

**The Wells Cathedral School Foundation
(Limited by Guarantee)**

Report of the Trustees and Financial Statements

Registered Company number 2804495

Registered Charity number 1118159

Year ended 31 July 2020

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TRUSTEES' REPORT

The Trustees of Wells Cathedral School Foundation Limited ("Foundation") present their annual report for the year ended 31 July 2020 under the Charities Act 2011, together with the audited Financial Statements for the year and confirm that they comply with the requirements of the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities' Statement of Recommended Practice (FRS 102) ("the charities SORP"). These Financial Statements form part of the audited consolidated Financial Statements of Wells Cathedral School ("the School") for the year.

The Foundation is registered with the Charity Commission and was incorporated on 28 February 2007 as a registered Company, Limited by Guarantee, not having share capital. It is governed by its Memorandum and Articles of Association. The Foundation is a Company registered in England and Wales.

Governance

The Foundation has been created to act as the legal entity for the recording and control of all fundraising activity on behalf of the School.

The governing body

The following served as Trustees in the year under review and up to the date of signing the Financial Statements. The Trustees of the Foundation are Directors of the Foundation for Companies Act 2006 purposes:

Mr David Brown MA, OBE
Mr Max Constantini
Mrs Ann Gummer BSc (Hons)
Mr Christopher Jackson MA (Hons), OBE, SBS, Chairman
Dr Jenny Kingston BDS, LDS RCS (Eng), FDS RCS (Ed), MSc Orth, M. Orth
Mr Philip Lemanski MA (Oxon), FCA
Mr Tim Lewis MA (Cantab), FCA
Mr Chris Seaton BSc (Hons)
Mr Alan Durant BSc (Econ) (*appointed November 2019*)
Mr Alastair Tighe MA (Cantab)

The Foundation's Executive Board comprises the Chairman of the Foundation, an elected School Governor, the Head Master of the School and an elected Foundation Trustee. These four "member" Trustees are joined by the other Trustees in the running of the Foundation and in all appropriate Board meeting decisions but only the member Trustees have the power to vote at the Annual General Meeting ("AGM"). The member Trustees are Christopher Jackson (chairman), Alastair Tighe, Tim Lewis and David Brown. A maximum of 25 Trustees may be appointed to the Board.

Trustees' report (*continued*)

Legal and Administrative Details

Registered and Principal office Wells Cathedral School Limited
College Road
Wells
Somerset
BA5 2SX

Bankers National Westminster Bank plc
7 High Street
Wells
Somerset
BA5 2AD

Solicitors Harris & Harris
14 Market Place,
Wells,
BA5 2RE

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

Company Secretary Mr Peter Knell
Wells Cathedral School
Limited
College Road
Wells
Somerset
BA5 2SX

Connected Charity Wells Cathedral School
Limited
College Road
Wells
Somerset
BA5 2SX

Connected charity registered number 310212

Charitable Objectives

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The objectives of the Foundation are to advance the education of pupils at the School and to promote any other charitable purpose or charitable organisation that the Trustees shall determine, and in particular to assist in:

Trustees' report (*continued*)

- The provision of financial assistance towards the maintenance and development of the School;
- Raising money for awards to pupils to pursue their education at the School, including pupils whose parents or guardians are in need of financial assistance;
- The provision of facilities and equipment to support the education (including the social and physical training) of pupils in the School; and
- The organisation of events to promote the good name of the School and further its educational objectives, including orchestral and choral concerts in the UK and overseas.

Charitable Benefit

The Foundation's charitable benefit is to raise income for the School and the parents of its pupils in the form of bursaries and grants, and for the purchase of equipment and facilities for the use of its pupils.

Organisational Structure

The Foundation's fundraising and related activities are carried out by staff of the School's development office, managed by the Head of Wells Cathedral School Foundation ("the Head of the Foundation") Rebecca Roberts and supported by the School's development committee. An allocation of the development office's operating costs, including School staff costs and other direct costs associated with the Foundation, which are borne by the School, has been made to the Foundation based on time actually spent by the office's staff on the Foundation's affairs. These costs of £58,446 (2019: £48,317) are reflected in the Statement of Financial Activities in operating expenses and income from the School of £58,446 (2019: £48,317) recognised as "Gift in kind - School" in *Income from Charitable Activities*.

The Foundation's committees and their Chairmen are as follows:

Bursaries	Mr Max Constantini
Investment	Mr Tim Lewis
Wells Music Society of Hong Kong	Mr Bryan Carter

The chairman and members of the Board meet with the Head of the Foundation as necessary between Board meetings. Various Trustees take an interest in particular fundraising activities so that the Board can be kept fully informed of all work being undertaken in its name.

The Head of the Foundation is responsible for maintaining the operational processes required to run the Foundation, and for providing professional advice in fundraising, communications and alumni relations. The Head of the Foundation is assisted by a part time administrative assistant and various other events and marketing personnel as required. The arrangement for setting staff pay is through the School and the Head Master agrees the salary in consultation with the Governors of the School. Benchmarking with comparable salaries is achieved through visiting websites such as Pay Scale and ISBA.

Recruiting and Training of Trustees

The Trustees are appointed at a meeting of the Board on the basis of nominations agreed between the chairman, the Head Master of the School and Head of the Foundation, having regard to the Board's requirements concerning eligibility, personal competence, specialist skills and availability for meetings. New Trustees are inducted into the working of the Foundation, including its aims and objectives, by the Chairman and the Head of the Foundation. A document outlining the responsibilities and expectations of the Trustees is provided to all prospective Trustees.

Trustees' report (*continued*)

Charity Governance Code

All Trustees of the Foundation:

- Are committed to the Foundation's cause and have joined its Board because they want to help it deliver its purposes most effectively for public benefit;
- Recognise that meeting the Foundation's stated public benefit is an ongoing requirement;
- Understand their roles and legal responsibilities, and have read and understood:
 - The Charity Commission's guidance *The Essential Trustee (CC3)*;
 - The Foundation's governing document;
 - Are committed to good governance and want to contribute to the Foundation's continued improvement.

The Trustees are familiar with and acknowledge the updated version of the Charity Governance Code published in July 2017 and the Code's principles are reviewed at the yearly AGMs.

Fundraising Disclosures

As required under S162A of the Charities Act 2011, the Foundation has continued to undertake fundraising activities during the year using its database, as in previous years. These fundraising activities have been undertaken by staff employed by the Foundation and no external persons have been used. The Foundation has voluntarily subscribed to the Fundraising Regulator which holds the Foundation to the Code of Fundraising. Over the course of the financial year there have been no failures to comply with the Code, nor have any complaints been received.

Safeguarding Policy

In order to protect vulnerable people the Foundation complies with the School's Safeguarding Policy to report concerns of abuse, all members of staff receive regular training, and safeguarding is an agenda item at all Trustee meetings. This allows Trustees and staff members to raise and be aware of any concerns.

Indemnity Insurance

As permitted by the Articles of Association of the School, the Trustees are the beneficiaries of a qualifying third party indemnity as defined by section 234 of the Companies Act 2006. The School also purchased and maintained throughout the financial year Governors' and officers' liability insurance in respect of itself, its Governors and the Trustees of the Foundation.

The cost of insurance, which is included in the cost of public liability cover in the Consolidated Financial Statements of the School, amounted to £ 7,560 (2019: £8,830) in the year for the School and Foundation.

Statement of Going Concern

In their consideration of the presumption of going concern as the basis for the preparation of the report and Financial Statements, the Trustees have concluded that no material uncertainties have been identified that may cast significant doubt on the ability of the Foundation to continue as a going concern. The Trustees and Head Master have considered that there may be a change in fundraising ability due to the impact of COVID-19 but this will be monitored through professional vigilance and ongoing discussions between the Head Master, Head of Foundation and Trustees.

The Trustees therefore have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the Financial Statements.

Trustees' report (*continued*)

STRATEGIC REPORT

Review of Developments, Activities and Achievements

There are currently ten Foundation Trustees in place to help deliver the Foundation's aims, meeting up to four times a year and combining the Annual General Meeting with the November meeting.

There is also a cohort of Foundation Fellows many of whom play an active role in helping to deliver the strategic aims of the Foundation and School.

During the year the Foundation's bursaries appeal continued to work to support the School's ability to provide financial assistance to certain pupils, a need that has become more pronounced. In the financial year donations and interest income of £58,443 (2019: 32,967) and no firm pledges (2019: nil) were received.

The Foundation has supported the Board of the Wells Music Society of Hong Kong Limited in the past year, and the School has two music scholars who are supported financially by the Society, Lee Hysan Foundation and the School.

Immediate & Future plans

The emphasis this year has been on increasing alumni engagement and the launch of an Annual Fund: Sport which focuses on developing the Sport provision within the School. Next year will continue to focus on the Annual Fund: Sport, in addition to re-focusing Bursary and Legacy fundraising materials.

FINANCIAL REVIEW

During the year the Foundation received £220,363 (2019: £575,553) in financial contributions in the form of donations and legacies, which is a decrease of 62% (2019: an increase of 103%) in incoming resources. The Foundation's net movement in funds during the year was a surplus of £108,588 (2019: surplus of £532,475).

Investment Policy, Powers and Performances

In accordance with the Trust Deed, the Trustees may authorise the funds of the Foundation to be invested in any stocks, shares or insurance policies. The Trustees' aim is to generate a long-term total return from endowment funds invested, combining both capital growth and income. Endowment funds are defined as donations made to the School in perpetuity, the income from which is to be used for the benefit of future pupils. The investment objective is to outperform the MSCI Wealth Management Association Growth return which this year was -5.9% (2019: 5.8%). This year the portfolio outperformed the index return by 4.5% (2019: 0.6%).

The Foundation's Endowment funds have been entrusted to Smith & Williamson Investment Management to invest in a portfolio of equities, funds, bonds and cash. The investment is classed as a non-current asset as it will be held for longer than 12 months. The investment objectives and risk parameters are reviewed every year by the investment committee.

Once the value of this portfolio reaches a sufficient amount the income will be used to award bursaries to pupils of the School, consistent with the Foundation's objectives.

Political and Charitable Contributions

The Foundation made no political or charitable contributions during the year under review other than donations to the School of £75,796 (2019: £94,314), as disclosed in the statement of financial activities. The Foundation's grant making policy is to make donations only to the School.

Trustees' report (*continued*)

Reserves Policy

The Foundation had unrestricted general funds of £3,374 (2019: £4,602) at the year end. The policy of the Trustees is to use immediately available unrestricted general funds for bursaries or other financial assistance for pupils. At the yearend it had restricted funds of £396,298 (2019: £256,063) and endowment funds of £855,959 (2019: £886,378), giving a total of £1,255,631 (2019: £1,147,043).

Risk Management

The Board of Trustees has considered the principle areas of the Foundation's operations and assessed the major risks faced in each of these areas. They have identified the following risks and controls:

- Failure to attract appropriate Trustees with expertise to provide strong, wise leadership – this is regularly reviewed by the Head Master and Trustees;
- Change in management of the Foundation – continually reviewed by the Head Master and Foundation Chairman;
- Reputational damage caused by inappropriate activity, or failure to secure necessary funds – constant professional vigilance and early consideration of possible issues by the Trustees;
- Financial and reputational damage caused by the government closing down the Music and Dance scheme ("MDS"). The aim of the MDS is to assist pupils at the School with exceptional potential in music and dance, regardless of their personal circumstances. They benefit from world class specialist training, as part of a broad and balanced education. This enables them to proceed towards self sustaining careers in music and dance, if they choose. The future of the MDS is subject to continual governmental spending reviews, which are closely monitored by the Foundation;
- Loss or misuse of funds provided to the Foundation – two staff monitoring the banking process together with full documentation of allocation of all receipts; and
- Change in fundraising ability due to the impact of COVID-19 - professional vigilance and ongoing discussions with the Head Master, Head of Foundation and Trustees.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' report and the Financial Statements in accordance with applicable law, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and the Charities SORP.

Company law requires the Trustees to prepare Financial Statements for each financial year. Under Company law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources, including the income and expenditure, of the Foundation for that period. In preparing these Financial Statements, the Trustees are required to:

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

Trustees' report (*continued*)

The Trustees are responsible for ensuring adequate accounting records are kept by the School sufficient to show and explain the Foundation's transactions, disclose with reasonable accuracy at any time the financial position of the Foundation and enable the Trustees to ensure that the Financial Statements comply with the Companies Act 2006 and the provisions of the Foundation's constitution. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on Disclosure of Information to the Auditor

So far as each Trustee is aware, there is no relevant audit information of which the Foundation's auditor is unaware. The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the page of the School's website dealing with the Foundation. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor

Crowe U.K. LLP have indicated their willingness to accept reappointment as the Foundation's Auditors and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

In preparing this report, Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.



Mr Christopher Jackson
Chairman of Trustees

18th November 2020

Independent Auditor's Report to the Members of Wells Cathedral School Foundation

Opinion

We have audited the Financial Statements of The Wells Cathedral School Foundation for the year ended 31 July 2020 which comprise the Statement of Financial Activities, Balance Sheet and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable Company's affairs as at 31 July 2020 and of its incoming resources and application or resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the 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.

Independent Auditor's Report to the Members of Wells Cathedral School Foundation

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

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' report prepared for the purposes of Company law, for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report exception

In light of the knowledge and understanding of the charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report included within the Trustees' report.

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

- adequate accounting records have not been kept; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the Financial Statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' report.

Responsibilities of the Trustees

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

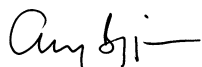
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/Auditorsresponsibilities. This description forms part of our auditor's report.

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



Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP

Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date: 5 February 2021

Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 31 July 2020

	Note	Endowment funds £	Restricted funds £	Unrestricted funds £	Total 2020 £	Total 2019 £
Income from:						
Donations & legacies	3	4,060	192,768	272	197,100	575,553
Income from investments	9	-	23,263	476	23,739	20,406
Gifts in kind – school	11	-	-	58,446	58,446	48,317
Total income		4,060	216,031	59,194	279,285	644,276
Expenditure on:						
Charitable activities - donations to school	9	-	(75,796)	-	(75,796)	(94,314)
Raising funds – operating costs	11	-	-	(58,446)	(58,446)	(48,317)
Other expenditure	4	-	-	(1,976)	(1,976)	(2,047)
Total expenditure		-	(75,796)	(60,422)	(136,218)	(144,678)
Net (losses) /gains on investments	8	(34,479)	-	-	(34,479)	32,877
Net (expenditure)/income and net movement in funds		(30,419)	140,235	(1,228)	108,588	532,475
Fund balances brought forward at 1 August		886,378	256,063	4,602	1,147,043	614,568
Fund balances carried forward at 31 July	13	855,959	396,298	3,374	1,255,631	1,147,043

The notes on pages 14 to 24 form part of these Financial Statements.

Balance sheet as at 31 July 2020

Company number: 2804495

	Note	2020	2019
		£	£
Fixed assets			
Investments	5	879,222	886,378
Current assets			
Debtors	6	86,515	4,749
Cash at bank and in hand		292,923	259,027
Total current assets		379,438	263,776
Creditors: amounts falling due within one year	7	(3,029)	(3,111)
Net current assets		376,409	260,665
Total assets less current liabilities		1,255,631	1,147,043
Net assets		1,255,631	1,147,043
The funds of the charity:			
Endowment funds	8	855,959	886,378
Restricted funds	9	396,298	256,063
Unrestricted funds	10	3,374	4,602
Total charity funds		1,255,631	1,147,043

The notes on pages 14 to 24 form part of these Financial Statements.

The Financial Statements have been prepared in accordance with the small companies' regime of the Companies Act 2006.

The Financial Statements were approved by the Trustees on ^{18th} November 2020 and signed on their behalf by:

Mr Christopher Jackson
Chairman of Trustees



Mr Tim Lewis
Trustee



Notes

1 Company Status

The Foundation is a Charitable Company (registered no. 2804495) limited by guarantee registered in England and Wales, not having any share capital. The member Trustees undertake to contribute to the assets of the Foundation in the event of it being wound up, either whilst members or within one year of their membership ceasing. The maximum contribution required from each member is £1.

The registered and principal office of the Foundation is Wells Cathedral School Limited, College Road, Wells, Somerset, BA5 2SX. The Foundation is also registered as a charity with the Charity Commission in England and Wales (Charity Number: 1118159).

2 Accounting Policies

The following accounting policies have been applied consistently throughout the year in dealing with items which are considered material in relation to the Foundation's Financial Statements. There have been no material changes to accounting policies since the prior year.

Basis of Preparation

The Financial Statements have been prepared on the going concern basis under the historic cost convention, with the exception of listed investments which are held at fair value, in accordance with applicable accounting standards in the United Kingdom including the Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), Statement of Recommended Practice (FRS 102) 2015 'Accounting and Reporting by Charities' ('the Charities SORP'), the Charities Act 2011 and the Companies Act 2006.

The Foundation has taken advantage of the exemption from the requirement to prepare a cash flow statement in accordance with section 1.12 of FRS 102.

The Foundation is a public benefit entity and the Foundation's functional and presentational currency is the pound sterling.

Going Concern

The Financial Statements are prepared on a going concern basis. The Trustees have a reasonable expectation that they have adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the Foundation's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. There are no material uncertainties.

Income

Income in furtherance of the Foundation's activities is represented by:

- Donations, which comprise primarily donations and charitable gifts from individuals, grant giving trusts and Foundations, and are accounted for on an accruals basis. Income is recognised when there is a legally binding commitment to the Foundation for the transfer of funds. Donations of assets are brought into the balance sheet and statement of financial activities at market value, at the date of acquisition. Gift aid is subsequently applied for where appropriate;
- Legacies, which are accounted for at the earliest receipt of estate accounts or cash received. An assessment is performed post year end of up to two months. Any legacies received are considered, their value reliably measured and then accounted for appropriately;

Notes *(continued)*

Income *(continued)*

- Income from investments, which represents interest and dividends earned during the year from bonds and deposits and the endowment funds and any realised gains on their disposal. Income is accounted for on an accruals basis; and
- Gifts in kind, which are recorded in income to reflect the value of the Foundation's operating costs that are borne by the School, which include the employees of the Foundation.

Accrued Income

When, as a result of performing a service or otherwise meeting the requirements of any arrangement with a third party, income falls due but has not been invoiced at the year end, an accrual is made for this income.

Expenditure

All expenditure is included in the statement of financial activities and on an accruals basis, inclusive of any value added tax which cannot be recovered. Costs directly attributed to a specific expense heading are allocated to that heading.

Expenditure is recognised when a liability is incurred and in the following categories:

- The costs of charitable activities which consist of charitable donations to the School; and
- Operating costs, which are the allocated operating costs of the School's development office and the direct costs associated with the Foundation which are borne by the School.

Investments

In accordance with the trust deed, the Trustees may authorise the funds of the Foundation to be invested in any stocks, shares or insurance policies. The Trustees' aim is to generate long-term total return from endowment funds invested, combining both capital growth and income, and to invest other funds received in bank deposits and bonds at attractive rates of interest. The basis for determining fair value is the quoted market price in an active market.

Any realised and unrealised gains and losses on sale or revaluation of investments are recorded within the statement of financial activities.

Cash and Cash Equivalents

Cash is represented by cash in hand.

Creditors

Creditors and provisions are recognised where the Foundation has a present obligation resulting from a past event that will probably result in the transfer of funds, and the amount due to settle the obligation can be measured or estimated reliably.

Notes (continued)

Fund Accounting

The Foundation has three types of funds for which it is responsible, which require separate disclosure. These are as follows:

- Unrestricted funds which are expendable at the discretion of the Trustees in furtherance of the objects of the Foundation. In addition to expenditure on the principal activities of the Foundation, such funds may be held in order to finance working capital;
- Restricted funds that have been donated for specific purposes, such as bursaries or projects; and
- Endowment funds, which are defined as donations made to the School in perpetuity, the income from which is to be used for the benefit of future pupils.

Financial Instrument Policy

All of the Foundation's financial assets and liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Critical Accounting Judgements and Estimation of Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements

The Trustees do not believe that any critical judgements have been made in preparing the Financial Statements, except pledges which are included based on a firm judgement by the Foundation.

The accruals and prepayments are calculated based on fact or historical evidence.

(b) Estimates and assumptions

The estimates and assumptions made by the Foundation consist primarily of an allocation of the School's development office's operating costs based on the knowledge of key management personnel.

3 Donations and Legacies

	2020	2019
	£	£
Trusts	41,078	55,396
Legacies	80,000	-
Transfer of endowed funds from School	-	413,963
Companies/individuals	76,022	106,194
	<u>197,100</u>	<u>575,553</u>

Notes (continued)

4 Expenditure

	2020	2019
	£	£
Auditor's remuneration	1,530	1,530
Irrecoverable VAT	306	306
Bank charges	140	211
	<u>1,976</u>	<u>2,047</u>

5 Investments

	2020	2019
	£	£
Investments at valuation		
At 1 August	886,378	392,808
Additions	262,346	496,940
Disposal proceeds	(263,342)	(82,611)
Cash held for re-investment	27,096	24,665
Net (losses)/gains	<u>(34,479)</u>	<u>52,861</u>
	877,999	884,663
Increase in income account (dividends)	<u>1,223</u>	<u>1,715</u>
At 31 July	<u>879,222</u>	<u>886,378</u>

The investment fund is backed by the following funds:

Endowed funds - £855,959
Restricted funds - £23,263

The investments consist of a portfolio of equities, funds, bonds and cash managed by Smith & Williamson Investment Management, the majority of which comprise UK assets. They are categorised as non-current assets as they are held for longer than 12 months. The investment objective is to outperform the MSCI Wealth Management Association Growth return which this year was -5.9% (2019: 5.8%). This year the portfolio outperformed the index return by 4.5% (2019: 0.6%).

6 Debtors

These comprise accrued income.

Notes (continued)

7 Creditors: amount falling due within one year

These consist of accruals.

8 Endowment Funds

	2020	2019
	£	£
At beginning of year	886,378	392,808
Add donations	4,060	26,746
Add transfers from school	-	413,963
Income from investments	-	19,984
Unrealised (losses)/gains on investments	(34,479)	32,877
	<u>855,959</u>	<u>886,378</u>

The endowment fund represents the investment portfolio held by Smith & Williamson Investment Management. When the portfolio reaches a sufficient amount, the income therefrom will be used to award bursaries to the pupils of the School. The income received is restricted and so transferred to the restricted fund (note 9), reducing the Endowment fund to £855,959. Any realised and unrealised gains and losses on sale or revaluation of investments are recorded within the Statement of Financial Activities.

9 Restricted Funds

	Balance at 31-Jul-19 £	Incoming £	Outgoing £	Balance at 31-Jul-20 £
Income from Investments:				
Bursaries	-	23,263	-	23,263
Other Restricted income:				
Legacies	-	80,000	-	80,000
Cedars Hall Project	192	13,953	(13,162)	983
Pavilion Fund	-	225	(225)	-
Bursaries - General	12,561	58,443	(16,200)	54,804
Wells Music Society of Hong Kong	1,533	31,207	(31,251)	1,489
Bursaries - Sierra Leone	1,291	-	-	1,291
Bursaries - Music Travel	1,710	3,111	(1,200)	3,621
Bursaries - Sport Travel	1,707	1,580	(400)	2,887
Bursaries - Charitable Aid	567	-	-	567
Bursaries - Music	1,401	500	-	1,901
Archive	1,282	-	(82)	1,200
Roland Jacob Award	200	-	(50)	150
Junior Instruments	1,095	-	(928)	167
Trophy Cabinet	1,254	-	-	1,254

Notes (continued)

Sierra Leone	2,759	500	-	3,259
String Department	9,557	-	-	9,557
Woodwind Department	225	2,204	-	2,429
Music Department	7,430	-	-	7,430
Niall Mellis Fund	2,000	-	(2,000)	-
David Nasmyth	1,000	-	-	1,000
St Brandon's Fund	53,341	-	(1,500)	51,841
Quilter Family Bursary Fund	663	662	-	1,325
Quilter Family Fund Administration	3,578	-	(3,578)	-
Choralia tour	2,765	383	-	3,148
Russell Fox Trust	109,245	-	(2,400)	106,845
Alan Powell Fund	17,497	-	(2,820)	14,677
Charitable Volunteering Fund	21,210	-	-	21,210
	<hr/>	<hr/>	<hr/>	<hr/>
	256,063	216,031	(75,796)	396,298
	<hr/>	<hr/>	<hr/>	<hr/>

The restricted income from investments held in the Smith & Williamson portfolio of £23,263 is allocated as follows:

John Cook Legacy	35%	£8,062
Donors	5%	£1,223
Chandler Fund, income from which to be used for music bursaries	11%	£2,580
Quilter Fund, to provide scholarships and bursaries	1%	£193
Dulverton Fund, to fund bursaries for ex-boy choristers	6%	£1,283
Carnegie Fund, to fund a folk singing scholarship	3%	£795
Vandervell Fund, to fund scholarships and bursaries	35%	£8,036
Ashley Jones Fund, endowment income from which to be used to fund bursaries	2%	£461
Legacy	3%	£630

Restrictions are on the use of the larger funds, the Russell Fox Trust (£106,845) and St Brandon's fund (£51,841). St Brandon's is a grant making charity to be used towards the clergy's children and the Russell Fox Trusts were set up in memory of a student who died in 1992 rock climbing, the funds going towards outdoor pursuits. These funds were transferred from the School during the last financial year.

There are two legacies outstanding totalling a prudent £80,000, accounted for in this financial year. One of the legacies is for use at the discretion of the Head Master towards a boy chorister. The purpose of the other remains unclear at this time.

Notes (continued)

Comparative Statement of Restricted funds for year ended 31 July 2019

	Balance at 31-Jul-18	Incoming	Outgoing	Balance at 31-Jul-19
	£	£	£	£
Cedars Hall Project	7,795	13,978	(21,581)	192
Pavilion Fund	244	300	(544)	-
Bursaries - General	(20,406)	32,967	-	12,561
Wells Music Society of Hong Kong	1,578	34,452	(34,497)	1,533
Bursaries - Sierra Leone	1,291	-	-	1,291
Bursaries - Music Travel	646	1,943	(879)	1,710
Bursaries - Sport Travel	2,007	50	(350)	1,707
Bursaries - Charitable Aid	567	-	-	567
Bursaries - Music	575	2,575	(1,749)	1,401
Archive	1,282	-	-	1,282
Roland Jacob Award	250	-	(50)	200
Junior Instruments	1,095	-	-	1,095
Trophy Cabinet	1,754	-	(500)	1,254
Sierra Leone	2,759	-	-	2,759
String Department	9,557	-	-	9,557
Woodwind Department	150	75	-	225
Music Department	1,326	6,104	-	7,430
Conservatoire Instruments	5,000	-	(5,000)	-
Niall Mellis Fund	2,000	-	-	2,000
David Nasmyth	1,000	-	-	1,000
St Brandon's Fund	53,841	-	(500)	53,341
Quilter Family Bursary Fund	865	713	(915)	663
Quilter Family Fund Administration	3,578	-	-	3,578
Choralia tour	-	2,765	-	2,765
Russell Fox Trust 1	2,677	-	(2,677)	-
Russell Fox Trust 2	109,643	-	(399)	109,244
Alan Powell Fund	-	17,497	-	17,497
Charitable Volunteering Fund	-	21,210	-	21,210
	<hr/> 191,074	<hr/> 134,628	<hr/> (69,639)	<hr/> 256,063
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Unrestricted Funds

	Balance at 31-Jul-19 £	Interest £	Incoming £	Outgoing £	Balance at 31-Jul-20 £
General Funds	4,160	476	272	(1,976)	2,932
Designated Funds	442	-	-	-	442
	4,602	476	272	(1,976)	3,374

Unrestricted funds comprise gifts provided to the Foundation that are not committed to any project being undertaken by the Foundation. The Trustees determine how such funds shall be used. The £422 (2019: £442) in the designated funds is the balance in the curriculum development fund and will be released next year.

Comparative Statement of Unrestricted funds for year ended 31 July 2019

	Balance at 31-Jul-18 £	Interest £	Incoming £	Outgoing £	Balance at 31-Jul-19 £
General Funds	30,244	422	216	(26,722)	4,160
Designated Funds	442	-	48,317	(48,317)	442
	30,686	422	48,533	(75,039)	4,602

11 Remuneration of the Trustees

The Foundation had no employees in either this or the preceding financial year and therefore no employee earned more than £60,000 in the current or previous year. The Trustees did not receive any emoluments, benefits or reimbursement of expenses during the year (2019: £nil). The staff were paid £30,561 (2019: £30,066) which is incorporated in the operating expenses and gift in kind from the School of £58,446 (2019: £48,317). The difference of £27,885 (2019: £18,252) comprises expenses borne by the Foundation for office administration, travel and events of the Foundation.

Notes *(continued)*

12 Financial Instruments:

The Foundation has the following financial instruments:

- Financial assets that are measured at amortised cost

	2020	2019
	£	£
Debtors	86,515	4,747
	<hr/>	<hr/>

- Financial assets that are measured at fair value

	2020	2019
	£	£
Investments	879,222	886,378
	<hr/>	<hr/>

- Financial liabilities measured at amortised cost

	2020	2019
	£	£
Accruals	2,176	1,840
Endowed bond	853	1,271
	<hr/>	<hr/>
	3,029	3,111
	<hr/>	<hr/>

13 Allocation of Net Assets

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

	Fixed assets	Net current assets	Total
	£	£	£
Endowment Funds	855,959	-	855,959
Restricted Funds	-	396,298	396,298
Revenue Funds	-	2,932	2,932
Designated Funds	-	442	442
	<hr/>	<hr/>	<hr/>
	855,959	399,672	1,255,631
	<hr/>	<hr/>	<hr/>

Notes (continued)

Comparative Allocation of Net Assets for year ended 31 July 2019:

	Fixed assets	Net current assets	Total
			2019
	£	£	£
Endowment Funds	886,378	-	886,378
Restricted Funds	-	256,063	256,063
Revenue Funds	-	4,160	4,160
Designated Funds	-	442	442
	<u>886,378</u>	<u>260,665</u>	<u>1,147,043</u>

14 Connected Parties

Wells Cathedral School ("the School") is a connected charity and parent within the terms of the SORP in that it has common, parallel or related objects and activities and unity of administration.

The School funded the initial set up costs of the Foundation and will fund certain ongoing costs of operation of the Foundation as agreed in the 'memorandum of understanding' between the School and the Foundation. In 2020 the Foundation's operating costs of £ 58,448 (2019: £48,317) were recharged to the School.

There were transactions with the School of £75,796 during the year (2019: £94,314) representing donations for bursaries and specific projects, and a credit of £630 (2019: £nil) was due to the Foundation at the year end.

During the year, 1 Trustees (2019:2) donated a total of £5,010 to the Foundation (2019: £6,510). The School paid £54,000 (2019: £54,000) to a company owned by a Trustee of the Foundation for the lease of a property.

The results of the Foundation have been consolidated with those of the School, a copy of those Financial Statements for the year ended 31 July 2020 are available from the Company Secretary of the School, Wells Cathedral School Limited, College Road, Wells, Somerset, BA5 2SX. Charity No: 310212. Company No: 2804495.

15 Taxation

The Foundation is not liable to taxation on the revenue from its primary activities or on its investment income as it is a registered charity.

Notes (continued)

16 Comparative Statement of Financial Activities for year ended 31 July 2019

	Note	Endowment funds £	Restricted funds £	Unrestricte d funds £	Total 2019 £
Income from:					
Donations & legacies	3	440,709	134,628	216	575,553
Income from investments	5,8	19,984	-	422	20,406
Gifts in kind – school	11	-	-	48,317	48,317
Total income		<u>460,693</u>	<u>134,628</u>	<u>48,955</u>	<u>644,276</u>
Expenditure on:					
Charitable activities - donations to school	3	-	69,639	24,675	94,314
Raising funds – operating costs	11	-	-	48,317	48,317
Other expenditure	4	-	-	2,047	2,047
Total expenditure		<u>-</u>	<u>69,639</u>	<u>75,039</u>	<u>144,678</u>
Net gains on investments	8	32,877	-	-	32,877
Net expenditure and net movement in funds		<u>493,570</u>	<u>64,989</u>	<u>(26,084)</u>	<u>532,475</u>
Fund balance brought forward at 1 August		<u>392,808</u>	<u>191,074</u>	<u>30,686</u>	<u>614,568</u>
Fund balance carried forward at 31 July	13	<u>886,378</u>	<u>256,063</u>	<u>4,602</u>	<u>1,147,043</u>

