

Charity Registration No. 1137204

Company Registration No. RC 000830 (England and Wales)

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552**

KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD

GOVERNORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
LEGAL AND ADMINISTRATIVE INFORMATION**

| | |
|----------------------------|--|
| Chair of Governors | Dr J W Kennerley BPharm MRPharmS PhD |
| Headmaster | Dr S Hyde, MA, DPhil |
| Director of Finance | J M Spencer Pickup BSc (Hons) ACA |
| Charity number | 1137204 |
| Company number | RC 000830 |
| Auditors | Crowe U.K. LLP The Lexicon Mount Street Manchester M2 5NT |
| Bankers | Allied Irish Bank (GB) 1 Underbank London EC3A 8AB National Westminster Bank plc 2 Cheestergate Macclesfield SK11 6BA |
| Solicitors | DAC Beachcroft LLP 3 Hardman Street Manchester M3 3HF |

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
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THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF 1502, RE-FOUNDED BY KING EDWARD VI IN 1552 KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD

GOVERNORS, OFFICERS AND ORGANISATION

The Governing Body comprises co-opted governors who are appointed by the Governing Body following recommendations by the Nominations Committee of the Governing Body and governors appointed by outside bodies as indicated below. They have all served in office throughout the year and subsequently, except where indicated. They were the Trustees of the charity known as The King's School in Macclesfield during the year.

The Chair and Vice Chair are ex officio members of all the committees of the Governing Body. Mr Sugden stepped down as Vice Chair on 4 December 2020. Mr Higginson elected Vice Chair on 4 December 2020.

Co-opted Governors Term of office - five years, renewable for a maximum of two further terms of five years.

Dr J W Kennerley BPharm, MR PharmS, PhD Audit*

Chair

| | |
|--|--|
| Mr J Sugden MA, CEng FI Mech, CEng | Remuneration*, Nominations* |
| Mrs A Chowdhury BSc | (Retired 4 December 2020) |
| Mr S Barriskell BSc, MBA | Finance & General Purposes*, Remuneration, Steering |
| Prof N Hanley BSc, MB ChB, PhD, FRCP | Education, External Relations |
| Ms L Grainger MA, FCPFA | Education |
| (appointed 6 December 2019) | |
| Mr H Grant MA (appointed 4 December 2020) | Finance & General Purposes |
| Mr S Murrells (appointed 6 December 2019) | External Relations |
| Dr C Doherty B. Pharm, PhD, MBA | Education |
| (appointed 6 December 2019) | |
| Mr J Hinds BA MSc | Finance & General Purposes, Steering |
| Mr C R W Petty MA (Cantab) | (retired 6 December 2019) |
| Mrs R J Spinks MA PGCE | (retired 6 December 2019) |
| Ms J White BSc | Education, Nominations |
| Mr S Wright MA | Education* |
| Mr C King MA PGCE | Education |
| Mr J Watkins BA (Oxon) | External Relations, Finance & General Purposes |
| Nominated by the University of Manchester | |
| Mr I Bradley BSc | Education |
| Nominated by the Lord Lieutenant of Cheshire | |
| Mr A T Higginson BSc | Finance & General Purposes, Nominations, Steering |
| Nominated by the Lord Bishop of Chester | Finance & General Purposes, External Relations, Steering |
| Mr M Strutt BA | |
| Nominated by the Cheshire East Council | |
| Cllr A Gregory (appointed 6 December 2019) | External Relations |
| Cllr D Edwards (appointed 6 December 2019) | Education |

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GOVERNORS, OFFICERS AND ORGANISATION

Cllr S Bennett-Wake, Mayor of Macclesfield, Ex-officio Governor for one year term (appointed 29 June 2020)

Cllr J Jackson, Mayor of Macclesfield, Ex-officio Governor for one year term (retired 29 June 2020)

* Chair of the Committee

All nominated governors have terms of five years (or such lesser period as the nominating body may declare at the time of nomination), renewable for a maximum of two further terms.

Officers

The principal officers of the School during the year were:

Dr S Hyde MA DPhil – Headmaster

Dr S Hyde retired as Headmaster on 31 August 2020

Mr J Slack was appointed Head of Foundation from 1 September 2020

Mr J M Spencer Pickup BSc, ACA - Director of Finance & Clerk to the Governors

The day to day running of the Foundation is delegated to the key management personnel that comprises the Head of Foundation and Director of Finance & Clerk to the Governors

Organisation

The principal operation of the Foundation is a day school. The current year was the final year as operation of a "diamond" school operating on two sites and organised into four divisions:

1. Infant & Junior Division
2. Boys' Division (11-16)
3. Girls' Division (11-16)
4. Sixth Form Division

Although there was a delay caused by the impact of the COVID 19 pandemic, the new campus opened to new pupils in September 2020 as a co-educational day school. From 1 September 2020 the registered office of the charity changed to the King's School in Macclesfield, Alderley Road, Prestbury, Macclesfield SK10 4SP.

2020 Project

In 2014, the School began developing a long term strategic project to consolidate all its operations on a new purpose built campus, known as the 2020 Project. In 2016, the School acquired an option to purchase 51 acres of land in Prestbury, adjoining the School's Derby Fields playing fields. In 2016, detailed planning permission was granted to build a new school and sports facilities on the land, together with the planning permissions for the residential development of the School's current sites at Fence Avenue and Westminster Road.

The school executed its option to purchase the land in Prestbury and this was funded by a major donation. In 2018, the School acquired Fallibroome Farm and associated paddocks to complete the overall development site for the new school.

Following detailed negotiations overseen by the Steering Committee and the full Governing Body, the Governing Body met in August 2018 to approve the detailed contracts, legal due diligence reports and arrangements to proceed with the 2020 project.

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GOVERNORS, OFFICERS AND ORGANISATION

During the year ended 31 July 2018, the Governing Body approved the following:

The McCarthy Sales Agreement between McCarthy & Stone Retirement Lifestyles Limited and the School was signed on 6 February 2018 in relation to the land at King's School, Coare Street, Macclesfield. The parties entered into a deed of variation and the School sold the site with vacant possession on 12 February 2021.

The Hillcrest Homes Sales Agreement between Hillcrest Homes (Est 1985) Limited and the School was signed on 20 July 2018 in relation to the land at King's School, Cumberland Street. The parties entered into a deed of variation and the School sold the site with vacant possession on 2 February 2021.

The HCA Sale and Lease Back Agreement being the arrangement between Homes and Communities Agency and the School was signed on 25 May 2018 in relation to the land at King's School, Fence Avenue, Macclesfield. The sale was completed on 10 August 2018 and the Lease Back Agreement was entered into in conjunction with this agreement for the period of 10 August 2018 until 18 September 2020 when the School handed over the site with vacant possession.

The Bellway Sale and Lease Back Agreement being the arrangement between Bellway Homes Limited and the School was signed on 10 July 2018 in relation to the land at King's School, Westminster Road, Macclesfield. The sale was subsequently completed on 28 August 2018 and a lease back was entered into in conjunction with the sales agreement. On 21 September 2020, the School terminated the lease arrangement and the School handed over the site with vacant possession.

The Facility Agreement being the agreement between AIB Group (UK) plc and the School was signed on 10 August 2018, with a total funding commitment of £24.0 million, to be utilised for the funding of the construction of a new school. During the year, the School drew down £18.35 million to fund the costs of the VINCI Build Contract. On 29 January 2021, the parties entered into an agreement to extend the repayment date for the £6 million payment due on 31 January 2021 to 31 March 2021. Details of draw down of funds and repayment of funds under the Facility Agreement after 1 August 2020 are set out in Note 24: Subsequent events in the Accounts.

The VINCI Build Contract being the arrangement between VINCI Construction UK Limited and the School for the design and construction of a new school was signed on 10 August 2018. The construction programme continued on schedule during the year until March 2020 when the impact of the COVID pandemic led to delays in resources and materials to site. The operational delays resulted in the new Academic Building being handed over on 18 July 2020 so the School staff could commence transferring resources from the old sites. After the year end, the School took possession of the Sports Building and the Building Contract reached its formal Practical Completion on 14 September 2020. The new Campus successfully opened on time at the beginning of September 2020 to all pupils and staff. There is now a 12 month defect liability period under the contract.

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GOVERNORS' REPORT

The Governors present their Annual Report for the year ended 31 July 2020 under the Charities Act 2011 together with the audited financial statements under the Companies Act 2006.

The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the School's governing document, the Companies Act 2006 and the Statement of Recommended Practice, Charities (FRS102).

Reference and administrative information

The Foundation was originally created under a body corporate by the Charter of King Edward VI in 1552. The Governors, officers and principal address of the Foundation are listed above.

Structure, governance and management

Governing document

The Charity is constituted as a Royal Charter Company called "The Foundation of Sir John Percyvale in Macclesfield of 1502, re-founded by King Edward VI in 1552" under the new supplemental charter that received Royal Assent on 11 February 2009 and is registered with the Charity Commission under Charity number 1137204.

Organisational management

The Governors are responsible for the overall management and control of the Charity and meet at least three times per year. The work of implementing the educational policies of the Charity is carried out by members of the **Education Committee**, who meet three times per year with the Senior Management Team. The **Finance & General Purposes Committee** is responsible for overseeing the day to day management of the Charity and monitoring strategic risks. It meets at least six times per year with the Head of Foundation, Director of Finance and Director of External Relations.

There are the following additional committees of the Governing Body that meet as required during the year. The committees have specific terms of reference and make appropriate recommendations to the Governing Body:

Nominations

Considers nominations to the Governing Body and oversees the induction and training of Governors.

External relations

Oversees the External Relations function and monitors the School's public benefit and bursary policy.

Remuneration

Considers remuneration and annual pay awards for all staff.

Steering committee

Monitors and assesses the development of the new School site. The responsibilities of the Steering Committee were transferred to the Finance & General Purposes Committee in September 2020.

Audit

Oversees the preparation and completion of the audited financial statements and annual report for approval by the Governing Body.

Recruitment and Governor Training

Governors are appointed at a meeting of the full Governing Body on the basis of nominations received from the Nominations sub-committee that vets applications to ensure they meet eligibility, competence, specialist skills and knowledge of the local community requirements for any vacant positions on the Governing Body.

New governors are inducted into the workings of the Charity, including Board policy and procedures by the Headmaster and Director of Finance. This induction is overseen by the Chair of Governors. The Director of Finance also arranges trustee-training workshops for governors covering specific issues.

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GOVERNORS' REPORT

Group Structures and Relationships

The Charity has no trading subsidiaries. The operation of the school shop and school catering are both outsourced.

The King's School Macclesfield Development Trust is a subsidiary charity with number 504131 and its financial results are included in these accounts and the assets are shown within restricted funds.

Risk Management

The Governing Body is responsible for the management of the risks faced by the Charity. Detailed considerations of high level risks and their mitigations are delegated to the Finance & General Purposes Committee, the Head of Foundation and Director of Finance. The School's Foundation Leadership Group and the Health & Safety Committee consider day to day risks and ways to mitigate them.

The key controls used by the Charity include:

- Formal agendas for all Committee and Governing Body activity;
- Detailed terms of reference for all Committees;
- Preparation and updating of the five year Development Plan, annual Budget and termly Management Accounts;
- Established organisational structure and lines of reporting through the Principals in each division;
- Formal written policies;
- Appropriate levels of insurance protection;
- Approved authorisation levels;
- Vetting procedures as required by child protection legislation, and
- Regular review of health and safety issues.

Through the risk management process overseen by the Governing Body, the Governors are satisfied that the major risks identified have been adequately mitigated, where possible. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Major risks

The School updated its high level risk assessment in March 2020 at the start of the COVID 19 pandemic. The key short term risks identified were significant as the Charity was required to close its existing school sites, furlough support staff and move teaching and pastoral support to an on-line model in the Junior and Senior divisions. At the same time, the Charity was in the final stages of completing its new campus with uncertainty when the project would be completed. The Governing Body decided to provide fee discount in the Summer term to reflect the change in the educational service whilst meeting the School's cash flow requirements. The Charity continued to collect termly fees despite some cases of hardship among the school's parents. These cases were dealt with through the School's normal bursary procedures with oversight by the Chair of the External Relations committee.

On partial re-opening in June 2020, the School had to put in place new procedures and safety measure to limit any transmission of the virus between pupils and/or staff. The detailed risk assessments and procedures were reviewed by a sub-committee of the Governing Body before publication on the School's web site in June 2020. The School's senior management team have kept these assessments under review and made amendments ahead of the full re-opening of the School on the new campus in September 2020.

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GOVERNORS' REPORT

With regard to the ongoing 2020 project, the Governing Body continued to monitor through the Steering Committee, the following strategic risks and mitigation measures set out below:

- a) Delay in receipt of proceeds from sales of the remaining sites.

The School continues to monitor progress of these sales. The School has cash reserves that can be used to cover any short term delay in receipts of proceeds.

- b) Over-run on costs under the Vinci Construction design and build contract against budget.

The School's cost consultants are providing detailed monthly cost reports to assess expenditure against the fixed cost and provisional sum elements of the contract. The School has instructed additional work under the contract that has reduced the contingency left against the budget. At the time of signing of these Accounts, the School assisted by its cost consultants are continuing to negotiate the final account and it is the School's expectation that it will be within the overall budget set by the Governing Body.

- c) A reduction in pupil population reduces the level of surplus to invest in the 2020 project.

Despite the challenges associated with the COVID 19 pandemic, the School has increased its pupil population ahead of the Business case projections with a number of year groups presently full. There is significant interest from potential new parents in the new school. Despite the challenges, the School continues to actively market the school to prospective new parents through on-line events and professionally produced videos.

- d) Operational risks

The School re-opened to pupils in June 2020 following the national restrictions using a detailed risk assessment to limit the transmission of COVID 19 in the school environment. The School fully re-opened in September 2020 using an updated and reviewed risk assessment based on Government guidelines. The School has contingency arrangements for moving to online teaching and has increased substantial sums in new equipment and training of staff.

The school's most recent regulatory ISI Inspection known as the Materials Change inspection in August 2020 required before the new campus opened stated that "the evidence that has been evaluated remotely suggests that all relevant standards and requirements have been met".

Key management personnel remuneration policy

The Charity has a Remuneration Committee, which meets annually. The Head of Foundation is in attendance for the meeting (leaving for the discussion regarding the Headmaster's pay). No members of the key management personnel are members of the committee. The Head of Foundation makes recommendations for changes to salaries of key management personnel. This is to ensure such salaries reflect experience and delivery of individual targets.

The Remuneration Committee reviews all salary changes including those for the key management personnel against independent benchmarking surveys, where available. The Remuneration Committee then sets the pay for all staff.

Investment policy and objectives

The Board aims to maximise the total investment return within the objectives of maintaining income whilst preserving the real value of endowed investments.

The school's investments have continued to be managed in conformity with this policy and the Supplemental Charter.

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GOVERNORS' REPORT

OBJECTS

Charitable objects

The Charity's Objects, as set out in the Supplemental Charter dated 11 February 2009, are the advancement of education by way of maintaining a day school in Macclesfield. The Governors have powers to provide total or partial exemption from any fees payable to pupils who are in need of financial assistance. In addition, the Foundation has to maintain a number of restricted trust funds held for scholarships, bursaries, prizes and other educational purposes.

AIMS, OBJECTIVES AND ACTIVITIES

Ethos and values

The King's School in Macclesfield is proud of its history and ambitious for its future. Learning and personal development are at the heart of its community. The School seeks to equip young people with the character and skills necessary to meet the challenges of a changing world. The School believes that education is not just about what happens in the classroom. The School seeks to produce courageous and responsible citizens who contribute to society through leadership and service.

Principal activities of the year

During the year, the Charity continued to offer co-educational Infant, Junior and Sixth Form education with boys and girls educated separately between the ages of 11 to 16. The School continued to communicate with parents about the intended move to a fully co-educational curriculum in September 2020.

From September 2020, the School moved to a fully co-educational model on the new campus.

In the year ended 31 July 2020, the average pupil population of the Foundation was:

| | 2019-2020 | 2018-2019 |
|---------------------------|--------------|--------------|
| Infants & Junior Division | 296 | 306 |
| Boys' Division | 357 | 343 |
| Girls' Division | 285 | 269 |
| Sixth Form division | 197 | 205 |
| | 1,135 | 1,123 |

In September 2020, the pupil population was 1,218.

Public benefit and grant making policy

The governors confirm that they have had due regard to the Charity Commission guidance on public benefit.

Bursaries

Governors' bursaries and Quincentenary bursaries are awarded to pupils of parents with limited financial means in accordance with the Foundation's Bursary policy. All new bursary awards are subject to an external review of family income. At the recommendation of the Headmaster, both bursary and scholarship awards can be removed if a pupil's behaviour or effort do not meet the standards expected.

During the year 100 pupils benefited from bursary support totalling £674,943. This included an additional 38 pupils who were supported from the temporary hardship fund at a total cost of £67,200. Of this amount £74,350 was provided by Restricted and Permanent Capital Funds. 26 of these pupils also receive scholarship support.

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GOVERNORS' REPORT

In addition, the Charity made awards of Governors' scholarships based on academic, sporting or musical merit which are not means tested to 132 pupils at a cost of £175,473.

Charitable work

This year, staff and pupils at King's continued their efforts to support good causes and raise funds for charities. The Covid-19 pandemic, and subsequent closure of all schools, meant that this year was very much a year of two halves. Despite this, pupils raised £33,660 for charities. At Christmas, Infant & Junior pupils raised £535 for Save the Children; £175 for Destiny Garden School in Kenya; £872 for East Cheshire Hospice; £500 for Hand On Heart (defibrillators for schools) and £770 to help relieve the situation following the forest fires in Australia.

Senior pupils raised £2281 for Children In Need, £1536 for Sport Relief, £4000 for The Christie (Cancer Hospital), £706 for MacMillan Care Research and just under £1000 for homeless charities Shelter and Cheshire Streetwise. King's Senior pupils undertook a sponsored 'Sleep Out' for Cheshire Streetwise, a local charity committed to helping the homeless.

A highlight of the fundraising calendar was the Sixth Form Fashion Show, which raised £11,000 for The Christie cancer hospital.

Community service

Senior pupils are encouraged to undertake voluntary service in the local community and overseas through the World Challenge trips which take place during alternate years. The School's pupils gain educationally and culturally through a meaningful interaction with those outside the School community. 34 rugby players undertook a tour of South America in July 2019, playing nine matches, visiting three countries and undertaking coaching sessions with local children in the 'favelas'.

During the year, 14 Sixth Form pupils were involved in giving their time through voluntary work locally at charity shops, schools, Age UK and care homes. In addition, just under 300 pupils undertook voluntary work as part of their Duke of Edinburgh Award Scheme.

During the Covid-19 pandemic, many pupils have been unable to continue with their normal volunteering. However, some pupils have undertaken new roles to help support the NHS, including manufacturing PPE and helping with deliveries, whilst other pupils have helped support local charities who, in turn, have helped local communities affected by the lockdown.

Community access programme

The Community Access programme seeks to widen access to the School's buildings and resources for local schools, sports clubs, charities and societies. In total, we let our facilities to 36 community groups, some as 'one off' bookings and others as regular bookings. Of these, 15 were subsidised lettings and some were given free of charge.

Sport

The School's sports facilities are let to a range of community groups on five nights a week and at weekends. The multi-sports facilities have a wide range of users including sports clubs that require high-quality, local provision. Sports clubs and community organisations that benefit from King's facilities include: Macclesfield Hockey Club, Bollington Ladies Hockey Club, Bollington F.C., Wilmslow Town FC Veterans, Macclesfield Junior Football Club, AFC Prestbury Nomads (Juniors), Park Royal F.C.(Juniors) and Macclesfield Netball Club.

In addition, King's Sports Scholarship scheme and King's Elite Athlete Programme continue to offer talented young sports people the opportunity to have subsidised places and access to a programme of support, mentoring and training. A total of four Sports Scholarships and an additional ten places on KEAP were taken up by pupils starting in Year 7 in September 2020.

Many of our staff act as coaches at local rugby and other sports clubs and our Sixth Form students assist in the running of the Sports at local schools, swimming pools and sports clubs. Around 30 of our Sixth Form pupils participated in the Community Sports Leaders Award Scheme, acting as coaches in local schools.

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GOVERNORS' REPORT

Creative and Performing Arts

Pupils from local primary schools, as well as adults from the locality, attend the Macclesfield Music Centre (MMC) which uses the school's facilities each Saturday for rehearsals. MMC is an independent charity offering everyone in the community the opportunity to be taught a musical instrument and to perform together. Unfortunately, due to Covid-19, MMC were unable to use our facilities after lockdown commenced on 23 March 2020.

The School's Senior pupils hosted fewer public concerts this year due to Covid-19, but did hold harvest celebrations, Christmas concerts and Remembrance Services. Our Infant & Junior Division put on 3 public concerts and 2 dramatic performances. Senior pupils put on a performance of 'Bugsy Malone', which was open to friends, family and the wider community.

Science

The School's community outreach activities continued this year, delivering a range of science and team-building activities to around 300 pupils in five local primary schools. In addition, several schools visited King's Science Department for workshops.

Environmental Impact

The King's School was recognised as the first school on the planet to set up a Merit First Council to champion the United Nations' sustainable development projects.

The School's Merit First Council organised and lead on a range of global issues within the Senior school, with representatives from Years 7 – 11 engaged in supporting the United Nation's Sustainable Development Goals. Activities were widespread, but involved encouraging pupils and families to reduce the use of single use plastics, undertake beach clean-ups and to help eradicate global period poverty. They supported local foodbanks, held an eco fashion show, raised money for The Christie Hospital, collected litter and recyclable plastic around the town, raised money and donated clothes to DoubleJoy orphanage in Kenya.

This School continued its work to achieve 100% diversion of waste from landfill, for the third consecutive year.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Academic

The School's academic results in August 2020 continued the school's long-standing reputation as one of the best independent schools in Cheshire and in the UK.

At GCSE, despite the period of school closures and uncertainty, pupils achieved 70% of all grades at grades 9-7 (A*/A); 86% at grades 9-6 (A* - B). 70% of pupils achieved a 9/8 (A*) in at least one subject.

At A Level, 61% of all grades were A*/A, and 90% were at A* - B. Almost all leavers taking up higher education places achieved their preferred course with 83% of students achieved their first choice of university and 66% of students joined Russell Group universities. Of these, three students joined Cambridge University.

Pupils are encouraged to participate in a range of competitions, ranging from public speaking and creative writing through to Maths, Linguistics and Physics Olympiads. Pupils achieved considerable success at regional and national level. This year, a team of Year 12 scientists were awarded EDT Gold CREST Awards for their project supporting a local engineering company; two Sixth Form pupils won Silver or Bronze medals in the UK Linguistics Olympiad, one Year 13 pupil achieved a Gold Award in the RSC Chemistry Olympiad and another achieved a Silver, and a team of Year 12 pupils won the first round of the ESU Mace Debating competition and progressed to Round 2.

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Extra-curricular activities:

About half of all pupils learn at least one musical instrument. There are many ensembles, groups and choirs, which start in the Infant Department and provide opportunities right through to the Sixth Form.

All pupils have the opportunity to take part in Drama productions. This year, the Senior Divisions put on a stage production of Bugsy Malone. This production included pupils from Years 8 – 13 in key roles, as well as pupils playing in the orchestra and looking after lighting/sound. This main production was in addition to a number of smaller performances by GCSE students, plus the Year 7 girls who held a Drama Evening and Year 8 boys who hosted a Creative Evening.

Pupils participate in winter and summer sports, enjoying a wide range of options. Football, hockey, netball, athletics, rugby, rounders, trampolining and cricket teams are fielded for most age groups and the results reflect the hard work and enthusiasm of the pupils and staff. New this year was a competitive tennis squad. The School offers pupils the opportunity to participate in chess, equestrian squad, taekwondo, kayaking, caving, coasteering, climbing, sailing, skiing, pistol shooting, squash and yachting.

Sporting highlights of the year include:

- A Year 7 gymnast was crowned English Gymnastics Champion for ages 10 - 11.
- A Year 8 pupil was selected for a British Junior Orienteering training tour, a week-long event in late July.
- A Year 11 pupil achieved 2nd place in the National Pop-up Dressage competition.
- Two Year 7 pupils were selected to represent Cheshire at the Inter Counties Cross Country Championships.
- One pupil was selected to represent Cheshire at the ESAA National Schools Cross Country Championships.
- Nine hockey players were selected for Regional Performance Centres, in addition to the 20 boys and 30 girls who were selected for Junior Academy Centres (East Cheshire, Greater Manchester, Derbyshire).
- The U13 girls' Hockey Squad reached the North West semi-finals.
- The U11 boys' hockey team won the AJIS North West Hockey Championships for the first time.
- The U11 girls' hockey team were crowned Cheshire Champions, after remaining unbeaten in the IN2 County Hockey Tournament. The girls qualified for the Regional Finals.
- The girls' U13 hockey team progressed through to North West Round of National Schools' Competition
- Nine King's netball players were selected to represent their county, with three girls making the Manchester Thunder squad, the North West section of the elite performance pathway to national recognition.
- King's trampolinists were crowned North of Britain Champions, with seven teams and four individuals qualifying for the National Trampoline Finals.
- The U11 football team won the Macclesfield & District Primary School's Football Cup.
- King's U12 Rugby squad were unbeaten all season and were ranked fifth nationwide in the RFU rankings coordinated with the Daily Mail.
- The U12 rugby team won the Myles Marshall Sevens trophy.
- Our U15 VII won the Plate at the Giggleswick School Sevens.
- The Senior Netball First V11 qualified in the Cheshire rounds of the National Schools' Cup and went on to represent Cheshire in the North West Regional finals.
- The U14 netball squad qualified to the fourth round of the Sisters In Sport National Cup. The U15 squad had success in the Independent Schools' Netball Plate, making it to the last 16 in Country.

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GOVERNORS' REPORT

FINANCIAL REVIEW

Results for the year

Total incoming resources were £13.80 million (2019: £13.27 million) with no overall change in fee income due to the COVID refunds provided to all parents in the Summer term offsetting the general fee increase and small improvement in pupil numbers during the year. An increase in donations, offset by a reduction in trading income due to the school closure in the Summer term led to £526,000 increase in total incoming resources.

Total resources expended were £12.87 million (2019: £12.18 million) as the School incurred £832,000 (2019: £398,000) of financing costs as the AIB Facility was drawn down. Staff costs increased by £603,000 with the £330,000 increase in employers' contributions to the TPS and other salary increases of £273,000.

Overall, the net increase in funds was £930,000 (2019: £1.09 million), a decline on last year but in line with the Business case projections for the 2020 Project.

The overall increase in Net Movement of Funds in the year of £899,000 has increased the Net Assets of the Charity from £42.45 million at the start of the year to £43.35 million at the year end.

Investment performance against objectives

The Charity's investment performance for the restricted and endowment funds continue to be monitored against the FTSE All Share Total Return Index. It was a poor year for UK equity markets following the financial shock caused by the COVID19 pandemic. The year to date Index was down 20.5%. Against this challenging backdrop the COIF Income Fund that is invested more internationally provided a total return of 3.3% whilst the UK focussed M & G Charifund was down by 21.3%. The Charity's holding in the fixed income fund was up by 3.3%. The Charity with its holdings predominately in the COIF Income Fund achieved an overall investment return of +3.5% against the Index return of -20.5%.

Free reserves policy and financial viability

The Governors have reviewed the calculation of the free reserves of the Charity as the School has spent a significant capital sum of £62 million to complete the construction of the new campus. This has been funded from capital receipts from the sale of the sites, the new Allied Irish Bank Facility and operational cash flow, including donations.

At the start of the year, the School had a designated fund of £12.77 million that was fully expended in the year on payments to fund the monthly invoices required under the VINCI Build Contract for the construction of the new campus in Prestbury.

At the year end, the Governing Body considers that the School has sufficient working capital comprising cash resources of £8.6 million, undrawn bank facility of £5.65 million and contracts for disposal of the remaining sites for approximately £5 million to meet the outstanding obligations in respect of the remaining capital commitment of £1.1 million to complete construction of the new school, funding the bridging loan repayment of £6.0 million on or before 31 January 2021 and repayment of £6.8 million of retentions under the VINCI Build contract due by September 2021.

THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF 1502, RE-FOUNDED BY KING EDWARD VI IN 1552 KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD

GOVERNORS' REPORT

The calculation of free reserves at 31 July 2020 is as follows:

| | £'000 | £'000 |
|---|---------------|---------------------|
| Unrestricted funds at year end | | 41,878 |
| Less designated funds | | Nil |
| Less fixed assets per accounts | (65,582) | |
| Add back | | |
| Monies owed under the VINCI Build Contract | 7,970 | |
| Bank draw down to fund VINCI Build Contract | <u>18,352</u> | <u>(39,260)</u> |
| Free reserves at year end | | <u>2,618</u> |

The Governors consider that the target for Free Reserves should be three months' operating costs excluding depreciation of approximately £2.7 million. This is a medium term objective that has to be balanced with the demands on cash resources for the 2020 project in the short term.

FUTURE PLANS

During the year, the School completed its preparations for the new fully co-educational school and implemented its new senior management structure.

Following eight successful years as headmaster, Dr Simon Hyde announced in September 2019 that he would be leaving the school at the end of the current academic year to take up a new role as membership secretary of the Headmasters' and Headmistresses' Conference. The Governing Body completed the recruitment of the new Head of Foundation with Mr Jason Slack joining the School on 1 September 2020.

The school also prepared an outreach report to assess and quantify the support the school provides to community and charity organisations, its impact on the local economy and the school's bursary support.

Following the significant increase in employers' contributions to the teachers' pension scheme as explained in note 16, the school held a briefing session for all teaching staff in September 2019. The Governing Body continues to monitor developments in possible future changes to the pension scheme and its ongoing viability to the school.

The School's senior management team is continuing with its planning in case the School has to revert back to on-line learning. The School has invested in new laptops for the majority of teaching staff to provide reliance and capacity for on-line learning. The School continues to work within the Government guidelines to provide a safe environment for pupils and staff during the COVID 19 pandemic.

The School is recruiting a sports centre manager and team to allow the School to let its new sports facilities to community users and develop further the School's trading income. The Former Pupils' Association is supporting the School to build a café area in the new sports centre during the current year.

The new Head of Foundation is preparing a development plan that will set out targets for the education, co-curriculum and pastoral development across the Foundation. The opinions of stakeholders are being sought, including a professional commissioned questionnaire. This will be reviewed by the Governing Body before approval in Summer 2021.

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD**

GOVERNORS' REPORT

Statement of disclosure to auditors

On behalf of the Governing Body, the Audit Committee has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

On behalf of the Board of Governors



Dr J W Kennerley BPharm MRPharmS PhD

Chair of the Governing Body

Dated: 19 March 2021

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD**

STATEMENT OF GOVERNORS' RESPONSIBILITY

The Governors are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Governors are required to:

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

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF 1502, RE-FOUNDED BY KING EDWARD VI IN 1552 KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of The Foundation of Sir John Percyvale in Macclesfield of 1502, Re-founded by King Edward VI in 1552 known as The King's School in Macclesfield for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

Conclusions relating to going concern

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

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

Other information

The governors are responsible for the other information. The other information comprises the information included in the 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 we do not express any form of assurance conclusion thereon.

THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF 1502, RE-FOUNDED BY KING EDWARD VI IN 1552 KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD

INDEPENDENT AUDITORS' REPORT

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the governors' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of governors

As explained more fully in the governors' responsibilities statement set out on page 14, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD**

INDEPENDENT AUDITORS' REPORT

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 our report

This report is made solely to the charity's governors, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's governors as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

31st March 2021

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Income and Expenditure Account)**

FOR THE YEAR ENDED 31 JULY 2020

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | | 96 | 554 | - | 650 | 43 |
| Investment income | 3 | 36 | 27 | - | 63 | 169 |
| Charitable activities: | | | | | | |
| School fees | 4 | 12,495 | - | - | 12,495 | 12,555 |
| Ancillary trading income | 2 | 352 | - | - | 352 | 453 |
| Other incoming resources | 5 | 235 | - | - | 235 | 49 |
| Total incoming resources | | 13,214 | 581 | - | 13,795 | 13,269 |
| Expenditure on: | 6 | | | | | |
| Raising funds | | | | | | |
| Ancillary trading costs | | 47 | - | - | 47 | 628 |
| Financing costs | | 832 | - | - | 832 | 398 |
| | | 879 | - | - | 879 | 1,026 |
| Charitable activities | | | | | | |
| Education and grant making | | 11,889 | 97 | - | 11,986 | 11,155 |
| Total resources expended | | 12,768 | 97 | - | 12,865 | 12,181 |
| Net incoming resources from operations before transfers and investment gains | | 446 | 484 | - | 930 | 1,088 |
| Gains on investment assets | | - | (50) | 1 | (49) | 32 |
| Gain on disposal of land and buildings | | 18 | - | - | 18 | 18,732 |
| Transfer between funds | | - | - | - | - | - |
| Net movement in funds | | 464 | 434 | 1 | 899 | 19,852 |
| Fund balances at 1 August 2019 | | 41,414 | 588 | 444 | 42,446 | 22,594 |
| Fund balances at 31 July 2020 | | 41,878 | 1,022 | 445 | 43,345 | 42,446 |

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
BALANCE SHEET**

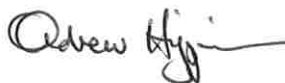
AS AT 31 JULY 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|--|-------|-----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 9 | 62,638 | 33,931 |
| Investments | 10 | <u>643</u> | <u>691</u> |
| | | 63,281 | 34,622 |
| Current assets | | | |
| Assets held for resale | | 3,051 | - |
| Debtors | 11 | 2,637 | 7,629 |
| Cash at bank and in hand | | <u>8,665</u> | <u>10,713</u> |
| | | 14,353 | 18,342 |
| Creditors: amounts falling due within one year: | 12 | <u>(20,016)</u> | <u>(8,415)</u> |
| Net current (liabilities)/assets | | <u>(5,663)</u> | <u>9,927</u> |
| Total assets less current liabilities | | 57,618 | 44,549 |
| Creditors: amounts falling due after more than one year | 13 | <u>(14,273)</u> | <u>(2,103)</u> |
| Net assets | | <u>43,345</u> | <u>42,446</u> |
| Endowment funds | 17 | 445 | 444 |
| Restricted funds | 18 | 1,022 | 588 |
| Unrestricted funds | 19 | <u>41,878</u> | <u>41,414</u> |
| | | <u>43,345</u> | <u>42,446</u> |

The accounts were approved and authorised for issue by the Board on 19 March 2021.



Dr J W Kennerley
Governor



Mr A T Higginson
Governor

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 JULY 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|--|-------|-----------------|-----------------|
| Net cash inflow from operating activities | (i) | 12,328 | 588 |
| Cash flows from investing activities | | | |
| Financing costs | | (832) | (371) |
| Investment income | | 26 | 25 |
| Interest received | | 37 | 144 |
| Net proceeds from sale of fixed assets | | 19 | 30,709 |
| Payments to acquire tangible fixed Assets | | <u>(31,977)</u> | <u>(24,760)</u> |
| Net cash from/(used) in investing activities | | (32,727) | 5,747 |
| Cash flows from financing activities | | | |
| AIB loan drawdown | | 18,351 | - |
| Net cash from financing activities | | 18,351 | - |
| Change in cash and cash equivalents in the year | | (2,048) | 6,335 |
| Cash and cash equivalents at the beginning of the year | | 10,713 | 4,378 |
| Cash and cash equivalents at the end of the year | (ii) | 8,665 | 10,713 |
| (i) Reconciliation of net income to cash flow from operating activities | | | |
| | | 2020 £'000 | 2019 £'000 |
| Net incoming resources | | 930 | 1,088 |
| Investment income | | (26) | (25) |
| Financing costs | | 832 | 371 |
| Interest received | | (37) | (144) |
| Depreciation of tangible fixed assets | | 326 | 290 |
| Decrease/(increase) in debtors | | 4,992 | (6,729) |
| Increase in creditors | | <u>5,311</u> | <u>5,737</u> |
| Net cash inflow from operations | | 12,328 | 588 |
| (ii) Analysis of cash and cash equivalents | | | |
| | | 2020 £'000 | 2019 £'000 |
| Cash at bank | | <u>8,665</u> | <u>10,713</u> |

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 JULY 2020

| | | | |
|---|---------------------------|-------------------|-----------------------|
| (iii) Reconciliation of net debt | 1 August 2019 £'000 | Cashflow £'000 | 31 July 2020 £'000 |
| Cash in hand and at bank | 10,713 | (2,048) | 8,665 |
| Bank loan due in less than one year | - | (6,000) | (6,000) |
| Bank loan due in greater than one year | <u>-</u> | <u>(12,352)</u> | <u>(12,352)</u> |
| | <u>10,713</u> | <u>(20,400)</u> | <u>(9,687)</u> |

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The School is a Public Benefit Entity registered as a charity in England and Wales and a Royal Charter Company. It was incorporated on 25 April 1552 (company number: RC 000830) and re-registered as a charity on 30 July 2010 (charity number: 1137204).

The School continues to attract pupils and has adequate pupil numbers even in the current economic climate. The School manages operational cash flow to make best use of available resources and to build up reserves for future investments. The Governors have reviewed the current financial forecasts based on improved pupil numbers against the original Business Case for the 2020 project. Taking into account the full draw down of the AIB Bank facility and expected receipts for the sales of the two remaining sites, the Governors are confident that the School has sufficient resources to continue on a going concern basis.

1.2 Incoming resources

Fee income, school shop income and dining hall income is recognised in the Statement of Financial Activities on the accruals basis. Fees received in advance of education to be provided in future years are held until either taken to income in the term when used or else refunded.

Donations received for the general purposes of the Charity are credited to Unrestricted Funds. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors. Donations and legacies are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Investment income is credited to the Statement of Financial Activities on a receivable basis. The income from the investment of the endowment funds forms the restricted funds of the school and is spent in accordance with the scheme.

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NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies (continued)

1.3 Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. The cost headings comprise expenditure, including staff costs and depreciation, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a fair and reasonable basis.

Support costs comprise all services including an appropriate proportion of general overheads specifically identified as wholly or mainly incurred in support of the direct charitable expenditure. The irrecoverable VAT element is included with the item of expense to which it relates.

1.4 Tangible fixed assets and depreciation

Tangible assets are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation.

Individual purchase of fixed assets costing less than £1,000 are not capitalised but charged as expenditure in the year.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | |
|---------------------------------------|---|
| Buildings | over 20 or 50 years on a straight line basis. |
| Fixtures, fittings, plant & equipment | over 3 to 5 years on a straight line basis. |
| Computers | over 3 years on a straight-line basis. |
| Motor vehicles | over 5 years on a straight line basis. |

During the year the School has incurred significant professional costs in respect of the future relocation of the school site. As a result all costs incurred during the year have been capitalised from the date planning consent was received. Professional fees incurred before this date have now been expensed.

1.5 Investments

Investments are stated at market value less any provision for permanent diminution in value. Market value is taken to be the middle market price ruling at the balance sheet date.

Gains and losses on investment assets realised and unrealised are taken to the Statement of Financial Activities.

1.6 Stock

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a "first in, first out" basis. Net realisable value is determined on the basis of estimated value or expected selling price less further costs to be incurred to disposal.

1.7 Pensions

The School participates in a multi-employer defined benefits pension scheme, the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff at rates set by the scheme actuary and advised to the Board by the Scheme Administrator. The pension liability is the responsibility of the Scheme. As a result it is not possible to identify the assets and liabilities of the scheme that are attributable to the school. Accordingly, under FRS 102 the scheme is accounted for as if it were a defined contribution scheme.

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
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NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies (continued)

1.8 Accumulated funds

General funds are available for use at the discretion of the Governing Body in furtherance of the general objectives of the School.

Endowment funds are capital funds where there is no power to convert the capital into income and which therefore represent the permanent capital of the School. Changes in the market values of the investments and other assets held within these funds are debited or credited to the capital of those funds and the movements, purposes and uses of these funds are set out in the notes to the accounts. Where applicable the income arising from these endowment funds has been included in general funds or restricted funds as appropriate.

Restricted funds are funds subject to specific restrictive conditions imposed by the donors or by the purpose of the appeal. These restricted funds also include the Income Funds of the various permanent endowments where the income is earmarked for specific purposes. The purpose and use of the restricted funds is set out in the notes to the accounts.

All income and expenditure is shown in the Statement of Financial Activities.

1.9 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Financial Activities, unless they are included in a hedging arrangement.

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies (continued)

1.10 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

2. Ancillary trading income

| | 2020 £'000 | 2019 £'000 |
|-------------|-----------------------|-----------------------|
| Dining Hall | 329 | 445 |
| School shop | 23 | 8 |
| | 352 | 453 |

3. Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|-----------------------|---|---------------------------------------|---------------------------------|---------------------------------|
| Income shares in COIF | - | 26 | 26 | 25 |
| Interest receivable | 36 | 1 | 37 | 144 |
| | 36 | 27 | 63 | 169 |

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 JULY 2020

4. Charitable activities – fees receivable

| | Total 2020 £'000 | Total 2019 £'000 |
|--|---------------------------------|---------------------------------|
| School fees | | |
| The school's fee income comprised: | | |
| Gross fees | 14,642 | 13,993 |
| Less: Total bursaries, grants and allowances | (2,241) | (1,517) |
| | 12,401 | 12,476 |
| Add: | | |
| Bursaries and scholarships paid for by Restricted Funds | 94 | 79 |
| School fees | 12,495 | 12,555 |
| Bursaries and scholarships paid for by Restricted Fund: | | |
| Governors' bursaries and scholarships | 94 | 79 |
| | 94 | 79 |

During the year 100 pupils benefited from bursary support totalling £674,943. Of this amount £74,345 was provided by Restricted and Permanent Capital Funds. Twenty six of these pupils also receive scholarship support. In addition, the Charity made awards of Governors' scholarships based on academic or musical merit which are not means tested to 132 pupils at a cost of £146,148 and £29,325 respectively.

Total bursaries, grants and allowances includes £621,087 of rebates given as a result of Covid19.

5. Other incoming resources

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|-----------------|---|---------------------------------------|---------------------------------|---------------------------------|
| Furlough grants | 191 | - | 191 | - |
| Lettings income | 44 | - | 44 | 49 |
| | 235 | - | 235 | 49 |

**THE FOUNDATION OF SIR JOHN PERCYVALE IN MACCLESFIELD OF
1502, RE-FOUNDED BY KING EDWARD VI IN 1552
KNOWN AS THE KING'S SCHOOL IN MACCLESFIELD
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 JULY 2020

6. Analysis of expenditure

| | Staff costs £'000 | Depreciation £'000 | Other costs £'000 | Grant funding £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---------------------------------------|-------------------------|-----------------------|-------------------------|---------------------------|------------------------|------------------------|
| Costs of generating funds | | | | | | |
| Ancillary trading costs | - | - | 440 | - | 440 | 628 |
| Financing costs | - | - | 832 | - | 832 | 398 |
| Total cost of generating funds | - | - | 1,272 | - | 1,272 | 1,026 |
| Charitable expenditure | | | | | | |
| Education and grant making | | | | | | |
| Teaching | 7,107 | 295 | 818 | 95 | 8,315 | 8,058 |
| Welfare | 62 | - | 138 | - | 200 | 227 |
| Premises | 620 | - | 1,318 | - | 1,938 | 1,850 |
| Support costs (note a) | 677 | 31 | 432 | - | 1,140 | 1,020 |
| Total charitable expenditure | 8,466 | 326 | 2,706 | 95 | 11,593 | 11,155 |
| Total expended | 8,466 | 326 | 3,978 | 95 | 12,865 | 12,181 |

Included within finance costs is £372,530 (2019: £nil) of interest on bank loans and overdrafts, £204,704 (2019: £371,251) of non-utilisation fees and £199,607 interest on retention.

During the year, the provision against doubtful fee debtors was increased by £45,591 (2019: £17,723).

a) Governance costs included in support costs

| | 2020 £'000 | 2019 £'000 |
|------------------------|---------------|---------------|
| Accountancy charges | 21 | 24 |
| Other governance costs | 74 | 38 |
| | 95 | 62 |

Governance costs includes payments to the auditors of £21,480 (2019: £19,500) for audit fees and £nil (2019: £1,625) for other services.

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7. Governors

Six Governors (2019: four) who held office for at least part of the year had children enrolled at the school during the year. The children attend the school on the same terms as the other pupils.

None of the Governors (or any persons connected with them) received any remuneration or other benefits from the School or from any connected body during this year or the previous year, except as set out in note 23: Related parties. One governor was reimbursed expenses of £174 during this year (2019: £51).

8. Staff costs

| The average number of employees during the year | Number 2020 | Number 2019 |
|---|------------------------|----------------|
| Teaching | 111 | 112 |
| Welfare | 3 | 3 |
| Premises | 37 | 39 |
| Support | 88 | 90 |
| | 239 | 244 |

The full time equivalent number of employees during the year was 196 (2019: 204).

The school shop and catering operation of the school are outsourced.

| The aggregate payroll costs for the year were as follows: | 2020 £'000 | 2019 £'000 |
|---|-----------------------|---------------|
| Wages and salaries | 6,858 | 6,906 |
| Social security costs | 627 | 624 |
| Other pension costs | 1,182 | 829 |
| Apprenticeship Levy | 18 | 17 |
| | 8,685 | 8,376 |
| | 2020 £'000 | 2019 £'000 |
| Aggregate employee benefits of key management personnel | 484 | 497 |

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8. Staff costs (continued)

| | 2020 | 2019 |
|--|------|------|
| Number of higher paid employees in bands of: | | |
| £60,001 to £70,000 | 2 | 2 |
| £70,001 to £80,000 | 2 | 1 |
| £90,001 to £100,000 | 1 | 1 |
| £130,001 to £140,000 | 1 | - |
| £140,001 to £150,000 | - | 1 |

Of the employees whose emoluments exceed £60,000, 5 (2019: 4) have retirement benefits accruing under defined benefit pension schemes and 1 (2019: 1) has benefits accruing under defined contribution schemes for which the contributions amounted to £26,009 (2019: £30,243).

During the year there were redundancy or termination payments which amounted to £4,186 (2019: £6,538).

9. Tangible Fixed Assets

| | Land & Buildings £'000 | Fixtures, fittings, plant & equipment £'000 | Computers £'000 | Motor vehicles £'000 | Total £'000 |
|------------------------------------|------------------------------|---|--------------------|----------------------------|----------------|
| Cost (or deemed cost) | | | | | |
| At 1 August 2019 | 34,110 | 801 | 427 | 379 | 35,717 |
| Transfer to assets held for resale | (3,362) | - | - | - | (3,362) |
| Additions | 31,428 | 237 | 312 | - | 31,977 |
| Disposals | - | (22) | (91) | - | (113) |
| At 31 July 2020 | 62,176 | 1,016 | 648 | 379 | 64,219 |
| Depreciation | | | | | |
| At 1 August 2019 | 491 | 671 | 318 | 306 | 1,786 |
| Transfer to assets held for resale | (418) | - | - | - | (418) |
| On disposals | - | (22) | (91) | - | (113) |
| Charge for the year | 99 | 82 | 114 | 31 | 326 |
| At 31 July 2020 | 172 | 731 | 341 | 337 | 1,581 |
| Net book value | | | | | |
| At 31 July 2020 | 62,004 | 285 | 307 | 42 | 62,638 |
| At 31 July 2019 | 33,619 | 130 | 109 | 73 | 33,931 |

The land and buildings were held at a valuation until transition to FRS102 when the value of the land and buildings was taken as deemed cost.

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10. Fixed asset investment

| | |
|--|-------------------|
| Cost or valuation: | £'000 |
| Market value at 1 August 2019 | 691 |
| Disposals | |
| Change in value in the year | <u>(48)</u> |
| Market value at 31 July 2020 | <u>643</u> |
| The investment assets held at the end of the year are: | £'000 |
| Income shares in COIF | 445 |
| Charifund Units | 178 |
| Fixed Interest Bonds | 19 |
| Ground Rents | <u>1</u> |
| | <u>643</u> |
| | £'000 |
| Historical cost: | |
| At 31 July 2020 | <u>115</u> |
| At 31 July 2019 | <u>115</u> |

The above historical cost value is made up of £1,000 of unrestricted fund investments, £90,000 of restricted fund investments and £24,000 of endowment fund investments.

11. Debtors

| | 2020 | 2019 |
|--------------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Fees | 554 | 126 |
| Other debtors | 1,648 | 6,912 |
| Prepayments and accrued income | <u>435</u> | <u>591</u> |
| | <u>2,637</u> | <u>7,629</u> |

All debtors are due within one year, except for £150,096 (2019: £156,396) in respect of other debtors which are due after more than one year.

Within fee debtors are gross fees in respect of Summer 2020 and earlier terms of £715,054 (2019: £241,588). This included £264,117 of direct debit receipts received in August 2020 that had been deferred by one month to assist parents during the Covid-19 pandemic. A provision of £161,465 (2019: £115,874) against this amount has been provided for in respect of doubtful debts.

Other debtors includes a security deposit of £1,563,957 paid to Cheshire East Borough Council, of which £1,413,861 was repaid on completion of the highway works at the new school site. The remaining £150,096 in September 2021.

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12. Creditors: amounts falling due within one year:

| | 2020 £'000 | 2019 £'000 |
|---------------------------------|---------------|---------------|
| Bank loan | 6,000 | - |
| Trade creditors | 2,792 | 2,402 |
| Taxes and social security costs | 159 | 158 |
| Other creditors | 6,716 | 1,652 |
| Accruals | 808 | 714 |
| Deferred income | 3,541 | 3,489 |
| | 20,016 | 8,415 |

13. Creditors: amounts falling due after more than one year

| | 2020 £'000 | 2019 £'000 |
|-----------------|---------------|---------------|
| Bank loan | 12,352 | - |
| Other creditors | 1,889 | 2,084 |
| Deferred income | 32 | 19 |
| | 14,273 | 2,103 |

The School entered into the Facility Agreement with AIB Group (UK) Limited (the "Bank") on 10 August 2018. The Facility Agreement provides a total funding commitment from the Bank of up to £24.0 million to be utilised for the funding of the construction of the new school campus. The first drawn down under the Facility took place in November 2019 and at the year end, the School had drawn down £18.35 million (2019: £nil) under the Facility Agreement. Since entering into the Facility Agreement, the School has been paying commitment fees to the Bank. These fees of £204,704 in the year have been charged as financing expenditure in the year.

The Bank has security by way of a charge over the School's freehold properties known as Willow Trees, Fallibroome Farm, Derby Fields and the land adjoining Derby Fields on which VINCI Construction Limited was constructing the new School campus during the year.

| | 2020 £'000 | 2019 £'000 |
|---|----------------|---------------|
| Loan maturity analysis | | |
| Debt due in one year or less | 6,000 | - |
| In more than one year but not more than two years | 800 | - |
| In more than two years but not more than five years | 2,400 | - |
| In more than five years | 9,152 | - |
| | 18,352 | - |
| Included in liabilities falling due within one year | (6,000) | - |
| | 12,352 | - |

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14. Fees received in advance

| | 2020 | 2019 |
|---|----------------|---------|
| | £'000 | £'000 |
| Deferred income is included within: | | |
| Creditors due within one year | 3,541 | 3,489 |
| Creditors due after more than one year | 32 | 19 |
| | 3,573 | 3,508 |
| Total deferred income at 1 August 2019 | 3,508 | 3,364 |
| Amounts received in year | 3,573 | 3,485 |
| Amounts credited to statement of financial activities | (3,508) | (3,341) |
| Total deferred income at 31 July 2020 | 3,573 | 3,508 |

Parents may enter into an agreement to pay the school up to the equivalent of one year's tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:

| | 2020 | 2019 |
|--------------------------|--------------|-------|
| | £'000 | £'000 |
| Within one year | 3,541 | 3,489 |
| Within one to five years | 32 | 19 |
| | 3,573 | 3,508 |

15. Financial instruments

| | 2020 | 2019 |
|---|---------------|--------|
| | £'000 | £'000 |
| Financial assets measured at amortised cost (a) | 10,867 | 17,751 |
| Financial assets measured at fair value (b) | 643 | 691 |
| Financial liabilities measured at amortised cost (c) | 11,397 | 6,138 |
| Net financial (liabilities)/assets measured at amortised cost | (530) | 11,613 |

- (a) Financial assets include cash, trade and fee debtors, other debtors and accrued income
(b) Financial assets held at fair value include assets held as investments
(c) Financial liabilities include deposits, trade creditors, and other creditors

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16. Pension and other post-retirement benefit commitments

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 £1,064,463 (2019: £734,322) and at the year-end £nil (2019 - £95,412) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020. As a result of the consultation, the government announced on 4 February 2021 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 became 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 the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

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

The school also contributes to individual personal pension schemes at rates of between 4% and 14.1% of pensionable pay. These are defined contribution schemes. The cost for the year represents the school's contributions to these schemes of £115,996 (2019: £92,881). At the year-end £nil was accrued in respect of these schemes.

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17. Endowment funds

On 6th April 2009, the Charity Commission for England & Wales granted a scheme ('the scheme') to effect a uniting direction of the subsidiary charities and to create two new subsidiary charities to be known as The King's School in Macclesfield Horsfield Bursary Fund ('Horsfield Bursary Fund') and the King's School in Macclesfield Brocklehurst Scholarship Fund ('Brocklehurst Scholarship Fund'). The income from the investment of the endowment funds forms the restricted funds of the school and is spent in accordance with the scheme.

| | Movement in funds | | | | |
|----------------------------------|--|--------------------------------|--------------------------------|--------------------------------------|--|
| | Balance at 1 August 2019 £'000 | Incoming resources £'000 | Resources expended £'000 | Investments gains/losses £'000 | Balance at 31 July 2020 £'000 |
| Permanent endowments | | | | | |
| Horsfield Bursary Fund | 347 | - | - | 1 | 348 |
| Brocklehurst Scholarship Fund | 97 | - | - | - | 97 |
| | 444 | - | - | 1 | 445 |

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18. Restricted funds

The restricted funds of the School comprise the following unexpended income derived from the permanent endowed assets of the school held on trusts to be applied for specific purposes. On 1st April 2011 the associated charity known as The King's School Development Trust was brought into the restricted funds of the school following a merger of the two charities. During the year, the Governors reviewed the level of unexpended income held and approved the expenditure of part of this amount by donating £97,000 (2019: £13,355) to the main School charity to provide bursaries, scholarships and prizes to pupils at the School. At the year end, unexpended income was £1,022,000 (2019: £588,304).

| | Movement in funds | | | | | Balance at 31 July 2020 £'000 |
|---|-----------------------------------|-----------------------|-----------------------|-----------------------------|-----------|---|
| | Balance at 1 August 2019 | Incoming resources | Resources expended | Investments gains/losses | Transfers | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Horsfield Bursary Fund | 1 | 11 | (11) | - | - | 1 |
| Brocklehurst Scholarship & Other Prize Funds | 51 | 3 | (3) | - | - | 51 |
| Quincentenary Bursary Fund | 287 | 49 | (76) | (7) | - | 253 |
| Cricket pitch and bridge fund | - | 508 | - | - | - | 508 |
| Bursary & Scholarship Fund | 208 | 10 | (7) | (43) | - | 168 |
| Sport Now Fund | 41 | - | - | - | - | 41 |
| | 588 | 581 | (97) | (50) | - | 1,022 |

19. Unrestricted funds

| | Balance at 1 August 2019 | Incoming resources | Resources expended | Gain on sale of assets | Transfers | Balance at 31 July 2020 £'000 |
|-------------------------------|-----------------------------------|-----------------------|-----------------------|------------------------------|-----------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | | | | | | |
| Unrestricted general funds | 28,641 | 13,214 | (12,768) | 18 | 12,773 | 41,878 |
| Designated funds | 12,773 | - | - | - | (12,773) | - |
| | 41,414 | 13,214 | (12,768) | 18 | (12,773) | 41,878 |

The Designated Fund of £12.77 million was fully expended in the year on funding the construction of the new campus in Prestbury.

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20. Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Endowment Funds | Total 2020 £'000 |
|---|-----------------------|---------------------|--------------------|------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Fund balances as at 31 July 2020 are represented by: | | | | |
| Tangible fixed assets | 62,638 | - | - | 62,638 |
| Investments | 2 | 196 | 445 | 643 |
| Current assets | 13,527 | 826 | - | 14,353 |
| Creditors: amounts falling due within one year | (20,016) | - | - | (20,016) |
| Creditors: amounts falling due after one year | (14,273) | - | - | (14,273) |
| | 41,878 | 1,022 | 445 | 43,345 |
| | Unrestricted funds | Restricted funds | Endowment Funds | Total 2019 £'000 |
| | £'000 | £'000 | £'000 | £'000 |
| Fund balances as at 31 July 2019 are represented by: | | | | |
| Tangible fixed assets | 33,931 | - | - | 33,931 |
| Investments | 1 | 246 | 444 | 691 |
| Current assets | 18,000 | 342 | - | 18,342 |
| Creditors: amounts falling due within one year | (8,415) | - | - | (8,415) |
| Creditors: amounts falling due after more than one year | (2,103) | - | - | (2,103) |
| | 41,414 | 588 | 444 | 42,446 |

21. Capital commitments

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| At 31 July 2020 the School had capital commitments as follows: | | |
| Expenditure contracted for but not provided in the year | 1,140 | 30,318 |

At 31 July 2020, the School had capital commitments outstanding of £1.14 million (including VAT) in respect of the Vinci Build contract. This capital commitment was funded by the draw down of the remaining balance of £5.65 million under the AIB Facility Agreement on 30 October 2020.

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22. Operating lease commitments

| | 2020 | 2019 |
|-----------------|------------------|-------------------|
| | £'000 | £'000 |
| Within one year | <u>40</u> | <u>240</u> |

The above operating lease commitment is in respect of the sale and leaseback arrangement for the school buildings. There is a further arrangement in place whereby a peppercorn rental is payable. Both leases were terminated after the year end – see note 24 below.

23. Related parties

On 7 December 2018, Mr J Hinds was elected as a Governor. Mr Hinds is a regional director in the Manchester office of Savills plc. Savills plc are one of the advisors appointed by the School to assist on the 2020 project. This appointment took place before Mr Hinds joined the Governing Body. During the year the School has paid Savills plc a total of £40,155 (2019: £32,761) (inc VAT) in respect of its services as planning consultant to the School. There were no other related party transactions.

24. Subsequent events

On 14 September 2020, the School terminated its lease on the Westminster Roads Sports Fields with Bellway Homes Limited and the School ceased to have any economic interest in the property.

On 18 September 2020, the School terminated its lease on the Fence Avenue site with Homes England and the School ceased to have any economic interest in the property.

On 30 October 2020, the School drew down the remaining balance of £5.65 million under the AIB Facility Agreement.

On 15 January 2021, the School repaid £2 million under the AIB Facility Agreement.

On 2 February 2021, the School completed the sale of land at Cumberland Street under the Hillcrest Homes Sales Agreement and the school ceased to have any economic interest in the property.

On 5 February 2021, the School repaid £4 million under the AIB Facility Agreement from the proceeds of the Hillcrest Homes Sales Agreement and cash resources.

On 12 February 2021, the School completed the sale of land at Coare Street under the McCarthy Sales Agreement and the school ceased to have any economic interest in the property.

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25. Statement of Financial Activities – Comparative figures by fund – type

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2019 £'000 |
|---|-------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | | 17 | 26 | - | 43 |
| Investment income | 3 | 143 | 26 | - | 169 |
| Charitable activities: | | | | | |
| School fees | 4 | 12,555 | - | - | 12,555 |
| Ancillary trading income | 2 | 453 | - | - | 453 |
| Other incoming resources | 5 | 49 | - | - | 49 |
| Total incoming resources | | 13,217 | 52 | - | 13,269 |
| Expenditure on: | 6 | | | | |
| Raising funds | | | | | |
| Ancillary trading costs | | 628 | - | - | 628 |
| Financing costs | | 398 | - | - | 398 |
| | | 1,026 | - | - | 1,026 |
| Charitable activities | | | | | |
| Education and grant making | | 11,076 | 79 | - | 11,155 |
| Total resources expended | | 12,102 | 79 | - | 12,181 |
| Net incoming resources from operations before transfers and investment gains | | 1,115 | (27) | - | 1,088 |
| Gains on investment assets | | - | (5) | 37 | 32 |
| Movement in fair value of derivative financial instrument | | - | - | - | - |
| Gain on disposal of land and buildings | 9 | 18,732 | - | - | 18,732 |
| Transfer between funds | | - | - | - | - |
| Net movement in funds | | 19,847 | (32) | 37 | 19,852 |
| Fund balances at 1 August 2018 | | 21,567 | 620 | 407 | 22,594 |
| Fund balances at 31 July 2019 | | 41,414 | 588 | 444 | 42,446 |