

**King's School, Rochester**  
**Annual Report**  
**for the year ended 31 August 2020**

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## King's School, Rochester

### Annual Report For the year ended 31 August 2020

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Company Number: 3791543

Registered Charity Number: 1084266

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**TRUSTEES AND ADVISERS**

**Patron**

The Lord Bishop of Rochester

**Chair of Governors**

Miss J A Shicluna MA(Oxon)

**Deputy Chair of Governors (Acting)**

The Very Reverend Dr P J Hesketh, AKC, DL

**Governors and Trustees**

Mr B A Bell BSc, CIMDIP, FCIM

Reverend Canon S C Brewer

Mr M J Chesterfield Esq\*

Reverend Canon C D Dench\*

Mr J R Franklin BA, Dip Teach, MA Ed (Resigned  
31st August 2020)

Reverend Canon Dr G J Giles (Appointed 13th  
September 2020)

Ms J P Glew BA (Hons), CIM Dip, MA

Mr D R Graves BA (Hons), FCA

Dr R J Kennett MBE

Mrs R A Olley

Reverend Canon R S Phillips (resigned 5th September 2019)

Mr P L Rothwell LLB (Hons)

Mrs A Rouse MSc\* (Resigned 11th December 2020)

Reverend Canon M J Rushton

Mr C R Shepherd, BSc, CEng, FICE, FRSA\*

Mrs E Whitlam MSc (Appointed 1st September 2020)

**\*Chairmen of Sub-Committees**

Membership of the Board is determined under the Articles of Association. The Governors shall consist of:

- The Dean as an ex-officio Governor;
- Four Canons Residentiary;
- Four Nominative Governors appointed by the Dean and Canons Residentiary and approved by the Chairman and Principal of King's School Rochester and Headmaster of the Senior School;
- One Nominative Governor to be appointed by the Diocesan Board of Education and approved by the Chairman and Principal of King's School Rochester and Headmaster of the Senior School; and
- Up to eight Co-optative Governors.

Every year one-fifth of the Nominative and Co-optative Governors retire from office. Retiring Governors may be re-appointed.

**KEY MANAGEMENT PERSONNEL**

**Principal: Mr B P H Charles, BA (Hons), PGCE, Universities of Exeter and Durham**

**Other Members of the Executive Board**

Mr T H Morgan, BMus (Hons) RCM

Mrs C E Openshaw, MA (Ed), BEd (Hons) CANTAB

Ms D J Godwin, BA (Hons), FCMA

Mr T Payne (Hons) FCIPD

Mr K Francè, BA (Hons) Edge Hill University

Headmaster of the Preparatory School

Headmistress of the Pre-preparatory School

Bursar and Clerk to the Governors

Estates Bursar (resigned October 2020)

Director of External Relations

**ADVISORS**

**Auditors**

Haysmacintyre LLP  
10 Queen Street Place  
London, EC4R 1AG

**Solicitors**

Whitehead Monckton  
5 Eclipse Park, Sittingbourne Road,  
Maidstone, ME14 3EN

**Bankers**

National Westminster Bank PLC  
2<sup>nd</sup> Floor, 3 High Street, Maidstone, Kent ME14 1HJ

**Insurance Brokers**

Gallagher  
8<sup>th</sup> Floor Temple Circus House, Temple Way, Bristol  
BS1 6HG

**Investment Managers**

Ruffer, 80 Victoria Street, London, SW1E 5JL  
Schroders, 31 Gresham Street, London EC2V 7QA

**CHAIR'S REPORT**

It certainly feels as though this year has been like no other in the recent history of King's School, Rochester. Late in January 2020 King's achieved a judgement of 'Excellent' in all areas as a result of the ISI inspection only to be followed in March 2020 by the devastating development of the Covid-19 pandemic. The government introduced a national lockdown to address this, which was in place for the whole of the Midsummer Term. Other than for key worker and vulnerable children the curriculum was then delivered to all King's pupils at home via on-line learning.

To ensure it could monitor and respond to this fast-developing emergency, the Governing Body established a Covid-19 Committee that would meet weekly via virtual meetings to address critical issues throughout the Midsummer Term. In line with the charity's governing document, this ensured that a robust system of good governance was in place. The Governing Body carefully considered the wider and longer-term impacts on the School's financial resilience, continually reviewing potential difficulties due to the coronavirus pandemic and how to proceed in the best interests of the School.

Covid-19 had a major impact on the School's operations and events with the immediate move to on-line learning for all pupils from ages 3 to 18 to continue the educational excellence provided by King's. The pressures of the pandemic meant that the School needed to rapidly reassess and re-plan the provision of teaching and learning along with wider operations to continue its services and avoid severe impact. The School focused on continuing a high level of academic provision via the enhanced use of the technology. The Governing Body is immensely grateful to all teaching staff for their continued hard work in ensuring that the remote-learning provision has been a success and we also congratulate all pupils on their dedication and take-up of the same.

The King's community responded outstandingly well to this challenge, providing high quality remote learning. As a result of Covid-19, the School reduced the contractual fees for education for the Midsummer Term. With most pupils being at home during this term, a fees discount for the term was given. Taking into account the change to the usual service that was experienced during the Midsummer Term, the Governing Body was keen to consider the impact on parents of the amended provision of education.

The Governing Body recognised that parents were also facing financial difficulties and responded by putting in place a Hardship Bursary to support pupils' families in the Midsummer Term. Some parents wished to donate the amount of their discount towards this fund and did so and we are very grateful for this generous support. Unrestricted funds were re-prioritised internally to provide further support to assist parents facing financial difficulty due to the pandemic.

The Covid-19 Committee also focused on assessing the financial position of the charity and its resilience. In particular, consideration was given as to whether certain projects, expenditure and activities should be stopped or delayed, to focus on essential spending as the School faced financial challenges during this period.

From March 2020, changes were made across the board and the majority of the School premises closed. As the School continued to provide education to all pupils via on-line learning, with provision also provided in school for key worker and vulnerable children. This meant that many key costs could not be reduced during this time. Where we were able to do so, various roles were furloughed and this provided the School access to government support via the Coronavirus Job Retention Scheme.

Ensuring the safety of all pupils and staff to protect them from the risks of Covid-19 became a critical priority. With a rigorous risk assessment in place, social distancing measures and adaption of buildings and classrooms across the campus were incorporated into our infra-structure. The return to School for the 2020/21 Academic Year was kept under continual review by the Governing Body and the Covid-19 Committee.

During the Midsummer Term and summer holiday period, the programme of refurbishment and redecoration of site facilities continued with the hard work of the School's maintenance team along with continued safety tests and checks to remain compliant. Unfortunately, the programme of lettings usually in place over this period could not go ahead. In addition, the King's Rochester Sports Centre was closed to the community in line with government restrictions. There were significant impacts on commercial activities resulting in lost income due to the pandemic.

Measures taken by the government to contain the virus have affected our regular financial income and expenditure levels, nevertheless, we have continued to provide the full curriculum to our pupils throughout the pandemic, while taking a number of measures to monitor and mitigate the effects of Covid-19. Due to the impact on its finances during the period of national lockdown, the School was unable to return a surplus during the financial year.

The Governing Body greatly appreciate the immense support that we have received from our parents and the whole King's community during the Midsummer Term and are delighted that our remote learning provision across the School has provided a sense of routine along with all of the fantastically creative opportunities for our pupils and their families at a challenging time. The Governing Body is also extremely grateful to all support staff for their dedication during this difficult time.

These are strange times indeed, but times that I know we will all face together for the sake of King's. Both Governors and the School will continue to follow the various government policies and advice and to do our utmost to continue operations in the best and safest way possible, without jeopardising the health and safety of our pupils and staff. After what has been an incredibly tough year for all, the Governing Body very much looks forward to completing the Lent Term with all pupils now back at school and to working our way out of the impact of the pandemic.



*Chair of Governors*

Miss J A Shicluna

## **REPORT OF THE TRUSTEES**

The Trustees present their annual report and audited financial statements for the year ended 31 August 2020 which comply with the requirements of the Charities Act 2011, Companies Act 2006, the Trust Deed and the Charities SORP (FRS102) – Second Edition.

## **AIMS AND OBJECTIVES**

King's School Rochester (King's) is the oldest choir school and the second oldest school in the UK. There has been unbroken education at King's since the establishment of a monastic school in 604AD. The School offers an exceptional day and boarding education for 610 students aged 3 to 18. With a distinguished Christian foundation and strong links to Rochester Cathedral, King's provides a contemporary 21<sup>st</sup> century holistic education in an inspiring setting, developing in all pupils' skills and interests beyond the classroom.

For King's, 2019-2020 has been a period of significant transformation. Changes in leadership and management have led to a period of reflection, consultation and discovery as the Governors and key management personnel have sought to forge a pathway through to a new strategic vision for the next 5 years. This culminated in a strategic meeting - 'Discovering King's' - in late November 2019.

### **Academic Aims**

Maximising pupil potential through excellence in teaching and learning:

- By 2025 the quality of teaching and learning, supported by confident middle leadership, will be consistently excellent.
- We will be confident, creative and efficient in teaching and learning thanks to a whole school approach which encourages innovation and shares best practice through training.
- We will seek to establish a broad and rounded curriculum which benefits all our pupils so that they are prepared for a globalised future.

A whole school approach to the co-curriculum

- By 2025 the school's quality of co-curricular provision will be consistently exceptional.
- We will establish a co-curricular programme that is coherent and demonstrates a synergy with the school's ethos, curriculum and educational aims.

Pupil and staff wellbeing in a fast-changing world

- By 2025 a culture for pupils and staff will have been created in which the balance between 'work hard, play hard and look after each other' has been firmly established.

### **Strategies to Achieve Objectives**

1. Maximising pupil potential through excellence in teaching and learning, focussing on staff training;
2. A whole school approach to the co-curriculum;
3. Creating and developing a culture of wellbeing for pupils and staff in which the balance between 'work hard, play hard and look after each other' has been firmly established. This includes the development of the school's Diversity and Inclusion Alliance;
4. Developing the School's facilities including buildings refurbishment projects and improving play areas across the whole school;
5. Strategic appointment of an Estates Bursar to consider and develop the school's Estate;
6. Strategic appointments within marketing and admissions to maintain and increase the number of pupils in the School and to set up a Development Office;
7. Overhaul of the appraisal and Department Review processes to promote staff development;
8. Investing in ICT facilities and staffing structures to improve support for teaching, including Google Classroom for on-line teaching; and
9. Continuing the promotion Outreach and Partnership through bursaries and enhancement of both existing and new scholarships.

**Charitable Objects**

The objects of the School, as set out in the Memorandum of Association, are the provision and conduct of a day school for boys and girls aged 3-18 and the provision of boarding facilities for boys and girls aged 11-18. In setting the objectives the Governors have given careful consideration to the Charity Commissions' general guidance on public benefit.

**Principal Activities of the Year**

The School provides and conducts a day school for boys and girls aged 3-18 and the provision of boarding facilities for boys and girls aged 11-18.

**Grant-making Policy**

The value of scholarships, exhibitions, bursaries and other awards totalled £1,362,765 in the year, 14% of gross fee income. The policy is to make awards on the basis of an individual's educational potential or to relieve hardship where the pupil's education and future prospects would otherwise be at risk. This year the value of prizes made to the School's pupils out of restricted funds held by Rochester Cathedral King's School Endowment Trust and Geoffrey Harmsworth Trust amounted to £13,731. The policy for distribution follows the conditions imposed by the original donor. Full details of the awards are published annually in a booklet "Scholarships and Bursaries".

**Designated Funds**

The Bursary Fund was set up several years ago; the income continues to be reinvested until it has reached sufficient size to make a worthwhile contribution to bursaries for pupils. Details of the above Funds are contained in Note 15 to the Financial Statements.

**Volunteers**

There are two thriving parental groups operating: The Friends of King's School and The Pre-Prep Supporters' Group who fund-raise for the School. The Governors would like to take this opportunity to say how much it appreciates their continuing and valuable support for the School's work. The Governors are most grateful to the Friends for their contribution of £15,000 for the resurfacing of the tennis court in the Senior School.

**Public Benefit**

In pursuance of the School's long-held objective in offering public benefit to the community, and to ensure compliance with recent legislation, an Annual Public Benefit Review is undertaken internally. Set out below is a summary of the public benefit actions undertaken by the School:

- **Bursaries and Scholarships.** The School welcomes pupils from all backgrounds and access to the education offered is not restricted to those that can afford the fees. The School offers a range of scholarships that come with a standard fee remission and additional further means tested assistance where required. These include Academic, Music, Drama, Art and Sports scholarships available to external candidates. Bursarial support is provided for existing pupils where there is a change of circumstance and a number of 100% bursaries supporting children in particular need. The School promotes its means tested scholarships and bursaries to pupils from the maintained sector through various channels including the school's website, media relations and encourages parents to apply.
- **Cathedral Choristerships.** With the assistance of the Dean and Chapter of Rochester Cathedral, we educate the Rochester Cathedral Choristers who are drawn from vocally and musically able boys and girls from a wide cross section of the community. All of the Cathedral Choristers are pupils of the School (except for some of the older girls) and sing for the public in services and concerts in the cathedral. The School provides financial assistance by way of a fee remission to Choristers attending the School with some receiving further financial assistance through means-tested bursaries.
- **Schools Together Partnership Activities.** The School has established a number of links with local maintained Schools, and has offered pupils from diverse backgrounds and teachers the opportunity to work together in joint activities such as PHSE, Latin, Science, German, Athletics, Politics, Drama and INSET events, activities and workshops, many involving visiting and virtual speakers.

The Drama Department provides opportunities for a local schools consortium of Drama teachers, focusing on GCSE & A Level Drama. Pupils of local schools broaden their experience of the performing arts by attending the Schools' play each year.

### Schools Together Partnership Activities.

Our music department put on a number of performances open to members of the public, performed by pupils of the School. The School's music facilities are used by *Kent County Music Ensembles*.

- **Educational Support Programme.** Within the context of the school community, individual needs are appreciated. The development of the whole person is at the centre of our educational philosophy. At King's, a whole pupil and whole school approach is promoted, as recommended in SEND Code of Practice 0-25, September 2015. The 'King's family' maintains a strong pastoral support within the Form/ House structure which forms the heart of educational support. Form Tutors and Class Teachers are central to supporting the progress of pupils with educational needs. The Educational Support Department is well coordinated throughout the school and responds effectively and flexibly to enable progress.
- **King's School Premises.** The School runs and maintains a former council owned sports centre which it fully refurbished and is used 85% of the time by the local community, including local maintained sector schools. The King's Rochester Sports Centre had been open to the public daily providing subsidised access to high quality sporting and exercise facilities to the local community. However, due to Covid-19, the sports centre was closed from March 2020 in line with government restrictions relating to lockdown.

Both Boarding Houses and a number of classrooms and other school facilities were used by visiting language schools.

The Swimming Pool has been used by local primary schools and School staff volunteer to teach group swimming lessons, swimming clubs and lifesaving courses to the public.

The School's music facilities are used by the *Rochester Cathedral Childrens' Choir*.

The Chadlington House Sports Hall and its cricket nets have been used regularly throughout the non-playing season by local cricket clubs.

The School's playing fields have been used pro bono by local schools, school aged pupils from a local rugby club as part of a collaborative arrangement and also by local cricket clubs and the TA.

The School's cricket pitch has been used by Kent Community Cricket Girls teams for training and matches.

The School offers a section of secure woodland neighbouring the School's playing fields for local schools for use as a Forest School and is working with a local community group, Friends of Watts Meadows, to outline the potential further use by local schools and community groups to access this safe, enclosed environment.

School Hall was used pro-bono for functions in aid of: Diocese of Rochester, Rochester Cathedral and raising funds for Save the Children.

- **King's School Pupil Charitable Giving.** Each of the three Schools nominate a charity each year that works in the local area, some of the Lower Sixth organise fundraising events throughout the year to raise money to support the work of the nominated charity. All are supervised by members of King's School Staff.

Each of the three departments of the School organised regular events (concerts, home clothes days, sponsored events etc.) to raise money for their chosen charities each year. In 2019/20 the charities were:

Pre-Preparatory School	The Dogs Trust
Preparatory School	Demelza and Kent Search and Rescue
Senior School	Demelza Hospice Care for Children

- **Sport.** By competing in regular sports fixtures for both boys and girls against state and independent schools, King's School pupils are integrated in the local sports scene, encourage a familiarity with King's and generally contribute to the success of community events.



- **Worship.** The School actively promotes the Christian faith and principles (with study of RS to GCSE for all pupils) with cathedral services open to members of the public. The School also promotes equality and integration.
- **The Cathedral Choristers.** The school's produced concerts and services that are held in the Cathedral and are made available at no charge to the local community.
- **Teacher Training.** King's offers placements to trainee teachers from Christ Church University Canterbury.
- **Local Community.** The school is part of the Medway Cultural Partnership and an active participant in the Medway Champions Programme to promote Medway as a place to live, visit, work and learn which contributes to developing the economy of the local community.

During the lockdown period, the Design & Technology Department manufactured nearly 500 face visors and these have been distributed to local hospitals, care homes, GP practises, dental surgeries and pharmacies, all recipients have been hugely grateful.

Members of the local community are invited and encouraged to sing with the King's Chorus (free of charge), which was due to perform the Brahms Requiem on 25th March 2020 before the event was cancelled due to the pandemic.

- **Economic Impact and Savings to the Public Purse.** King's School currently educates 600 children relieving pressure on local state schools and with no claim on the State for the subsidy provided for each place at a maintained school. The School does not reclaim any VAT charged on its purchase of supplies and services.

The School employs over 250 people locally at all levels of employment and the School also buys as many of our goods and services locally as possible contributing further significant financial impact indirectly. An Independent School Council (ISC) Economic Survey indicated the school adds over £6m per annum to the local economy.

### Fundraising Approach and Performance

Throughout the year the School community of staff, pupils and parents undertake charity fundraising activities including quiz nights, classroom competitions, sport events, open mic nights and other fundraising events with supporter contact in line with the Fundraising Code of Practice set by Fundraising Regulator. Our fundraising promise is:

*'When you support you can be sure of the following:*

- *We will never sell your contact details to anyone;*
- *We will only contact you if you have expressed an interest in our work;*
- *If we phone you, we will always check you are happy to take the call;*
- *If you ask us to change how we communicate with you, or stop, we will respect that;*
- *We do not engage in cold-calling, door to door or street fundraising;*
- *We try hard to ensure no one ever feels pressurised to support our work; and*
- *All our activities are open, fair, honest and legal.*

In 2019-2020, the School worked with the Demelza Hospice Care for Children, Kent Search and Rescue and Dog's Trust.

We have robust policies in place when dealing with vulnerable people and do not put any pressure on our donors. No complaints about fundraising activity were received in the year.

### Overall fundraising performance during the year

£2,200	Senior School Charity - Demelza Hospice Care for Children;
£1,545	Preparatory School Charity - Demelza House and Kent Search & Rescue;
£605	Preparatory School Charity - Dogs Trust; and
£2,095	East Africa Charities.

**Group Structure and Relationships**

Uniting Directions have been issued by the Charities Commission allowing the combination of financial information for King's School Rochester, Rochester Cathedral King's School Endowment Trust ('RCKSET') and the Geoffrey Harmsworth Charitable Trust.

Rochester Cathedral King's School Endowment Trust is a subsidiary of the Charity whose income is used to fund prizes.

Roffa Limited is a subsidiary company whose activities are detailed in the Accounts at Note 4. Where applicable the company transfers taxable profits by Gift Aid to the School.

A subsidiary charity was established in 2009 in the name of an Old Roffensian who died during that year. The Geoffrey Harmsworth Charitable Trust provides financial support to families suffering financial hardship.

## **STRATEGIC REPORT**

### **REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**

#### **ISI Inspection**

The ISI Inspection in January 2020 found King's to be "*excellent in all areas*". All three parts of King's – Nursery and Pre-Preparatory School, Preparatory School and Senior School were scrutinised for the quality of their work with pupils, academic achievement and personal development and well-being and findings in every section were first-class.

#### **Operational Performance of the School**

Covid-19 had a major impact on the School's operations and events from March 2020 with the immediate move to on-line learning for all pupils from ages 3 to 18 to continue the educational excellence provided by King's.

A Level examinations produced another excellent year of results. The overall pass rate was 100% with 59% obtaining A\*-B results. 50% of GCSE grades were at 9-7 and over 45% of the cohort gaining at least half of their grades at 9-7. The principle destination for leavers has again been universities.

The Preparatory School maintains a broad curriculum throughout the school, allowing pupils to experience a range of academic, sporting, musical and dramatic subjects. The excellence and breadth of the curriculum was evidenced in the ISI Inspection in January 2020 where all areas of the school were judged to be 'Excellent'. The school achieved some exceptional 11+ grammar school entry results and the use of InCAS and MidYIS data from on-line tests serviced by CEM at the University of Durham Centre allows for close monitoring of pupil performance, ensuring that pupils' aspirations exceed their baseline. Several pupils play sport at county or national level and several musicians are (from Year 5) grade 5 or above; ABRSM music and LAMDA exams could not take place this year due to COVID.

The Pre-Preparatory School, including Nursery, continues to offer an exciting and varied curriculum throughout the school. This means pupils experience a range of subjects including, German, Music and Sport as well as core learning right from the start. The school tracks pupils using assessments produced and analysed by CEM at the University of Durham Centre. In Nursery, ASPECTS is used to show how each child has progressed during their time in the setting. In Reception, BASE is used to benchmark our children's performance against national averages and demonstrates the progress that each child has made during the year. This year, only start of year data was captured in both Nursery and Reception due to COVID. However, it remains useful data. Year 1 - 3 use InCAS data which tracks these pupils' performance year on year and provides age-standardised and age-equivalent scores each year ensuring progress is made. Ballet, ABRSM music and LAMDA exams could not take place this year due to COVID.

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

The Governors report that the consolidated activities of the School had a deficit of £300,947 before investment gains in the 12 months to 31 August 2020 (2019: surplus of £66,121).

Income decreased by 3.6% and expenditure increased by 0.2% following increased education operating costs. Investment in marketing was maintained and improvements to the School's building fabric and computer facilities continued during the year.

Roffa Ltd's trading performance during the year was affected both by the decreased level of trading revenue and of costs associated with providing subsidised use of the Sports Centre by the School and local community coupled with the impact of Covid-19.

Since March 2020 the school has been working in an environment that is completely different to previous years as Covid-19 impacted daily operations. The national lockdown and measures taken by the school to contain the virus have impacted the school's financial activity during the year. During the Midsummer Term of 2020, the impact of Covid-19 on financial performance can be seen as a decrease in income due to a reduction in fees for the term whilst the school site was closed to pupils. Throughout this period the school focused on achieving cost savings along with Government support schemes.

**Future Plans**

The Strategic Business Plan for 2020-2025 was reviewed and approval by the Governors early in the financial year. Changes in leadership and management along with the outcome of the ISI inspections have led to a new strategic vision for the next five years, the three over-arching aims are:

- Futureproofing King's for a Sustainable Future;
- King's as One School; and
- A School for Life.

Current key operational plans are:

1. To challenge and support each pupil to make the most of their academic and personal potential;
2. To achieve excellent results through developing an enquiring mind and a passion for learning;
3. To develop skills, qualities and interests through activities and opportunities beyond the classroom;
4. To be a nurturing community that develops values within the setting of Christianity;
5. To communicate effectively to existing and prospective members of the School community;
6. To ensure strategic planning and financial structures are in place which support current and future development;
7. To maintain a motivated and effective teaching and support staff; and
8. To have an engaged and effective structure of leadership and governance.

Due to the impact of Covid-19, the Governors communicated to parents in April 2020 that the decision had been made not to increase the level of fees at the start of the next academic year. Pupil numbers to date have remained consistent and despite there being no current loans the Governors decided to delay any major capital projects until future years. The school aims to minimise the impact of any potential continuing disruption caused by Covid-19 by ensuring that cash resources are in place to operate successfully.

Governors are confident that should it prove necessary the school will continue to provide a high-quality remote curriculum to ensure all pupils will continue their academic progress during any future lockdown period. Alongside this, the school during remote learning to date has delivered highly engaging remote co-curricular and pastoral programme which constitute as full an educational, co-curricular and pastoral experience as possible.

**Acknowledgement**

The Governors wish to record their thanks the Principal, Heads of each School, teachers and all School staff for their loyalty and dedication, continuing hard work and support.

**Reserves Policy**

The Group has total reserves of £14,042,003, these include Endowed Funds of £2,291,595; Restricted Funds of £6,920 and Unrestricted Funds of £11,743,488.

The Reserves Policy of the School has been based on the School's objectives. Its main features are:

- a) To achieve a margin of working capital sufficient to enable all aspects of the School's work to be conducted in an orderly and efficient manner and to deal with the management of the School's buildings maintenance programme; and
- b) To provide resources to fund the School to provide cover for unexpected or unavoidable items of expenditure.

In order to meet the criteria in (a) and (b) above, the Governors consider that the minimum targeted level of reserves desired is as follows:

Working capital of £1.6m, or two months' expenditure. This should be represented by liquid resources.

When certain fixed assets totalling £10.1m are deducted from unrestricted funds this gives rise to free reserves of £1.6m. Due to Covid-19 uncertainties, the policy is therefore to maintain building up reserves of annual operating surpluses at the

current level of two months expenditure, subject to the prior demands of further capital expenditure to equip the School with the up-to-date facilities needed to maintain the standard of educational services currently provided.

The School's Bursary Fund which currently stands at £1,102,417 (Designated Fund) was established with the objective of generating investment income to support the families of existing pupils suffering financial hardship and to enrol pupils who would otherwise be unable to afford to attend the school. The fund to date has reinvested all income generated. Its medium term objective is to increase the Fund to enable it to generate an annual income in support of the above objectives.

### **Investment Policy and Objectives**

The Board aims to maximise the total investment return within the objectives of maintaining income without taking undue risk, while continuing to preserve the real value of endowed investments and to maximise income on invested restricted funds. The management of the School's funds to be reviewed regularly by Governors.

The school's primary investment manager Ruffer took a cautious investment strategic position during the year given their view on the worldwide economy and political uncertainty in the UK. Actual market performance on returns were in line with relevant market indices. Investment gains during the year amount to 3% of opening value.

### **Risk Management**

King's School Board of Governors is responsible for the management of the risks faced by the School. Detailed considerations of risk are delegated to the Finance and Estates Sub-Committee, assisted by the Executive Board. Risks are identified, assessed and controls established throughout the year. A formal review of the School's risk management processes is undertaken on an annual basis.

The major potential risks identified are addressed by Governor sub-committee meetings. During the year these risks are discussed in detail and monitored for action as necessary. Each sub-committee reports in detail to the Governing Body. The Governors consider the major potential risks to the School are:

- Covid-19 pandemic resulting in continued school closure and provision of on-line learning;
- A challenging economic environment due to Covid-19 which may create affordability issues for parents which affect pupil numbers, fee and expense levels and greater pressure on bursary/hardship funds;
- Further increases to pension contribution rates and changes to deficit repayments;
- The uncertainties around BREXIT on pupil numbers from the European Economic Area;
- Political uncertainty and the consequences of any sector wide changes such as the imposition of VAT on school fees, removal of business rates charitable relief;
- Inflationary pressures on certain costs;
- Competition from both independent and state schools for pupils;
- Safeguarding and Inspections in an increasingly regulated environment; and
- Risk management of Health and Safety.

The key controls used by the School to mitigate risks include:

- Formal agendas for all Committee and Board activity;
- Detailed terms of reference for all Committees;
- Establishment of a responsive Covid-19 Committee;
- Comprehensive strategic planning, budgeting, forecasting and management accounting;
- Robust on-line learning and blended learning provisions;
- Health & Safety committee to consider current risks;
- Investment in the school's marketing and communications functions;
- Established organisational structure and lines of reporting;
- Formal written policies and annual adherence monitoring as appropriate;
- Clear authorisation and approval levels;
- Safer recruitment as required by law for the protection of the vulnerable; and
- Staff training, Child Protection and Safeguarding.

In recent months Covid-19 has impacted both the financial and operational performance of the school causing the closure of the school site to pupils, a successful move to online learning and a reduction to Midsummer Term fees. The recent ISI inspection plus excellent online learning provision has assisted in holding up pupil numbers and the Governors strived to mitigate the loss in revenue by implementing costs savings where possible along with making use of Government provided support.

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

## **STATUS AND ADMINISTRATION**

The origin of the School dates back to the foundation of a monastery by St Justus in 604 AD. King's School emerged as a distinct entity in 1542 when Henry VIII dissolved the Monastery and re-founded the Cathedral Grammar School. The Foundation has been amended during subsequent years. The liability of the members is Limited by Guarantee. Details of the Charity's Governors and executive officers are listed on page 2. The Charity's addresses and particulars of the Charity's professional advisors are given on page 2.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document**

The Charity is governed by its Memorandum and Articles of Association, adopted on 11 October 2000 as amended by Special Resolution on 9 November 2015.

### **Appointment and re-Appointment of Governors**

The Scheme approved by the Charity Commission provides for a maximum of 18 Trustees who are Governors of the School, one-fifth of the Nominative and Co-optative Governors retire each year.

The Governors would like to take this opportunity to thank Mr John Franklin (who retired in August 2020) and Mrs A Rouse (who retired in December 2020), for their hard work, dedication and support.

### **Recruitment and Training of Governors**

The Charity's elected Governors are appointed at the first ordinary Meeting of the Governors following their nomination or co-option and a visit to the School. Prospective Governors are supplied with a pack of information as recommended by AGBIS (Association of Governing Bodies of Independent Schools). This includes Charity Commission handbook CC3 "Responsibilities of Charity Trustees", the School's Memorandum and Articles of Association, the Prospectus, list of staff, maps of the school and recent Governing body meeting minutes. During their first year and annually thereafter Governors are invited to attend courses sponsored by AGBIS and others. In addition, ad hoc strategic planning sessions are held when appropriate.

### **Organisational Management**

The Governors, as trustees of the Charity, are legally responsible for the overall management and control of the School, and meet at least four times a year. The work of implementing most of their policies is carried out by three sub-committees, each under the chairmanship of a Governor. During the year the Finance Sub-Committee merged with the Buildings & Facilities Sub-Committee to form the Finance and Estates Sub-Committee. **The Finance and Estates Sub-Committee**, chaired by Mr Markham Chesterfield meets four times per year and has responsibility to recommend the budgets and finalise the audited accounts and annual report for approval by the Board. The Committee also undertakes the annual risk assessment on behalf of the Governing Body, monitors current estates projects and prioritise budgets for proposed future undertakings. **The Personnel & Legislation Sub-Committee**, chaired by Mr C R Shepherd meets termly and reviews the legislative framework in which the School operates, particularly in regard to Human Resources. **The Education & Pastoral Sub-Committee** has been chaired by Mrs A Rouse (and will be chaired in future by Canon C Dench) meets termly; it reviews

educational matters and Inspection findings. The remit of each of the sub-committees has been drawn up and agreed by the Governing Body. Each of the sub-committees reports in detail to the Governing Body.

The day to day running of the School is delegated to the Executive Board, details of which are listed on page 2. Executive Board members attend meetings of the Governing Body and the Sub-Committees.

### **Key Management Pay Policy**

Management pay policy is determined in conjunction with the Governors, Principal and Bursar and takes into account current market demand for pupils in the School's catchment areas, the financial strength of the School, the economic outlook and the 'going rate of remuneration' for senior management remuneration in the independent schools market in the south east of England. The key management roles are detailed in note 6 of the accounts.

### **Employment Policy**

The school is an equal opportunities employer and positively encourages applications from suitably qualified and eligible candidates regardless of sex, race, disability, age, sexual orientation, gender reassignment, religion or belief, marital status, or pregnancy and maternity.

Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of the School.

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues. Three examples of briefings approved by the Governing Body in the last year are Child Protection Training to all staff, the GDPR regulation training on record keeping and data processing and fire extinguisher training to all staff.

### **Statement of Trustees' Responsibilities**

The Trustees (who are also the directors for the company) are responsible for preparing the annual report and the financial statements in accordance with applicable law and UK GAAP.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the income and expenditure of the Group for that period. In preparing these financial statements, the Trustees are required to:

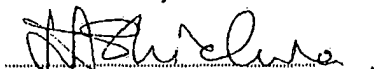
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

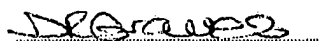
So far as each of the Trustees is aware at the time the report is approved:

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

This report, which incorporates the Strategic Report, was approved by the Board of Governors on 23 March 2021 and signed on their behalf by:



Miss J A Shicluna



Mr D R Graves

**Registered Office**

Satis House

Boley Hill

Rochester

Kent, ME1 1TE



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
KING'S SCHOOL ROCHESTER****Opinion**

We have audited the financial statements of King's School, Rochester for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Charity and Group 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 of the parent charitable company's affairs as at 31 August 2020 and of the group's net movement in funds, including the 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, 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.

**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 Report of the Trustees. 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 Report of the Trustees (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 Report of the Trustees 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 Report of the Trustees (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.

**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.



**Tracey Young (Senior statutory auditor)**  
for and on behalf of Haysmacintyre LLP, Statutory Auditor

**10 Queen Street Place**  
**London**  
**EC4R 1AG**

31 March

.....2021

COMPANY NO. 3791543

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2020 £	Total 2019 £
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Income from charitable activities</b>						
School fees receivable	2	8,345,720	-	-	8,345,720	9,029,918
Other educational income		102,735	-	-	102,735	41,578
<b>Other trading activities</b>						
- Rent and commission receivable		41,774	-	7,950	49,724	188,030
- Trading income	4	274,817	-	-	274,817	373,124
<b>Investment income</b>		23,592	-	14,205	37,797	32,114
<b>Donations and grants</b>	3	563,113	-	30	563,143	57,372
<b>Other income</b>		700	-	-	700	-
<b>Total Income</b>		<b>9,352,451</b>	<b>-</b>	<b>22,185</b>	<b>9,374,636</b>	<b>9,722,136</b>
<b>EXPENDITURE ON:</b>						
<b>Costs of raising funds</b>						
Trading expenses	4	431,826	-	-	431,826	536,232
Interest payable		54	-	-	54	2,796
		<b>431,880</b>	<b>-</b>	<b>-</b>	<b>431,880</b>	<b>539,028</b>
<b>Charitable activities</b>						
- Education		5,897,873	-	-	5,897,873	5,742,706
- Premises		1,336,623	-	18,517	1,355,140	1,353,472
- Welfare		643,491	-	-	643,491	761,804
- Support of schooling		1,327,257	-	991	1,328,248	1,239,549
- Grants, awards and prizes		5,220	-	13,731	18,951	19,456
<b>Total charitable expenditure</b>		<b>9,210,464</b>	<b>-</b>	<b>33,239</b>	<b>9,243,703</b>	<b>9,116,987</b>
<b>Total expenditure</b>	7	<b>9,642,344</b>	<b>-</b>	<b>33,239</b>	<b>9,675,583</b>	<b>9,656,015</b>
<b>Net (expenditure)/income before</b>						
<b>Investment gains</b>		(289,893)	-	(11,054)	(300,947)	66,121
<b>Net investment gains</b>	9	46,204	-	26,060	72,264	47,943
<b>Net (expenditure)/income before</b>						
<b>transfers</b>		(243,689)	-	15,006	(228,683)	114,064
<b>Transfers</b>		-	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>	5	<b>(243,689)</b>	<b>-</b>	<b>15,006</b>	<b>(228,683)</b>	<b>114,064</b>
<b>Reconciliation of funds</b>						
Fund balances at 1 September 2019		11,987,177	6,920	2,276,589	14,270,686	14,156,622
<b>FUND BALANCES AT 31 AUGUST 2020</b>	15	<b>11,743,488</b>	<b>6,920</b>	<b>2,291,595</b>	<b>14,042,003</b>	<b>14,270,686</b>

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the Statement of Financial Activities. The comparative year's Statement of Financial Activities is included in note 20. No separate Income and Expenditure account has been produced because the Net Income for Companies Act purposes is the same as the Net Movement in Funds on the Unrestricted Funds.

The notes on pages 21 to 37 form part of these financial statements.

BALANCE SHEETS  
AT 31 AUGUST 2020

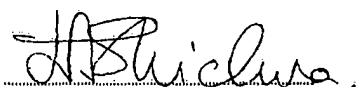
Company Number: 3791543

		GROUP 2020 £	GROUP 2019 £	SCHOOL 2020 £	SCHOOL 2019 £
	Notes				
<b>FIXED ASSETS</b>					
Tangible assets	8	11,209,937	11,516,779	10,793,947	11,062,255
Investments	9	2,379,813	2,290,932	2,965,913	3,391,032
		<u>13,589,750</u>	<u>13,807,711</u>	<u>13,759,860</u>	<u>14,453,287</u>
<b>CURRENT ASSETS</b>					
Stocks		3,938	9,472	-	-
Debtors	10	412,245	374,419	401,950	280,804
Cash at bank and in hand		2,696,301	2,812,564	2,522,538	2,588,080
		<u>3,112,484</u>	<u>3,196,455</u>	<u>2,924,488</u>	<u>2,868,884</u>
<b>CURRENT LIABILITIES:</b>					
Creditors: amounts falling due within one year	11	(1,617,314)	(1,674,425)	(1,575,681)	(1,552,744)
<b>NET CURRENT ASSETS</b>		<u>1,495,170</u>	<u>1,522,030</u>	<u>1,348,807</u>	<u>1,316,140</u>
<b>LONG TERM LIABILITIES</b>					
Creditors: amounts falling due after more than one year	12	(1,042,917)	(1,059,055)	(1,042,917)	(1,059,055)
<b>TOTAL NET ASSETS</b>	14	<u>14,042,003</u>	<u>14,270,686</u>	<u>14,065,750</u>	<u>14,710,372</u>
<b>Representing:</b>					
Unrestricted Funds	15a	11,743,488	11,987,177	11,767,235	12,426,863
Restricted Funds	15b	6,920	6,920	6,920	6,920
Endowed Funds					
- Expendable Endowment Funds	15c	1,253,143	1,223,698	1,253,143	1,223,698
- Permanent Endowment Funds	15c	1,038,452	1,052,891	1,038,452	1,052,891
<b>TOTAL FUNDS</b>		<u>14,042,003</u>	<u>14,270,686</u>	<u>14,065,750</u>	<u>14,710,372</u>

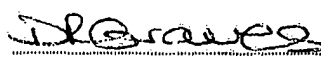
King's School, Rochester has taken the exemption from presenting its unconsolidated statement of financial activities under section 408 of the Companies Act 2006. The net movement in funds of the Charity was a deficit of £644,622 (2019: surplus £169,261).

The notes on pages 21 to 37 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Governors on 23 March 2021 and were signed below on its behalf by:



Miss J A Shiduna



Mr D R Graves

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £	
<b>Net cash inflow from operating activities</b>			
Net movement in funds	(228,683)	114,064	
Investment income and interest receivable	(37,797)	(32,114)	
Interest payable	54	2,796	
Depreciation	423,616	439,594	
Unrealised (gain) on investments	(72,264)	(47,943)	
Decrease/(increase) in stocks	5,534	(4,860)	
(Increase) in debtors	(37,826)	(124,566)	
Increase in creditors	57,717	16,339	
(Decrease)/increase in pension deficit	(61,935)	7,000	
<b>Net cash provided by operating activities</b>	<b>48,416</b>	<b>370,310</b>	
<b>Cash flow from investing activities</b>			
Investment income and interest received	37,797	32,114	
Purchase of tangible fixed assets	(116,774)	(161,462)	
Purchase of fixed asset investments	(16,617)	(1,645,032)	
Sale of fixed asset investments	-	1,635,503	
<b>Net cash used in investing activities</b>	<b>(95,594)</b>	<b>(138,877)</b>	
<b>Cash flows from financing activities</b>			
Loan repayments	(69,031)	(296,664)	
Interest paid	(54)	(2,796)	
<b>Net cash used in financing activities</b>	<b>(69,085)</b>	<b>(299,460)</b>	
<b>Net change in cash and cash equivalents in the year</b>	<b>(116,263)</b>	<b>(68,027)</b>	
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,812,564</b>	<b>2,880,591</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>2,696,301</b>	<b>2,812,564</b>	
<b>Analysis of cash and cash equivalents</b>			
Cash at bank	396,301	362,564	
Deposits	2,300,000	2,450,000	
	<b>2,696,301</b>	<b>2,812,564</b>	
<b>Analysis of changes in net funds/debt</b>	<b>At start of year £</b>	<b>Cash Flows £</b>	<b>At end of year £</b>
Cash at bank	362,564	33,737	396,301
Deposits	2,450,000	(150,000)	2,300,000
Bank borrowing	(69,031)	69,031	-
	<b>2,743,533</b>	<b>(47,232)</b>	<b>2,696,301</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed assets investments at market value and certain freehold land and buildings at revalued amounts. The format of the financial statements has been presented to comply with the Companies Act 2006, FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019). Figures are presented in sterling and rounded to the nearest pound. The Charity is a Public Benefit Entity as defined by FRS102.

**Going Concern**

Having reviewed the school's budgets and forecasts with the expected ongoing demand for places at the school, the Trustees consider that there are no material uncertainties which would cast doubt on the School's ability to continue as a going concern.

In response to the ever changing impact of the Covid-19 pandemic, the Trustees have re-visited their business plans, forecasts and cash flows to cover a period up to 31<sup>st</sup> August 2022 and introduced further sensitivity analysis in order to assess the expected financial implications for the School.

Forecasts for going concern assessment have considered reduced pupil numbers and associated income along with reduced fundraising opportunities for future cash flow projections. With a potentially long recession, investments are not expected to perform any better in the near future and recoverability of existing debts is forecast to be more difficult than in previous years.

However, the School has no loans in place and has delayed any major capital plans; Governors are also taking steps to address uncertainties with increased resources for the marketing function and a cost focus through to August 2022. Given the school has sufficient reserves, the Trustees consider that there are no material uncertainties which would cast doubt on the School's ability to continue as a going concern

**Group Accounts**

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Roffa Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006. The Net Movement in Funds of the school was a deficit of £644,622.

**General Information**

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 3791543) and a charity registered in England and Wales (charity number: 1084266). The School was converted from its classification as Rochester Cathedral (King's) School, an Unincorporated Body to Limited Company status and began trading as King's School, Rochester on 1 September 2000.

**Significant Estimates and Judgements**

In preparing these financial statements the trustees have had to make estimates and assumptions that affect the amounts recognised in these financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no key areas subject to estimates or judgement where adjustments would have a material effect on the accounts.

**Income**

All income is included in the Statement of Financial Activities when the Charity is entitled to the income, its receipt is probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Donations are accounted for on a received basis. Legacies are recognised on a receivable basis, when the conditions of entitlement, probability and measurement are met. Where the probability and/or measurement criteria for legacies and donations are not satisfied as at the balance sheet date but subsequent events resolve the uncertainty such that the criteria are met, an adjustment is made to recognise the income. Furloughing grants are recognised on a receivable basis.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020**

Fees receivable includes both general tuition fees and other fees and recharges, net of scholarships and remissions, is accounted for in the period in which the service is provided. General tuition fees comprise all amounts in relation to tuition, boarding and lunches.

Investment income is accounted for in the period in which the charity is entitled to receipt.

Rent and interest is accounted for on an accruals basis.

**Expenditure**

Expenditure are accounted for on an accruals basis. Expenditure is allocated to expense headings on a direct cost basis except for central costs which are apportioned on the basis of the Governors' estimate of time spent on the relevant functions.

Expenditure on raising funds comprise the costs associated with attracting voluntary income, the costs of trading for fundraising purposes and finance costs.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs represent staff and other costs incurred in directly supporting the teaching function and general running of the School. Governance costs include expenditure on compliance with constitutional and statutory requirements. These are included within support costs.

**Grants and Bursaries**

Grants and bursaries from restricted funds are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards school fees at the Schools are treated as a reduction in those fees.

**Tangible Fixed Assets and Depreciation**

Freehold and leasehold land and buildings are included in the balance sheet at a valuation by Messrs Burkill Johnson and Messrs Michael Rogers, Chartered Surveyors at incorporation on 1 September 1999, with additions since that date being included at cost.

Expenditure on repairs and alterations which do not add value to the premises is charged to the Statement of Financial Activities in the financial year in which it is incurred.

Depreciation of Freehold buildings is provided on a straight line basis over 10, 20, 30 and 50 years.

Depreciation of leasehold buildings is provided on a straight line basis over the unexpired portion of the leases, the remaining useful life of each building, or 50 years, whichever is shortest.

Expenditure on furniture and equipment, fixtures and fittings and vehicles with a minimum project value of £1,000, which have an expected useful life in excess of one year, are included in the balance sheet at cost. Depreciation is provided on a straight-line basis at rates varying between 5% and 25%. Expenditure on smaller items is charged to the Statement of Financial Activities in the year of acquisition.

**Investment Property**

The investment property is included at fair value at a valuation completed by Ledgerwood Limited (Chartered Surveyors) at 31 August 2018.

**Financial Instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020**

*Investments*

Investments held for the long-term to generate income or capital growth are carried at fair value as fixed assets. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

*Cash and cash equivalents*

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

*Debtors and creditors*

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

*Bank borrowings*

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

*Fee in advance scheme*

The School has an advance fees scheme whereby parents and others make advance payments, which together with the discount accruing thereon, provide for a set contribution each term towards the pupils' fees. The capital portion outstanding is recognised as a liability and the amount of discount crystallised in the year is included in the Statement of Financial Activities.

**Stocks**

Consumable stocks, provisions, stationery and school books are charged to the Statement of Financial Activities in the year of purchase. Stocks of goods for resale are stated at the lower of cost and net realisable value.

**Pensions**

The School operates two pension schemes to provide retirement benefits for certain staff members. The pension costs charged to the Statement of Financial Activities are determined as follows:

The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

The Pensions Trust Scheme is a multi-employer defined benefit scheme for which the School's share of the underlying assets and liabilities cannot be separately identified. This scheme is therefore accounted for as a defined contribution scheme in accordance with section 28 of FRS102 and agreed pension deficit funding payments are provided for on a discounted basis.

**Operating Leases**

Rentals for operating leases are charged to the Statement of Financial Activities as they are incurred.

**Funds**

Unrestricted funds are those available to further the School's charitable objects at the discretion of the Governors.

Restricted funds are monies that are subject to restrictions by the donors.

Permanent endowed funds are funds where the original capital must be maintained.

Expendable endowment funds are funds where the original capital can be converted into income for spending either at the Governors' own discretion.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 2 FEES RECEIVABLE

	2020 £	2019 £
<b>Gross Fees</b>	9,694,754	10,462,649
Less bursaries and discounts	(1,362,765)	(1,448,275)
	8,331,989	9,014,374
Bursaries funded by restricted fund	13,731	15,544
<b>Fees Receivable</b>	<b>8,345,720</b>	<b>9,029,918</b>

## 3 DONATIONS AND GRANTS

Donations and grants income includes furloughing grants of £544,285 claimed by the group during the year (2019: £Nil).

## 4 NET EXPENDITURE FROM TRADING SUBSIDIARY

Trading activities not connected with the Charity's purpose are carried out by Roffa Ltd (company number 02235699), a wholly owned subsidiary company. The company transfers taxable profits by Gift Aid to the School.

	2020 £	2019 £
<b>Turnover</b>		
Rent and Commission Receivable	804	130,706
Trading Income	367,344	394,213
	368,148	524,919
Cost of sales	431,823	536,235
Operating costs recharged by King's School	29,084	37,900
	460,907	574,135
<b>Trading Expenses</b>		
Gross Loss	(92,759)	(49,216)
Administrative costs	(5,302)	(5,981)
	(98,061)	(55,197)
<b>Operating Loss</b>		
Interest payable to school	-	-
	(98,061)	(55,197)
<b>Net Loss</b>		
Gift aid	-	-
	(98,061)	(55,197)
<b>Retained loss for the year</b>		
	(98,061)	(55,197)
<b>Balance Sheet</b>		
Fixed Assets	415,990	454,524
Stock	3,938	9,472
Debtors	15,050	108,729
Cash at bank	173,763	224,484
Creditors due < 1 year	(46,388)	(136,795)
Creditors due > 1 year	(1,100,000)	(1,100,000)
	(537,647)	(439,586)
<b>Net liabilities</b>		
<b>Share capital and reserves</b>		
Share capital	100	100
Profit and loss account	(537,747)	(439,686)
	(537,647)	(439,586)
<b>Equity shareholders funds</b>		
	(537,647)	(439,586)

£50,510 (2019: £57,755) of turnover and £50,510 (2019: £57,755) of cost of sales relate to transactions with King's School, Rochester. These have been eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 5 NET MOVEMENT IN FUNDS

	2020 £	2019 £
Net movement in funds is stated after charging:		
Depreciation charge for the year		
Tangible fixed assets owned	423,616	439,594
Operating lease payments		
- King's School, Rochester	111,012	111,012
- Roffa Limited	20,000	17,667
Auditors' remuneration for audit services		
- King's School, Rochester	14,100	13,200
- Roffa Limited	4,450	4,250
Auditors' remuneration for other services	6,990	6,875

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 6 EMPLOYEE INFORMATION

The average weekly number of employees during the year was made up as follows:

	2020 Number	2019 Number
Teaching Staff	112	105
Other Staff	133	135
Roffa Limited	17	17
	<b>262</b>	<b>257</b>
Employee		
Staff costs		
Salaries and wages	5,788,322	5,838,867
Social security costs	518,597	527,637
Pension contributions	848,118	583,796
	<b>7,155,037</b>	<b>6,950,300</b>

During the year there were no termination payments for the School or for Roffa Limited (2019: £6,892 for the School and £6,988 for Roffa Limited).

The number of employees earning over £60,000 in the year were:

	2020 Number	2019 Number
£60,001 - £70,000	2	3
£90,001 - £100,000	1	1
£110,000 - £120,000	1	-

Three (2019: Three) of the employees earning more than £60,000 are members of the 'Teachers' Pension Scheme. One of the employees earning more than £60,000 is a member of a scheme run by the Independent Schools' Pension Scheme.

**Key management personnel**

The key management roles in the school were the Governors, who are not paid, the Principal, Headmaster of the Preparatory School, Headmistress of the Pre-preparatory School and the Bursar & Clerk to the Governors. Their total emoluments including benefits and employer's pension and national insurance contributions paid was £433,033 (2019: £428,345).

**Transactions with Governors**

None of the Governors received any remuneration during the period (2019: £Nil). The aggregate amount of expenses reimbursed to Governors during the year was £Nil (2019: £50 – travel expenses for one Governor). Two children of one Governor attended King's School and they received some assistance towards payment of school fees on an arms-length basis.

Donations totalling £2,443 (2019: £8,286) were received from Governors during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 7 ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	2020 £
<b>Charitable activities</b>				
<i>School operating costs:</i>				
Education	5,404,450	433,504	59,919	5,897,873
Premises	428,771	627,865	298,504	1,355,140
Welfare	402,848	225,369	15,274	643,491
Support	720,930	572,279	10,634	1,303,843
Governance costs	-	24,405	-	24,405
Grants, awards and prizes	-	18,951	-	18,951
	6,956,999	1,902,373	384,331	9,243,703
<b>Costs of raising funds</b>				
Interest payable	-	54	-	54
<b>Total for charity</b>	6,956,999	1,902,427	384,331	9,243,757
Trading costs of the subsidiary	198,038	194,503	39,285	431,826
<b>Total for group</b>	<b>7,155,037</b>	<b>2,096,930</b>	<b>423,616</b>	<b>9,675,583</b>

## Comparative Analysis of Total Expenditure:

	Staff costs £	Other £	Depreciation £	2019 £
<b>Charitable activities</b>				
<i>School operating costs:</i>				
Education	5,176,762	491,148	74,796	5,742,706
Premises	415,232	635,912	302,328	1,353,472
Welfare	445,246	305,040	11,518	761,804
Support	692,184	513,107	10,579	1,215,870
Governance costs	-	23,679	-	23,679
Grants, awards and prizes	-	19,456	-	19,456
	6,729,424	1,988,342	399,221	9,116,987
<b>Costs of raising funds</b>				
Interest payable	-	2,796	-	2,796
<b>Total for charity</b>	6,729,424	1,991,138	399,221	9,119,783
Trading costs of the subsidiary	220,876	274,983	40,373	536,232
<b>Total for group</b>	<b>6,950,300</b>	<b>2,266,121</b>	<b>439,594</b>	<b>9,656,015</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 8 SCHOOL AND GROUP TANGIBLE ASSETS

Group	Freehold land and buildings £	Leasehold buildings £	Vehicles and equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2019	12,697,209	2,370,701	2,330,033	17,397,943
Additions	12,060	-	104,714	116,774
Disposals	-	-	(7,168)	(7,168)
<b>At 31 August 2020</b>	<b>12,709,269</b>	<b>2,370,701</b>	<b>2,427,579</b>	<b>17,507,549</b>
<b>Depreciation</b>				
At 1 September 2019	3,313,051	880,561	1,687,552	5,881,164
Providing during year	204,033	76,937	142,646	423,616
Disposals	-	-	(7,168)	(7,168)
<b>At 31 August 2020</b>	<b>3,517,084</b>	<b>957,498</b>	<b>1,823,030</b>	<b>6,297,612</b>
<b>Total net book value</b>				
<b>At 31 August 2020</b>	<b>9,192,185</b>	<b>1,413,203</b>	<b>604,549</b>	<b>11,209,937</b>
Total net book value				
At 1 September 2019	9,384,158	1,490,140	642,481	11,516,779

School	Freehold land and buildings £	Leasehold buildings £	Vehicles and equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2019	12,697,209	1,795,475	2,215,205	16,707,889
Additions	12,060	-	103,963	116,023
Disposals	-	-	(7,168)	(7,168)
<b>At 31 August 2020</b>	<b>12,709,269</b>	<b>1,795,475</b>	<b>2,312,000</b>	<b>16,816,744</b>
<b>Depreciation</b>				
At 1 September 2019	3,313,051	723,599	1,608,984	5,645,634
Providing during year	204,033	45,617	134,681	384,331
Disposals	-	-	(7,168)	(7,168)
<b>At 31 August 2020</b>	<b>3,517,084</b>	<b>769,216</b>	<b>1,736,497</b>	<b>6,022,797</b>
<b>Total net book value</b>				
<b>At 31 August 2020</b>	<b>9,192,185</b>	<b>1,026,259</b>	<b>575,503</b>	<b>10,793,947</b>
Total net book value				
At 1 September 2019	9,384,158	1,071,876	606,221	11,062,255

None of the buildings or land are held for investment purposes.

On the formation of the Company, certain endowed properties were retained by a separate charity, Rochester Cathedral King's School Endowment Trust (Charity Number 307922).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 9 FIXED ASSET INVESTMENTS

	Investment Property £	Group Quoted Investments £	Total £
Market value 1 September 2019	285,000	2,005,932	2,290,932
Reinvested income/additions	-	16,617	16,617
Unrealised profit on revaluation to market value	-	72,264	72,264
<b>Market value 31 August 2020</b>	<b>285,000</b>	<b>2,094,813</b>	<b>2,379,813</b>

	Investment In subsidiary (unquoted) £	Investment Property £	School Quoted investments £	Total £
Market value 1 September 2019	1,100,100	285,000	2,005,932	3,391,032
Reinvested income/additions	-	-	16,617	16,617
Impairment	(514,000)	-	-	(514,000)
Unrealised profit on revaluation to market value	-	-	72,264	72,264
<b>Market value 31 August 2020</b>	<b>586,100</b>	<b>285,000</b>	<b>2,094,813</b>	<b>2,965,913</b>

The investment in the subsidiary, Roffa Limited represents 100% of the company's share capital and £1,100,000 of Redeemable Shares. Following losses in Roffa Limited and an impairment review performed by Trustees, the Redeemable Shares have been written down to the Trustees' estimate of their recoverable amount. Roffa Limited was incorporated in March 1988, its principal activities being the external hiring of a sports centre, letting of school premises and related facilities and the sale of confectionery and snacks.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 10 DEBTORS

	Group		School	
	2020	2019	2020	2019
	£	£	£	£
Fees	170,360	87,132	170,360	87,132
Sundry debtors	18,145	75,635	3,095	19,460
Prepaid expenses	223,740	211,652	223,740	159,098
Roffa Limited – intercompany	-	-	4,755	15,114
	<u>412,245</u>	<u>374,419</u>	<u>401,950</u>	<u>280,804</u>

## 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		School	
	2020	2019	2020	2019
	£	£	£	£
Bank borrowing	-	69,031	-	69,031
Trade creditors	103,802	176,159	103,802	119,661
Prepaid fees	557,471	463,003	557,471	463,003
Fees in advance (note 13)	343,803	349,546	343,803	349,546
Pupil deposits	36,976	48,020	36,976	48,020
Taxation and social security	126,333	165,535	126,333	132,177
Pension deficit reduction contributions (note 17)	49,337	48,000	49,337	48,000
Other creditors	258,017	171,763	228,842	171,763
Accrued expenses	141,575	183,368	129,117	151,543
	<u>1,617,314</u>	<u>1,674,425</u>	<u>1,575,681</u>	<u>1,552,744</u>

## 12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		School	
	2020	2019	2020	2019
	£	£	£	£
Pension deficit reduction contributions (note 17)	445,728	509,000	445,728	509,000
Fees in advance (note 13)	248,421	155,158	248,421	155,158
Pupil deposits	348,768	394,897	348,768	394,897
	<u>1,042,917</u>	<u>1,059,055</u>	<u>1,042,917</u>	<u>1,059,055</u>

Bank borrowing was secured by a negative pledge on the school's property. The loan was repaid in October 2019 at an interest rate of 0.7% above base rate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 13. FEES IN ADVANCE

Parents have the option of paying school fees in advance for either part of or the whole time that the pupil is at the school. The money is returned if the child is withdrawn from the School, after any outstanding fees are deducted and amounts owing are added. Assuming pupils will remain in the School, advanced fees will be applied as follows:

	2020 £	2019 £
Within one year	343,803	349,546
Within one to two years	134,027	103,446
Within two to five years	114,394	51,712
	<u>248,421</u>	<u>155,158</u>
	<u>592,224</u>	<u>504,704</u>
The movements during the year were:		
Balance at 1 September 2019	504,704	478,663
Additions to scheme	463,176	537,597
Payments of fees	(375,656)	(511,556)
Balance at 31 August 2020	<u>592,224</u>	<u>504,704</u>

## 14 ALLOCATION OF GROUP NET ASSETS

	Tangible assets £	Investments £	Net current assets £	Long term liabilities £	Total £
<b>At 31 August 2020</b>					
Unrestricted funds	10,102,210	1,185,395	1,498,800	(1,042,917)	11,743,488
Restricted	-	-	6,920	-	6,920
Expendable Endowment	-	1,194,418	58,725	-	1,253,143
Permanent Endowment	1,107,727	-	(69,275)	-	1,038,452
	<u>11,209,937</u>	<u>2,379,813</u>	<u>1,495,170</u>	<u>(1,042,917)</u>	<u>14,042,003</u>

## Comparative Allocation of Group Net Assets:

	Tangible assets £	Investments £	Net current assets £	Long term liabilities £	Total £
<b>At 31 August 2019</b>					
Unrestricted funds	10,394,613	1,122,574	1,529,045	(1,059,055)	11,987,177
Restricted	-	-	6,920	-	6,920
Expendable Endowment	-	1,168,358	55,340	-	1,223,698
Permanent Endowment	1,122,166	-	(69,275)	-	1,052,891
	<u>11,516,779</u>	<u>2,290,932</u>	<u>1,522,030</u>	<u>(1,059,055)</u>	<u>14,270,686</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 15 FUNDS

## 15a Unrestricted Funds

Unrestricted Funds – Group	Balance at 31 August 2019	Income	Expenditure	Investments gains/ losses) and transfers	Balance at 31 August 2020
	£	£	£	£	£
General fund	11,423,950	9,019,359	(9,226,645)	(37,846)	11,178,818
Bursary Fund	1,002,913	15,454	-	84,050	1,102,417
	12,426,863	9,034,813	(9,226,645)	46,204	12,281,235
Subsidiary funds	(439,686)	317,638	(415,699)	-	(537,747)
	11,987,177	9,352,451	(9,642,344)	46,204	11,743,488
<b>Unrestricted Funds – School</b>					
General fund	11,423,950	9,019,359	(9,226,645)	(551,846)	10,664,818
Bursary Fund	1,002,913	15,454	-	84,050	1,102,417
	12,426,863	9,034,813	(9,226,645)	(467,796)	11,767,235
<b>Comparative 2019</b>					
	Balance at 31 August 2018	Income	Expenditure	Investments gains/(losses) transfers	Balance at 31 August 2019
	£	£	£	£	£
<b>Unrestricted Funds – Group</b>					
General fund	11,292,648	9,201,890	(9,100,190)	29,602	11,423,950
Bursary Fund	974,741	-	-	28,172	1,002,913
	12,267,389	9,201,890	(9,100,190)	57,774	12,426,863
Subsidiary funds	(384,489)	467,164	(522,361)	-	(439,686)
	11,882,900	9,669,054	(9,622,551)	57,774	11,987,177
<b>Unrestricted Funds – School</b>					
General fund	11,292,648	9,201,890	(9,100,190)	29,602	11,423,950
Bursary Fund	974,741	-	-	28,172	1,002,913
	12,267,389	9,201,890	(9,100,190)	57,774	12,426,863

## 15b Restricted Funds – Group and School

	Balance at 31 August 2019	Income	Expenditure	Transfers	Balance at 31 August 2020
	£	£	£	£	£
<b>Restricted Funds</b>					
Music Project Fund	6,920	-	-	-	6,920
<b>Comparative 2019</b>					
	Balance at 31 August 2018	Income	Expenditure	Transfers	Balance at 31 August 2019
	£	£	£	£	£
<b>Restricted Funds</b>					
Grand Piano Fund	10,260	33,340	-	(36,680)	6,920

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 15 FUNDS (continued)

## 15c Endowment Funds – Group and School

Endowment Funds	Balance at 31 August 2019	Income	Expenditure	Investments gains/ losses)	Balance at 31 August 2020
	£	£	£	£	£
Expendable Endowment Fund					
Geoffrey Harmsworth Trust	974,409	17,543	(15,038)	26,422	1,003,336
Augustine Carnell Fund	90,126	-	-	(141)	89,985
RCKSET	159,163	4,642	(3,762)	(221)	159,822
	1,223,698	22,185	(18,800)	26,060	1,253,143
Permanent Endowment Funds	1,052,891	-	(14,439)	-	1,038,452
<b>Endowment Funds Total</b>	<b>2,276,589</b>	<b>22,185</b>	<b>(33,239)</b>	<b>26,060</b>	<b>2,291,595</b>

## Comparative 2019

Endowment Funds	Balance at 31 August 2018	Income	Expenditure	Investments gains/ losses)	Balance at 31 August 2019
	£	£	£	£	£
Expendable Endowment Fund					
Geoffrey Harmsworth Trust	964,822	12,300	(13,421)	10,708	974,409
Augustine Carnell Fund	83,861	-	-	6,265	90,126
RCKSET	147,449	7,442	(5,604)	9,876	159,163
	1,196,132	19,742	(19,025)	26,849	1,223,698
Permanent Endowment Funds	1,067,330	-	(14,439)	-	1,052,891
<b>Endowment Funds Total</b>	<b>2,263,462</b>	<b>19,742</b>	<b>(33,464)</b>	<b>26,849</b>	<b>2,276,589</b>

The Permanent Endowed Funds comprise a number of properties used by the School. The Expendable Endowment Funds comprises of bequests for prizes and a legacy for the relief of hardship.

The Augustine Carnell Fund is to be used to provide travel prizes to sixth form students.

The Music Project Fund is to be used for a music project. Permission was obtained from the donor to change the purpose of the remaining balance on the fund following the purchase of a grand piano. Transfers in 2019 represented funds spent on fixed assets.

The Bursary Fund income continues to be reinvested until it has reached sufficient size to make a worthwhile contribution to bursaries for pupils.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 16 FINANCIAL COMMITMENTS

The total of the future minimum lease payments at the end of the year are:

	2020 Land and buildings £	2019 Land and buildings £
Not later than 1 year	131,012	131,012
Later than 1 year and not later than 5 years	413,036	524,048
Later than 5 years	1,771,667	1,791,667
	<u>2,315,715</u>	<u>2,446,727</u>
	2020	2019
Capital commitments at 31 August	£	£
Approved and contracted for	-	-

## 17 PENSION CONTRIBUTIONS

The company operates two pension schemes, both of which provide benefits based on a final pensionable salary.

**Teachers' Pension Scheme**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £785,525 (2019: £534,289) and at the year-end £93,580 (2019 - £70,737) was accrued in respect of contributions to this scheme.

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## 17 PENSION CONTRIBUTIONS (continued)

**Teachers' Pension Scheme (continued)**

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

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

**Independent Schools' Pension Scheme (operated by the Pensions Trust)**

Some support and administrative staff are members of a defined benefit pension scheme run by Verity Trustees Limited. Verity is the Trustee of the Pensions Trust for Charities and Voluntary Organisations; the pension scheme has become part of The Independent Schools' Pension Scheme (ISPS), a scheme within the Trust. The employee rate of contribution in the year was 8.35%, the School's contribution was 10.95%. The ISPS scheme is a multi-employer defined benefit scheme with guaranteed benefits for current and former employees of the former scheme based on 1/80th of final salary.

The School would have a liability if it ceased to participate in the ISPS which at 30 September 2017 was calculated as £2,965,615. The next valuation is due at 30 September 2020 (valuation report has not yet been published). As the School currently has no plans to leave the scheme, this contingent liability has not been provided for in the accounts, and as the Actuary is unable to identify its share of the underlying assets and liabilities at 31 August 2020, the scheme has been accounted for as a defined contribution scheme as permitted by FRS102 and contributions are accounted for when due. Any agreed pension deficit funding payments are provided for on a discounted basis.

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.

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 at 30 September 2017. This valuation showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 September 2017 to 30 April 2030	£2,387,357 per annum (payable monthly and increasing by 3% each on 1st September)
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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 school 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.

The annual amount due by the school from 1 September 2020 to 30 April 2030 is £49,000 (payable monthly and increasing by 3% each on 1st September).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

## Independent Schools' Pension Scheme (operated by the Pensions Trust)

	2020 £'000	2019 £'000
Reconciliation of opening and closing provisions:		
Provision at start of period	557	550
Unwinding of discount factor (Interest expense)	9	11
Deficit contribution paid	(48)	(47)
Remeasurements – impact of any change in assumptions	(23)	43
Provision at end of period	<u>495</u>	<u>557</u>
Split as follows:		
Due within one year	49	48
Due after one year	446	509
	<u>495</u>	<u>557</u>

## ASSUMPTIONS

	31 August 2020	31 August 2019	31 August 2018
Rate of discount - % per annum	2.57	1.66	1.96

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 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.

## 18 CONNECTED CHARITIES

Under a scheme approved by the Charity Commission on 16 November 2000, the endowment funds in the charity known as Rochester Cathedral Grammar School were retained in the charity under the new name 'Rochester Cathedral Kings School Endowment Trust' and the non Endowment Funds were transferred to Kings School Rochester. The School is the trustee of the Endowment Trust.

The terms of the Scheme stipulate that the properties and investments in the Endowment Trust are held for the benefit of King's School Rochester. Accordingly, no rent is charged by the Endowment Trust to the School while the School undertakes to maintain and manage the assets of the Endowment Trust.

Uniting Directions have been issued by the Charities Commission allowing the combination of financial information for King's School Rochester, Rochester Cathedral King's School Endowment Trust ('RCKSET') and the Geoffrey Harmsworth Charitable Trust.

## 19 RELATED PARTY TRANSACTIONS

There are no related party transactions to disclose in the current or prior year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

20 STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2019 £
<b>INCOME AND ENDOWMENTS FROM:</b>				
<b>Income from charitable activities</b>				
School fees receivable	9,029,918	-	-	9,029,918
Other educational income	41,578	-	-	41,578
<b>Other trading activities</b>				
- Rent and commission receivable	182,793	-	5,237	188,030
- Trading income	373,124	-	-	373,124
<b>Investment income</b>	17,969	-	14,145	32,114
<b>Donations</b>	23,672	33,340	360	57,372
<b>Other income</b>	-	-	-	-
<b>Total Income</b>	<b>9,669,054</b>	<b>33,340</b>	<b>19,742</b>	<b>9,722,136</b>
<b>EXPENDITURE ON:</b>				
<b>Costs of raising funds</b>				
Trading expenses	536,232	-	-	536,232
Interest payable	2,796	-	-	2,796
	<b>539,028</b>	<b>-</b>	<b>-</b>	<b>539,028</b>
<b>Charitable activities</b>				
- Education	5,742,706	-	-	5,742,706
- Premises	1,336,193	-	17,279	1,353,472
- Welfare	761,804	-	-	761,804
- Support of schooling	1,238,908	-	641	1,239,549
- Grants, awards and prizes	3,912	-	15,544	19,456
<b>Total charitable expenditure</b>	<b>9,083,523</b>	<b>-</b>	<b>33,464</b>	<b>9,116,987</b>
<b>Total expenditure</b>	<b>9,622,551</b>	<b>-</b>	<b>33,464</b>	<b>9,656,015</b>
<b>Net income/(expenditure) before</b>				
<b>Investment gains</b>	46,503	33,340	(13,722)	66,121
<b>Net investment gains</b>	21,094	-	26,849	47,943
<b>Net income/(expenditure)</b>	67,597	33,340	13,127	114,064
<b>Transfers</b>	36,680	(36,680)	-	-
<b>NET MOVEMENT IN FUNDS</b>	<b>104,277</b>	<b>(3,340)</b>	<b>13,127</b>	<b>114,064</b>
<b>Reconciliation of funds</b>				
Fund balances at 1 September 2018	11,882,900	10,260	2,263,462	14,156,622
<b>FUND BALANCES AT 31 AUGUST 2019</b>	<b>11,987,177</b>	<b>6,920</b>	<b>2,276,589</b>	<b>14,270,686</b>