whose incomes had been severely impacted by Covid. Higher school numbers in 2019/20 (662) compared to 2018/19 (642) together with income of £188,762 from the Coronavirus Job Retention Scheme to some extent offset the lower fees. As a result, total income of the Society amounted to £12,440,044 for the year compared to £12,514,439 for 2018/2019, representing a decrease of only 0.6 %.

The income includes £180,759 (2018/19 £123,792) in donations and gifts. Some donations have been given for specific purposes by the donor and appear as "restricted" funds. Others have been designated by the trustees rather than the donors and appear as "designated" funds. Donations which are neither restricted nor designated are unrestricted.

On the expenditure side, with the School site empty from late March to June, we were able to make savings in running costs; we also put on hold small capital works and some maintenance. Expenses of the Society therefore reduced from £11,829,309 in 2018/19 before adjustment for the pension provision to £11,549,796 in 2019/20. Expenses, as in previous years, were mostly directly or indirectly costs of running the School (95%). The remaining 5% represented costs of the Society's research and trading activities. Of the costs associated with running the School, 69% were teaching costs, and 10% represented the cost of operating the School site, including investing in the infrastructure, insurance, maintenance and repairs. Support costs including the Bursary, the registrar, catering and information technology added a further 21%.

Overall, the Society finished the year with a financial surplus of £949,705 (£767,130 in 2018/19).

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### 3.2. The Trading Company

The King Alfred Trading Company Limited manages after-school, weekend and holiday lettings of the grounds and building as well as the coffee kiosk. It is a wholly owned subsidiary of the Society and its profits are gift aided to the School. The results of its trading activities are set out in Note 5 and are consolidated into the financial results. The total operating profit of £28,239 for the year will be gift aided up to the Society after the year end. The donation payable of £43,204 for the year was the operating profit from the previous year, which was gift aided up during the current year. The reduced level of trading profits in 2019/20 was due to lower income from lettings as a result of Covid and the ongoing building works.

### 3.3. The Balance Sheet

At 31 July 2020, net assets of the Society totaled £31,698,885 (2019: £30,749,180). The most significant asset of the Society is the land and buildings of the School which had a net book value of £33,997,545 at the end of the year (2019: £33,987,694). Other fixed assets totaled £1,444,146 (2019: £833,288) of which £910,014 relates to the new Sixth Form Centre and is included in Assets under Construction.

Unrestricted funds of the Society total £30,547,985 with £952,108 of these funds designated for specific purposes including £835,412 for a Covid Support Fund. Restricted funds total £198,792 including a bursary fund of £106,046.

Net current assets on 31 July 2020 were £1,601,998 (2019: £1,276,042). Debtors of £344,408 (2019: £384,700) are primarily outstanding school fees at year-end which will be collected as part of the normal termly cycle. Cash, the other current asset, was £3,501,203 at year-end (2019: £2,976,434), sufficient to meet the ongoing cash needs of the Society without having to draw on the overdraft facility, despite significant swings caused by termly income covering regular monthly costs.

Current liabilities, at £2,243,613 (2019: £2,085,092), include deposits, tax and national insurance payments, normal trade creditors and holiday accrued during the year but not yet taken.

Long-term creditors, at £4,350,261 (2019: £4,293,844), mostly comprise fee deposits and advance fee payments of students in the early years of their studies. The long-term provision of £994,543 represents the potential deficit on the Independent Schools' Pension Scheme.

### 3.4. Reserves

On 31 July 2020, the Society's cash balances were £3,501,203 (2019: £2,976,434). Free reserves, defined as unrestricted funds plus long-term creditors minus fixed assets, were £1,403,206 compared to £1,082,735 on 31 July 2019.

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

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

To ensure that the Society has access to the cash it needs at all times, we have an arranged bank overdraft facility that allows up to £1,000,000 to be drawn. The bank overdraft facility

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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was not used during 2019/20. In addition, to allow flexibility and provide a further cash cushion if required, the Society arranged a five-year term loan of £1,000,000 which will be drawn down in early 2021.

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

#### 3.5. Investment Policy

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

#### 3.6. Going Concern including COVID-19

In 2018/19, the School successfully absorbed the increase in the employer's contribution to the Teachers' Pension Scheme from 16.48% to 23.6% from 1 September 2019 agreeing financial measures to ensure that the increase does not affect the future sustainability of the School.

During 2019/20, Council worked hard to ensure the financial sustainability of the Society during the Covid pandemic whilst ensuring that learning continued for all. At the beginning of lockdown, the School reduced summer term school fees by 15% and set up a hardship fund for families most impacted by Covid. At the same time, teaching and learning was moved online and all but essential expenditures were frozen. As a result, school numbers remained steady and the Society recorded a healthy surplus in 2019/20, with £944,920 of the total of £949,705 representing unrestricted and designated funds.

Council has set aside these unrestricted funds less unrestricted donations of £8,226 and the pension provision movement of £59,457 in the form of a designated fund of £835,412 to allow the School to cover operational losses in 2020/21 when the economic impact of Covid is expected to be more significant. To provide further liquidity and resilience, the Society has renewed its £1m overdraft facility and set up a term loan of £1m.

Overall, Council is confident that the Society has adequate resources to continue its activities for the foreseeable future. School numbers have remained at 650 and above, the Society has cash reserves and banking facilities in place to provide liquidity and Council expects that the School will return to surplus in 2021/22.

In light of the above, no material uncertainties have been identified which compromise the Society's operations. Accordingly, the financial statements have been prepared on a going concern basis.

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## 4. PLANS FOR FUTURE PERIODS

Notwithstanding Covid and all that it entails, the Society and the School are at an exciting moment in their development. Foundations are strong and trust continues to grow. This means that we can now embark on more ambitious projects with the confidence that we will bring staff, pupils and parents with us, and that the projects themselves will embed into the organisation and be sustainable.

During 2020/21, Council and the Senior Leadership Team will take forward the strategic plan by:

- Challenging the current educational paradigms through research, documentation and influence.



# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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- Further strengthening the School and Community through a new education strategy, delivering the Year 6-8 curriculum, refining the vision for the sixth form and creating a vision for early years' education.
- Continuing to broaden our impact via partnerships and outreach.
- Managing our finances so that we can invest in our buildings and education.

### 4.1 Challenging the educational paradigms

The cancellation of exams in 2019/20 has led many to question the validity of the UK assessment system and in particular the value of GCSEs leading to perhaps the best opportunity in a generation to shift the system as a whole. The Society is excited to be engaged in the dialogue.

In 2020/21 we plan to:

- At Year 9 to 11, work with the 'Re-thinking' assessment group to contribute to the conversation on GCSEs in the future and the alternative pathways that could be taken as well as complete a research initiative on the 'alternative' picture in this country and feed the results into the School's decision-making.
- As a member of the international network called the Common Ground Collective (CGC) which brings together innovative schools around the world, explore ideas for new ways of teaching and learning.
- With the launch of the revised Year 6-8 curriculum, set up a research project together with an academic institution, which will enable us to establish a baseline, document some of the more innovative aspects of our work and collect evidence of impact.

### 4.2 Further strengthening the School and the Community

With 2020/21 set to be another year of disruption and uncertainty in the educational environment, Council is determined that we do not let the attention on Covid prevent us from continuing to grow the quality of our educational provision. We are developing a new education strategy with an ambitious vision for each of the five stages of the stage of the educational journey; early years (Reception to Year 2), Years 3-5, Years 6-8, Years 9-11 and Sixth Form. Other plans include: A new curriculum will divide learning into five blocks of three years with clear progression within and between blocks, ensuring a coherent and exciting journey from age 4 to 18.

- In September 2021, the first students will start their Year 6 to 8 journey with a new curriculum, a repurposed space, and with dedicated Year 6-8 teachers.
- In the Sixth Form, we will have moved into the new building and redefined our vision.
- In the Lower School, significant work will take place to develop our phonics programme and our approaches to enquiry and pupil agency.
- We will further promote diversity and inclusion supported by Council and three staff working groups – curriculum, culture and institutional practices.
- Finally, we will continue to look at innovative new ways of engaging alumni and connecting them with the current generation of students.

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### 4.3 Continuing to Broaden our impact

Council is committed to increasing the Society and School's impact and, during 2020/21, will work together with the Senior Leadership Team to develop and define a new strategy and approach.

Meanwhile, the School's programme of bursaries will continue with hardship provision expected to increase as we provide support to families severely impacted by Covid.

Although it may not be possible to travel internationally, we will continue to support our partners, Okongue Primary School in Namibia and the King Alfred School Kiniya in Sri Lanka.

Closer to home, we will continue to share with likeminded schools and educational institutions via exchanges and virtual mini conferences exploring different focus areas. In addition, we will share more widely our expertise in well-being and pastoral care, through conferences, publications and our partnership with the Archer Academy where we will continue to provide counselling support to the Academy's pupils.

### 4.4 Maintaining our Financial Results and Investing in the Future

For the first time in many years we are expecting, in 2020/21, a budget deficit due to the continued impact of Covid on both income and expenditure. Notwithstanding the decision to freeze school fees for 2020/21, Council felt strongly that it wished to implement pay increases for its staff in accordance with its pay policy, matching salary increases in the public sector. Other operational costs increases are associated with implementing Covid prevention measures. The Society will also continue to provide financial hardship awards to support members of the community most impacted by Covid. The Society will use the surplus generated in 2019/20 to finance this operational deficit. At the same time, Council will continue to carefully monitor the School's cash flow and develop scenarios for the future. We expect student numbers to remain strong, positioning the Society for a return to operational surpluses in 2021/22 and beyond.

During the year, the new Sixth Form Centre will be completed and a working group will be set up to revisit the masterplan and prepare for the next phase of investment in the School's campus enabling our buildings to support our educational aims.

The Grounds & Buildings Committee of Council will continue to oversee the implementation of the School's planned preventative maintenance programme, ensuring that reduced maintenance expenditure in 2019/20 does not have a long-term impact on the state of the School's buildings.

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## 5. STRUCTURE, GOVERNANCE AND MANAGEMENT

### 5.1 Governance and Organisation

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

Council members, as Directors and Trustees, have the ultimate responsibility for good governance of the Society and all of its activities and is the highest decision-making body. Council members oversee the work of the senior leadership team of the School who are responsible for execution of policy and management of the day to day operation of the School. On 31 July 2020, there were 19 Council members.

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### 5.2. Conflict of Interest

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

### 5.3. Development and Fundraising

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

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

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

In 2019/20, the Council Committee structure continued to go from strength to strength. The Education, Governance, Finance, and Grounds & Buildings Committees provide Council with specific and broader skills in their area of focus. The Society Committee oversees the programme of conferences, outreach and research whilst a Bursaries Committee reviews all applications for financial support. In the summer term, a new Community Committee was established to bring together communications, fundraising and parent staff.

Council repeated its process of self-review, benchmarking Council's performance against the Charity Governance Code and updating its strategy, action plan and objectives. This will continue to be reviewed each year.

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

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 5.5. Remuneration of Key Management

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

### 5.6. Risk Management

Council is satisfied that the major risks to which the Society and School are exposed have been reviewed and that there are systems and procedures in place to manage those risks. The Governance Committee oversees the Society's risk management process with individual risks delegated to relevant Council committees.

Council has identified a number of critical risk areas and defined for each of these risk areas a risk control process which sets out the level of risk, what the controls are, who is responsible, how frequently the risk should be monitored, and any further actions required. Risks are grouped into seven areas shown in the table overleaf. Each risk is reviewed in depth at least once a year by one of the Council Committees.

Given the specific challenges posed by Covid, Council, in 2019/20, separately monitored the most significant risks related to the pandemic. These are shown below:

#### Risks Related to COVID-19

Risk Area	Risk	Risk Mitigation Strategies
COVID-19	Risk to the school staff and pupils from COVID-19	<ul style="list-style-type: none"> <li>• Council follows government guidance at all times and implements appropriate Covid prevention strategies.</li> <li>• Risk assessments are carried out and shared with Council, staff and parents.</li> <li>• The Governance Committee reviews the risk assessment and receives regular updates on Covid measures, Covid incidence and issues as they arise.</li> </ul>
	Risk to the School's financial stability and strategy from COVID-19	<ul style="list-style-type: none"> <li>• Immediate transition to online learning during lockdown with continual improvement in the quality of learning.</li> <li>• All lessons since the School site re-opening are streamed and can be accessed at home or at School.</li> <li>• Cash flow scenarios modelled and updated on a regular basis and discussed by the Finance Committee.</li> <li>• A medium-term bank loan has been secured and the overdraft facility renewed to provide further financial resilience.</li> <li>• Covid hardship fund established to support the community and help student retention.</li> </ul>

The table overleaf shows the risk register and the risk mitigation strategies for the other seven risk areas.

# TRUSTEES' REPORT

## FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### The King Alfred School Risk Register 2019/20

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

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### FOR THE YEAR ENDED 31ST JULY 2020

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

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

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

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

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

In so far as the Council Members are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Council Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report is approved by the Council Members of King Alfred School Society. The strategic report, which forms part of the Annual Report, is approved by Council in their capacity as Directors in company law of the King Alfred School Society.

Registered office and official address:

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

**BY ORDER OF THE COUNCIL**



Treasurer: Nick Friedlos  
Date: 8 December 2020

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

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## Opinion

We have audited the financial statements of The King Alfred School Society for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities including the Summary Income and Expenditure Account, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## Basis for opinion

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

## Responsibilities of trustees for the financial statements

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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## Conclusions relating to going concern

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

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

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the Introduction by the Chair of Council and the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

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



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

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## Use of our report

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



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

Date: 14 January 2021

10 Queen Street Place  
London  
EC4R 1AG

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

INCLUDING THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST JULY 2020

	Notes	Unrestricted Funds 2020 £	Designated Funds 2020 £	Restricted Funds 2020 £	Total 2020 £	Total 2019 £
<b>INCOME FROM:</b>						
<b>Charitable activities</b>	1					
School fees		11,969,361	-	-	11,969,361	12,261,558
KASS membership		-	14,255	-	14,255	15,689
<b>Trading activities</b>						
Trading income		30,995	-	-	30,995	43,171
<b>Investments</b>	1					
Investment income		19,568	-	-	19,568	14,155
Rents and lettings		36,344	-	-	36,344	56,074
<b>Donations and Legacies</b>	1					
Grants and donations		196,988	92,556	79,977	369,521	123,792
<b>Total Income</b>		<b>12,253,256</b>	<b>106,811</b>	<b>79,977</b>	<b>12,440,044</b>	<b>12,514,439</b>
<b>EXPENDITURE ON:</b>						
<b>Charitable activities</b>	2					
Education		11,317,083	65,686	74,492	11,457,261	11,698,557
<b>Raising funds</b>	2					
Lettings expenses		6,445	-	-	6,445	15,919
Trading expenses		26,633	-	-	26,633	32,833
<b>Total Expenditure</b>		<b>11,350,161</b>	<b>65,686</b>	<b>74,492</b>	<b>11,490,339</b>	<b>11,747,309</b>
<b>Net income/(expenditure)</b>		<b>903,095</b>	<b>41,125</b>	<b>5,485</b>	<b>949,705</b>	<b>767,130</b>
Transfer between funds	11	(835,412)	835,412	-	-	-
Net Movement in Funds		67,683	876,537	5,485	949,705	767,130
Fund balances brought forward at 1 August 2019		30,480,302	75,571	193,307	30,749,180	29,982,050
Fund balances carried forward at 31 July 2020	11,12	<b>30,547,985</b>	<b>952,108</b>	<b>198,792</b>	<b>31,698,885</b>	<b>30,749,180</b>

### Continuing operations

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

### Total recognised gains and losses

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

The notes on pages 27 to 47 form part of these financial statements. Details of comparative figures by fund are given in Note 16.

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31ST JULY 2020

	Note	The Group		The Company	
		2020 £	2019 £	2020 £	2019 £
<b>TANGIBLE FIXED ASSETS</b>					
School land, buildings and equipment	4	35,441,691	34,820,982	35,441,691	34,820,982
Investments	5	-	-	2	2
		<b>35,441,691</b>	<b>34,820,982</b>	<b>35,441,693</b>	<b>34,820,984</b>
<b>CURRENT ASSETS</b>					
Debtors	6	344,408	384,700	391,342	403,599
Cash	10	3,501,203	2,976,434	3,423,718	2,913,641
		3,845,611	3,361,134	3,815,060	3,317,240
<b>CREDITORS: Due within one year</b>	7	(2,243,613)	(2,085,092)	(2,241,303)	(2,083,713)
<b>NET CURRENT ASSETS</b>		1,601,998	1,276,042	1,573,757	1,233,527
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>37,043,689</b>	<b>36,097,024</b>	<b>37,015,450</b>	<b>36,054,511</b>
<b>CREDITORS: due after more than one year</b>	8	(4,350,261)	(4,293,844)	(4,350,261)	(4,293,844)
<b>PROVISIONS: for liabilities and charges</b>	9	(994,543)	(1,054,000)	(994,543)	(1,054,000)
<b>NET ASSETS</b>		<b>31,698,885</b>	<b>30,749,180</b>	<b>31,670,646</b>	<b>30,706,667</b>
<b>FUNDS</b>					
Unrestricted – General	11 & 12	7,748,885	7,681,202	7,720,646	7,638,689
Unrestricted – Revaluation Reserve	11 & 12	22,799,100	22,799,100	22,799,100	22,799,100
Unrestricted – Designated	11 & 12	952,108	75,571	952,108	75,571
Restricted	11 & 12	198,792	193,307	198,792	193,307
		<b>31,698,885</b>	<b>30,749,180</b>	<b>31,670,646</b>	<b>30,706,667</b>

The Company's net movement in funds for the year was £963,979 (2018/19: £732,612).

Approved and authorised for issue by Council on 8 December 2020 and signed on their behalf by:



Chair: Annabel Cody



Treasurer: Nick Friedlos

Company Registration No: 00057854

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JULY 2020

	Notes	2020 £	2019 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	10	<b>1,610,416</b>	<b>1,208,352</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Bank interest received		19,568	14,155
Interest payable		(14,368)	(14,289)
Payments to acquire fixed assets		(1,114,385)	(1,067,473)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(1,109,185)</b>	<b>(1,067,607)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net receipts from new deposits and deposit increases less deposits refunded		354	313,126
Net receipts from new advance fees less advances utilised		23,184	1,015,860
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>23,538</b>	<b>1,328,986</b>
<b>INCREASE IN CASH</b>		<b>524,769</b>	<b>1,469,731</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD</b>		<b>2,976,434</b>	<b>1,506,703</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF REPORTING PERIOD</b>		<b>3,501,203</b>	<b>2,976,434</b>

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020

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### ACCOUNTING POLICIES

#### Company information

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

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Statement of Recommended Practice (SORP 2015) (Second Edition, effective 1 January 2019) “Accounting and Reporting by charities: Statement of Recommended Practise” and the requirements of the Companies Act 2006.

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

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

#### Going concern

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

#### Group financial statements

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

#### Fees and similar income

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

#### Donations

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

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### Expenditure

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

### Fixed assets

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

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

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

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

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

### Cash and cash equivalents

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

### Financial instruments

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

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

### Basic financial assets

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

### Other financial assets

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

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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

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

### **Impairment of financial assets**

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

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

### **Basic financial liabilities**

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

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

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

### **Taxes**

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

### **Fund Accounting**

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

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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### Operating Leases

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

### Pensions

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

### Judgements and key sources of estimation uncertainty

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

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

### Critical judgements

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

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

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

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

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



KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 1. INCOME

#### 1.1. Fee Income

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

Income comprised:

	2020	2019
<b>School Fees</b>		
Gross fees	12,087,983	11,891,000
Less: Total bursaries, grants and allowances	(800,657)	(658,016)
	<u>11,287,326</u>	<u>11,232,984</u>
<b>Other educational income</b>		
School trips and camps	121,461	332,460
Textbooks and other extras	106,090	143,857
Fee deposits released	99,279	92,923
Other educational income	135,673	129,861
	<u>462,503</u>	<u>699,101</u>
<b>Other</b>		
Other ancillary income	219,532	329,473
	<u>11,969,361</u>	<u>12,261,558</u>

#### 1.2 Investment Income

	2020	2019
	£	£
Interest receivable	19,568	14,155
Rents and lettings	36,344	56,074
	<u>55,912</u>	<u>70,229</u>

#### 1.3 Grants and Donations

	Unrestricted		Designated		Restricted		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£	£	£
Job retention scheme	188,762	-	-	-	-	-	188,762	
Donations and gifts	8,226	550	92,556	116,193	79,977	7,049	180,759	123,792
<b>Total</b>	<u>196,988</u>	<u>550</u>	<u>92,556</u>	<u>116,193</u>	<u>79,977</u>	<u>7,049</u>	<u>369,521</u>	<u>123,792</u>

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 2. EXPENDITURE

Year ended 31st July 2020	Staff costs £	Other £	Depreciation £	Total £
<b>Charitable activities</b>				
Teaching	7,091,104	546,706	189,250	7,827,060
Catering	185,440	136,946	4,429	326,815
Premises	351,731	852,925	282,898	1,487,554
Support costs of schooling	1,258,255	586,799	17,099	1,862,153
	<b>8,886,530</b>	<b>2,123,376</b>	<b>493,676</b>	<b>11,503,582</b>
KASS Expenses	-	13,136		13,136
Pension provision movement (note 15)	(59,457)	-	-	(59,457)
<b>Total Education</b>	<b>8,827,073</b>	<b>2,136,512</b>	<b>493,676</b>	<b>11,457,261</b>
<b>Raising funds</b>				
Letting expenses	1,911	4,534	-	6,445
Trading expenses	11,991	14,642	-	26,633
<b>Total Raising Funds</b>	<b>13,902</b>	<b>19,176</b>	<b>-</b>	<b>33,078</b>
<b>Total Expenditures</b>	<b>8,840,975</b>	<b>2,155,688</b>	<b>493,676</b>	<b>11,490,339</b>

Governance costs of £21,470 (2019: £24,106) include auditors remuneration of £20,580 (2019: £20,160 comprising audit services of £18,720 and non-audit services of £1,440) and are included within support costs of schooling.

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

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 3. STAFF COSTS

	2020 £	2019 £
Salaries and Wages	6,867,418	6,683,468
Redundancy and settlement costs	10,000	41,362
Social security contributions	712,224	683,623
Pensions	1,310,790	991,873
Pension provision movement	(59,457)	(82,000)
	<u>8,840,975</u>	<u>8,318,326</u>

The Company has paid a termination payment during the year of £10,000 (2019: £41,362).

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

	2020	2019
Teaching staff	105	104
Non-teaching staff	93	99
<b>Total</b>	<u>198</u>	<u>203</u>

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

	2020	2019
£60,000 - £70,000	15	13
£70,000 - £80,000	1	1
£90,000 - £100,000	1	2
£100,000 - £110,000	1	-
£140,000 - £150,000	1	1
	<u>19</u>	<u>17</u>

**(c) Council Remuneration**

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

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

**(d) Key Management Personnel**

Key management personnel during the year comprised the Head, Director of Curriculum, Head of Lower School and the Director of Finance and Operations. The total remuneration for these individuals was £544,755 (2019: £561,616).

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 4. TANGIBLE FIXED ASSETS – GROUP AND COMPANY

	Freehold Land £	School Buildings £	Assets under Construction £	Furniture & Equipment £	Motor Vehicles £	TOTAL £
<b>COST</b>						
1st August 2019	25,000,000	13,126,348	325,645	1,356,758	65,500	39,874,251
Transfer	-	30,080	(30,080)	-	-	-
Additions	-	247,857	769,650	96,878	-	1,114,385
Disposals	-	-	-	(325,684)	-	(325,684)
<b>31st July 2020</b>	<b>25,000,000</b>	<b>13,404,285</b>	<b>1,065,215</b>	<b>1,127,952</b>	<b>65,500</b>	<b>40,662,952</b>
<b>DEPRECIATION</b>						
1st August 2019	-	4,138,654	-	849,115	65,500	5,053,269
Charge for year	-	268,086	-	225,590	-	493,676
Disposals	-	-	-	(325,684)	-	(325,684)
<b>31st July 2020</b>	<b>-</b>	<b>4,406,740</b>	<b>-</b>	<b>749,021</b>	<b>65,500</b>	<b>5,221,261</b>
<b>NET BOOK VALUE</b>						
<b>31st July 2020</b>	<b>25,000,000</b>	<b>8,997,545</b>	<b>1,065,215</b>	<b>378,931</b>	<b>-</b>	<b>35,441,691</b>
31st July 2019	25,000,000	8,987,694	325,645	507,643	-	34,820,982

1. The opening cost of assets under construction are transferred to the relevant asset heading on completion.
2. On adoption of FRS 102 and the new SORP the freehold land was revalued to deemed cost at the transition date (1st August 2014) by Council on the advice of a Governor who is also a partner in a real estate investment management firm.
3. The carrying amount of freehold land that would have been recognised under the historic cost model is £2,200,900.
4. The assets disposed of during the year represent assets fully written off and no longer in use.
5. The bank overdraft is secured over the freehold property and is the amount currently drawn down on a standing facility of £1million repayable on demand. Post year end, a five year term loan was agreed for £1million, with capital repayments starting after 12 months and repaying over 15 years. This loan is also secured over the freehold property and was taken out to allow flexibility and liquidity in times of economic uncertainty. It is not required for day to day operations but will be used for investing in capital developments.

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 5. INVESTMENT IN SUBSIDIARY

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

The subsidiary operates a coffee bar and manages the lettings of the school facilities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the Society.

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

	2020	2019
	£	£
Turnover	67,537	99,995
Cost of Sales	(35,377)	(52,480)
Gross Profit	32,160	47,515
Administrative Expenses	(3,921)	(4,311)
Operating Profit	<u>28,239</u>	<u>43,204</u>
Donation payable to parent undertaking	(43,204)	(7,995)
<b>(Loss)/profit on ordinary activities before taxation</b>	<u>(14,965)</u>	<u>35,209</u>
Retained in subsidiary	(14,965)	35,209

#### The aggregate of the assets, liabilities and funds was:

	2020	2019
	£	£
Assets	77,485	72,285
Liabilities	(49,244)	(29,079)
<b>Funds</b>	<u><b>28,241</b></u>	<u><b>43,206</b></u>
Representing share capital (2 ordinary shares at £1 each)	2	2
Profit and loss account	28,239	43,204
	<u><b>28,241</b></u>	<u><b>43,206</b></u>

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 6. DEBTORS

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Fees and extras	77,835	130,714	77,835	121,914
Other debtors	72,994	19,998	72,994	19,998
Prepayments and accrued income	193,579	233,988	193,579	233,988
Amount due from group undertaking	-	-	46,934	27,699
	<u>344,408</u>	<u>384,700</u>	<u>391,342</u>	<u>403,599</u>

### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Advance fees	486,684	318,091	486,684	318,091
Trade creditors	186,869	122,288	185,009	121,888
Taxation and social security costs	183,422	183,640	183,422	183,640
Deferred income	20,225	13,116	20,225	13,116
Other creditors	197,683	77,452	197,233	77,452
Accruals	494,812	495,115	494,812	494,136
Fee deposits	673,918	875,390	673,918	875,390
	<u>2,243,613</u>	<u>2,085,092</u>	<u>2,241,303</u>	<u>2,083,713</u>

Deferred income (including advance fees):

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Deferred income brought forward	331,207	142,647	331,207	142,647
Received in year	506,909	331,207	506,909	331,207
Released in year	(331,207)	(142,647)	(331,207)	(142,647)
Deferred income carried forward	<u>506,909</u>	<u>331,207</u>	<u>506,909</u>	<u>331,207</u>

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

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

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Advance fees	839,199	984,608	839,199	984,608
Fee deposits	3,511,062	3,309,236	3,511,062	3,309,236
	<b>4,350,261</b>	<b>4,293,844</b>	<b>4,350,261</b>	<b>4,293,844</b>

#### 8.1 Advance Fees

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Due within one year	486,684	318,091	486,684	318,091
Due within one and two years	278,520	283,993	278,520	283,993
Due within two to five years	483,394	546,309	483,394	546,309
Due after five years	77,285	154,306	77,285	154,306
	<b>1,325,883</b>	<b>1,302,699</b>	<b>1,325,883</b>	<b>1,302,699</b>

#### 8.2 Fee deposits

	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Due within one year	673,918	875,390	673,918	875,390
Due within one and two years	294,184	316,491	294,184	316,491
Due within two to five years	782,262	852,588	782,262	852,588
Due after five years	2,434,616	2,140,157	2,434,616	2,140,157
	<b>4,184,980</b>	<b>4,184,626</b>	<b>4,184,980</b>	<b>4,184,626</b>

KING ALFRED SCHOOL SOCIETY  
(A company having no share capital and limited by guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 9. PROVISIONS FOR LIABILITIES AND CHARGES

Pension provision	The Group		The Company	
	2020 £	2019 £	2020 £	2019 £
Brought forward	1,054,000	1,136,000	1,054,000	1,136,000
Incurred/(utilised) in the year	(59,457)	(82,000)	(59,457)	(82,000)
<b>Carried forward</b>	<b>994,543</b>	<b>1,054,000</b>	<b>994,543</b>	<b>1,054,000</b>

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

### 10. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating result to net cash inflow from operating activities

	2020 £	2019 £
Net movement in funds	949,705	767,130
Depreciation	493,676	505,360
Bank interest received	(19,568)	(14,155)
Interest payable	14,368	14,289
Decrease in debtors	40,292	72,112
Increase/(decrease)in creditors and provisions	131,943	(136,384)
	<b>1,610,416</b>	<b>1,208,352</b>

### Analysis of Changes in Net Debt

	At 1 August 2019 £	Cash Flows £	At 31 July 2020 £
Cash at bank and in hand	2,976,434	524,769	3,501,203



KING ALFRED SCHOOL SOCIETY  
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 11. RECONCILIATION OF FUNDS

#### Year ending 31st July 2020 - The Group

	Balance 1 August 2019 £	Income £	Expenditure £	Transfers £	Balance 31 July 2020 £
<b>UNRESTRICTED GENERAL FUNDS</b>					
General reserve	7,681,202	12,253,256	(11,350,161)	(835,412)	7,748,885
Revaluation reserve	22,799,100	-	-	-	22,799,100
	<b>30,480,302</b>	<b>12,253,256</b>	<b>(11,350,161)</b>	<b>(835,412)</b>	<b>30,547,985</b>
<b>UNRESTRICTED DESIGNATED FUNDS</b>					
History & Archives Fund	401	-	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	14,766	14,255	(13,136)	-	15,885
Treehouse Fund	56,617	-	(52,550)	-	4,067
2019/20 Voluntary Contributions Fund	-	92,556	-	-	92,556
COVID-19 Support Fund	-	-	-	835,412	835,412
	<b>75,571</b>	<b>106,811</b>	<b>(65,686)</b>	<b>835,412</b>	<b>952,108</b>
<b>RESTRICTED FUNDS</b>					
Bursary Fund	103,546	2,500	-	-	106,046
Music Fund	3,946	3,200	-	-	7,146
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	4,785	-	(240)	-	4,545
Phoenix Theatre Fund	-	25	-	-	25
Studio Bikes	-	3,691	(3,691)	-	-
Development Fund	-	18,025	(18,025)	-	-
COVID-19 General Fund	-	39,410	(39,410)	-	-
COVID-19 Lower School Fund	-	13,125	(13,125)	-	-
	<b>193,307</b>	<b>79,976</b>	<b>(74,491)</b>	<b>-</b>	<b>198,792</b>
<b>TOTAL FUNDS</b>	<b>30,749,180</b>	<b>12,440,043</b>	<b>(11,490,340)</b>	<b>-</b>	<b>31,698,885</b>

#### Designated funds for the Year Ending 31 July 2020

- The History & Archives Fund is for the maintenance of the School's archives.
- The Lower School Camp Fund is for the replacement of tents and camping equipment.
- KASS subscriptions are used for the purpose of promoting the advancement of educational science by the diffusion of knowledge relating thereto and is typically spent within 12 months of receipt.
- The Treehouse Fund has come from voluntary contributions received during 2017/18 and 2018/19. The fund is being used to replace the old treehouse that has reached the end of its life. It is a community project that partly relies on volunteers and community involvement. The first stage was completed in 2020.
- 2019/20 Voluntary Contributions Fund comprises voluntary contributions donated during the year.
- A COVID-19 Support Fund has been established by transferring funds from unrestricted reserves to designated reserves and is for covering the additional costs anticipated from COVID-19 over the next few years.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 11. RECONCILIATION OF FUNDS - CONTINUED

#### Year ending 31st July 2020 - The Company

	Balance 1 August 2019 £	Income £	Expenditure £	Transfers £	Balance 31 July 2020 £
<b>UNRESTRICTED GENERAL FUNDS</b>					
General reserve	7,638,689	12,185,719	(11,268,350)	(835,412)	7,720,646
Revaluation reserve	22,799,100	-	-	-	22,799,100
	<b>30,437,789</b>	<b>12,185,719</b>	<b>(11,268,350)</b>	<b>(835,412)</b>	<b>30,519,746</b>
<b>UNRESTRICTED DESIGNATED FUNDS</b>					
History & Archives Fund	401	-	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	14,766	14,255	(13,136)	-	15,885
Treehouse Fund	56,617	-	(52,550)	-	4,067
2019/20 Voluntary Contributions Fund	-	92,556	-	-	92,556
COVID-19 Support Fund	-	-	-	835,412	835,412
	<b>75,571</b>	<b>106,811</b>	<b>(65,686)</b>	<b>835,412</b>	<b>952,108</b>
<b>RESTRICTED FUNDS</b>					
Bursary Fund	103,546	2,500	-	-	106,046
Music Fund	3,946	3,200	-	-	7,146
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	4,785	-	(240)	-	4,545
Phoenix Theatre Fund	-	25	-	-	25
Studio Bikes	-	3,691	(3,691)	-	-
Development Fund	-	18,025	(18,025)	-	-
COVID-19 General Hardship Fund	-	39,410	(39,410)	-	-
COVID-19 Lower School Hardship Fund	-	13,125	(13,125)	-	-
	<b>193,307</b>	<b>79,976</b>	<b>(74,491)</b>	<b>-</b>	<b>198,792</b>
<b>TOTAL FUNDS</b>	<b>30,706,667</b>	<b>12,372,506</b>	<b>(11,408,527)</b>	<b>835,412</b>	<b>31,670,646</b>

#### Restricted funds for the Year Ending 31 July 2020

- The Bursary Fund is to provide financial support to pupils who would not otherwise be able to afford to attend the School.
- The Music Fund, originally to purchase equipment and to fund a music technology teacher, is now being used for music bursaries. Assets acquired are being depreciated over 50 years for the construction and five years for equipment.
- The Upper School Building Fund will be applied to future building in the Upper School.
- The Sophie Coleman Music Bursary was set up from donations in memory of a former pupil to fund violin lessons.
- The Phoenix Theatre Fund comprised donations to build a theatre foyer to provide an entrance, including a bar and social space as well as extra classroom space for performing arts. The project was completed on 9 November 2018.
- The Studio Bikes were donated by a parent and installed in the exercise studio.
- The Development Fund raises funds from the parent staff and the community; in 2019/20 it financed a new Lower Court.
- The COVID-19 General and Lower School Hardship Funds were set up to provide support to parents experiencing financial difficulties as a result of COVID-19.

KING ALFRED SCHOOL SOCIETY  
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 11. RECONCILIATION OF FUNDS - CONTINUED

#### Year ending 31st July 2019 - The Group

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

#### Designated funds for the year ending 31st July 2019

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 11. RECONCILIATION OF FUNDS - CONTINUED

#### Year ending 31st July 2019 - The Company

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

#### Restricted funds for the year ending 31st July 2019

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

## KING ALFRED SCHOOL SOCIETY

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

#### As at 31st July 2020

	Unrestricted Funds		Designated Funds		Restricted Funds		Total Funds	
	£		£		£		£	
	Group	Charity	Group	Charity	Group	Charity	Group	Charity
Tangible fixed assets	35,441,691	35,441,693	-	-	-	-	35,441,691	35,441,693
Current assets	2,694,711	2,664,160	952,108	952,108	198,792	193,307	3,845,611	3,815,060
Current liabilities	(2,243,613)	(2,241,303)	-	-	-	-	(2,243,613)	(2,241,303)
Long term liabilities	(4,350,261)	(4,350,261)	-	-	-	-	(4,350,261)	(4,350,261)
Provisions	(994,543)	(994,543)	-	-	-	-	(994,543)	(994,543)
<b>Total Net Assets</b>	<b>30,547,986</b>	<b>30,519,746</b>	<b>952,108</b>	<b>952,108</b>	<b>198,792</b>	<b>193,307</b>	<b>31,698,885</b>	<b>31,670,646</b>

#### As at 31st July 2019

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

### 13. RELATED PARTY TRANSACTIONS

The Society has taken the exemption under FRS 102 not to disclose any related party transactions with its subsidiary on the basis full consolidated accounts are prepared. The only related party transactions during the year were donations made to the COVID-19 Fund from G Edghill (£125); S Dukes-Adams (£125); and D Shay (£1,254). There were no related party transactions in the preceding year.

### 14. CAPITAL COMMITMENTS

Total capital commitments for the year ended 31 July 2020 are £1,119,013 (2019: £447,557).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 15. PENSION SCHEMES

#### Teachers' Pension Scheme

The company participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,033,249 (2019: £742,009) and at the year-end £130,275 (2019: nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

On 27 June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the Government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions, the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation. Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

#### TPT Retirement Solutions – Independent Schools' Pension Scheme

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

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 20, CONTINUED

### 15. PENSION SCHEMES - CONTINUED

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

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

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

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

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

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

#### Present value of provision

	31st July 2020 £000s	31st July 2019 £000s	31st July 2018 £000s
Present value of provision	994	1,054	1,136

#### Reconciliation of opening and closing provisions

	Period Ended 31st July 2020 £000s	Period Ended 31st July 2019 £000s
Provision at start of period	1,054	1,136
Unwinding of the discount factor (interest expense)	12	22
Deficit contribution paid	(91)	(98)
Re-measurements – impact of any change in assumptions	19	(43)
Re-measurements – amendments to the contribution schedule	-	(49)
<b>Provision at end of period</b>	<b>994</b>	<b>1,054</b>

#### Income and expenditure impact

	Period Ended 31st July 2020 £000s	Period Ended 31st July 2019 £000s
Interest expense	12	22
Re-measurements – impact of any change in assumptions	19	43
Re-measurements – amendments to the contribution schedule	-	(49)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 15. PENSION SCHEMES - CONTINUED

#### Assumptions

	31st July 2020 % per annum	31st July 2019 % per annum	31st July 2018 % per annum
Rate of discount	0.84	1.24	2.01

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

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

#### Deficit contributions schedule

Year ending	31st July 2020 (£000s)	31st July 2019 (£000s)	31st July 2018 (£000s)	31st July 2017 (£000s)
Year 1	93	91	98	96
Year 2	96	93	101	98
Year 3	99	96	104	101
Year 4	102	99	108	104
Year 5	105	102	111	108
Year 6	108	105	114	111
Year 7	111	108	118	114
Year 8	115	111	121	118
Year 9	118	115	125	121
Year 10	91	118	128	125
Year 11	-	91	132	128
Year 12	-	-	11	132
Year 13	-	-	-	11
Year 14	-	-	-	-
Year 15	-	-	-	-
Year 16	-	-	-	-
Year 17	-	-	-	-
Year 18	-	-	-	-
Year 19	-	-	-	-
Year 20	-	-	-	-

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

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

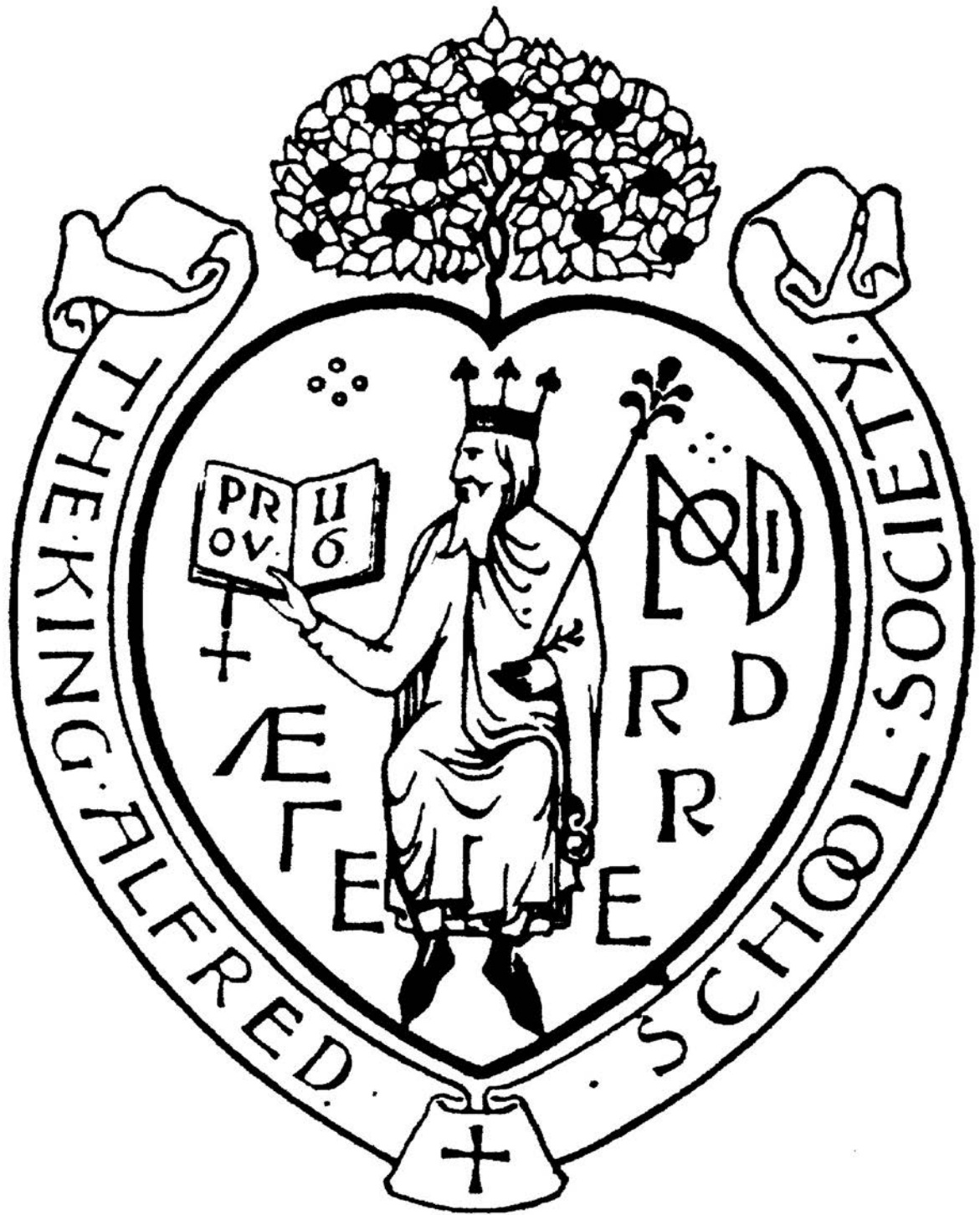


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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2020, CONTINUED

### 16. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

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



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