

Charity Registration No. 1103522

Company Registration No. 05091977 (England and Wales)

**THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2022**

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

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# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## COMPANY INFORMATION

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### ***DIRECTORS AND ADVISORS***

#### **Directors**

Mr M R Havard, BSc, Econ (Hons) (Chairman from 1<sup>st</sup> January 2022)  
Mrs K Bates, LPQH, Cert. Ed  
Mr P R Dewey, BSc, FCA (appointed 16<sup>th</sup> March 2022)  
Mrs P Jones, BA (Hons) (appointed 16<sup>th</sup> March 2022)  
Professor P J Knowles, BA, PhD  
Mr P R Lacey, MA  
Mrs J E Newley, MA, Cert. Ed  
Mr J C Rawlins, FRICS, MRAC  
Mr P A Smith, BSc (appointed 22<sup>nd</sup> November 2021)  
Mr G C Lloyd, FCA, CPFA (Previous Chairman, Resigned 31<sup>st</sup> December 2021)  
Mr J F Holmes, BSc (Hons), FCA (Resigned 31<sup>st</sup> December 2021)  
Mrs C F Wood, BSc (Hons) (Resigned 31<sup>st</sup> December 2021)

#### **Provost**

The Revd Canon B D Clover, MA,FRSA,LTCL

#### **Company Secretary**

Mr R A Leek

#### **Charity No.**

1103522

#### **Company No.**

05091977

#### **Principal Address and Registered Office**

The Cathedral School, Cardiff Road, Llandaff, Cardiff. CF5 2YH

#### **Key Management Personnel**

##### **Head**

Mrs C V Sherwood, MA (Hons Cantab)

##### **Bursar**

Mr R A Leek

##### **Auditor**

RSM UK Audit LLP  
Portland, 25 High Street, Crawley, West Sussex. RH10 1BG

##### **Bankers**

Barclays PLC, 6<sup>th</sup> Floor, 5 Callaghan Square, Cardiff. CF10 5BT

##### **Solicitors**

Veale Wasbrough Vizards, Narrow Quay House, Narrow Quay, Bristol. BS1 4BZ  
Geldards LLP, 4 Capital Quarter, Tyndall Street, Cardiff. CF10 4BZ

##### **Insurance Brokers**

Marsh, 1 Tower Place West, Tower Place, London. EC3R 5BU

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022**

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The directors present their report and financial statements for the year ended 31st August 2022 and confirm they comply with the requirements of the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006.

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The charity was formed in 2004 and is registered with the Charity Commission as charity number 1103522. The charity is a limited liability company and wholly owned subsidiary of The Woodard Corporation (charity number 1096270). The charitable company is incorporated in the United Kingdom. Directors of the Company are also Fellows (members) of the Woodard Corporation and participate in the election of its board of management and are committed to its charitable objects.

Note 29 provides details of connected charities.

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

#### **Governing Document**

The company is governed by Articles of Association as adopted by Special Resolution dated 20 March 2013, replacing those dated 29 March 2004 amended by Special Resolution(s) dated 25 January 2006, 28 April 2009 and 23 June 2009. They permit funds to be managed in such a manner as the directors see fit, provided that such powers are only exercised for the purposes of attaining the objects and in a manner which is legally charitable. The Articles of Association forbid the distribution of any property or funds, which are to be applied solely towards the promotion of the objects of the company.

#### **Governing Body**

The governors are the directors and charitable trustees of the company and comprise the governing body of The Cathedral School and are elected to hold office for five years. The governing body met three times during the year. Reference to directors, governors and trustees are interchangeable throughout these accounts.

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

All governors are Fellows of the Woodard Corporation. Fellows are responsible for electing the Woodard Corporation Board. Governors are recruited on the basis of nominations from school contacts and from selection when a post becomes available. The governing body look to ensure a mix of skills and select new governors on the basis of background, competence, specialist skills and, in the case of Fellows, Christian commitment. Governors are provided with induction training by the Head, Bursar and staff and a wider programme of training events is organised by the Woodard Corporation.

Where possible the governors consider that the skills and experience of the governing body should comprise the following:

- A Governor with a legal background.
- A Governor with a financial/accounting background.
- A Governor with education experience.
- A Governor with estates management experience.
- A Governor with senior managerial or business experience.
- A Governor with experience of equal opportunities or disability needs.
- At least one female Governor and at least one male Governor.
- An Anglican Ordained Minister.

One Governor may have one or more of these skills.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022**

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### **Volunteers**

Governors are volunteers providing their time for free to support the governance of the school. The school also relies on a number of others to undertake volunteer roles including fundraising events via 'The Friends of the Cathedral School' group. Parents of infant aged children also assist with School trips and visits.

### **Organisational Management**

The school is governed by the governing body which delegates work to a number of committees. Membership of each committee is outlined on page 15. The directors determine the general policy of the company.

Finance Committee – the Finance Committee has a remit to consider budgets, both revenue and capital, cash flow information and financial reports, including the financial statements. It also considers financial policies and the financial regulations. It makes recommendations to the governing body for approval. The Finance Committee met three times during the year.

Estates Committee – the Estates Committee develops the school's estates strategy, including capital developments and maintenance of the buildings and it makes recommendations to the governing body. It met three times during the year.

Education Committee – the Education Committee is responsible for oversight of the academic performance of the school and educational policy, making recommendations to the governing body. It met four times during the year.

Remuneration Committee - the Remuneration Committee makes recommendations to the governing body regarding the remuneration of the Head and the Bursar. It also considers the overall staff salary increases and makes recommendations to the Finance Committee. It met twice during the year.

Risk Management Committee – the Risk Management Committee sets and reviews the Risk Management Register on an annual basis. The committee consists of the full board and meets once a year.

The day to day management of the company is delegated to the Head and the Bursar as the Key Management personnel, overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the governors which provide for only significant expenditure decisions and major capital projects to be referred to the governors for prior approval.

The Head oversees the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching support staff. The Head and Bursar are invited to attend governors' meetings.

The remuneration of key management personnel is set by the governing body, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the school's success.

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

We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

### **School Structure and Relationships**

The School has developed links with a wide range of organisations to ensure the widest possible access to our facilities and Schooling. Through membership of the family of Woodard Schools, Headmasters' and Headmistresses' Conference (HMC), Independent Association of Preparatory Schools (IAPS), the Choir Schools Association (CSA), Society of Heads and through networking with

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## DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2022

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peer groups we ensure that we are able to attain the highest standards of quality and performance. We encourage pupils to develop awareness of the social context of the all-round education they receive at the School and they are encouraged in a number of activities to enhance their understanding. We have a growing alumni group, the Old Llandavians. A committee of parents and staff form 'The Friends of the Cathedral School' and are generous in supporting the work of the School, which is greatly appreciated. We also cooperate with charities and local Primary Schools in our ongoing endeavours to widen public access to the Schooling we can provide, to optimise the educational use of our culture and sporting facilities and to awaken in our pupils, in the public interest, an awareness of the social context of the all-round education they receive.

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

### **Charitable Objects**

The charity's objects, as set out in the Articles of Association, are to promote and extend education (including spiritual, moral, social, cultural and physical education) in accordance with the doctrines and principles of the Church. The Church is defined as being the Church of England and churches in full communion with the See of Canterbury.

### **Intended impact**

Woodard schools strive for the best all round education of every aspect of each individual; they ensure high standards of religious education; and they see themselves as communities working together for the benefit of all members, and of the Church and the nation. They are strong Christian foundations which adhere to catholic belief as found in the Church, to Christian worship focused in the Eucharist, and to the care of each individual and the whole school community particularised in the ministry of the Chaplain.

### **Aims**

The Cathedral School is a day school for pupils from the ages of 3 to 18. It aims to support children in reaching their potential in all areas of their activity at the school, and in the wider community. This is certainly in enabling each child to meet their academic potential and also in enabling children to find success in co-curricular excellence in art, drama, sport, music or dance. We produce 'well rounded' individuals who are able to make a positive contribution to society. All Woodard schools aim to provide a rounded education to help the pupils to make their way in adult life.

### **Primary objectives**

The primary objectives of The Cathedral School to fulfil these aims focus around the following 5 ethos statements:

- Achievement – recognizing that all young people have a unique set of skills and enabling all pupils to fulfil their potential
- Care – to enable an inclusive community in our Christian environment supporting spiritual growth, understanding, respect and empathy for all
- Opportunity – Every teaching & learning opportunity to enable the child to flourish
- Ambition – Aiming high in all aspects of school life – with no-one left behind
- Leadership – Planning effectively and working together to inspire others and achieve a shared purpose and build a better world

### **Strategies to achieve the primary objectives**

The strategies this year were focused on "building back better" in the wake of the Covid-19 pandemic.

To strengthen academic achievement, we brought a new Year 12 curriculum, re-introducing AS examinations, following the WJEC specification in almost all subjects.



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## DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2022

To strengthen achievement amongst our Additional Learning Needs (ALN) pupils, (following new ALN legislation coming into force in Wales), we recruited an additional member of staff to the ALN department and re-shaped the management structure to enable appropriate support for pupils at all key stages.

The focus on excellent teaching continued with a particular emphasis on examination groups.

Under care, our strategy focused on healthy relationships and developing a new relationships and sexuality education programme. Our strategies built on the feedback following the publication of the OFSTED and Estyn review in the wake of the publication of information on the "Everyone's Invited" website.

We aimed to strengthen our monitoring process for well-being, extending our termly pupil well-being survey into the Early Years Foundation Stage (EYFS) classes.

Our strategy also highlighted the importance of care for members of staff. Therefore, membership of the staff forum was widened with an extended remit agreed, and a termly staff well-being survey was introduced.

In terms of opportunity, in sport, our strategy centred around new partnerships, with both Cardiff Rugby and Hockey Wales, extending opportunities for boys and girls.

To strengthen opportunities in music, an additional school concert was planned for the summer term, to strengthen musical opportunities for pupils below the examination years. In terms of resourcing, the first school harp was purchased, giving more pupils access to the Welsh national instrument.

Furthermore, the School achieved its ambition to be the first independent school to be accredited as a School of Sanctuary in Wales, which is designated as a nation of sanctuary. This will offer pupils more opportunities to become involved in a wider social programme.

Under leadership, we aimed to provide new opportunities to positively impact the School for pupils, and set up an Amnesty International Society, allowing pupils to lead two school wide campaigns over the year. For staff, the first formal mechanism to enable all staff to contribute to the School Development campaign was introduced and three new governors were inducted over the academic year.

### Principal Activities of the Year

The principal activity of the school is the delivery of education to pupils ranging from 3 to 18 years of age. We also run a number of summer school activities and the school is open at other times for use by the local community. Pupil numbers at the school during the year were as follows:

	2021/2022		2020/2021	
Senior School	471		460	
Preparatory School	173		179	
Pre-Preparatory School	157		157	
Total	801		796	
	2021/2022		2020/2021	
	Boys	Girls	Boys	Girls
Senior School	295	176	289	171
Preparatory School	115	58	114	65
Pre-Preparatory School	97	60	103	54
Total	507	294	506	290

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022

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### Public Benefit

As part of our primary objectives, the school aims to create an environment to nurture children, to get the best from them and to allow them to develop and fulfil their potential. We provide them with a first class independent education and a wide range of sporting and artistic opportunities. Our public benefit aim is that all pupils will be self-confident and desire to contribute to the wider community.

In terms of public benefit, we also recognise the benefit to the community of the School educating 800+ pupils at no cost to the public purse. The Cathedral School provides boy and girl Choristers to sing services in Llandaff Cathedral, greatly enhancing the spiritual, musical and cultural lives of the City of Cardiff and the Diocese of Llandaff. In the past academic year, the Choristers sang for a variety of local and national events, including BBC Songs of Praise and the first Llandaff Festival providing a vital support to community well-being.

In the furtherance of these aims, The Cathedral School governors, as the charity trustees, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

Our school welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that our school will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

Our school is a part of a wider community and we are keen that our links with the community remain strong. We continued to support Llandaff Diocese in their partnership work on *Taith Advent* and worked closely with local schools in our accreditation bid to be a School of Sanctuary. The activities undertaken and the success of our programme are explained in the 'review of achievements and performance for the year' section of this report.

Woodard and its schools provide a significant benefit to the public. The school strives to ensure that measures of public benefit are appropriate, and that significant sections of the public are not excluded from the opportunity to benefit from the education and facilities offered due to the need to pay a fee. In addition to significant provision of bursaries and other forms of financial support, the school provides a wide range of opportunities for community benefit and facilities and events are often open to all. Further detail of the public benefit offered is included in the section entitled 'Review of Achievements and Performance for the Year' below.

### **Concessions Including Bursaries & Scholarships**

Our school does not have an endowment and in funding our concessions we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards. Further details of our concessions policies and how to apply are available on our website at [www.cathedral-school.co.uk](http://www.cathedral-school.co.uk).

All criteria and policies relating to concessions are kept under review and are updated when necessary.

### **Bursaries**

Bursary awards are important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education we offer. Our bursary awards are available to all who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk for example in the case of redundancy. In most cases the budget for bursaries is allocated using a "needs blind" approach as far as possible, whilst giving priority to the continuity of education of those pupils already at the school.

This year the value of means tested bursaries totalled £235,266 (£210,025 -2021) and represented 2.3% of our gross fees. They provided assistance to 31 of our pupils of which 3 pupils benefited from a full remission of fees.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022

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### **Scholarships**

The purpose of our scholarship awards is to recognise high academic potential or the ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the individual's academic potential or evidence of exceptional abilities which will contribute to our co-curricular activities. In addition, awards may be subject to conditions imposed by the original donor.

The school awarded scholarships to 206 pupils, based on their educational merit and potential, totalling £197,305 (£178,015 – 2021) and representing 2% of our gross fees. Of this number, 14 also qualified for means-tested bursary support and are included in the figures relating to bursary awards.

The Cathedral School provides the Choristers to Llandaff Cathedral and in so doing subsidises their fees via Chorister scholarships. The Scholarships ranges from 20% to 66% remission of fees. This year the value of Chorister Scholarships totalled £201,430 (£205,170 – 2021) and represented 2% of our gross fees. We supported 37 Choristers during the year.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the year as a result of reviews.

### **Employment Policy**

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

## **STRATEGIC REPORT**

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

#### **Impact of Coronavirus Pandemic**

These accounts relate to the year to 31<sup>st</sup> August 2022, and therefore reflect the diminishing financial and operational impact on the education sector, and all of society, of the Coronavirus pandemic. Schools were required to close to all bar 'Key Workers' in March 2020 and again from January to May 2021. Much of the education was moved online. Woodard schools and academies adapted well to provision of online learning and the responses from parents were positive. This was reflected in an increase at The Cathedral School, in September 2021.

The pandemic had a direct impact on school financial health across two financial years, but there was significant recovery in 2021-22. Following earlier cuts in fees in order to reflect the impact of the various restrictions, The Cathedral School raised fees by 3% in September 2021. The Cathedral School had to adapt to the situation, but we have been able to provide a full educational experience in 2021-22, including specially adapted assemblies, cathedral services, concerts, school plays and fixtures. Of particular note was the hard work of staff, who had to adapt to different classroom set-ups, cover for absent colleagues and respond to the ever-changing government legislation on school events and trips.

#### **School Performance and Achievements**

During the year we educated an average of 801 children between the ages of 3 and 18. The school offers a broad curriculum and, whilst entry is subject to meeting the academic requirements of the school, we educate children with a wide range of ability. The educational performance of the school was excellent, as demonstrated by the public examination results. At GCSE, an exceptional 44% of grades were 9 or 8, with 67% of all grades at 9-7. The most common grade awarded overall was 8 (the equivalent of A\*). 100% of pupils achieved the equivalent of at least five GCSE grades 9-4 (A\*-C), including first language and Mathematics.

At A Level 45% of all grades gained were at A\* and 75% at A\*-A, with 89% securing their first-choice course and university. The most common grade was A\* with more than half of the cohort attaining exclusively A\*/A grades. At AS Level, 85% of grades were A.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022

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These results are well above the national average for all schools and significantly above the average performance of independent schools, demonstrating both the effectiveness of our educational offering during the pandemic and the excellent way in which we prepared students for their first ever public examinations, particularly the A level cohort, who had not sat GCSEs.

We continue to improve facilities through constant investment in the fabric of the buildings and assets. This year, the external aspects of original school building, School House, were completely re-furbished from the school side. Major repair work was also carried out to prevent subsidence in the school chapel and new cricket nets were opened on Bishop's Field, for use by both our girls' and our boys' teams.

The Cathedral School celebrated the first year in which the girl and the boy choristers were under the musical management of the Cathedral's Music Department. Both girls and boys performed at significant festivals throughout the year, including the first Llandaff Festival in July, a community event which was attended by local schools as well as by other well known performers, for example, from the Royal Welsh College of Music and Drama.

We have a particular strength in music and the performing arts and the school prides itself on the quality of our choirs and orchestras and the progress made by our pupils in national ensembles. 8 pupils between Year 7 and Year 13 were members of the National Youth Choir / National Youth Orchestra and a significant number play for the various Cardiff / Glamorgan ensembles. In our tradition of music for all, the Primary Choirs concert, in the Lent Term, featured over 100 pupils singing in various choirs and 140 pupils performed at the Senior Lent Term concert, which welcomed back a number of Old Llandavians both performing and to a specially held reception event. Our half termly lunchtime concerts are held in the cathedral and are open to the public, being particularly popular to the local Llandaff residents. We also support the local community with events they hold each year, including providing both the bugler and the brass band for the Remembrance service held on the cathedral green.

Musical and theatre productions this year have been well attended. The fast paced and highly amusing "Complete Works of William Shakespeare" featured a cast of 46 from across Years 7-13. 37 students took part in the Summer Production of "Guys and Dolls", which, for the first time, was supported by a student band. Also, for the first time, we entered the Independent Schools Bar Mock Trials competition run by the Young Citizens Foundation, with students from Years 11-13 playing the parts of both lawyers and witnesses. Competing against independent schools across the UK, our team achieved third place and were commended for their professionalism and knowledge.

The range of sports offered at The Cathedral School reflects the importance given to sporting activity and physical education. 96% of Year 7-9 represented the school in at least one fixture, 64% of Year 10, 80% of Year 11 (including 96% of girls) and 54% of the Sixth Form. This has enabled us to extend our provision and offer a 2<sup>nd</sup> XV in rugby, a 3<sup>rd</sup> XI in football and an U-18 B team in hockey. A number of pupils are outstanding in their field and have represented their country in running, badminton, baseball, cricket, football, gymnastics, hockey, squash and swimming. The appointment of an Athletic Development Coordinator in September 2021 has strengthened our development of physical literacy in our pupils from Year 3 to Year 13.

Our very high participation rates in the Duke of Edinburgh Award (93% in Year 9; 96% in Year 10, 80% in Year 11 and 80% in the Sixth Form) outstrip the national target of 50% of young people across the country and we remained committed to enable pupils to participate in the Award, despite the restrictions placed on it. Expeditions and residential trips returned after the moratorium imposed by the pandemic and volunteering continued in the local community in churches and charity shops, litter picking and dog walking for the Dogs Trust, among many others. In all, students at CSL last year, volunteered for a collective 1,599 hours, which amounts to a social value of £7,387.

Through development of, and provision of access to facilities, the school remains an important community resource.

Facilities made open to the public include:

The Chapel – The Chaplain regularly carries out Baptism and Christenings

Our music and performance facilities are made available to a wide range of local music societies, including:

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022**

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- Cardiff and Vale Youth Jazz Orchestra
- Orchestra Rehearsals
- Stage School

Our sports pitches are recognised as being of particular quality and are regularly used by:

- Cardiff Cavaliers Cricket Club
- Chorister parents cricket team
- Glamorgan County Cricket Fixtures (2nd Team)
- Mitres Cricket Club
- Salem Chapel Cricket Club
- St Fagans Cricket Club
- UMCC Cricket Fixtures

Our sports hall is also regularly used throughout the year for evening and weekend activities by the following organisations:

- Cardiff City and Met Korfball Club
- Cardiff Volleyball Club
- Celtic Dragons Netball
- Cricket Wales
- Lisvane Wales

Our Memorial Hall hosts:

- Art exhibitions – school has run two with an additional external event
- Ballet and Tap groups on weekends and during the weekday evenings
- Birthday parties – 13 this year
- Christening/baptism receptions – three to date
- Cwmni Dawns Werin Caerdydd – Folk dancing
- Dance Group
- Pilates and yoga classes – these take place on four evenings per week
- The Llandaff society monthly meetings
- Charitable activities for Organisations such as NSPCC

Other activities on school premises were:

- Staging the start and finish of the Castles and Cathedral Cycle Ride
- The High Sheriff post Cathedral Service drinks and canape event
- Cardiff Vineyard Church - weekly



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022

### Partnerships

We continued to develop our close relationship with the diocesan Church in Wales schools this year as well as strengthening our links with local charities. Once again, we supported the local *Taith Advent* initiative, raising awareness and teaching children about refugees and issues faced by refugees around the world. In Lent, we joined the diocesan Lamentations Project, reassuring children across the diocese that "it's OK not to be OK" and allowing them to express their sadness.

We supported the development of the music curriculum with Cwmbach CiW Primary School, with a member of staff going to work with them once a week throughout the year. During Christian Aid week, we once again combined our efforts with Llandaff City CiW Primary School, joining a collaborative sponsored walk to raise funds.

We worked closely with St Mary the Virgin CiW Primary School and were delighted to be the first independent school in Wales to be designated as a School of Sanctuary for our commitment to ensuring that we are a safe and welcoming place for all. Feedback from parents showed that resulting discussions at home positively impacted the children, developing their cultural understanding and instigated further discussions at home with their families.

We continued to develop our partnership with Cartref Residential Home including strengthening our pen pal project and recording a virtual Christmas message for the residents.

As members of the Rotary youth charitable body 'Interact', we continued to work with local schools (Howells, Whitchurch High, Llanishen High and Whitchurch Primary) to raise money and awareness of global issues, including running a virtual pampering evening.

### Charitable Activities

As well as supporting the local community, we have undertaken specific fundraising for projects such as Save the Children, Christian Aid Week and 2 wish upon a star. The school community takes part in a wide range of sponsored events and other fundraising activities and these continued during lockdown with pupils raising money as individuals by running marathon distances either individually or in a team. Not taking into account the sums raised during lockdown, the school raised in excess of £5,200 to support local and national charities

### Key Performance Indicators

The Key Performance Indicators (KPIs) used by the school are:

KPI	Target	Actual 2022	Actual 2021
Surplus	5% of net fees	6.9%	4.6%
Pupil Numbers	800	801	796
Total salaries to net fees	70% of net fees	64.7%	68%
A Level target	Average score of 55% Grade A or above	75%	85%
GCSE Level target	Average score of 65% Grade 7 or above	67%	86%

Surplus – With net income 5.8% higher than budget and costs being controlled extremely well during a difficult year at 96%, we are pleased with the outcome. Expenditure included £110k spend on renovations to existing buildings.

Pupil Numbers – This remains steady at circa 800, indicating a healthy demand for places at the

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022**

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Cathedral School.

Examination Results – Whilst the actual results for both GCSE and A level appear lower than the previous year (Results awarded during the Pandemic), we are extremely pleased with this years' outcomes, some of the best results in the Country. Both results are ahead of our KPI target.

### **FINANCIAL REVIEW**

#### **Results for the Year**

The net incoming resources for the year amounted to £601,808 of which the operating surplus on school activities was £618,778. This surplus has been achieved with a rise in fees lower than inflation and against a background of strongly rising operating costs, so that in the circumstances we consider it a highly satisfactory achievement. Gross income for the year was up by some 5.5% on last year, reflecting the increase in pupil numbers throughout the school.

The hiring out of The Cathedral School facilities during vacations and after school hours contributed £41,479 (£11,250 – 2021) to the school's operating surplus. We are now seeing letting income returning to pre-pandemic levels.

The parents of our pupils often make significant sacrifices to pay the fees. In doing so they help to relieve the state of the financial burden of educating 801 UK based children. The saving is estimated to have a value in the last year of £5,488,452. The school is also unable to recover the VAT on purchases it makes. During the past year, The Cathedral School has paid an estimated £374,273 in irrecoverable VAT on goods and services.

The Cathedral School provides a pension to some staff under the terms of the Pensions Trust Growth Plan. As a result of this pension scheme being underfunded, The Cathedral School is committed to contributing to a recovery plan. During the course of the year The Cathedral School made contributions to the recovery plan of £12,632 and the recognised liability under the plan reduced by £54,950, with this value being recognised in the Statement of Financial Activities. Further details can be found in note 23.

#### **Reserves Level and Policy, and Financial Viability**

It has been the School's policy to utilise funds to ensure that high quality up-to-date facilities are provided for the benefit of pupils. The aim is to budget so as to provide sufficient working capital to meet the present needs and future development requirements of the School without the requirement to have recourse to sales of tangible fixed assets or use of the School's readily realisable investments supporting unrestricted funds. Unrestricted funds increased by £618,778 to total £8,674,157, as shown in note 21. The Cathedral School plans to fund longer term capital expenditure and meet long term liabilities through careful management of resources and investments and through building reserves through operations and trading. The School aims to make an overall surplus of 5% to build up to the target for free reserves. This year's result indicates that our surplus was 6.9% of net fees. This is a reasonable outcome when considering the impact of Covid-19.

The Governors have invested substantial sums into new School buildings in recent years and have a continuing programme of refurbishment, development, and investment to maintain excellent teaching facilities for our pupils. In common with most independent Schools, and due to the having to fund their own capital investment plans, free reserves are at a negative balance illustrating the extent of the investment in our School. The School's total reserves of £8,802,603 at the year-end included £128,446 of restricted funds and £8,674,157 unrestricted funds. Fixed assets held for charity use totalled £9,307,996, leaving free reserves of -£505k (2021: -£1.426m) at the year-end, an improvement of £921k. The School's financial viability does not depend on income reserves but in its ability to continue to trade at a surplus on an annual basis, and on the substantial portfolio of fixed assets held for operational use. The School does not have, and cannot rely on, permanent endowments.

The company's unrestricted reserve are primarily invested in tangible fixed assets which are all used for its direct charitable activities.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022

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### Engagement with Suppliers, Customers and Others in a Business Relationship with The Cathedral School

The Cathedral School seeks to engage actively and positively with all stakeholders in the local community and in the wider educational landscape. Collaborative relationships with suppliers, parents, educational partners and community leaders are seen as key enablers to achieving success in all of the school's operations.

During the year the school has further promoted this engagement through specific initiatives including:

- Regular communication and engagement with parents and prospective parents of pupils attending The Cathedral School to enhance the understanding of the provision to each pupil and to fully coordinate support to pupils from parents and schools.
- Engagement with other educational organisations and partners at local and national levels to share best practice and to provide peer support.
- Active dialogues with local councils on matters which impact children and families in the community as well as relate to operation of each school.
- Engaging with local businesses to promote career and educational opportunities for pupils for their mutual benefit.
- Seeking all possible opportunities to engage with local and national suppliers in the area.
- Seeking regular communication with all suppliers and ensuring good commercial practices of prompt payment and clear communication to optimise arrangements for supply of goods and services to The Cathedral School.
- In particular, The Cathedral School has adopted the government's policies and guidance during the Coronavirus pandemic and sought to maximise its support to all suppliers through the crisis in order to sustain their support and services in the future.
- Promoting and encouraging pupil and staff opportunities to engage in local voluntary and other projects to support the community.
- Providing community access to The Cathedral School and, in many cases, adopting a role that puts the school at the heart of a community.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Coronavirus Pandemic

These financial statements were compiled at a time when all restrictions relating to the Covid 19 global pandemic had been removed, and activity had mostly returned to normal. That is not to say that the virus was no longer affecting school life; cases continue in both pupils and staff, and the school continues to suffer disruption. Like most trustees, the governors keep under consideration the impact of a catastrophic event on the school's ability to continue, but that event may come about from many causes and being specific about the source is not possible. The consideration of risks in the paragraphs below is therefore reflective of a more stable environment and does not specifically look at the pandemic, or other similar events, but offers a wider view of common events plus a specific risk looking at those events that could impact the continuity of education.

#### Economic Outlook

The governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risk faced by the school. The school is currently close to full capacity, but there is no room for complacency. The governing body, therefore, decided last year to increase the fees in September 2021 by only 3%. For September 2022 the governing body has again limited fee changes, to a 4.25% increase.

#### Health and Safety

Health and Safety is always a significant area for risk management. The risks range from fire and damage to infrastructure, to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the school is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

The governing body is responsible for the identification and management of risks. The major risks to which the charity is exposed, as identified by the directors, have been reviewed and systems or



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022**

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procedures have been established to manage those risks. Detailed examination of the risks and establishment of controls to mitigate them is delegated to the Head and Bursar and the process is overseen by the Risk Committee on behalf of the governing body. A formal review of the risk management processes is undertaken annually in the Lent term.

The principal risks to which the school is exposed include those affecting protection of pupils and security and preservation of charitable assets both now and in the future. Significant risk areas:

- the governors consider possible catastrophic events and ensure that the school has a plan in place to allow education to continue in a range of different scenarios
- the market in which the school operates is highly competitive and we monitor developments in education to ensure that pupils always receive a first class, holistic and varied educational experience in our school
- we strive to ensure that all staff are able to work in a safe and supportive environment and policies, procedures and training in Human Resource management and Health and Safety help to ensure that the school meets expectations
- the school operates in a highly regulated sector, including in matters of child protection, and we appoint appropriate professional advisers to ensure that we can keep up to date with all requirements; school or individual membership of bodies being the constituent associations of the Independent Schools Council also ensure that we have access to up-to-date information and support
- the school operates in an increasingly litigious environment, and we appoint appropriate professional advisers and purchase insurance using specialist brokers and advisers to ensure that we can keep up to date with all requirements and meet all challenges
- all organisations face difficult economic conditions and directors and senior managers in the school keep abreast of economic conditions locally, nationally and internationally to identify trends and develop plans to address issues

The key controls used by the school include:

- formal agendas and minutes for all meetings of the governing body and committees
- terms of reference for all committees
- comprehensive strategic planning, financial forecasting, budgeting and management accounting
- established and identifiable organisational structures and reporting lines which are regularly reviewed
- comprehensive formal written policies
- clear authorisation limits
- vetting procedures, as required by law, for protection of the vulnerable

### **Financial risk management objectives and policies**

The school uses financial instruments, other than derivatives, comprising loans, cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main issues arising from the group's financial instruments are liquidity risk and interest rate risk. The school's directors adopt policies for managing each of the risks and these are summarised below:

- Liquidity risk – the school seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by negotiating adequate facilities from banks.
- Interest rate risk – the school finances operations through a mixture of retained surpluses and bank and other borrowings. The exposure to interest rate fluctuations is managed by the use of both fixed and floating facilities.

### **GOING CONCERN**

The governing body has reviewed the impact in the aftermath of the global pandemic, together with the current economic situation, on School operations and finances. The governing body recognise that the outcome of the 2021.22 is very positive but are mindful that the following 12 months and beyond will be affected by the current economic uncertainties; they continue to rework plans for the next 12 months, to ensure the financial impact on the School continues to be mitigated in the most appropriate way.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## **DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022**

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The accounts show that we are currently cash positive, this is the case even without recognising that over 25% of our parents regularly pay fees in advance of the due date. We also have £1.5m bank overdraft facility, in case of need, which has never been called upon.

The School has a financial plan up until the end of 2024/25, conservatively indicating an annual EBITDA of £345k to £552k – the latter being the equivalent to 40 senior pupil fees. Our cash forecast of circa £3.3m in 2024/25, gives the governors confidence that the School will be able to restart the capital project of a new Sixth Form Building in the next few years.

Having considered all factors and reviewing the available evidence, including demand v capacity, exam results and the handling of the lock down which has given rise to potential additional funding opportunities, the governors have a reasonable expectation that the School will be able to continue operating for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

### **FUTURE PLANS**

The governing body's current five-year strategic plan was approved in June 2022 and is reviewed on an annual basis. The key objectives of the current plan are:

1. To establish a new curriculum for the Year 6 and Year 7 groups, focusing on the development of the Humanities programme and greater provision for teaching rhetoric and public speaking.
2. To establish new markets for the school by undertaking specific research, so that pupil numbers can be increased to be consistently above 800 year on year, with a particular focus on increasing numbers in the Reception forms.
3. To commence a formal fundraising programme with appropriate resources, with the initial aim of achieving 10% of all parental deposits given to the school bursary fund.
4. To strengthen the school's response to the climate crisis by increasing the number of pupils using the school bus by 50%, reviewing the school's existing energy consumption and increasing bio-diversity on the school site.
5. To establish the next 10 Year Plan for the development of the school site, with a focus on improving the facilities for the Sixth Form, improving the dining facilities for the whole school, providing an additional teaching space for Juniors and performance area for the Music department.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2022

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### DIRECTORS

The directors who served during the year, and the committees of which they are members, are:

G C Lloyd (Chairman) Resigned 31 December 2021	Estates, Finance, Nominations, Remuneration, Risk Management
Mrs K Bates	Education, Remuneration, Risk Management
P R Dewey Appointed 16 March 2022	Finance, Risk Management
M R Havard (Vice Chair) Appointed Chairman 1 January 2022	Estates, Nominations, Remuneration, Risk Management
J F Holmes Resigned 31 December 2021	Finance, Nominations, Remuneration, Risk Management
Mrs P Jones Appointed 16 March 2022	Risk Management
P R Lacey	Education, Nominations, Remuneration, Risk Management
P J Knowles	Education, Remuneration, Risk Management
Mrs J E Newley	Education, Estates, Risk Management
J C Rawlins	Estates, Finance, Nominations, Risk Management
P A Smith	Education, Risk Management
Mrs C F Wood Resigned 31 December 2021	Estates, Finance, Risk Management

None of the directors has any beneficial interest in the company. The Cathedral School buys trustees and officers insurance on behalf of the directors.

### Exemptions from disclosure

The Cathedral School has not taken advantage of any exemption from disclosure in relation to trustee details.

### AUDITOR

RSM UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2022

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### DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

Approved by the Board of Directors of The Cathedral School on 25<sup>th</sup> November 2022 including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



M Robin Havard  
CHAIRMAN



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED YEAR ENDED 31ST AUGUST 2022

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### Opinion

We have audited the financial statements of The Cathedral School (Llandaff) Limited for the year ended 31 August 2022 which comprise the Charity Statement of Financial Activities, the Charity Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 August 2022 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

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

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.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED YEAR ENDED 31ST AUGUST 2022

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### 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 Directors' Report and the incorporated Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the incorporated Strategic Report.

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Directors' responsibilities set out on page 16, 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 Directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED YEAR ENDED 31ST AUGUST 2022

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assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operate in and how the charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Directors' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are The Education (Independent School Standards) Regulations 2014, Keeping Children Safe in Education under section 175 of the Education Act 2002, and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and substantive test of details over donation and grant income.

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

### 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.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED YEAR ENDED 31ST AUGUST 2022

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RSM UK Audit LLP

ZOE LONGSTAFF-TYRRELL (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Portland,  
25 High Street,  
Crawley,  
West Sussex,  
RH10 1BG

Date 28 November 2022

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2022

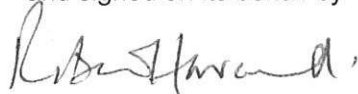
	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
<b>Income and endowments from:</b>					
<b>Charitable Activities</b>					
School fees receivable	2	9,279,907	-	<b>9,279,907</b>	8,787,227
Ancillary trading income	3	284,774	-	<b>284,774</b>	264,406
<b>Other trading activities</b>					
Non-ancillary trading income	4	41,479	-	<b>41,479</b>	12,557
<b>Investments</b>					
Investment income	5	-	550	<b>550</b>	545
Bank and other interest		2,425	-	<b>2,425</b>	244
<b>Other – Grants and donations</b>					
Grants and donations		200	-	<b>200</b>	50,663
<b>Other incoming resources</b>					
<b>TOTAL INCOMING RESOURCES</b>	22	<b>9,608,785</b>	<b>550</b>	<b>9,609,335</b>	<b>9,115,642</b>
<b>Expenditure on:</b>					
<b>Raising funds</b>					
Financing costs	8	(73,561)	-	<b>(73,561)</b>	(61,321)
<b>TOTAL DEDUCTIBLE COSTS</b>		<b>(73,561)</b>	<b>-</b>	<b>(73,561)</b>	<b>(61,321)</b>
<b>Charitable Activities</b>					
Education and grant making	7a	(8,916,446)	(18,720)	<b>(8,935,166)</b>	(8,648,425)
<b>TOTAL EXPENDITURE</b>		<b>(8,990,007)</b>	<b>(18,720)</b>	<b>(9,008,727)</b>	<b>(8,709,746)</b>
Net gains/(losses) on investment assets	13	-	1,200	<b>1,200</b>	1,950
<b>Net income/(expenditure)</b>		<b>618,778</b>	<b>(16,970)</b>	<b>601,808</b>	<b>407,846</b>
<b>Net Movement in funds for the year</b>		<b>618,778</b>	<b>(16,970)</b>	<b>601,808</b>	<b>407,846</b>
Fund balances at 1st September		8,055,379	145,416	8,200,795	7,792,949
<b>FUND BALANCES AS AT 31ST AUGUST</b>		<b>8,674,157</b>	<b>128,446</b>	<b>8,802,603</b>	<b>8,200,795</b>

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## CHARITY BALANCE SHEETS AS AT 31ST AUGUST 2022

	Note	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	12	9,295,336	9,469,617
Investments	13	12,660	11,460
		<u>9,307,996</u>	<u>9,481,077</u>
<b>CURRENT ASSETS</b>			
Stock		4,486	3,058
Debtors	14	247,008	298,648
Cash at bank and in hand		2,568,570	2,003,846
		<u>2,820,064</u>	<u>2,305,552</u>
<b>CURRENT LIABILITIES</b>			
Creditors payable within one year	15	(1,493,751)	(1,501,792)
<b>NET CURRENT ASSETS</b>		<u>1,326,313</u>	<u>803,760</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>10,634,309</b>	<b>10,284,837</b>
<b>LONG TERM LIABILITIES</b>			
Creditors payable after one year	16	(1,821,211)	(2,018,597)
<b>TOTAL NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>8,813,098</b>	<b>8,266,240</b>
Net pension liability	23	(10,395)	(65,345)
<b>NET ASSETS</b>		<u><b>8,802,703</b></u>	<u><b>8,200,895</b></u>
<b>REPRESENTED BY:</b>			
<b>CALLED UP SHARE CAPITAL</b>	19	100	100
<b>RESTRICTED FUNDS</b>	21	128,446	145,416
<b>UNRESTRICTED FUNDS</b>			
General reserve	21	8,674,157	8,055,379
		<u><b>8,802,703</b></u>	<u><b>8,200,895</b></u>

The financial statements were approved and authorised for issue by the Board on 25<sup>th</sup> November 2022 and signed on its behalf by



**M Robin Havard**  
CHAIRMAN

Company registration number 05091977

The notes on pages 24 to 43 form part of these financial statements.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## CASH FLOW STATEMENT AS AT 31ST AUGUST 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>	25	<b>929,306</b>	894,127
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		550	789
Purchase of property, plant and equipment		(102,414)	(30,556)
<b>Net cash provided by (used in) investing activities</b>		<b>(101,864)</b>	(29,767)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(189,157)	(141,045)
Financing costs		(73,561)	(57,621)
Receipt of endowment			
<b>Net cash provided by (used in) financing activities</b>		<b>(262,718)</b>	(198,666)
<b>Change in cash and cash equivalents in the year</b>		<b>564,724</b>	665,694
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,003,846</b>	1,338,152
<b>Cash and cash equivalents at the end of the year</b>	25	<b>2,568,570</b>	2,003,846

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

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### 1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year are:

#### a) Basis of Accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Statement of Recommended Practice for Charities ('SORP (FRS102)') and with applicable UK Accounting Standards. They are drawn up on the historical cost accounting basis except that property and share investments held as fixed assets are carried at fair value.

The Cathedral School meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details are provided in note 30, and in the accounting policies for depreciation of fixed assets, for pensions and for bad debts. The financial statements are presented in sterling (£) and the functional currency is sterling (£).

#### b) Going Concern

The governing body has reviewed the impact in the aftermath of the global pandemic, together with the current economic situation, on School operations and finances. The governing body recognise that the outcome of the 2021.22 is very positive but are mindful that the following 12 months and beyond will be affected by the current economic uncertainties; they continue to rework plans for the next 12 months, to ensure the financial impact on the School continues to be mitigated in the most appropriate way.

The accounts show that we are currently cash positive, this is the case even without recognising that over 25% of our parents regularly pay fees in advance of the due date. We also have £1.5m bank overdraft facility, in case of need, which has never been called upon.

The School has a financial plan up until the end of 2024/25, conservatively indicating an annual EBITDA of £345k to £552k – the latter being the equivalent to 40 senior pupil fees. Our cash forecast of circa £3.3m in 2024/25, gives the governors confidence that the School will be able to restart the capital project of a new Sixth Form Building in the next few years.

Having considered all factors and reviewing the available evidence, including demand v capacity, exam results and the handling of the lock down which has given rise to potential additional funding opportunities, the governors have a reasonable expectation that the School will be able to continue operating for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

#### c) School Fees Receivable and Similar Income

Fees receivable and other educational income are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants. Fees in Advance Scheme Contracts are those fees received in advance of education to be provided in future years under a specific contract. The fees are either held as investments in interest bearing assets until taken to income to match liabilities in the term when used, or refunded, or they are held within the unrestricted reserves of the school. Any surplus of assets over liabilities is held within the fund as a buffer. Debts are provided for if not recovered within one term. Estimating amounts to provide against recovery of debts is a matter of judgement.

#### d) Ancillary and Non-Ancillary Trading Income

Ancillary trading income represents amounts from activities to generate funds within the charitable objects, for example school shop sales, coaches to and from school and school trips. Non-ancillary



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

trading income represents amounts from activities not directly related to the charitable objects, for example lettings of school facilities out of term time and rental from spare school buildings. Income from these activities is recognised in the Statement of Financial Activities when the goods are sold or services provided.

### e) **Voluntary sources, Grants and Donations**

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

Voluntary income for general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention to be permanent or not. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the school in case of donated services or facilities.

### f) **Coronavirus Job Retention Scheme (CJRS) Income**

The CJRS grant is receivable as compensation for staff costs incurred and for the purpose of giving immediate financial support to the organisation with no future related costs. It is recognised as income in the period in which it becomes receivable within 'Other – Grants and Donations' (note 6).

### g) **Expenditure**

Expenditure is accrued as soon as there is a contractual obligation or a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates. Bad debts are provided for in accordance with the group bad debt policy. The cost of refurbishing and converting existing buildings is written-off in the year in which it is incurred except where the useful life has been extended.

### h) **Finance and Other Costs**

Other costs include amounts accrued in accordance with the terms of Fees in Advance Scheme Contracts.

### i) **Pension Costs**

The school company participates in the Teachers' Pensions scheme, which is an unfunded government scheme, and The Pensions Trust, both of which provide benefits based on final pensionable pay. The funds of the schemes are separate from the company, although the company's share of the schemes cannot be identified as the schemes are multi-employer schemes, and so the pension costs are accounted for as defined contribution schemes.

The company offers membership of the Pensions Trust Growth Plan to employees other than the full-time academic staff. The Pensions Trust Growth is a multi-employer pension scheme where the scheme assets are pooled for investment purposes and cannot be attributed to individual employers. Benefits are paid from the total scheme assets. It is in most respects a money purchase arrangement, but has some guarantees. As a result it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the company, though, due to the guarantees inherent in the scheme, the companies remain potentially liable for a debt on withdrawal from the scheme. In accordance with Financial Reporting Standard (FRS) 102 (section 28) therefore, the scheme is accounted for in a fashion which is similar to a defined contribution scheme.

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. More detail is given in notes 23.

### j) **Tangible Fixed Assets and Depreciation**

In accordance with Section 35.10 (d) of FRS102, The Cathedral School has elected to use the carrying value of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost at the date of transition to FRS102, 1 September 2014.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

Tangible fixed assets are stated at cost less depreciation. Individual capital items, or projects, with a value greater than £10,000 are capitalised. Assets in the course of construction are stated at cost less any provision for impairment. They are transferred to completed assets when substantially all of the activities necessary to get the asset ready for use are complete. Where appropriate cost includes our own labour costs in relation to construction, and directly attributable overheads.

Where tangible fixed assets have been acquired with the aid of specific grants they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset based on current market prices, over its expected useful life, as follows:

Freehold land is not depreciated

Freehold Buildings:

- Variable according to the building and written off over the expected useful life (see paragraph below)

Freehold improvements

- Over the useful economic life of the improvement

Leasehold land

- Over the shorter of the economic life of the asset or the life of the lease

Leasehold enhancement

- Over the economic life of the asset

Computer equipment

- 25% on cost

Telephone system

- 10% on cost

Fixtures and fittings

- 25% on cost

Motor vehicles

- 25% on cost

The company has reviewed its tangible assets, which comprise land, buildings and initial fixtures and fittings. The company undertakes an annual review of all buildings assessing their useful economic life. In some cases the useful economic life of a building is anticipated to be of considerable length, often in excess of 100 years. The buildings are capitalised in the financial statements at historic cost. Where the calculated depreciation charge is a material figure, it is charged in these financial statements but, where the carrying value is not more than the estimated recoverable amount and the depreciation on the building is not material to these financial statements, it has been assessed, but not charged on the basis that it is not material. The directors will continue to carry out annual assessments of the recoverable amount and the estimated useful life of all buildings and where the depreciation is a material value, it will be charged. The review is based on the directors' assessments of the market value and the future economic benefit derived from an asset versus its carrying value in the financial statements.

When the company undertakes a significant refurbishment project that will have an economic benefit, the cost of the refurbishment is capitalised, recorded separately under 'Freehold Improvements', its useful life is estimated and it is depreciated over that useful life.

No depreciation is provided for in respect of investment properties in accordance with Section 16 of FRS102. Such properties are held for their investment potential and not for consumption within the business. Investment properties are stated at their fair value at the balance sheet date.

The Cathedral School exercises judgement in selection of appropriate rates for depreciation of fixed assets, and for matters of impairment.

### k) **Financial Instruments**

The Cathedral School only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

### l) **Investments and Fees in Advance Investments**

Investments and Fees in Advance investments are carried at fair value, which is deemed to be market value as at the balance sheet date.

Realised and unrealised investment gains and losses are recognised as 'net gains/(losses) on



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

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investment assets' in the Statement of Financial Activities and are allocated to the appropriate fund according to the 'ownership' of the underlying assets.

### m) **Stocks**

Stocks comprise raw materials, consumable stores and goods held for resale: they are valued at the lower of cost and net realisable value.

### n) **Leasing Commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the period of the lease whichever is the shorter. The interest element of the obligations is charged to the Statement of Financial Activities over the period of the lease. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term. Lease incentives are accounted for over the lease term on a straight-line basis.

### o) **Fee Deposits**

Refundable fee deposits are currently classified between long term and short term in the financial statements. These deposits are refundable in the event that the pupils leave a school on one term's notice and as such the deposit would be refunded to the parents at that point. However, the financial statements are prepared on a going concern basis and it is assumed that the majority of children will remain in school for their full years of education and therefore the deposit will be refunded to them when they leave school.

Short term deposits reflect those pupils that will be leaving a school within one year, and the longer-term element reflects those pupils that will be leaving a school after 12 months from the balance sheet date.

### p) **Fund Accounts**

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity. Endowment funds are further sub-divided into permanent and expendable, where required by the terms of the trust.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

### q) **Taxation**

The Cathedral School is a registered charity and as such are exempt from income tax and corporation tax under the provisions of Section 478 of the Corporation Tax Act 2010. There is no similar exemption for VAT, which is included in expenditure or in the cost of assets as appropriate.

The school has a subsidiary company that is subject to taxes including corporation tax and VAT in the same way as any commercial organisation. The tax charged to the profit and loss account is based on the subsidiary company's profit for the year and takes into account tax arising because of timing differences between the treatment of certain items for tax and accounting purposes.

The subsidiary company distributes the majority of its profits to The Cathedral School under Gift Aid and tax liabilities are kept to a minimum.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 2. CHARITABLE ACTIVITIES - SCHOOL FEES RECEIVABLE

	2022 £	2021 £
The school fees income comprises		
Gross fees	10,134,056	9,749,437
Less: Total scholarships, bursaries, etc	( 854,149)	(804,374)
Less: Discount for COVID-19	-	(157,836)
	<b>9,279,907</b>	<b>8,787,227</b>

### 3. CHARITABLE ACTIVITIES – ANCILLARY TRADING INCOME

	2022 £	2021 £
Extras		
Entrance fees and registration fees	15,400	16,115
Fees in Lieu of Notice	18,700	6,376
Extra Subjects	158,892	150,227
Sundry Income Other	80,513	73,646
School Shop Commission	11,269	18,042
	<b>284,774</b>	<b>264,406</b>

### 4. OTHER TRADING ACTIVITIES

	2022 £	2021 £
<b>Non-ancillary trading income</b>		
Lettings income	41,479	11,250
Interest receivable – pupil bills	-	1,307
	<b>41,479</b>	<b>12,557</b>

### 5. INVESTMENTS - BANK AND OTHER INTEREST RECEIVABLE

	Unrestricted	Restricted	Total 2022 £	Total 2021 £
Bank interest	2,425	-	2,425	244
Other interest	-	550	550	545
	<b>2,425</b>	<b>550</b>	<b>2,975</b>	<b>789</b>



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 6. OTHER - GRANTS AND DONATIONS

	Unrestricted	Restricted	Total 2022 £	Total 2021 £
Government grants - CJRS	-	-	-	50,663
	-	-	-	50,663

### 7. ANALYSIS OF EXPENDITURE

#### a) Total expenditure

	Staff costs (note 9) £	Support costs £	Depreciation (Note 12) £	Total 2022 £	Total 2021 £
<b>Costs of raising funds</b>					
Financing cost (note 8)	-	73,561	-	<b>73,561</b>	61,321
<b>Total cost of generating funds</b>	-	73,561	-	<b>73,561</b>	61,321
<b>Charitable expenditure</b>					
Teaching	5,285,217	413,696	14,169	<b>5,713,082</b>	5,552,065
Welfare	37,586	597,194	-	<b>634,780</b>	619,360
Premises	252,335	972,433	262,526	<b>1,487,294</b>	1,495,939
School administration and Governance	534,691	620,269	-	<b>1,154,960</b>	978,309
Donations	-	-	-	-	-
Grants awards and prizes (note 22)	-	-	-	-	20,547
Movement in Pension recovery plan	-	(54,950)	-	<b>(54,950)</b>	(17,795)
<b>Education and grant making</b>	6,109,829	2,548,642	276,695	<b>8,935,166</b>	8,648,425
<b>Total Expenditure</b>	6,109,829	2,622,203	276,695	<b>9,008,727</b>	8,709,746

#### b) Grants, awards and prizes

The Cathedral School makes awards to individual families to support schooling.

	2022 £	2021 £
<b>From Restricted Funds:</b>		
Scholarships	<b>18,720</b>	20,547
<b>From Unrestricted Funds:</b>		
Bursaries (Hardship)	<b>235,266</b>	210,025
Bursaries (Scholarships)	<b>201,430</b>	205,170
Bursaries (Siblings)	<b>18,517</b>	33,450
Scholarships	<b>178,585</b>	178,015
	<b>652,518</b>	647,207

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 7. ANALYSIS OF EXPENDITURE (Continued)

#### c) Total resources expended include:

The Cathedral School reimburses governors for out of pocket expenses including travel subsistence and accommodation, where a claim is made. 5 governors were reimbursed during the year (2021: nil).

	2022 £	2021 £
Remuneration paid to auditor for audit services	21,600	19,560
Remuneration paid to auditor for non-audit services		-
Depreciation of tangible fixed assets:		
- owned by the Charitable Company	276,685	305,192
- held under finance leases and hire purchase contracts		-
(Profit)/loss on disposal of fixed assets		
Operating lease rentals:		
- land and buildings	93,294	67,400
- other assets	71,793	101,198
Reimbursement of personal expenses to governors	125	-
Other Governance Costs – Legal Fees	12,608	11,520
	<b>476,105</b>	<b>504,870</b>

### 8. FINANCING COSTS

	2022 £	2021 £
Bank interest payable	47,862	47,053
Bank charges	10,968	10,568
Provision for bad and doubtful debts	14,731	3,700
	<b>73,561</b>	<b>61,321</b>

### 9. STAFF COSTS

	2022 £	2021 £
The aggregate payroll costs for the year were:		
Wages and salaries	4,705,460	4,600,123
Social security costs	486,402	455,282
Other pension costs	908,102	900,290
Private medical insurance	9,865	6,445
	<b>6,109,829</b>	<b>5,962,140</b>

None of the governors received remuneration or other benefits from The Cathedral School or from any connected body.

The Head and Bursar are classed by the school as being the Key Management Personnel.

	2022 £	2021 £
Aggregate employee benefits of key management personnel	245,201	235,997



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

The number of higher paid employees whose annual emoluments were £60,000 or more was:

	2022 No	2021 No
£60,001 - £70,000	5	3
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	
£110,001 - £120,000	-	
The number with retirement benefits accruing: - in Defined Contribution schemes was	1	1
Of which the contributions amounted to	£16,715	£16,150

For 2022 there are nil (2021: nil) employees earning over £60,000 per year that have chosen not to participate in a pension scheme.

### 10. STAFF COSTS (Continued)

The average number of employees during the year calculated on a head count basis, was 152(2021: 157)

	2022 No	2021 No
Teaching	80	82
Welfare	12	13
Premises	12	17
Support	40	35
Other activities	8	10
	<b>152</b>	<b>157</b>

### 10. DIRECTORS

None of the directors (or any persons connected with them) received any remuneration during the year.

### 11. TAXATION

The company is a registered charity and therefore no liability to taxation arises on its charitable activities.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 12. TANGIBLE FIXED ASSETS

Group and company	Freehold Land & Buildings £	Leasehold Land & Buildings £	Fixtures, Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 <sup>st</sup> September 2021	4,465,688	8,546,423	440,146	30,556	94,806	13,577,619
Additions	-	-	40,740	12,199	49,530	102,469
<b>At 31<sup>st</sup> August 2022</b>	<b>4,465,688</b>	<b>8,546,423</b>	<b>480,886</b>	<b>42,755</b>	<b>144,336</b>	<b>13,680,088</b>
<b>Depreciation</b>						
At 1 <sup>st</sup> September 2021	241,783	3,375,885	387,889	7,639	94,806	4,108,002
Charge for the year	44,942	198,257	24,895	8,656	0	276,750
<b>At 31<sup>st</sup> August 2022</b>	<b>286,725</b>	<b>3,574,142</b>	<b>412,784</b>	<b>16,295</b>	<b>94,806</b>	<b>4,384,752</b>
<b>Net book value at 31<sup>st</sup> August 2022</b>	<b>4,178,963</b>	<b>4,972,281</b>	<b>68,102</b>	<b>26,460</b>	<b>49,530</b>	<b>9,295,336</b>
Net book value at 31 <sup>st</sup> August 2021	4,223,905	5,170,530	52,257	22,917	-	9,469,617

All assets are used for charitable purposes.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 13. INVESTMENTS

	2022 £	2021 £
<b>Investments</b>		
At 1 September	11,460	9,510
Unrealised gains/(losses) on investments	1,200	1,950
<b>Investments at 31 August</b>	<b>12,660</b>	<b>11,460</b>
<b>Investments comprise:</b>		
<b>Listed investments</b>		
Equities – Murray International	12,660	11,460
<b>Investments at 31 August</b>	<b>12,660</b>	<b>11,460</b>

### 14. DEBTORS

	2022 £	2021 £
School fees receivable	51,137	62,181
Other Debtors	2,810	-
Prepayments and accrued income	191,712	235,841
Amounts due from parent company	1,349	626
	<b>247,008</b>	<b>298,648</b>

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 15. CREDITORS: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	200,292	191,945
Deposits from parents	22,900	18,000
Fees received from parents in advance of term	663,481	797,804
Trade creditors	307,158	124,610
Taxation and social security	115,581	117,070
Other creditors	62,197	170,828
Accruals	122,142	81,535
	<b>1,493,751</b>	<b>1,501,792</b>

The Cathedral School has a bank loan from Barclays Plc. The loan is secured by charges on the school's assets and by a debenture at a rate of interest of 2.320% over base rate, and is repayable over a term of 5 years, with effect from April 2020, following renegotiation.

#### Summary of movements in deferred income

	2022 £	2021 £
Balance at 1 September 2021	797,804	834,674
Amounts arising in the year	663,481	797,804
Amounts transferred to SOFA	(797,804)	(834,674)
<b>Balance at 31 August 2022</b>	<b>663,481</b>	<b>797,804</b>

Deferred income arises due to parents paying the Michaelmas Term's fee prior to the end of the Financial Year.

### 16. CREDITORS: amounts falling due after one year

	2022 £	2021 £
Bank loans and overdrafts	1,458,311	1,655,815
Deposits from parents	362,900	362,782
	<b>1,821,211</b>	<b>2,018,597</b>

### 17. BANK LOAN

	2022 £	2021 £
The bank loan is repayable in instalments		
Due within 1 to 2 years	205,498	398,011
Due within 2 to 5 years	1,252,813	1,257,804
Due after 5 years	-	-
Due after more than one year	1,458,311	1,655,815
Due within 1 year	200,292	191,945
	<b>1,658,603</b>	<b>1,847,760</b>



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 18. COMMITMENTS UNDER OPERATING LEASES

The future minimum commitments under non-cancellable operating leases are:

	Land and buildings		Other	
	2022	2021	2022	2021
	£	£	£	£
Within 1 year	98,350	67,400	97,920	101,198
Within 1 to 5 years	384,400	260,600	122,700	174,336
After 5 years	8,099,216	2,303,200	-	-
	<b>8,581,966</b>	<b>2,631,200</b>	<b>220,620</b>	<b>275,534</b>

### 19. SHARE CAPITAL

	2022	2021
	£	£
<b>Authorised</b>		
100 Ordinary Shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
100 Ordinary Shares of £1 each	100	100

### 20. FUNDS

The Cathedral School's funds are analysed under the following headings:

#### a) RESTRICTED FUNDS

The income funds of the Company include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

The Chorister Special Fund assist parents of Choristers who have fallen into financial difficulty and are unable to meet the total cost of fees less the Chorister Scholarship.

The Special Fund Support Funding is a fund that helps families who have lost their main income earner. The fund helps to pay the fees of the child until the next natural break in their education.

#### b) UNRESTRICTED FUNDS

Unrestricted funds represent accumulated income from the School's activities and other sources that are available for the general purpose of the School.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Share Capital	<b>Total 2022</b>	Total 2021
	£	£	£	£	£
Tangible fixed assets	9,295,336	-	-	<b>9,295,336</b>	9,469,617
Investments	-	12,660	-	<b>12,660</b>	11,460
Net current assets	1,210,427	115,786	100	<b>1,326,313</b>	803,760
Long term liabilities	(1,831,606)	-	-	<b>(1,831,606)</b>	(2,083,942)
	<u>8,674,157</u>	<u>128,446</u>	<u>100</u>	<u><b>8,802,703</b></u>	<u>8,200,895</u>

	Unrestricted	Restricted	Share Capital	<b>Total 2021</b>	Total 2020
	£	£	£	£	£
Tangible fixed assets	9,469,617	-	-	<b>9,469,617</b>	9,744,253
Investments	-	11,460	-	<b>11,460</b>	9,510
Net current (liabilities)/assets	669,704	133,956	100	<b>803,760</b>	182,027
Long term liabilities	(2,083,942)	-	-	<b>(2,083,942)</b>	(2,142,741)
	<u>8,055,379</u>	<u>145,416</u>	<u>100</u>	<u><b>8,200,895</b></u>	<u>7,793,049</u>



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 22. SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 Sept 2021 £	Incoming resources £	Resources expended £	Gains/ (losses) £	At 31 August 2022 £
<b>Restricted Funds</b>					
Revaluation Reserve	7,361	-	-	1,200	8,561
Chorister Special Fund	76,821	550	-	-	77,371
Special Fund - Support	61,234	-	(18,720)	-	42,514
	<b>145,416</b>	<b>550</b>	<b>(18,720)</b>	<b>1,200</b>	<b>128,446</b>
<b>Unrestricted Funds</b>					
General Reserve	8,055,379	9,608,785	(8,990,007)	-	8,674,157
	<b>8,055,379</b>	<b>9,608,785</b>	<b>(8,990,007)</b>	<b>-</b>	<b>8,674,157</b>
<b>Total Funds</b>	<b>8,200,795</b>	<b>9,609,335</b>	<b>(9,008,727)</b>	<b>1,200</b>	<b>8,802,603</b>
	At 1 Sept 2020 £	Incoming resources £	Resources expended £	Gains/ (losses) £	At 31 August 2021 £
<b>Restricted Funds</b>					
Revaluation Reserve	5,411	-	-	1,950	7,361
Chorister Special Fund	76,276	545	-	-	76,821
Special Fund - Support	81,781	-	(20,547)	-	61,234
	<b>163,468</b>	<b>545</b>	<b>(20,547)</b>	<b>1,950</b>	<b>145,416</b>
<b>Unrestricted Funds</b>					
General Reserve	7,629,481	9,115,097	(8,689,199)	-	8,055,379
	<b>7,629,481</b>	<b>9,115,097</b>	<b>(8,689,199)</b>	<b>-</b>	<b>8,055,379</b>
<b>Total Funds</b>	<b>7,792,949</b>	<b>9,115,642</b>	<b>(8,709,746)</b>	<b>1,950</b>	<b>8,200,795</b>

Chorister Special Fund is a restricted fund available to support Choristers where their parents have fallen into difficulty covering school fees, in excess of the Chorister Scholarship

Special Fund – Support. A restricted Fund to assist pupils to continue at the school until the next natural break in their education following a major change to family financial circumstances, such as the loss of the main Income earner.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

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### 23. PENSION SCHEMES

#### 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 £788,296 (2021: £762,170) and at the year-end £92,146 (2021 - £88,758) 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. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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 a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is 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.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 23. PENSION SCHEMES (Continued)

#### Pensions Trust Growth Plan

The School participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum monthly and increasing by 3% each on 1st April)	(payable
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 23. PENSION SCHEMES (Continued)

<b>Present Values of Provision</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Present value of provision	<b>10,395</b>	65,345
<b>Reconciliation of opening and closing provisions</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Provision at 1 September	<b>65,345</b>	83,140
Unwinding of the discount factor	<b>372</b>	403
Deficit contribution paid	<b>(12,632)</b>	(18,110)
Remeasurements - impact of any change in assumptions	<b>(458)</b>	(88)
Remeasurements - amendments to the contribution schedule	<b>(42,232)</b>	
<b>Provision at 31 August</b>	<b>10,395</b>	65,345

<b>Income and expenditure impact</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest expense	<b>372</b>	403
Unwinding of the discount factor		
Remeasurements - impact of any change in assumptions	<b>(458)</b>	(88)
Remeasurements - amendments to the contribution schedule	<b>(42,232)</b>	
<b>Assumptions</b>	<b>2022</b>	<b>2021</b>
	<b>% per annum</b>	<b>% per annum</b>
Rate of discount	<b>4.46</b>	0.63

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.

#### Deficit Contributions Schedule

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Year 1	<b>5</b>	19
Year 2	<b>5</b>	19
Year 3	<b>2</b>	20
Year 4	<b>-</b>	8
	<b>11</b>	66



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 23. PENSION SCHEMES (Continued)

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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

### 24. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2022 £	2021 £
<b>Net income for the period (as per the Statement of Financial Activities)</b>	<b>601,808</b>	<b>407,845</b>
<b>Adjustments for</b>		
Depreciation charges	276,695	305,192
Interest Receivable	-	(789)
Interest Payable	73,561	57,621
Dividends, interest and rents from investments	(550)	(17,795)
(Gains)/losses on investments	(1,200)	(1,950)
(Increase)/decrease in stocks	(1,428)	1,725
Decrease/(Increase) in debtors	51,640	91,361
(Decrease)/increase in creditors	(71,220)	50,917
<b>Net cash provided by (used in) operating activities</b>	<b>929,306</b>	<b>894,127</b>

### 25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash in hand and at bank	2,568,570	2,003,846
<b>Total cash and cash equivalents</b>	<b>2,568,570</b>	<b>2,003,846</b>

# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

### 26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 <sup>st</sup> Sept 2021	Cash flows	Other non-cash changes	At 31 <sup>st</sup> Aug 2022
	£	£	£	£
<b>Cash and cash equivalents</b>				
Cash	2,003,846	564,724	-	<b>2,568,570</b>
	<u>2,003,846</u>	<u>564,724</u>	<u>-</u>	<u><b>2,568,570</b></u>
<b>Borrowings</b>				
Loans falling due within one year	(191,945)	(8,347)	-	<b>(200,292)</b>
Loans falling due after more than one year	(1,655,815)	245,366	(47,862)	<b>(1,458,311)</b>
	<u>(1,847,760)</u>	<u>237,019</u>	<u>(47,862)</u>	<u><b>(1,658,603)</b></u>
<b>Total</b>	<u>156,086</u>	<u>801,743</u>	<u>(47,862)</u>	<u><b>909,967</b></u>

### 27. CONTINGENT LIABILITIES

The Company has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2021. As of this date the estimated employer debt for the Company was £135,972, including Series 3 liabilities.

### 28. ULTIMATE CONTROLLING PARTY

The Woodard Corporation Limited is the ultimate controlling party, a registered charity number 1096270, which is incorporated in England and Wales. Copies of the financial statements of the Woodard Corporation can be obtained from High Street, Abbots Bromley, Rugeley, Staffordshire, WS15 3BW. The accounts of The Cathedral School Limited are included within the consolidated financial statements of the Woodard Corporation Limited.

### 29. RELATED PARTIES

As stated in note 29, The Cathedral School Limited is a wholly owned subsidiary of The Woodard Corporation. An amount of £56,719 (2021: £44,965) was paid during the year to Woodard Corporation by way of a levy to meet running costs. Also, £57,578 (2021: £19,059) was received in relation to School Fees paid by Woodard Corporation as part of the Fees in Advance Scheme contract. At 31<sup>st</sup> August 2022 £1,349 (2021: £626) was due from the Woodard Corporation.

### 30. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the directors are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cashflows. Accounting policies are shown at note 1 to the financial statements.

#### *Pension scheme deficit reduction payments*

As explained at note 23, there is a deficit reduction plan in place in respect of The Cathedral School's membership of the Pension Trust's Growth Plan. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the selection of an appropriate discount rate.



# THE CATHEDRAL SCHOOL (LLANDAFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2022

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### *Pension scheme contingent liability*

As explained at note 24, there is a contingent liability in the event that The Cathedral School were to withdraw its membership of the Pension Trust's Growth Plan. The independent qualified actuaries advising the Pensions Trust in respect of the contingent withdrawal liability exercise significant judgement in determining the amount of that liability. Judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

### *Provision for bad debts*

Debts are provided for if not recovered within one term. Estimating amounts to provide against recovery of debts is a matter of judgement.

### *Depreciation, impairment and residual values of fixed assets*

Judgement is exercised in estimating the residual values of fixed assets, the selection of appropriate rates for depreciation, and for matters of impairment.

