

HEREFORD CATHEDRAL SCHOOL

England & Wales · Charity number 518889

Details

Status Registered

Legal form Charitable company

Company number [02081261](#)

Registered 1987-06-18

Register [View on the Charity Commission register](#)

Contact

Address Hereford Cathedral School
The Old Deanery
Cathedral Close
Hereford
HR1 2NG

Phone 01432363522

Email coopa@herefordcs.com

Website www.herefordcs.com

Activities

Objects: TO PROMOTE THE ADVANCEMENT OF EDUCATION BY ACQUIRING, ESTABLISHING, PROVIDING, CONDUCTING AND CARRYING ON RESIDENTIAL AND NON-RESIDENTIAL SCHOOLS IN WHICH BOYS AND GIRLS OF ALL SECTIONS OF THE COMMUNITY MAY RECEIVE A SOUND GENERAL EDUCATION (INCLUDING RELIGIOUS INSTRUCTION IN ACCORDANCE WITH THE DOCTRINES OF THE CHURCH OF ENGLAND).

Activities: The charitable company's principle activity continues to be the management of the Hereford Cathedral Senior and Junior Schools. The charity provides education in Hereford for boys and girls from the age of 3-18.

Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People

Geography

- Herefordshire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£13,634,191	£12,459,581	£9,604,206	222
2024-07-31	£13,379,261	£12,662,009	£8,380,383	224
2023-07-31	£12,682,901	£12,304,054	£7,548,945	225
2022-07-31	£11,266,738	£10,756,964	£7,167,975	211
2021-07-31	£10,227,055	£9,530,309	£6,759,872	211

Trustees

Name	Role	Appointed
Christian Spencer Malconson Jones	Chair	2020-07-04
Andrew Terence Teale		2012-05-31
David Wallace Ballintine Snow		2024-10-10
Dr Sarah Jayne Hitt		2024-09-18
Fiona Jane Butler		2025-12-08
Jacqueline Millar		2019-11-21
Jacquelyne Deval-Reed		2021-11-26
Jonathan Miles Storey		2022-06-09
Jonathan Richard Sheldon		2016-03-18
Julian Philip Palmer		2025-03-28
LORRAINE MICHAELA ATKINS		2023-09-08
Michele Louise Lewis		2025-08-18
Rev Nicholas Gerard Lowton FRSA		2022-03-25
Timothy James Evans		2025-05-01
William John Hanks		2013-09-01

HEREFORD CATHEDRAL SCHOOL

England & Wales - Charity number 518889

Accounts



HEREFORD
CATHEDRAL
SCHOOL

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2025

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MESSAGE FROM THE CHAIR OF GOVERNORS

The Board are delighted to note that Hereford Cathedral School is going from strength-to-strength in fulfilling its mission of growing people, transforming lives and shaping futures. Underpinned by our values of kindness, courage and integrity, we are educating children and young people to live lives of purpose, fulfilment and happiness.

While the fiscal headwinds of operating independent schools become increasingly challenging HCS has adapted with agility and dexterity to meet those pressures. Diversification of income and prudent financial management is at the heart of our approach in order to maximise affordability and to provide real value for money.

With impressive examination successes, an ever-broadening curriculum and strong pastoral care, we have excellent foundations upon which to build as we move into the second quarter of the twenty-first century. This year, Governors launched their new Q2 strategy to prepare pupils to be real-world ready as we embark on this new chapter.

We welcome Julian Palmer, Michele Lewis and Tim Evans onto our Board; their experience and expertise will enrich us and enable us to provide further, the scrutiny, strategic direction and regulatory oversight which is at the heart of what we do. I would also like to thank and acknowledge the work of our outgoing Chair of the General Purposes Committee, Jonathan Preece who joined the board in 2017.

I would also like to thank all those involved with our School: the parents for their ongoing confidence in us, the staff for their tireless dedication and the volunteers and friends of the School for their support. It is a privilege to be a part of this community and organisation, and we look to the future with renewed optimism and resolve.



Mr C Morgan-Jones
Chair of Governors

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2025

The Governors present the Report of the Trustees for the year ended 31 July 2025, which incorporates the Strategic Report under the Companies Act.

REFERENCE AND ADMINISTRATIVE INFORMATION

The regulating document of Hereford Cathedral School is a Charity Commission Scheme made under the Endowed Schools Acts on 26 June 1893, with the latest amendment in 1987. The School is a registered charity, number 518889. The registered company number is 2081261. The governing instrument is the Memorandum and Articles of Association, adopted on 5 December 1986.

The charitable company does not have a share capital, but the directors, as members, have undertaken to contribute a sum not exceeding one pound each in the event of a deficiency on winding up the company's affairs.

Senior School and Registered Office:
Old Deanery
The Cathedral Close
Hereford
HR1 2NG

Junior School:
28 Castle Street
Hereford
HR1 2NW

www.herefordcs.com

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Management

Governors, as the charity trustees, are legally responsible for the overall management and control of the School. The governors determine the general policy, as well as being responsible for the strategic management and control of the business activities of the School. Meetings of the full governing body are held at least once a term, with occasional extra meetings called if matters arise of a sufficiently serious nature.

This year marked Dr Michael Gray's fourth year in-post as Headmaster of the School and he has continued to move the School forward with ambition and drive and delivering his clear strategic objectives. At the heart of his approach has been ensuring that all pupils leave the School 'real-world ready' and equipped for a rapidly changing world. This continues to evolve as the world changes at such a fast-paced and reflects the dynamic and agile approach of the School. An integral part of this has been the introduction of the digital strategy which saw the extremely successful implementation of the bring-your-own-device digital strategy. He has also led the School's international work and the signing of an important partnership in China which has enabled HCS to franchise its brand across programmes in Nanjing Province. We are also excited to be partnering with Savannah Creek Development Company to bring Rwanda's first British curriculum to Kigali under the auspices of Hereford International School, Kigali.

The operational management of the School is delegated to the Headmaster, Head of the Junior School and their respective Senior Leadership Teams (SLT) and together this group are the key management personnel. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel. The Executive Headmaster, Principal and the Chief Operating Officer attend the meetings of the governing body's committees, which discuss issues for forwarding to the full governors' meetings. The main governor committees are Finance, Education, Safeguarding and General Purposes. In addition to these meetings, governors and senior leaders also attend meetings covering Health & Safety, Investments and Salaries and Personnel. Mr W Hanks is the designated governor for Safeguarding issues.

The School recognises the National Education Union (NEU) through an informal agreement for the purposes of pay, holidays and working hours. A Joint Negotiation Committee acts as the bargaining unit (all teachers). Remuneration policy and budget is set by the governors, with the objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly the individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools and the maintained sector to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point on the pay scale, recognising that staff costs are the largest single element of our charitable expenditure.

Recruitment and Training of Governors

The recruitment of new governors is based on a pre-determined set of skills and competences across a range of disciplines such as: education, finance, law, religion, land & buildings and business. The policy of the governors is to maintain a

balanced and diverse board, with a broad experience base, covering all of the topics outlined above. New governors are inducted into the workings of the School, including governing body policy and procedures, at an induction workshop specially organised for them by the Executive Headmaster, the Principal and Clerk. The new governors also attend specialist external and/or online courses on the role and responsibilities of charity trustees. All new governors are given access to the Governor's Handbook and library of resources, which seeks to assist in the understanding of the complex issues faced by a new charity trustee and non-executive director.

In addition, all new governors usually sit on each of the sub-committees in their first year in order to understand all aspects of the School's business. Governors attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. All employees are appointed in accordance with safer recruiting guidelines and particular emphasis and attention is given to safeguarding and background checks.

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

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

Investment policy and objectives

The School's investment objectives are to balance the current and future needs by:

- Maintaining (at least) the value of the investments in real terms
- Producing a consistent and sustainable amount to support expenditure
- Delivering these objectives within acceptable levels of risk

To meet these objectives, the School's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the Charity Commission has been made aware of the School's intention to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. The investment strategy and policy are monitored by the Investment Committee which reports to the Full Governing Board as is investment performance, which is reported below, within the Strategic Report.

CHARITY TRUSTEES AND COMMITTEE MEMBERS

The governors are elected at a full governors' meeting, and their appointment is confirmed at the next AGM. The Dean and Chapter (D&C) of Hereford Cathedral have the right to recommend up to one quarter of the total number of governors. One third of the governors, or if their number is not three or a multiple of three, then the number nearest to, retire from office at each Annual General Meeting. They can be re-elected. The governors had no interests which were required to be disclosed under the Companies Act 2006. Unless otherwise determined by the company by ordinary resolution, the number of governors shall not be less than 10, or more than 18. The governors of the School, who are also the charity trustees and the directors of the company who served during the year and up to the date of approving these financial statements, were:

Elected Members

Mr C Jones (Morgan-Jones) (Chairman)
Mr A Teale
Mr W Hanks
Mr J Sheldon
Mr J Preece (resigned 17 August 2025)
Mrs J Millar
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey
Mrs L Atkins
Mr D Snow (appointed 10 October 2024)
Dr S Hitt (appointed 18 September 2024)
Mr J Palmer (appointed 28 March 2025)
Mr T Evans (appointed 1 May 2025)
Mrs Michele Lewis (appointed 18 August 2025)

D&C Nominated Members

Mr W Hanks
Canon A Teale
The Reverend Prebendary N Lowton

Officers

Dr M E P Gray	Executive Headmaster / CEO
Mr C Dawson	Principal (joined 1 September 2025)
Mrs H Hoffmann	Head of the Junior School (resigned 31 August 2025)
Mr P Jerram	Chief Operating Officer, Secretary and Clerk to the Governors
Mrs M Cussans	Secretary and Clerk to the Governors (appointed 1 st January 2025)

Finance Committee

Mrs J Millar (Chair)
Mr W Hanks
Mr D Ashcroft
Mr J Sheldon
Mr J Preece
Mr D Snow
Dr S Hitt
Mr J Palmer
Mrs M Lewis

In attendance: Executive Headmaster, Principal, COO, Finance Manager, Chairman of the Board.

Education Committee

Mrs J Deval-Reed (Chair)
Canon A Teale
The Reverend Prebendary N Lowton
Mr J Storey
Mrs L Atkins
Mr J Sheldon
Mr W Hanks
Mrs M Lewis

In attendance: Executive Headmaster, Principal, Deputy Head (Academic), Deputy Head (Junior School), Head of Pre Prep, Chairman of the Board.

General Purposes Committee

Mr J Preece (Chairman)
Mr J Sheldon
Mrs J Millar
Mr T Evans

In attendance: Executive Headmaster, Principal, COO, Chairman of the Board.

Safeguarding Committee (Established 25 May 2022)

Mr W Hanks (Chairman)
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey
Mrs L Atkins

In attendance: Executive Headmaster, Principal, Senior Deputy Head, Deputy Head (Junior School), Head of Pre Prep, Chairman of the Board.

Investment Committee

Mr J Sheldon (Chairman)
Mrs J Millar
Mr D Snow
Mr J Palmer

In attendance: Executive Headmaster, COO, Finance Manager, Chairman of the Board.

SUBSIDIARIES

During the financial year, the School had one trading wholly-owned subsidiary, HCS Educational Services Limited. Hereford International School Ltd was dormant during the year.

SOLICITORS

Humfrys & Symonds
St John's Chambers
St John Street
Hereford
HR1 2NG

Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

BANK

Lloyds Bank Plc
6-8 High Street
Hereford
HR1 2AE

AUDITOR

Crowe U.K. LLP
4th Floor
St James House
St James' Square
Cheltenham GL50 3PR

INVESTMENT MANAGERS

Kingfurness
(appointed October 2025)
House 32
Broadway
35 Broad St
Hereford
HR4 9AR

Brewin Dolphin
(ended October 2025)
St James' House
St James' Square
Cheltenham
GL50 3PR

Investec/Rathbones
(ended October 2025)
30 Gresham Street
London
EC2V 7QP

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The governors undertake a full review of risk management procedures each year, with each sub-committee tasked with assessing and rating risks relevant to the areas for which they hold responsibility. The risks faced by the School include political and economic in light of increased macro-economic pressures, buildings (on-going maintenance and health and safety considerations), demographic changes and recruitment and retention of high-quality staff and pupils. Issues are identified and discussed with the specific purpose of reducing risk in all areas, with the findings reviewed annually at full Board level.

The other key control mechanisms used to mitigate risk wherever possible are:

- Formal agendas for all governors' meetings.
- Full and thorough management accounting, budgeting and 5-year planning.
- Preparation of, and reference to, written policies and committee terms of reference.
- Operational management through an organisational structure.
- Clear authorisation and approval levels for expenditure of budgets.
- Robust procedures for legislative compliance educationally, financially and legally.
- Membership of professional bodies which advise and support the school: AGBIS, HMC, IAPS, ISBA and BSA.
- Full insurance cover which is reviewed annually.

Principal Risks

The 2024 Budget which saw the introduction of VAT onto independent school fees, increased employers' National Insurance contributions and removal of business rate relief for schools in England represents a risk to the affordability of the fees and in particular, in reducing the socio-economic breadth of families which can afford to send their children to the School. Geopolitical concerns continue to provide challenges but there continue to be opportunities within international education.

The affordability of the fees, which have increased this year, remains something of which the Board is eminently mindful. The Board continues to look to mitigate that risk by diversifying income and generating non-fee sources of income through HCS Educational Services Ltd. Additionally, the school operates in a way which seeks to be financially prudent and to operate as efficiently as possible to maximise fee affordability.

Political and economic risks remain and the Board and School are taking steps to mitigate these:

- Political pressures on the sector;
- Affordability of the fee at a time of increased taxation;
- Geopolitical impacts on boarding; and
- Demography of Herefordshire.

Uncertainty

“There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know.”

- Donald Rumsfeld

Governors and the SLT are fully aware of Donald Rumsfeld's “known unknowns” and “unknown unknowns”. They endeavour to understand the implications of uncertainty by keeping abreast of developments within the sector through regular networking meetings, ongoing training and the use of consultants where appropriate.

Insofar as the governors are aware:

- There is no relevant audit information of which the charity's auditor is unaware, and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OBJECTIVES

The charitable objects of the School are to promote the advancement of education by acquiring, establishing, providing, conducting and carrying on schools in which boys and girls of all sections of the community may receive a sound general education (including religious instruction in accordance with the doctrines of the Church of England). The charitable company's principal activity continues to be the running of the Hereford Cathedral Senior and Junior Schools.

It is the policy of the School to attain the highest academic standards for our pupils and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. The School welcomes pupils from all backgrounds. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

AIMS

The School's aims and the intended impact of its activities are:

- To produce well-rounded individuals not only through the national curriculum, but also the opportunities of a wide range of additional activities, including: music, sport, drama, the Duke of Edinburgh (DoE) award scheme and the Combined Cadet Force (CCF)
- To provide a structured educational environment that develops pupils' capabilities, where each student can develop and fulfil his or her potential, building their self-confidence and creating a desire to contribute to the wider community. The School recognises that a diverse range of cultures will significantly add to this goal, and therefore welcomes pupils from other countries who would directly benefit from our unique Cathedral School education. In addition, the School provides music and community support to the Cathedral, as well as the sub-letting and sharing of School facilities with the wider community

The School was extremely successful in fulfilling its aims and ensuring that it provided a very high quality and holistic education, which maximised opportunities and provided a real breadth of educational experience.

REPORT ON OBJECTIVES TO DATE

Governors and the SLT placed an emphasis on a new set of Strategic Objectives, focussed on the delivery of Vision 2030. The main objectives for the period were:

- Academic Excellence. Through: tracking, exam experience, curricular continuity, scholars' extension programme, broadening the Sixth Form curriculum and reviewing marking policies, feedback and reports.
- Breadth of Opportunity. Implementation of the digital strategy, a range of extra-curricular enhancements, outreach, guidance through our Futures Department and building on our status as a CyberFirst school.
- Caring for Everyone. Coordinated programme of CPD, introduction of Women in Leadership programme; ongoing development of PSHE curriculum and Horizons programme.
- Expanding Demand. Marketing strategy and building on the School's strong reputation locally and growing reputation nationally and globally.
- Finance and Facilities. Ongoing diversification of income and exploration of commercial projects at home and abroad.

STRATEGIES TO ACHIEVE OBJECTIVES IN 2024/25

The various governor committees work together to assess the needs of the School from an educational, charitable and financial perspective.

- The Education Committee seeks to continually develop the academic, pastoral and extra-curricular provision offered at the School, and also encourages facility development in conjunction with the General Purposes and Finance Committees.
- The Finance Committee continues to apply controls to ensure that the development of the staffing and the fabric of the School is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, as a mainstay of the School's delivery of public benefit.
- The General Purposes Committee seeks to prioritise those areas of the School identified as needing physical improvement and works to a medium-term plan, with surpluses in excess of budget used to accelerate the plan.
- A Safeguarding Committee has been created, in recognition of the importance of this issue and the Governors' role in overseeing safeguarding matters and managing risks. This also provides them with an opportunity to anonymously review particular cases to ensure that best practice was followed.
- The Investment Committee has also been created to oversee strategy, policy and performance of the School's investments which reports to the Full Governing Board.
- The Trustees hold an annual 'Strategy Day', devoted to developing the School's long-term vision and objectives.

The governors continued to support the SLT to build links and encourage community access of the School facilities for educational purposes and the delivery of outreach programmes.

GRANT-MAKING POLICY

The governors' policy, in line with other independent schools, is to award scholarships on the basis of the individual's academic, musical, dramatic, artistic and sporting ability. Bursaries and Fees Assistance are awarded to individuals who qualify under a stringent means-testing system but are not required to be academic high-flyers. Hardship bursaries are also awarded, usually of a short-term duration, to families facing immediate financial crises and who would otherwise be required to withdraw their children from the School.

PLANS FOR FUTURE PERIODS

The future success of the School is obviously linked to a high demand for places at the School, which in-turn is achieved by providing the highest quality of education. There has been a dynamic momentum over the past year as a result of the very successful implementation of several new strategies and initiatives. The academic year 2025-26 will not only see these embedded but strengthened through the development of Quay House, the installation of a music recording studio, relocation of the Nursery, and the development of international opportunities for income diversification. The School's international reputation is also growing, through the success of its boarding and considerable work taking place as it continues its work on its overseas franchise.

Governors and Senior Leadership are continuing to develop a medium and long-term strategy for the School and have taken decisive steps towards increasing the number of international students which will help secure the future of the School for generations to come. The governors have replaced Vision 2030 with Q2, which focuses on educational excellence, strong admissions and business success.

OVERVIEW OF 2024/25

PUBLIC BENEFIT – FEES ASSISTANCE

The School offers substantial financial provision, funding a significant number of transformational bursaries and provides a greater ratio of bursaries to scholarships within its recruitment and charitable strategies, including free places to some individuals. The school seeks to provide approximately 10% of gross fee income in the form of scholarship and bursary awards. Bursaries and scholarships awarded in 2024/25 were 7.5% and 1.5% of fee income, respectively. Bursaries were awarded to 11% of pupils in the Senior School and included 26 at 75% and above, of which there were 7 100% awards. The average fee assistance award was 62%. Special scholarships are also awarded to children of military personnel serving within the Hereford Garrison.

The School prospectus and website includes reference to the availability of Fees Assistance; "Entrance Bursaries" are only awarded after undertaking robust means testing procedures, usually including home visits and interviews of all parents by an independent company. In assessing means we take a wide range of factors into consideration which include family net worth, including: income, investment and savings, and family circumstances such as dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee. "Hardship Bursaries" are not always subject to the same assessment procedure and are normally awarded to pupils who have been at the School for at least 12 months (although exceptions may be made in the event of extraordinary circumstances, e.g. death of a parent). These are generally short-term awards to allow parents time to resolve their financial difficulties.

The School continues to support Ukrainian children following the Ukraine hardship bursary fund which was set up in 2022. The scheme was supported by a number of generous parents and other benefactors with the aim of supporting those who had relocated due to the war in their home country.

PUBLIC BENEFIT – OTHER

Local groups and clubs usually have the opportunity to hire and use the School's facilities, including the sports hall, the Powell Theatre, St David's Hall, playing fields and minibuses which are used for a variety of sporting, educational and music activities within the local community. The CCF partnership with a local academy school continues and provides wonderful opportunities for local children to develop their skills and broaden their opportunities. The School provides a Cadet in support of the Lord Lieutenant and their civic duties.

The School hosts and sponsors sporting events involving local primary and secondary schools, including: the County Primary Schools Football Tournament and a variety of county schools' events. Our sports pitches are used weekly by local community clubs, the School also continues to work closely with the County Cricket establishment.

The School continues to support the local community with outreach work in the state education sector, particularly in musical activities. The School has been awarded the status of becoming a CyberFirst school which reflects its work within the community around supporting Computer Science and cyber security. Staff deliver workshops and specialist lessons in other school. Pupils volunteer as part of the DoE scheme and the 6th Form HCS Diploma. The Junior School partners with Umubano Academy in Kigali as a cultural knowledge exchange.

Music outreach includes a new Music Makers series for aspiring musicians and two community choirs. The School's music department brings together a number of the County's primary schools for a number of large-scale events: such as a Primary Schools' Advent carol service (200 children) and a major choral & orchestral concert in the Spring Term (200 children).

The School supports members of staff who volunteer to sit on local boards of governors or trustees across educational and other not-for-profit organisations. This involves releasing them from their duties to attend meetings and fulfil other commitments in their capacities as governors or trustees. Other members of staff help at local schools and academies, particularly with exam moderation and PGCE teacher placements. The school also supports those wishing to stand for public office or supporting the democratic process. The School's activities and partnerships are recorded in the Schools Together website: www.schoolstogether.org. The School's Charity Committee continues to be busy raising money for various worthwhile causes locally and nationally.

In drafting the above statements, the governors have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

SCHOOL PERFORMANCE

Hereford Cathedral School achieved excellent A Level results and combined with its GCSE, it once again places the School as the highest performing School or College in the County and it remains a highly respected and well established coeducational HMC School.

This year saw record-breaking GCSE results for the Year 11 cohort. A third of grades achieved 9-8, over half of all grades were 9-7 and over three quarters were 9-6. The School had a 100% pass rate in English Language and Literature, as well as a 99.5% pass rate in Maths and Science. This compares extraordinarily well against national data.

FUNDRAISING PERFORMANCE

2024/25 saw significant progress made in the School's on-going work of raising voluntary funding and building a legacy/bequest stream. A Bursary Fund Appeal was launched in Feb 2020 and this is promoted promoting to alumni and other benefactors through social media, in person conversations and through the annual alumni magazine. In addition, the Executive Headmaster – who leads on development – works to build relationships with charitable trusts and foundations to obtain grant funding wherever possible.

For the Academic year 2024/25 the following voluntary income has been generated:

- *HCS received £285k of grants, gifts and donations:*
 - *£264k was received for bursarial support. Of this, £74.8k was used by HCS to support 9 specific pupils with the remainder being used to support HCS bursaries across the High School.*
 - *Included in the bursarial support is £160,000 from the Old Herefordian Fund and £6,000 from the No 1 Fund for Choristers*
 - *£13.1k from the Parent Teacher Association*
 - *£7.9k of other donations for prizes, awards and specific requests*
- *The Knaption Legacy continues to grow and generate income for a funded day place*
- *Restricted Funds – The Charitable bursary fund saw donations of £24.6k and the Friends bursary fund grew by £9k.*

The School is particularly grateful to the Mosawi Foundation, the Tabor Fund; The Julian Bewick Educational Trust, the French Huguenot Church, the Old Herefordian Fund, the No 1 Fund for Choristers and one anonymous donor for their continued support.

The School raises funds either through applications to external grant making bodies or through appeals to alumni, benefactors and parents. Funds raised are most typically used for fee support for pupils. The School does not use external or “professional” fundraisers. The School is a member of The Institute for Development Professional in Education (IDPE) which is a body that advises members on best practice in fundraising and compliance with fundraising regulations. The charity monitors its fundraising activities of any person acting on its behalf, through regular meetings with the Executive Headmaster and termly reports to the governors. There is a governor with specific focus on Fundraising compliance as part of their role.

The governors do not know of any failure by the charity, or of any person acting on its behalf, to comply with fundraising standards. The charity received no complaints relating to its fundraising activities. The charity protects vulnerable people and other members of the public from behaviour which; is unreasonable intrusion on a person's privacy, is unreasonable persistent, places undue pressure on a person to give money. The charity does not approach members of the public for fundraising. All applications relating to pupils are confidential and data is handled accordingly. The School raised funds from alumni and parents in the last year; these people have an existing relationship with the School. The School does not undertake cold calling, telephone campaigns or employ any third parties to raise funds on our behalf. The School, through its Executive Headmaster, is aware of the duty of care when raising money from former pupils and parents who might be classed as vulnerable and of the need to be sensitive; not invade privacy or be unreasonably persistent. The Executive Headmaster ensures that he aware of, compliant with and sensitive to, the letter and spirit of regulatory guidelines, legislation and best practice in our fundraising.

The governors are aware of the increasing regulations with regards to fundraising and are keen to adopt an ethical and transparent approach in this respect.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year is set out on page 19. The financial statements comply with the applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice applicable to charities (Charities SORP 2015 (FRS 102)).

Gross Fee income increased by £463,890 (3.8%) during the year.

The Bursary worked hard with parents to manage fee payments, flexibility was offered over timing and ultimately a high percentage of the fees due were paid in the period. Fee debt has continued to be well managed, although debtor days have increased from 4.0 to 7.5 reflecting the cost-of-living crisis in the wider economy.

The School's financial position continues to be strong. The surplus for the year (before transfers between funds and losses on investment assets) amounted to £1.2m (2024: £0.72m). The surplus for the year after transfers between funds and losses on investment assets amounted to £1.22m (2024: £0.83m) and has been transferred to reserves. Total funds amounted to £9.6m (2024: £8.38m). The majority of the increase on 2024 is due to the deferment of major repairs and improvements until 25/26 in order to maximise VAT recoverability. The Board continue to be alert to the threats and pressures on the School and wider economy; the strong closing position gives the Board confidence that the School was, and remains, a "going concern".

INVESTMENT POLICY AND PERFORMANCE

The governors' investment powers are set out in the regulating document.

Governors have continued to manage the investments in accordance with this policy and returns are considered to be satisfactory in view of the performance of the stock market during the year.

In common with other independent schools, the governors have invested substantial sums into School buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The "free reserves" as at 31 July 2025 consist of unrestricted net current assets as shown in note 21 amounting to £3.16m (2024: (£3.82m)), with the variance between years largely due to reducing "Fees in Advance". The governors continue to invest in boarding and technology as part of the long-term strategy to increase pupil numbers and innovate teaching and learning and therefore do not consider it appropriate at this time to place a great deal of emphasis on this figure. Rather, the figure illustrates the extent of the investment in our School, which is a common practice by independent schools which have to finance their own capital investment plans. The closing value of our tangible assets, property, plant and equipment, was £8.9m (2024: £9.3m).

Despite the strength of the charity's balance sheet, the stable cash flow, the on-going popularity and academic success of our School, we will look to build our free cash reserves over the next three years to increase our resilience during these uncertain times.

The School had total reserves of £9.6m at the year-end (2024: £8.38m), of which £1.43m is restricted (2024: £1.39m), £0.67m is endowed (2024: £0.65m), leaving £7.5m of unrestricted funds (2024: £6.34m).

The governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements with our bank are in place to provide an adequate "safety net" should it be required.

The School's long-term investments were managed by two investment companies. At the year-end the total value of the investment portfolio was £1.52m (2024: £1.47m). The overall investment return amounted to £59,469 (2024: £126,256) (calculated as the net investment gain of £49,213 plus dividends and interest received of £25,054 less management fees of £14,798). This year's results validate the objective to hold these investments in the long-term and accept short-term fluctuations in value.

Under the total return accounting basis, it is the governors' policy to extract as income one tuition fee. This fee is used to support the bursary of the "Knapton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knapton and Mrs Kathleen Cavill. The governors will keep the level of income withdrawn under review to balance the need and interests of current and future beneficiaries of the School's activities.

GOING CONCERN

The Board has paid due attention to the advice and modelling of the School's employees, the SLT and professional advisors including the School's auditors and consider that the School remains financially viable.

A range of five-year scenarios were modelled and refined, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. Performance against budget has been steady, and the School emerged from the pandemic with strong growth. Additional emphasis and resources are being allocated to marketing and the management and Board remain alert to the possibility of further structural changes based on the budget projections.

Political threats, particularly around the Government's fiscal policy are the subject of regular review by the SLT and the Board. It is considered that the School's cash and investments will protect it from unexpected sudden shocks, giving time for structural adjustments, should these prove necessary.

The School's bankers, Lloyds, have continued to be fully engaged and remain supportive of the School's aspirations.

The Trustees Annual Report is approved by the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as directors at their meeting on 10 December 2025 and signed on its behalf by:



Mr C Morgan-Jones
Director

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the order of the Board of Governors on 10 December 2025 and signed on its behalf by:



Mr C Morgan-Jones
Director

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL

Opinion

We have audited the financial statements of Hereford Cathedral School (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2025 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the School balance sheet, the Consolidated statement of cash flows and the related notes, 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charity's affairs as at 31 July 2025 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Governors' report is inconsistent in any material respect with the financial statements; or
- the parent charitable School has not kept sufficient accounting records; or
- the parent charitable School 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 trustees

As explained more fully in the Governors' responsibilities statement, the Governors are responsible for the preparation of the financial statements which 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 Group's and the parent 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 Group or the parent charity or to cease operations, or have no realistic alternative but to do so.

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within Bursaries, Scholarships and other discounts and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance & Resources Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over Bursaries, Scholarships and other discounts, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent schools Inspectorate and Ofsted and reading minutes of meetings of those charged with governance.

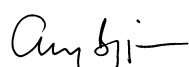
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL
(CONTINUED)

Use of our report

This report is made solely to the charity's trustees, 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 trustees 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 its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Guy Biggin (Senior statutory auditor)
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 05 March 2026

Crowe U.K. LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2025**

	Endowment funds 2025 £	Restricted funds 2025 £	Unrestricted and designated funds 2025 £	Total funds 2025 £	<i>Total funds 2024 £</i>
Note					
Income and endowments from:					
Donations and legacies	-	318,705	17,165	335,870	602,723
Charitable activities	4	-	12,852,747	12,852,747	12,616,677
Other trading activities	5	-	135,139	135,139	92,833
Investments	6	10,694	14,361	285,380	310,435
		10,694	14,361	285,380	310,435
Total income and endowments		10,694	333,066	13,290,431	13,634,191
Expenditure on:					
Raising funds:					
Costs of raising voluntary income	7	5,994	6,957	82,958	95,909
Finance costs	8	-	-	257,880	257,880
Charitable activities:	9				
Other charitable activities		-	306,016	11,799,776	12,105,792
		5,994	312,973	12,140,614	12,459,581
Total expenditure		5,994	312,973	12,140,614	12,459,581
Net income before net gains on investments		4,700	20,093	1,149,817	1,174,610
Gains/(losses) on investments		34,574	14,639	-	49,213
		39,274	34,732	1,149,817	1,223,823
Net income		39,274	34,732	1,149,817	1,223,823
Transfers between funds	19	(10,694)	-	10,694	-
Net movement in funds		28,580	34,732	1,160,511	831,438

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2025**

	Endowment funds 2025 £	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £	<i>Total funds 2024 £</i>
Note					
Reconciliation of funds:					
Total funds brought forward	645,759	1,394,308	6,340,316	8,380,383	<i>7,548,945</i>
Net movement in funds	28,580	34,732	1,160,511	1,223,823	<i>831,438</i>
Total funds carried forward	674,339	1,429,040	7,500,827	9,604,206	<i>8,380,383</i>

The notes on pages 24 to 54 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2025**

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	13	8,936,254	9,323,354
Investments	14	1,518,732	1,473,423
		<u>10,454,986</u>	<u>10,796,777</u>
Current assets			
Debtors	15	452,937	302,383
Cash at bank and in hand		6,406,689	7,973,557
		<u>6,859,626</u>	<u>8,275,940</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(3,118,517)	(3,889,565)
Net current assets		<u>3,741,109</u>	<u>4,386,375</u>
Total assets less current liabilities		<u>14,196,095</u>	<u>15,183,152</u>
Creditors: amounts falling due after more than one year	17	(4,591,889)	(6,802,769)
Total net assets		<u><u>9,604,206</u></u>	<u><u>8,380,383</u></u>
School funds			
Endowment funds	19	674,339	645,759
Restricted funds	19	1,429,040	1,394,308
Unrestricted funds			
Designated funds	19	34,017	28,333
General funds	19	7,466,810	6,311,983
Total unrestricted funds	19	<u>7,500,827</u>	<u>6,340,316</u>
Total funds		<u><u>9,604,206</u></u>	<u><u>8,380,383</u></u>

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:



Christian Morgan-Jones
Governor
Date: 10 December 2025



Jacqueline Millar
Governor

The notes on pages 24 to 54 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

SCHOOL BALANCE SHEET
AS AT 31 JULY 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	13	8,850,343	9,215,961
Investments	14	1,518,734	1,473,425
		<u>10,369,077</u>	<u>10,689,386</u>
Current assets			
Debtors	15	553,004	386,117
Cash at bank and in hand		6,383,422	7,959,215
		<u>6,936,426</u>	<u>8,345,332</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(3,109,408)	(3,842,629)
Net current assets		<u>3,827,018</u>	<u>4,502,703</u>
Total assets less current liabilities		<u>14,196,095</u>	<u>15,192,089</u>
Creditors: amounts falling due after more than one year	17	(4,591,889)	(6,802,769)
Total net assets		<u><u>9,604,206</u></u>	<u><u>8,389,320</u></u>
Charity funds			
Endowment funds	19	674,339	645,759
Restricted funds	19	1,429,040	1,367,081
Unrestricted funds			
Designated funds	19	34,017	28,333
General funds	19	7,466,810	6,348,147
Total unrestricted funds	19	<u>7,500,827</u>	<u>6,376,480</u>
Total funds		<u><u>9,604,206</u></u>	<u><u>8,389,320</u></u>

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:



Christian Morgan-Jones
Governor
Date: 10 December 2025



Lorraine Michaela Atkins
Governor

The notes on pages 24 to 54 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2025**

	Note	2025 £	2024 £
Cash flows from operating activities			
Net cash used in operating activities	23	1,179,518	1,535,944
Cash flows from investing activities			
Dividend income		19,056	21,044
Investment income		291,381	45,984
Interest on loans		(91,031)	(124,038)
Acquisition of fixed asset investments		3,904	2,090
Purchase of tangible fixed assets		(245,115)	(1,241,933)
Proceeds from sale of fixed assets		11,312	502
Net cash used in investing activities		(10,493)	(1,296,351)
Cash flows from financing activities			
Advance fees receipts from new contracts		614,279	7,315,924
Advance fees utilised during the year		(2,845,818)	(352,834)
Repayments of borrowing		(504,354)	(335,732)
Net cash (used in)/provided by financing activities		(2,735,893)	6,627,358
Change in cash and cash equivalents in the year		(1,566,868)	6,866,951
Cash and cash equivalents at the beginning of the year		7,973,557	1,106,606
Cash and cash equivalents at the end of the year	24	6,406,689	7,973,557

The notes on pages 24 to 54 form part of these financial statements

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

1. General information

Hereford Cathedral School is a charitable company limited by guarantee. The School is registered with the Charity Commission England and Wales (registered no: 518889). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02081261). Its registered and principal office is Old Deanery, The Cathedral Close, Hereford, Herefordshire, HR1 2NG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the School and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own treatment of financial activities in these financial statement.

2.2 Basis of consolidation

These financial statements consolidate the results of the School and the wholly owned subsidiary, HCS Educational Services Limited. All intragroup transactions are fully eliminated on consolidation.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.3 Going concern

These financial statements have been prepared on the going concern basis, which the governors consider to be appropriate as a result of projections prepared, having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows. The governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainty's over the School's financial viability and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the governors' responsibilities on page 4.

2.4 Taxation

As a charity the company is generally exempt from the corporation tax on income it receives. Although this exemption does not normally extend to trading income the company benefits from a concession, which also exempts such income from taxation, as the trade carried out is part of the primary purpose of the charity i.e. provision of education.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

2.5 Income

All income is recognised once the School has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Fees consist of charges for the school year, less scholarships, bursaries and allowances granted by the School. Fees receivable and charges for services and use of premises, are accounted for in the period in which the service is provided.

To secure a place at the School, a registration fee is paid by all pupils, both domestic and international. This sum is non-refundable and part of the non-refundable sum includes an element which goes towards the HCS Charitable Bursary Scheme. The HCS Charitable Bursary Scheme is used to support pupils who would not otherwise be able to access education at an independent school. As the fee is non-refundable, the income is recognised in the Statement of Financial Position upon receipt of the funds.

Donations subject to specific wishes of the donors are carried to relevant restricted funds. Any donations received for the general purposes of the School are credited to "Unrestricted Funds". Donations are accounted for on receipt.

All investment income is credited according to the date of receipt into the investment cash account.

2.6 Expenditure

Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to the activity in the year. Irrecoverable VAT is included with the item of expense to which it relates. Support costs are those costs incurred in directly administering school operations as an educational establishment.

Governance costs comprise the costs of running the school, including strategic planning (for its future development), also external audit, any legal advice for the governors, and all the costs of complying with constitutional and statutory requirements, such as costs of governors' meetings and of preparing statutory accounts and satisfying public accountability.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

Charitable activities include expenditure on providing education and include both direct costs and support costs relating to the activity

Allocation and apportionment of support costs

Support costs include central functions and are allocated to activity cost categorised on a basis consistent with the use of resources e.g. staff costs by the time spent and other costs by their usage

2.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

The School decided to take advantage of the transition option under FRS 102 to accept the property revaluation done in 2016 as deemed cost.

Freehold Property is depreciated between 1% and 10% each year. Land is not depreciated. The non-depreciable land element of the Freehold Property has been deemed to be 30% of the full cost, with depreciation being charged on the remaining 70%.

Leasehold property improvements are depreciated over the shorter of the lease term or the expected useful life of the asset.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the other assets on the following bases:

Motor vehicles	- 7 years
Fixtures and fittings	- 5 - 20 years
Computer equipment	- 3 - 5 years

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

Investments held as fixed assets are shown at cost less provision for impairment.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Advance fees

Fees paid in advance are included in creditors and released to the Statement of Financial Activities as they fall due.

Deposits

The governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held at the reporting date has been included within current liabilities. The prior year pupil fee deposits balance has been similarly represented.

Termination benefits

Termination benefits are recognised immediately as an expense when committed to terminate the employment of an employee or to provide termination benefits.

2.13 Financial instruments

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

2.14 Finance lease and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the statement of financial activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

2.15 Pensions

The School has the following pension schemes in place:

Defined contribution pension schemes

Halifax Bank of Scotland Investment Service (HBOS) and Nest for non-teaching staff. Aviva, a defined contribution scheme, for teaching staff.

Defined benefit scheme

Retirement benefits to teaching staff of the School are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, contracted out of the State Earnings Related Pension Scheme. TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they become due each year.

All pension costs are charged against unrestricted funds in line with the associated staff costs.

2.16 Fund accounting

Unrestricted general funds are available for use at the discretion of the governors in furtherance of the general objectives of the school.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the school for particular purposes.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefits. Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the school. The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. It can be invested on a Total Returns basis.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

3. Critical accounting estimates and areas of judgement

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.

Critical accounting estimates and assumptions:

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of the tangible fixed assets and Note 2.8 for the useful lives for each class of fixed asset.

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 14 for the net carrying amount of the debtors and associated impairment provision.

4. Income from charitable activities

	Unrestricted funds 2025 £	Total funds 2025 £
School fee income	11,488,956	11,488,956
Ancillary trading income	1,352,601	1,352,601
Entrance fees	11,190	11,190
	<hr/> 12,852,747 <hr/>	<hr/> 12,852,747 <hr/>
	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
School fee income	11,162,468	11,162,468
Ancillary trading income	1,432,984	1,432,984
Entrance fees	21,225	21,225
	<hr/> 12,616,677 <hr/>	<hr/> 12,616,677 <hr/>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

4. Income from charitable activities (continued)

	2025	<i>2024</i>
	£	£
School fee income		
Gross fees	12,642,807	<i>12,178,917</i>
Less: Total bursaries, scholarships, allowances and discounts	(1,436,640)	<i>(1,320,234)</i>
Add: Bursaries paid from restricted funds	282,788	<i>294,840</i>
	11,488,955	<i>11,153,523</i>

5. Income from other trading activities

Income from fundraising events

	Unrestricted funds	Total funds
	2025	2025
	£	£
Rent and hire of school facilities	48,965	48,965
Hire of sports hall	33,097	33,097
Other	13,077	13,077
Educational partnership	40,000	40,000
	135,139	135,139

	<i>Unrestricted funds</i>	<i>Total funds</i>
	<i>2024</i>	<i>2024</i>
	£	£
Teacher release	320	320
Rent and hire of school facilities	18,798	18,798
Hire of sports hall	47,004	47,004
Other	6,711	6,711
Educational partnership	20,000	20,000
	92,833	92,833

10 December 2025

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

6. Investment income

	Endowment funds 2025 £	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £
Investment income	10,694	14,361	285,380	310,435
	<i>Endowment funds 2024 £</i>	<i>Restricted funds 2024 £</i>	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Investment income	10,665	15,460	40,903	67,028

7. Expenditure on raising funds

Costs of raising voluntary income

	Endowment funds 2025 £	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £
Management fees	5,994	6,957	-	12,951
Generating donations - wages and salaries	-	-	70,249	70,249
Generating donations - NI	-	-	6,597	6,597
Generating donations - pension costs	-	-	6,112	6,112
	5,994	6,957	82,958	95,909
	<i>Endowment funds 2024 £</i>	<i>Restricted funds 2024 £</i>	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Management fees	5,485	8,569	-	14,054
Generating donations - wages and salaries	-	-	104,120	104,120
Generating donations - NI	-	-	9,348	9,348
Generating donations - pension costs	-	-	9,059	9,059
	5,485	8,569	122,527	136,581

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

8. Financing costs

	Unrestricted funds 2025 £	Total funds 2025 £
Fees in advance discount	166,849	166,849
Loan interest	91,031	91,031
	257,880	257,880
	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Fees in advance discount	19,900	19,900
Loan interest	124,038	124,038
	143,938	143,938

9. Analysis of expenditure by activities

	Activities undertaken directly 2025 £	Support costs 2025 £	Total funds 2025 £
Charitable activities	11,053,958	725,584	11,779,542
School trips and activities	326,250	-	326,250
	11,380,208	725,584	12,105,792

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

9. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2024 £</i>	<i>Support costs 2024 £</i>	<i>Total funds 2024 £</i>
Charitable activities	11,110,268	804,684	11,914,952
School trips and activities	466,538	-	466,538
	11,576,806	804,684	12,381,490

Analysis of support costs

	Activities 2025 £	Total funds 2025 £
Staff costs	407,555	407,555
Legal and professional fees	52,695	52,695
Insurance	142,202	142,202
Advertising and marketing	58,097	58,097
Other support costs	65,035	65,035
	725,584	725,584

	<i>Activities 2024 £</i>	<i>Total funds 2024 £</i>
Staff costs	416,124	416,124
Legal and professional fees	98,133	98,133
Insurance	137,136	137,136
Advertising and marketing	40,300	40,300
Other support costs	112,991	112,991
	804,684	804,684

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

10. Net income/expenditure

	2025	<i>2024</i>
	£	£
Fees payable to the School's auditor for the audit of the School's annual accounts	21,080	<i>24,456</i>
Fees payable to the School's auditor in respect of: All non-audit services not included above	17,908	<i>9,144</i>
	<hr/> <hr/>	<hr/> <hr/>
Depreciation	620,899	<i>650,801</i>
Operating lease rentals - land and building	326,034	<i>325,476</i>
Operating lease rentals - equipment	23,829	<i>106,078</i>
	<hr/> <hr/>	<hr/> <hr/>

11. Staff costs

	Group	<i>Group</i>	School	<i>School</i>
	2025	2024	2025	2024
	£	£	£	£
Wages and salaries	6,103,182	<i>6,146,894</i>	6,103,182	<i>6,146,894</i>
Social security costs	631,147	<i>577,204</i>	631,147	<i>577,204</i>
Pension contributions	1,015,315	<i>967,763</i>	1,015,315	<i>967,763</i>
	<hr/> <hr/> 7,749,644	<hr/> <hr/> <i>7,691,861</i>	<hr/> <hr/> 7,749,644	<hr/> <hr/> <i>7,691,861</i>

The Headmaster, Head of Junior School and Bursar are considered to be the key management personnel, along with the Senior Leadership Team. Aggregate employee-benefits of key management personnel totaled £1,023,157 during the year (*2024: £1,025,178*).

During the year, there were termination payments made which amounted to £15,000 (*2024: £82,273*). None were outstanding at the year-end (*2024: £Nil*).

The average number of persons employed by the School during the year was as follows:

	Group	<i>Group</i>
	2025	2024
	No.	No.
Teaching and teaching support	133	<i>138</i>
Administration	39	<i>37</i>
Domestic and maintenance	50	<i>49</i>
	<hr/> <hr/> 222	<hr/> <hr/> <i>224</i>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

11. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2025 No.	<i>Group 2024 No.</i>
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	-
In the band £130,001 - £140,000	-	-
In the band £140,001 - £150,000	1	1

12. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2024 - £NIL).

During the year ended 31 July 2025, £1,344 of Governor expenses have been incurred (2024 - £NIL).

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2024	6,219,653	4,077,036	900,460	2,637,619	13,834,768
Additions	-	106,831	-	138,284	245,115
Disposals	-	(912)	-	(61,225)	(62,137)
Transfers between classes	(108,118)	77,650	-	30,468	-
At 31 July 2025	<u>6,111,535</u>	<u>4,260,605</u>	<u>900,460</u>	<u>2,745,146</u>	<u>14,017,746</u>
Depreciation					
At 1 August 2024	436,448	1,680,460	523,793	1,870,713	4,511,414
Charge for the year	126,911	140,012	37,318	316,662	620,903
On disposals	-	-	-	(50,825)	(50,825)
At 31 July 2025	<u>563,359</u>	<u>1,820,472</u>	<u>561,111</u>	<u>2,136,550</u>	<u>5,081,492</u>
Net book value					
At 31 July 2025	<u><u>5,548,176</u></u>	<u><u>2,440,133</u></u>	<u><u>339,349</u></u>	<u><u>608,596</u></u>	<u><u>8,936,254</u></u>
At 31 July 2024	<u><u>5,783,205</u></u>	<u><u>2,396,576</u></u>	<u><u>376,667</u></u>	<u><u>766,906</u></u>	<u><u>9,323,354</u></u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

13. Tangible fixed assets (continued)

School

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2024	6,219,654	4,077,035	900,460	2,357,123	13,554,272
Additions	-	106,831	-	138,284	245,115
Disposals	-	(912)	-	(61,225)	(62,137)
Transfers between classes	(108,118)	77,650	-	30,468	-
At 31 July 2025	<u>6,111,536</u>	<u>4,260,604</u>	<u>900,460</u>	<u>2,464,650</u>	<u>13,737,250</u>
Depreciation					
At 1 August 2024	436,448	1,680,460	523,997	1,697,406	4,338,311
Charge for the year	126,911	140,012	37,318	295,180	599,421
On disposals	-	-	-	(50,825)	(50,825)
At 31 July 2025	<u>563,359</u>	<u>1,820,472</u>	<u>561,315</u>	<u>1,941,761</u>	<u>4,886,907</u>
Net book value					
At 31 July 2025	<u><u>5,548,177</u></u>	<u><u>2,440,132</u></u>	<u><u>339,145</u></u>	<u><u>522,889</u></u>	<u><u>8,850,343</u></u>
At 31 July 2024	<u><u>5,783,206</u></u>	<u><u>2,396,575</u></u>	<u><u>376,463</u></u>	<u><u>659,717</u></u>	<u><u>9,215,961</u></u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

14. Fixed asset investments

Group	Philpotts Educational Charity £	Music Bursary Fund £	Bursary Fund £	Total £
Cost or valuation				
At 1 August 2024	689,204	412,585	371,634	1,473,423
Additions	97,099	490,552	220,948	808,599
Disposals	(95,568)	(522,276)	(216,084)	(833,928)
Revaluations	34,574	(5,464)	20,103	49,213
Movement in cash	3,169	21,780	(3,524)	21,425
At 31 July 2025	<u>728,478</u>	<u>397,177</u>	<u>393,077</u>	<u>1,518,732</u>
Net book value				
At 31 July 2025	<u>728,478</u>	<u>397,177</u>	<u>393,077</u>	<u>1,518,732</u>
At 31 July 2024	<u>689,204</u>	<u>412,585</u>	<u>371,634</u>	<u>1,473,423</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

14. Fixed asset investments (continued)

School	Investments in subsidiary companies £	Philpotts Educational Charity £	Music Bursary Fund £	Bursary Fund £	Total £
Cost or valuation					
At 1 August 2024	2	689,204	412,585	371,634	1,473,425
Additions	-	97,099	490,552	220,948	808,599
Disposals	-	(95,568)	(522,276)	(216,084)	(833,928)
Revaluations	-	34,574	(5,464)	20,103	49,213
Movement in cash	-	3,169	21,780	(3,524)	21,425
At 31 July 2025	<u>2</u>	<u>728,478</u>	<u>397,177</u>	<u>393,077</u>	<u>1,518,734</u>
Net book value					
At 31 July 2025	<u>2</u>	<u>728,478</u>	<u>397,177</u>	<u>393,077</u>	<u>1,518,734</u>
At 31 July 2024	<u>2</u>	<u>689,204</u>	<u>412,585</u>	<u>371,634</u>	<u>1,473,425</u>

Included within the Group's Fixed Assets investments is cash held of £126,717 (2024: £40,555).

Principal subsidiaries

The following was a subsidiary undertaking of the School:

Name	Class of shares	Holding	Included in consolidation
HCS Educational Services Limited	Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net liabilities £
HCS Educational Services Limited	141,565	(118,848)	22,717	(109,167)

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

15. Debtors

	Group 2025 £	<i>Group 2024 £</i>	School 2025 £	<i>School 2024 £</i>
Due within one year				
School fees	216,810	94,673	216,810	64,673
Amounts owed by group undertakings	-	-	100,067	119,723
Other debtors	28,829	13,080	28,829	11,197
Prepayments and accrued income	139,581	143,394	139,581	139,288
School fee extras	67,717	51,236	67,717	51,236
	452,937	<i>302,383</i>	553,004	<i>386,117</i>

Amounts owed by subsidiary are stated after impairment provisions totalling £109,163 (2024: £131,882).

16. Creditors: Amounts falling due within one year

	Group 2025 £	<i>Group 2024 £</i>	School 2025 £	<i>School 2024 £</i>
Bank loans	56,762	254,765	56,762	254,765
Advance fee payments	2,118,335	2,445,350	2,118,335	2,445,350
Trade creditors	121,580	171,282	121,580	171,282
Registration deposits	185,605	227,237	185,605	227,237
Other taxation and social security	149,846	141,604	149,846	141,604
Other creditors	265,105	97,384	265,105	97,384
Accruals and deferred income	221,284	551,943	212,175	505,007
	3,118,517	<i>3,889,565</i>	3,109,408	<i>3,842,629</i>

	Group 2025 £	<i>Group 2024 £</i>
Deferred income at 1 August 2024	242,161	250,917
Resources deferred during the year	147,338	242,161
Amounts released from previous periods	(242,161)	(250,917)
	147,338	<i>242,161</i>

Deferred income comprises of overseas tuition fees paid in advance of the start of term.

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

17. Creditors: Amounts falling due after more than one year

	Group 2025 £	<i>Group 2024 £</i>	School 2025 £	<i>School 2024 £</i>
Bank loans	1,569,895	<i>1,876,250</i>	1,569,895	<i>1,876,250</i>
Fees in advance	3,021,994	<i>4,926,519</i>	3,021,994	<i>4,926,519</i>
	4,591,889	<i>6,802,769</i>	4,591,889	<i>6,802,769</i>

Advance fee payments due in more than 1 year include £1,255,610 (2024: £1,807,011) that is due between 1 and 2 years, £1,469,376 (2024: £2,544,049) that is due between 2 and 5 years and £297,009 (2024: £575,458) that is due after more than 5 years. Amounts received and deferred during the year were £614,279 (2024: £7,315,924) with amounts utilised in the year of £2,612,809 (2024: £352,834) and capital repaid of £233,009 (2024: £Nil).

Included within the above are amounts falling due as follows:

	Group 2025 £	<i>Group 2024 £</i>	School 2025 £	<i>School 2024 £</i>
Between one and two years				
Bank loans	58,917	<i>256,354</i>	58,917	<i>256,354</i>
Between two and five years				
Bank loans	194,217	<i>235,636</i>	194,217	<i>235,636</i>
Over five years				
Bank loans	1,316,761	<i>1,384,260</i>	1,316,761	<i>1,384,260</i>

Bank loan is being repaid by instalments as follows:

- 12 monthly instalments at a fixed rate of 4.34% per annum, after an initial interest-only period which ended in July 2020. The loan matures on 30th June 2044.

The bank loan is secured by first legal charges over Nos. 28 and 31 Castle Street, St. David's Hall Hereford, Quay House & Wilmot House.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

18. Financial instruments

	Group 2025 £	<i>Group 2024 £</i>	School 2025 £	<i>School 2024 £</i>
Financial assets				
Financial assets measured at fair value through income and expenditure	1,518,732	<i>1,473,424</i>	1,518,734	<i>1,473,426</i>
	Group 2025 £	<i>Group 2024 £</i>	School 2025 £	<i>School 2024 £</i>
Financial liabilities				
Other financial liabilities measured at fair value through income and expenditure	(2,272,893)	<i>(2,936,700)</i>	(2,263,951)	<i>(2,936,700)</i>

Financial assets held at fair value include assets held as investments.

Financial liabilities include loans, fee deposits, trade creditors, other creditors and accruals.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

19. Statement of funds

Statement of funds - current year

	Balance at 1 August 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2025 £
Unrestricted funds						
Designated funds						
Outreach Music	24,131	14,573	(8,889)	-	-	29,815
Cantabile	4,202	-	-	-	-	4,202
	<u>28,333</u>	<u>14,573</u>	<u>(8,889)</u>	<u>-</u>	<u>-</u>	<u>34,017</u>
General funds						
General Funds	6,311,983	13,275,858	(12,131,725)	10,694	-	7,466,810
Total Unrestricted funds	<u>6,340,316</u>	<u>13,290,431</u>	<u>(12,140,614)</u>	<u>10,694</u>	<u>-</u>	<u>7,500,827</u>
Endowment funds						
Philpotts - Preserved value	158,277	-	-	6,015	-	164,292
Philpotts - Unapplied total return	487,482	10,694	(5,994)	(16,709)	34,574	510,047
	<u>645,759</u>	<u>10,694</u>	<u>(5,994)</u>	<u>(10,694)</u>	<u>34,574</u>	<u>674,339</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

19. Statement of funds (continued)

	Balance at 1 August 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2025 £
Restricted funds						
Old Herefordian Bursary Fund	-	160,000	(160,000)	-	-	-
Charitable Bursary Fund	696,918	29,932	(4,016)	-	20,103	742,937
Music Bursary Fund	425,756	9,004	(28,589)	-	(5,464)	400,707
Friends Bursary Fund	197,119	8,990	-	-	-	206,109
Other Bursary Funds	73,410	125,140	(120,368)	-	-	78,182
Rowing Fund	1,105	-	-	-	-	1,105
	<u>1,394,308</u>	<u>333,066</u>	<u>(312,973)</u>	<u>-</u>	<u>14,639</u>	<u>1,429,040</u>
Total of funds	<u><u>8,380,383</u></u>	<u><u>13,634,191</u></u>	<u><u>(12,459,581)</u></u>	<u><u>-</u></u>	<u><u>49,213</u></u>	<u><u>9,604,206</u></u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

19. Statement of funds (continued)

The income on restricted funds comprised donations received during the current academic year.

a. The Old Herefordian Bursary Fund includes donations of £160,000 from The Old Herefordian Fund which contribute to the costs of scholarships and bursaries.

b. The source of the Charitable Bursary Fund is the donation of bursary fund contributions paid by parents when their child starts at Hereford Cathedral School. The purpose of the Charitable Bursary Fund is to make the School accessible to pupils who would not otherwise be able to access education at an independent school. The governors consider that giving access in this way fits with the ethos of the School, and is appropriate to a school which has close links to the church.

c. In 2011 the School was given a £325,000 legacy from the estates of two generous benefactors. The legacy stipulated that it should be used for a musical purpose. The governors decided that the legacy would be used to provide assistance for musically gifted children who would not otherwise be in a position to attend the School.

d. A Friends Bursary Fund has been set up which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees. Funds are received in the form of donations made by friends of the School.

e. Other bursary funds are other small donations restricted for use towards school bursaries.

f. The rowing fund is used to support the rowing activities of the School.

Endowment funds

The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947. the Scheme was varied to allow income to be used for the benefit of the School generally. The School operates a policy of total return on its Endowment Funds and the School extracts the dividend income and investment management fees each year. This totals £6,015 (2024: £5,180) and can be seen as a transfer on the Statement of Financial Activities from Endowment Funds to Unrestricted Funds.

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

19. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 August 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 July 2024 £</i>
Unrestricted funds						
Designated funds						
SAS Support Fund	52,331	-	(52,331)	-	-	-
Outreach Music	25,271	11,077	(12,217)	-	-	24,131
Cantabile	4,632	-	(430)	-	-	4,202
	<u>82,234</u>	<u>11,077</u>	<u>(64,978)</u>	<u>-</u>	<u>-</u>	<u>28,333</u>
General funds						
General Funds	5,582,013	12,739,336	(12,271,163)	261,797	-	6,311,983
Total Unrestricted funds	<u>5,664,247</u>	<u>12,750,413</u>	<u>(12,336,141)</u>	<u>261,797</u>	<u>-</u>	<u>6,340,316</u>
Endowment funds						
Philpotts - Preserved value	154,417	-	-	3,860	-	158,277
Philpotts - Unapplied total return	434,470	10,665	(5,485)	(14,082)	61,914	487,482
	<u>588,887</u>	<u>10,665</u>	<u>(5,485)</u>	<u>(10,222)</u>	<u>61,914</u>	<u>645,759</u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

19. Statement of funds (continued)

	<i>Balance at 1 August 2023</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 July 2024</i>
	£	£	£	£	£	£
Restricted funds						
Old Herefordian Bursary Fund	-	150,000	(150,000)	-	-	-
Charitable Bursary Fund	626,521	44,102	(3,650)	-	29,945	696,918
Music Bursary Fund	411,806	10,584	(18,961)	-	22,327	425,756
Friends Bursary Fund	178,023	19,096	-	-	-	197,119
Other Bursary Funds	78,356	394,401	(147,772)	(251,575)	-	73,410
Rowing Fund	1,105	-	-	-	-	1,105
	<u>1,295,811</u>	<u>618,183</u>	<u>(320,383)</u>	<u>(251,575)</u>	<u>52,272</u>	<u>1,394,308</u>
Total of funds	<u><u>7,548,945</u></u>	<u><u>13,379,261</u></u>	<u><u>(12,662,009)</u></u>	<u><u>-</u></u>	<u><u>114,186</u></u>	<u><u>8,380,383</u></u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

20. Summary of funds

Summary of funds - current year

	Balance at 1 August 2024	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 July 2025
	£	£	£	£	£	£
Designated funds	28,333	14,573	(8,889)	-	-	34,017
General funds	6,311,983	13,275,858	(12,131,725)	10,694	-	7,466,810
Endowment funds	645,759	10,694	(5,994)	(10,694)	34,574	674,339
Restricted funds	1,394,308	333,066	(312,973)	-	14,639	1,429,040
	<u>8,380,383</u>	<u>13,634,191</u>	<u>(12,459,581)</u>	<u>-</u>	<u>49,213</u>	<u>9,604,206</u>

Summary of funds - prior year

	<i>Balance at 1 August 2023</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 July 2024</i>
	£	£	£	£	£	£
Designated funds	82,234	11,077	(64,978)	-	-	28,333
General funds	5,582,013	12,739,336	(12,271,163)	261,797	-	6,311,983
Endowment funds	588,887	10,665	(5,485)	(10,222)	61,914	645,759
Restricted funds	1,295,811	618,183	(320,383)	(251,575)	52,272	1,394,308
	<u>7,548,945</u>	<u>13,379,261</u>	<u>(12,662,009)</u>	<u>-</u>	<u>114,186</u>	<u>8,380,383</u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

21. Statement of funds (School)

	Balance as at 1 August 2024	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance as at 31 July 2025
	£	£	£	£	£	£
Designated funds						
Outreach Music	24,131	14,573	(8,889)	-	-	29,815
Cantabile	4,202					4,202
	28,333	14,573	(8,889)	-	-	34,017
General funds						
General funds	6,348,147	12,971,841	(11,863,872)	10,694	-	7,466,810
Total Unrestricted funds	6,376,480	12,986,414	(11,872,761)	10,694	-	7,500,827
Endowment funds						
Philpotts - Preserves value	158,277	-	-	6,015	-	164,292
Philpotts - Unapplied total return	487,482	10,694	(5,994)	(16,709)	34,574	510,047
	645,759	10,694	(5,994)	(10,694)	34,574	674,339
Restricted funds						
Old Herefordian Bursary Fund	-	160,000	(160,000)	-	-	-
Charitable Bursary Fund	669,701	57,159	(4,016)	-	20,103	742,947
Music Bursary Fund	425,756	9,004	(28,589)	-	(5,464)	400,707
Friends Bursary Fund	197,119	8,990	-	-	-	206,109
Other Bursary Funds	73,400	125,140	(120,368)	-	-	78,172
Rowing Fund	1,105	-	-	-	-	1,105
	1,367,081	360,293	(312,973)	-	14,639	1,429,040
Total of funds	8,389,320	13,357,401	(12,191,728)	-	49,213	9,604,206

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

Statement of funds (School) - prior year

	<i>Balance as at 1 August 2023</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance as at 31 July 2024</i>
	£	£	£	£	£	£
Designated funds						
SAS Support Fund	52,331	-	(52,331)	-	-	-
Outreach Music	25,271	11,077	(12,217)	-	-	24,131
Cantabile	4,632	-	(430)	-	-	4,202
	82,234	11,077	(64,978)	-	-	28,333
General funds						
General funds	5,593,363	12,476,357	(12,001,642)	280,069	-	6,348,147
Total Unrestricted funds	5,675,597	12,487,434	(12,066,620)	280,069	-	6,376,480
Endowment funds						
Philpotts - Preserves value	154,417	-	-	3,860	-	158,277
Philpotts - Unapplied total return	439,685	10,665	(5,485)	(19,297)	61,914	487,482
	594,102	10,665	(5,485)	(15,437)	61,914	645,759
Restricted funds						
Old Herefordian Bursary Fund	-	150,000	(150,000)	-	-	-
Charitable Bursary Fund	612,361	44,102	(3,650)	(13,057)	29,945	669,701
Music Bursary Fund	411,806	10,584	(18,961)	-	22,327	425,756
Friends Bursary Fund	178,023	19,096	-	-	-	197,119
Other Bursary Funds	78,356	144,401	(147,782)	(1,575)	-	73,400
Byre House Fund	-	250,000	-	(250,000)	-	-
Rowing Fund	1,105	-	-	-	-	1,105
	1,281,651	618,183	(320,393)	(264,632)	52,272	1,367,081
Total of funds	7,551,350	13,116,282	(12,392,498)	-	114,186	8,389,320

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Endowment funds 2025 £	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £
Tangible fixed assets	-	-	8,936,254	8,936,254
Fixed asset investments	728,478	790,254	-	1,518,732
Current assets	-	638,786	6,220,840	6,859,626
Creditors due within one year	(54,139)	-	(3,064,378)	(3,118,517)
Creditors due in more than one year	-	-	(4,591,889)	(4,591,889)
Total	674,339	1,429,040	7,500,827	9,604,206

Analysis of net assets between funds - prior year

	<i>Endowment funds 2024 £</i>	<i>Restricted funds 2024 £</i>	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Tangible fixed assets	-	-	9,323,354	9,323,354
Fixed asset investments	689,204	784,219	-	1,473,423
Current assets	-	610,089	7,665,851	8,275,940
Creditors due within one year	(43,445)	-	(3,846,120)	(3,889,565)
Creditors due in more than one year	-	-	(6,802,769)	(6,802,769)
Total	645,759	1,394,308	6,340,316	8,380,383

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2025	<i>Group 2024</i>
	£	£
Net income for the year (as per Statement of Financial Activities)	1,223,823	831,438
Adjustments for:		
Depreciation charges	620,899	650,801
Gain on investments	(49,213)	(114,186)
Dividends, interests and rents from investments	(219,406)	57,010
Increase in debtors	(150,554)	(1,189)
(Decrease)Increase in creditors	(246,031)	112,070
Net cash provided by operating activities	1,179,518	1,535,944

24. Analysis of cash and cash equivalents

	Group 2025	<i>Group 2024</i>
	£	£
Cash in hand	6,406,689	7,973,557
Total cash and cash equivalents	6,406,689	7,973,557

As at 31 July 2025, the school's standalone cash balance amounted to £6,383,422 (2024: £7,959,215).

25. Analysis of changes in net debt

	At 1 August 2024	Cash flows	Other non- cash changes	At 31 July 2025
	£	£	£	£
Cash at bank and in hand	7,973,557	(1,566,868)	-	6,406,689
Debt due within 1 year	(482,002)	545,990	(306,355)	(242,367)
Debt due after 1 year	(1,876,250)	-	306,355	(1,569,895)
	5,615,305	(1,020,878)	-	4,594,427

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

26. Capital commitments

	Group 2025	<i>Group 2024</i>
	£	£
The Group and the School had the following contracted capital commitments:		
Capital commitments	92,677	<i>140,341</i>

27. Pension commitments

Defined contribution scheme

The School operates defined contribution schemes for teaching and non-teaching staff. The assets of these schemes are held separately from those of the company in a fund independently administered by HBOS, Nest and Aviva. The pension cost charge represents contributions payable by the company to these funds and amounted to £437,911 (2024: £420,684). The Aviva scheme was opened on 1 January 2021 to all teaching staff, and is a defined contribution scheme offered as an alternative to the Teachers Pension Scheme.

Defined benefit scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £577,402 (2024: £547,079) and at the year-end £116,148 (2024: £90,683) was accrued in respect of contributions to these schemes.

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 2020 and the Valuation Report was published in October 2023. The Valuation Report shows notional assets of £222.2bn and liabilities of £262bn, resulting in a scheme deficit of £39.8bn.

The employer contribution rate for the TPS is 28.6%, and employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

28. Operating lease commitments

At 31 July 2025 the Group and the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2025 £	<i>Group 2024 £</i>
Not later than 1 year	347,849	357,651
Later than 1 year and not later than 5 years	1,328,020	1,278,976
Later than 5 years	8,739,275	9,054,019
	<u>10,415,144</u>	<u>10,690,646</u>

29. Related party transactions

A number of governors have, or did have, children who are educated at the School. All fees are paid under normal terms. 4 governors also have spouses employed by the school, under normal contractual terms.

Governors made donations of £Nil to the school towards bursary funds (2024: £2,630).

The Old Herefordian Fund (charity number: 504119) is a charity in which J Sheldon, a governor at the School, is also a trustee. The Old Herefordian Fund contributed £170,485 (2024: £150,000) towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and is therefore categorised as a restricted donation. During the year £191,244 (2024: £173,159) of rent was paid to the Old Herefordian fund.

HEREFORD CATHEDRAL SCHOOL

England & Wales - Charity number 518889

Accounts



HEREFORD
CATHEDRAL
SCHOOL

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2024

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MESSAGE FROM THE CHAIR OF GOVERNORS

The Board are delighted to note that Hereford Cathedral School is going from strength-to-strength in fulfilling its mission of growing people, transforming lives and shaping futures. Underpinned by our values of kindness, courage and integrity, we are educating children and young people to live lives of purpose, fulfilment and happiness.

While the macro-economic circumstances of operating independent schools become increasingly challenging under political and economic pressures, the demand for places at HCS remains extremely strong with waiting lists in a number of year groups. Diversification of income and prudent financial management is at the heart of our approach in order to maximise affordability and to provide real value for money. The acquisition of Byre House, adjacent to our current boarding house, Wilmot House, enables us to expand our boarding provision and offers a range of exciting opportunities for us. This was purchased through the generous support of a donor.

With impressive examination successes, an ever-broadening curriculum and strong pastoral care, we have excellent foundations upon which to build as we move into the second quarter of the twenty-first century.

We welcome Lorraine Atkins, Dr Sarah Hitt and David Snow onto our Board; their experience and expertise will enrich us and enable us to provide further, the scrutiny, strategic direction and regulatory oversight which is at the heart of what we do. We also welcome Patrick Jerram who was internally promoted to the role of Chief Operating Officer in January 2024, replacing the Bursar who left the school in December 2023.

I would like to thank all those involved with our School: the parents for their ongoing confidence in us, the staff for their tireless dedication and the volunteers and friends of the School for their support. It is a privilege to be a part of this community and organisation, and we look to the future with renewed optimism and resolve.



Mr C Morgan-Jones
Chair of Governors

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2024

The Governors present the Report of the Trustees for the year ended 31 July 2024, which incorporates the Strategic Report under the Companies Act.

REFERENCE AND ADMINISTRATIVE INFORMATION

The regulating document of Hereford Cathedral School is a Charity Commission Scheme made under the Endowed Schools Acts on 26 June 1893, with the latest amendment in 1987. The School is a registered charity, number 518889. The registered company number is 2081261. The governing instrument is the Memorandum and Articles of Association, adopted on 5 December 1986.

The charitable company does not have a share capital, but the directors, as members, have undertaken to contribute a sum not exceeding one pound each in the event of a deficiency on winding up the company's affairs.

Senior School and Registered Office:
Old Deanery
The Cathedral Close
Hereford
HR1 2NG

Junior School:
28 Castle Street
Hereford
HR1 2NW

www.herefordcs.com

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Management

Governors, as the charity trustees, are legally responsible for the overall management and control of the School. The governors determine the general policy, as well as being responsible for the strategic management and control of the business activities of the School. Meetings of the full governing body are held at least once a term, with occasional extra meetings called if matters arise of a sufficiently serious nature.

This year marked Dr Michael Gray's third year in-post as Headmaster of the School and he has continued to move the School forward with ambition and drive with the task of implementing Vision 2030 and delivering his clear strategic objectives. At the heart of his approach has been ensuring that all pupils leave the School 'real-world ready' and equipped for a rapidly changing world. An integral part of this has been the introduction of the digital strategy which saw the extremely successful implementation of the bring-your-own-device digital strategy. He has also led the School's international work and the signing of an important partnership in China which has enabled HCS to franchise its brand across programmes in Nanjing Province.

Building on the HCS Diploma, the curriculum has evolved through the introduction of the Y10 Horizons programme, utilising the Compass for Life programme, as well as working on pupils' habits, and wider life skills.

The operational management of the School is delegated to the Headmaster, Head of the Junior School and their respective Senior Leadership Teams (SLT) and together this group are the key management personnel. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel. The Headmaster, Head of the Junior School and the Chief Operating Officer attend all meetings of the governing body's committees, which discuss issues for forwarding to the full governors' meetings. The main governor committees are Finance, Education, Safeguarding and General Purposes. In addition to these meetings, governors and senior leaders also attend meetings covering Health & Safety, Investments and Salaries and Personnel. Mr W Hanks is the designated governor for Safeguarding issues.

The School recognises the National Education Union (NEU) through an informal agreement for the purposes of pay, holidays and working hours. A Joint Negotiation Committee acts as the bargaining unit (all teachers). Remuneration policy and budget is set by the governors, with the objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly the individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools and the maintained sector to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point on the pay scale, recognising that staff costs are the largest single element of our charitable expenditure.

Recruitment and Training of Governors

The recruitment of new governors is based on a pre-determined set of skills and competences across a range of disciplines such as: education, finance, law, religion, land & buildings and business. The policy of the governors is to maintain a balanced and diverse board, with a broad experience base, covering all of the topics outlined above. New governors are inducted into the workings of the School, including governing body policy and procedures, at an induction workshop

specially organised for them by the Headmaster, the Head of the Junior School and Clerk. The new governors also attend specialist external and/or online courses on the role and responsibilities of charity trustees. All new governors are issued with an induction manual, which seeks to assist in the understanding of the complex issues faced by a new charity trustee and non-executive director.

In addition, all new governors usually sit on each of the sub-committees in their first year in order to understand all aspects of the School's business. Governors attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. All employees are appointed in accordance with safer recruiting guidelines and particular emphasis and attention is given to safeguarding and background checks.

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

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

Investment policy and objectives

The School's investment objectives are to balance the current and future needs by:

- Maintaining (at least) the value of the investments in real terms
- Producing a consistent and sustainable amount to support expenditure
- Delivering these objectives within acceptable levels of risk

To meet these objectives, the School's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the Charity Commission has been made aware of the School's intention to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. The investment strategy and policy are monitored by the Investment Committee which reports to the Full Governing Board as is investment performance, which is reported below, within the Strategic Report.

CHARITY TRUSTEES AND COMMITTEE MEMBERS

The governors are elected at a full governors' meeting, and their appointment is confirmed at the next AGM. The Dean and Chapter (D&C) of Hereford Cathedral have the right to recommend up to one quarter of the total number of governors. One third of the governors, or if their number is not three or a multiple of three, then the number nearest to, retire from office at each Annual General Meeting. They can be re-elected. The governors had no interests which were required to be disclosed under the Companies Act 2006. Unless otherwise determined by the company by ordinary resolution, the number of governors shall not be less than 10, or more than 18. The governors of the School, who are also the charity trustees and the directors of the company who served during the year and up to the date of approving these financial statements, were:

Elected Members

Mr C Jones (Morgan-Jones) (Chairman)
Mr A Teale
Mr W Hanks
Mr J Sheldon
Mrs K Usher (resigned 1 December 2023)
Mr J Preece
Mr D Ashcroft (resigned 18 January 2024)
Mrs J Millar
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey
Mrs L Atkins (appointed 6 September 2023)
Mr D Snow (appointed 10 October 2024)
Dr S Hitt (appointed 18 September 2024)

D&C Nominated Members

Mr W Hanks
Canon A Teale
The Reverend Prebendary N Lowton

Officers

Dr M E P Gray	Headmaster
Mrs H Hoffmann	Head of the Junior School
Mr R Pizii	Secretary, Bursar and Clerk to the Governors (resigned 31 December 2023)
Mr P Jerram	Chief Operating Officer, Secretary and Clerk to the Governors (appointed 13 December 2023)

Finance Committee

Mrs J Millar (Chair)
Mr W Hanks
Mr D Ashcroft
Mr J Sheldon
Mr J Preece
Mr D Snow
Dr S Hitt

In attendance: Headmaster, Head of the Junior School, COO, Finance Manager, Chairman of the Board.

Education Committee

Mrs J Deval-Reed (Chair)
Canon A Teale
The Reverend Prebendary N Lowton
Mr J Storey
Mrs L Atkins
Mr J Sheldon
Mr W Hanks

In attendance: Headmaster, Head of the Junior School, Deputy Head (Academic), Director of Studies, Chairman of the Board.

General Purposes Committee

Mr J Preece (Chairman)
Mr J Sheldon
Mrs J Millar

In attendance: Headmaster, Head of the Junior School, COO, Chairman of the Board.

Safeguarding Committee (Established 25 May 2022)

Mr W Hanks (Chairman)
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey

In attendance: Headmaster, Head of the Junior School, Deputy Head HCS, Deputy Head HCJS, Chairman of the Board.

Investment Committee

Mr J Sheldon (Chairman)
Mrs J Millar
Mr D Snow

In attendance: Headmaster, Head of the Junior School, COO, Chairman of the Board.

SUBSIDIARIES

During the financial year, the School had one trading wholly-owned subsidiary, HCS Educational Services Limited. Hereford International School Ltd was dormant during the year.

SOLICITORS

Humfrys & Symonds
St John's Chambers
St John Street
Hereford
HR1 2NG

Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

BANK

Lloyds Bank Plc
6-8 High Street
Hereford
HR1 2AE

AUDITOR

Crowe U.K. LLP
4th Floor
St James House
St James' Square
Cheltenham GL50 3PR

INVESTMENT MANAGERS

Brewin Dolphin
St James' House
St James' Square
Cheltenham
GL50 3PR

Investec/Rathbones
30 Gresham Street
London
EC2V 7QP

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The governors undertake a full review of risk management procedures each year, with each sub-committee tasked with assessing and rating risks relevant to the areas for which they hold responsibility. The risks faced by the School include political and economic in light of increased macro-economic pressures, buildings (on-going maintenance and health and safety considerations), demographic changes and recruitment and retention of high-quality staff and pupils. Issues are identified and discussed with the specific purpose of reducing risk in all areas, with the findings reviewed annually at full Board level.

The other key control mechanisms used to mitigate risk wherever possible are:

- Formal agendas for all governors' meetings.
- Full and thorough management accounting, budgeting and 5-year planning.
- Preparation of, and reference to, written policies and committee terms of reference.
- Operational management through an organisational structure.
- Clear authorisation and approval levels for expenditure of budgets.
- Robust procedures for legislative compliance educationally, financially and legally.
- Membership of professional bodies which advise and support the school: AGBIS, HMC, IAPS, ISBA and BSA.
- Full insurance cover which is reviewed annually.

Principal Risks

The Labour Party's 2024 Budget which sees the introduction of VAT onto independent school fees, increased employers' National Insurance contributions and removal of business rate relief for schools in England represents a risk to the affordability of the fee and in particular, in reducing the socio-economic breadth of families which can afford to send their children to the School; it also suppresses wage growth. Geopolitical concerns continue to provide challenges but there continue to be opportunities within international education.

The affordability of the fees, which have needed to be increased this year, remains something of which the Board is eminently mindful. The Board continues to look to mitigate that risk by diversifying income and generating non-fee sources of income through HCS Educational Services Ltd.

Political and economic risks remain and the Board and School are taking steps to mitigate these:

- Political pressures on the sector;
- Affordability of the fee at a time of increased taxation;
- Geopolitical impacts on boarding; and
- Demography of Herefordshire.

Uncertainty

"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."

- Donald Rumsfeld

Governors and the SLT are fully aware of Donald Rumsfeld's "known unknowns" and "unknown unknowns". They endeavour to understand the implications of uncertainty by keeping abreast of developments within the sector through regular networking meetings, ongoing training and the use of consultants where appropriate.

Insofar as the governors are aware:

- There is no relevant audit information of which the charity's auditor is unaware, and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OBJECTIVES

The charitable objects of the School are to promote the advancement of education by acquiring, establishing, providing, conducting and carrying on schools in which boys and girls of all sections of the community may receive a sound general education (including religious instruction in accordance with the doctrines of the Church of England). The charitable company's principal activity continues to be the running of the Hereford Cathedral Senior and Junior Schools.

It is the policy of the School to attain the highest academic standards for our pupils and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. The School welcomes pupils from all backgrounds. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

AIMS

The School's aims and the intended impact of its activities are:

- To produce well-rounded individuals not only through the national curriculum, but also the opportunities of a wide range of additional activities, including: music, sport, the Duke of Edinburgh (DoE) award scheme and the Combined Cadet Force (CCF)
- To provide a structured educational environment that develops pupils' capabilities, where each student can develop and fulfil his or her potential, building their self-confidence and creating a desire to contribute to the wider community. The School recognises that a diverse range of cultures will significantly add to this goal, and therefore welcomes pupils from other countries who would directly benefit from our unique Cathedral School education. In addition, the School provides music and community support to the Cathedral, as well as the sub-letting and sharing of School facilities with the wider community

The School was extremely successful in fulfilling its aims and ensuring that it provided a very high quality and holistic education, which maximised opportunities and provided a real breadth of educational experience.

REPORT ON OBJECTIVES TO DATE

Governors and the SLT placed an emphasis on a new set of Strategic Objectives, focussed on the delivery of Vision 2030. The main objectives for the period were:

- Academic Excellence. Through: tracking, exam experience, curricular continuity, scholars' extension programme, broadening the Sixth Form curriculum and reviewing marking policies, feedback and reports.
- Breadth of Opportunity. Implementation of the digital strategy, a range of extra-curricular enhancements, outreach, guidance through our Futures Department and building on our status as a CyberFirst school.
- Caring for Everyone. Coordinated programme of CPD, introduction of Women in Leadership programme; ongoing development of PSHE curriculum and Horizons programme.
- Expanding Demand. Marketing strategy and building on the School's strong reputation locally and growing reputation nationally and globally.
- Finance and Facilities. Ongoing diversification of income and exploration of commercial projects at home and abroad.

STRATEGIES TO ACHIEVE OBJECTIVES IN 2023/24

The various governor committees work together to assess the needs of the School from an educational, charitable and financial perspective.

- The Education Committee seeks to continually develop the academic, pastoral and extra-curricular provision offered at the School, and also encourages facility development in conjunction with the General Purposes and Finance Committees.
- The Finance Committee continues to apply controls to ensure that the development of the staffing and the fabric of the School is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, as a mainstay of the School's delivery of public benefit.
- The General Purposes Committee seeks to prioritise those areas of the School identified as needing physical improvement and works to a medium-term plan, with surpluses in excess of budget used to accelerate the plan.
- A Safeguarding Committee has been created, in recognition of the importance of this issue and the Governors' role in overseeing safeguarding matters and managing risks. This also provides them with an opportunity to anonymously review particular cases to ensure that best practice was followed.
- The Investment Committee has also been created to oversee strategy, policy and performance of the School's investments which reports to the Full Governing Board.
- The Trustees hold an annual 'Strategy Day', devoted to developing the School's long-term vision and objectives.

The governors continued to support the SLT to build links and encourage community access of the School facilities for educational purposes and the delivery of outreach programmes.

GRANT-MAKING POLICY

The governors' policy, in line with other independent schools, is to award scholarships on the basis of the individual's academic, musical, dramatic, artistic and sporting ability. Bursaries and Fees Assistance are awarded to individuals who qualify under a stringent means-testing system but are not required to be academic high-flyers. Hardship bursaries are also awarded, usually of a short-term duration, to families facing immediate financial crises and who would otherwise be required to withdraw their children from the School.

PLANS FOR FUTURE PERIODS

The future success of the School is obviously linked to a high demand for places at the School, which in-turn is achieved by providing the highest quality of education. There has been a dynamic momentum over the past year as a result of the very successful implementation of several new strategies and initiatives. The academic year 2024-25 will not only see these embedded but strengthened through the development of the No.1 suite, the installation of a music recording studio, and the development of international opportunities for income diversification. The School's international reputation is also growing, through the success of its boarding and considerable work taking place as it aspires to establish an overseas franchise.

Governors and Senior Leadership are continuing to develop a medium and long-term strategy for the School and have taken decisive steps towards increasing the number of international students which will help secure the future of the School for generations to come. The governors have further refined the details of Vision 2030 and discussed contingencies to mitigate the impact of the risks facing the School.

OVERVIEW OF 2023/24

PUBLIC BENEFIT – FEES ASSISTANCE

The School offers substantial financial provision, funding a significant number of transformational bursaries and provides a greater ratio of bursaries to scholarships within its recruitment and charitable strategies, including free places to some individuals. The school seeks to provide approximately 10% of gross fee income in the form of scholarship and bursary awards. Bursaries and scholarships awarded in 2023/24 were 7.8% and 1.7% of fee income, respectively. Bursaries were awarded to 10.4% of pupils and included 31 at 75% and above, of which there were 11 100% awards. The average fee assistance award was 71%. Special scholarships are also awarded to children of military personnel serving within the Hereford Garrison.

The School prospectus and website includes reference to the availability of Fees Assistance; "Entrance Bursaries" are only awarded after undertaking robust means testing procedures, usually including home visits and interviews of all parents by an independent company. In assessing means we take a wide range of factors into consideration which include family net worth, including: income, investment and savings, and family circumstances such as dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee. "Hardship Bursaries" are not always subject to the same assessment procedure and are normally awarded to pupils who have been at the School for at least 12 months (although exceptions may be made in the event of extraordinary circumstances, e.g. death of a parent). These are generally short-term awards to allow parents time to resolve their financial difficulties.

The School continues to support Ukrainian children following the Ukraine hardship bursary fund which was set up in 2022. The scheme was supported by a number of generous parents and other benefactors with the aim of supporting those who had relocated due to the war in their home country.

PUBLIC BENEFIT – OTHER

Local groups and clubs usually have the opportunity to hire and use the School's facilities, including the sports hall, the Powell Theatre, St David's Hall, playing fields and minibuses which are used for a variety of sporting, educational and music activities within the local community. The CCF partnership with a local academy school continues and provides wonderful opportunities for local children to develop their skills and broaden their opportunities. The School provides a Cadet in support of the Lord Lieutenant and their civic duties.

The School hosts and sponsors sporting events involving local primary and secondary schools, including: the County Primary Schools Football Tournament and a variety of county schools' events. Our sports pitches are used weekly by local community clubs, the School also continues to work closely with the County Cricket establishment.

The School continues to support the local community with outreach work in the state education sector, particularly in musical activities. The School has been awarded the status of becoming a CyberFirst school which reflects its work within the community around supporting Computer Science and cyber security. Staff deliver workshops and specialist lessons in other school. Pupils volunteer as part of the DoE scheme and the 6th Form HCS Diploma. The Junior School partners with Umubano Academy in Kigali as a cultural knowledge exchange.

Music outreach includes a new Music Makers series for aspiring musicians and two community choirs. The School's music department brings together a number of the County's primary schools for a number of large-scale events: such as a Primary Schools' Advent carol service (200 children) and a major choral & orchestral concert in the Spring Term (200 children).

The School supports members of staff who volunteer to sit on local boards of governors or trustees across educational and other not-for-profit organisations. This involves releasing them from their duties to attend meetings and fulfil other commitments in their capacities as governors or trustees. Other members of staff help at local schools and academies, particularly with exam moderation and PGCE teacher placements. The school also supports those wishing to stand for public office or supporting the democratic process. The School's activities and partnerships are recorded in the Schools Together website: www.schoolstogether.org. The School's Charity Committee continues to be busy raising money for various worthwhile causes locally and nationally.

In drafting the above statements, the governors have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

SCHOOL PERFORMANCE

Hereford Cathedral School achieved excellent A Level results and combined with its GCSE, it once again places the School as the highest performing School or College in the County and it remains a highly respected and well established coeducational HMC School.

A number of pupils achieved straight A*s or As at A Level and took up places at some of the world's leading universities including Oxbridge.

At GCSE results were impressive across the board, with excellent outcomes in all departments and the Sciences, English Language and Maths being of particular note.

The School appointed some excellent new staff throughout the year including a new Head of Science, Head of English and Director of Sport.

As a consequence of its strong academic performance and exciting new developments, the demand for places has increased and the School's prospects look attractive.

FUNDRAISING PERFORMANCE

2023/24 saw significant progress made in the School's on-going work of raising voluntary funding and building a legacy/bequest stream, achieving the best levels of fundraising income in the last decade. A Bursary Fund Appeal was launched in Feb 2020 and the Development Office continues to promote this to alumni through social media, in person conversations and through the annual alumni magazine. In addition, the Development Director works to build relationships with charitable trusts and foundations to obtain grant funding wherever possible.

For the Academic year 2023/24 the following voluntary income has been generated:

- HCS received £99.1k in bursary support from 6 grant making bodies, which supported 10 specific pupils £30k of this was specifically to continue to support Ukrainian pupils. A Dept of Education/ Herefordshire council grant of £1.4k was also received for Ukrainian pupils.
- £7.5k donated to in-year bursary fee support.
- The Knapton Legacy continues to grow and generate income for a funded day place
- Restricted Funds - Bursary Funds and Awards, excluding the Knapton Bursary, grew in value to £260k (including gift aid) and increase of £29.7k on the previous year.
- Funds raised for capital projects were £270.1k.
- Other amounts were £1.8k of other items including a small Legacy bequest.
- Known pledges for Bursary Support for future academic years amount to £98k for 2024/5 and £102k for 2025/26 and pledges of £11k for capital works have been made for 2024/5
- We await the details of a further Legacy Bequest given specifically for Bursary Support.

The School is particularly grateful to the Mosawi Foundation, the Tabor Fund; The Julian Bewick Educational Trust, the French Huguenot Church and one anonymous donor for their continued support. The School is also grateful to the Old Herefordian Fund and the No 1 Fund for Choristers (whose numbers are not included in the above, but shown elsewhere) for their on-going support.

The School employs a full-time member of staff in a development role, including fundraising. The School raises funds either through applications to external grant making bodies or through appeals to alumni and parents. Funds raised are almost exclusively used for fee support for pupils. The School does not use external or "professional" fundraisers. The School is a member of The Institute for Development Professional in Education (IDPE) which is a body that advises members on best practice in fundraising and compliance with fundraising regulations. The charity monitors its fundraising activities of any person acting on its behalf, through regular meetings with the Headmaster and termly reports to the governors. There is a governor with specific focus on Fundraising compliance as part of their role.

The governors do not know of any failure by the charity, or of any person acting on its behalf, to comply with fundraising standards. The charity received no complaints relating to its fundraising activities. The charity protects vulnerable people and other members of the public from behaviour which; is unreasonable intrusion on a person's privacy, is unreasonable persistent, places undue pressure on a person to give money. The charity does not approach members of the public for fundraising. All applications relating to pupils are confidential and data is handled accordingly. The School raised funds from alumni and parents in the last year; these people have an existing relationship with the School. The School does not undertake cold calling, telephone campaigns or employ any third parties to raise funds on our behalf. The School, through its Head and Development Director, is aware of the duty of care when raising money from former pupils and parents who might be classed as vulnerable and of the need to be sensitive; not invade privacy or be unreasonably persistent. The Development Director regularly attends industry conferences and regional networking meetings to ensure we are aware

of, compliant with and sensitive to, the letter and spirit of regulatory guidelines, legislation and best practice in our fundraising.

The governors are aware of the increasing regulations with regards to fundraising and are keen to adopt an ethical and transparent approach in this respect.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year is set out on page 19. The financial statements comply with the applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice applicable to charities (Charities SORP 2015 (FRS 102)).

Gross Fee income increased by £636,532 (5.5%) during the year.

The Bursary worked hard with parents to manage fee payments, flexibility was offered over timing and ultimately a high percentage of the fees due were paid in the period. Fee debt has continued to be well managed, although debtor days have increased from 2.6 to 4.0 reflecting the cost of living crisis in the wider economy.

The School's financial position continues to be strong. The School was able to invest in the estate, completing capital and routine tasks that had been deferred in recent years due to Covid and non-availability of contractors. The Board continue to be alert to the threats and pressures on the School and wider economy; the strong closing position gives the Board confidence that the School was, and remains, a "going concern".

The surplus for the year (before transfers between funds and gains/(losses) on investment assets) amounted to £717,252 (2023: £378,847). The surplus for the year after transfers between funds and losses on investment assets amounted to £831,438 (2023: £380,970) and has been transferred to reserves. Total funds amounted to £8,380,383 (2023: £7,548,945).

INVESTMENT POLICY AND PERFORMANCE

The governors' investment powers are set out in the regulating document.

Governors have continued to manage the investments in accordance with this policy and returns are considered to be satisfactory in view of the performance of the stock market during the year.

In common with other independent schools, the governors have invested substantial sums into School buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The "free reserves" as at 31 July 2024 consist of unrestricted net current assets as shown in note 20 amounting to £3,819,731 (2023: (£757,077)), with the variance between years largely due to "Fees in Advance". The governors continue to invest in boarding and technology as part of the long-term strategy to increase pupil numbers and innovate teaching and learning and therefore do not consider it appropriate at this time to place a great deal of emphasis on this figure. Rather, the figure illustrates the extent of the investment in our School, which is a common practice by independent schools which have to finance their own capital investment plans. The closing value of our tangible assets, property, plant and equipment, was £9,323,354 (2023: £8,732,724).

Despite the strength of the charity's balance sheet, the stable cash flow, the on-going popularity and academic success of our School, we will look to build our free cash reserves over the next three years to increase our resilience during these uncertain times.

The School had total reserves of £8,380,383 at the year-end (2023: £7,548,945), of which £1,394,308 is restricted (2023: £1,295,811), £645,759 is endowed (2023: £588,887), leaving £6,340,316 of unrestricted funds (2023: £5,664,247).

The governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements with our bank are in place to provide an adequate "safety net" should it be required.

The School's long-term investments are managed by two investment companies. At the year-end the total value of the investment portfolio was £1,473,423 (2023: £1,361,327). The overall investment return amounted to £126,255 (2023: £15,466) (calculated as the net investment gain of £114,186 plus dividends and interest received of £26,124 less management fees of £14,054). This year's results validate the objective to hold these investments in the long-term and accept short-term fluctuations in value.

Under the total return accounting basis, it is the governors' policy to extract as income one tuition fee. This fee is used to support the bursary of the "Knapton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knapton and

Mrs Kathleen Cavill. The governors will keep the level of income withdrawn under review to balance the need and interests of current and future beneficiaries of the School's activities.

GOING CONCERN

The Board has paid due attention to the advice and modelling of the School's employees, the SLT and professional advisors including the School's auditors and consider that the School remains financially viable.

A range of five-year scenarios were modelled and refined, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. Performance against budget has been steady, and the School has emerged from the pandemic with strong growth. Additional emphasis and resources are being allocated to marketing and the management and Board remain alert to the possibility of further structural changes based on the budget projections.

Political threats, particularly around the Government's fiscal policy are the subject of regular review by the SLT and the Board. It is considered that the School's cash and investments will protect it from unexpected sudden shocks, giving time for structural adjustments, should these prove necessary.

The School's bankers, Lloyds, have continued to be fully engaged and remain supportive of the School's aspirations.

The Trustees Annual Report is approved by the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as directors at their meeting on 28 March 2025 and signed on its behalf by:



Mr C Morgan-Jones
Director

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the order of the Board of Governors on 28 March 2025 and signed on its behalf by:



Mr C Morgan-Jones
Director

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL

Opinion

We have audited the financial statements of Hereford Cathedral School (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the School balance sheet, the Consolidated statement of cash flows and the related notes, 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charity's affairs as at 31 July 2024 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Governors' report is inconsistent in any material respect with the financial statements; or
- the parent charitable School has not kept sufficient accounting records; or
- the parent charitable School 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 trustees

As explained more fully in the Governors' responsibilities statement, the Governors are responsible for the preparation of the financial statements which 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 Group's and the parent 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 Group or the parent charity or to cease operations, or have no realistic alternative but to do so.

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within Bursaries, Scholarships and other discounts and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance & Resources Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over Bursaries, Scholarships and other discounts, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent schools Inspectorate and Ofsted and reading minutes of meetings of those charged with governance.

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.

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL
(CONTINUED)

Use of our report

This report is made solely to the charity's trustees, 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 trustees 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 its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Guy Biggin (Senior statutory auditor)
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 23 April 2025

Crowe U.K. LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2024**

	Endowment funds 2024 £	Restricted funds 2024 £	Unrestricted and designated funds 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Income and endowments from:					
Donations and legacies	-	602,723	-	602,723	363,082
Charitable activities	4	-	12,616,677	12,616,677	12,045,739
Other trading activities	5	-	92,833	92,833	235,387
Investments	6	10,665	15,460	40,903	67,028
		<u>10,665</u>	<u>618,183</u>	<u>12,750,413</u>	<u>13,379,261</u>
Total income and endowments					<u>12,682,901</u>
Expenditure on:					
Raising funds:	7,8				
Other raising funds		5,485	8,569	266,465	280,519
Charitable activities:					
Other charitable activities		-	311,814	12,069,676	12,381,490
		<u>5,485</u>	<u>320,383</u>	<u>12,336,141</u>	<u>12,662,009</u>
Total expenditure					<u>12,304,054</u>
Net income before net gains on investments		5,180	297,800	414,272	717,252
Gains/(losses) on investments		61,914	52,272	-	114,186
		<u>67,094</u>	<u>350,072</u>	<u>414,272</u>	<u>831,438</u>
Net income					380,970
Transfers between funds	19	(10,222)	(251,575)	261,797	-
		<u>56,872</u>	<u>98,497</u>	<u>676,069</u>	<u>831,438</u>
Net movement in funds					<u>380,970</u>
Reconciliation of funds:					
Total funds brought forward		588,887	1,295,811	5,664,247	7,548,945
Net movement in funds		56,872	98,497	676,069	380,970
Total funds carried forward		<u>645,759</u>	<u>1,394,308</u>	<u>6,340,316</u>	<u>7,548,945</u>

The notes on pages 23 to 52 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2024**

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	9,323,354	8,732,724
Investments	14	1,473,423	1,361,327
		10,796,777	10,094,051
Current assets			
Debtors	15	302,383	301,194
Cash at bank and in hand		7,973,557	1,106,606
		8,275,940	1,407,800
Creditors: amounts falling due within one year	16	(3,889,565)	(1,641,506)
Net current assets / liabilities		4,386,375	(233,706)
Total assets less current liabilities		15,183,152	9,860,345
Creditors: amounts falling due after more than one year	17	(6,802,769)	(2,311,400)
Total net assets		8,380,383	7,548,945
School funds			
Endowment funds	19	645,759	588,887
Restricted funds	19	1,394,308	1,295,811
Unrestricted funds			
Designated funds	19	28,333	82,234
General funds	19	6,311,983	5,582,013
Total unrestricted funds	19	6,340,316	5,664,247
Total funds		8,380,383	7,548,945

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:



Christian Morgan-Jones
Governor
Date: 28 March 2025



Jacqueline Millar
Governor

The notes on pages 23 to 52 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

SCHOOL BALANCE SHEET
AS AT 31 JULY 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	9,215,961	8,592,603
Investments	14	1,473,425	1,361,329
		<u>10,689,386</u>	<u>9,953,932</u>
Current assets			
Debtors	15	386,117	443,311
Cash at bank and in hand		7,959,215	1,104,616
		<u>8,345,332</u>	<u>1,547,927</u>
Creditors: amounts falling due within one year	16	(3,842,629)	(1,639,109)
Net current assets / liabilities		<u>4,502,703</u>	<u>(91,182)</u>
Total assets less current liabilities		<u>15,192,089</u>	<u>9,862,750</u>
Creditors: amounts falling due after more than one year	17	(6,802,769)	(2,311,400)
Total net assets		<u><u>8,389,320</u></u>	<u><u>7,551,350</u></u>
Charity funds			
Endowment funds	19	645,759	594,102
Restricted funds	19	1,367,081	1,281,651
Unrestricted funds			
Designated funds	19	28,333	82,234
General funds	19	6,348,147	5,593,363
Total unrestricted funds	19	<u>6,376,480</u>	<u>5,675,597</u>
Total funds		<u><u>8,389,320</u></u>	<u><u>7,551,350</u></u>

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:



Christian Morgan-Jones
Governor
Date: 28 March 2025



Jacqueline Millar
Governor

The notes on pages 23 to 52 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2024**

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	22	1,555,844	703,073
Cash flows from investing activities			
Dividend income		21,044	17,810
Investment income		45,984	20,883
Interest on loans		(143,938)	(148,086)
Acquisition of fixed asset investments		2,090	818
Purchase of tangible fixed assets		(1,241,933)	(859,403)
Proceeds from sale of fixed assets		502	-
Net cash used in investing activities		(1,316,251)	(967,978)
Cash flows from financing activities			
Advance fees receipts from new contracts		-	97,387
Advance fees utilised during the year		(335,732)	(327,841)
Repayments of borrowing		6,963,090	(458,050)
Net cash provided by/(used in) financing activities		6,627,358	(688,504)
Change in cash and cash equivalents in the year		6,866,951	(953,409)
Cash and cash equivalents at the beginning of the year		1,106,606	2,060,015
Cash and cash equivalents at the end of the year	23	7,973,557	1,106,606

The notes on pages 23 to 52 form part of these financial statements

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

1. General information

Hereford Cathedral School is a charitable company limited by guarantee. The School is registered with the Charity Commission England and Wales (registered no: 518889). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02081261). Its registered and principal office is Old Deanery, The Cathedral Close, Hereford, Herefordshire, HR1 2NG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the School and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own treatment of financial activities in these financial statement.

2.2 Basis of consolidation

These financial statements consolidate the results of the School and the wholly owned subsidiary, HCS Educational Services Limited. All intragroup transactions are fully eliminated on consolidation.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.3 Going concern

These financial statements have been prepared on the going concern basis, which the governors consider to be appropriate as a result of projections prepared, having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows. The governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainty's over the School's financial viability and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the governors' responsibilities on page 4.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

2. Accounting policies (continued)

2.4 Taxation

As a charity the company is generally exempt from the corporation tax on income it receives. Although this exemption does not normally extend to trading income the company benefits from a concession, which also exempts such income from taxation, as the trade carried out is part of the primary purpose of the charity i.e. provision of education.

2.5 Income

All income is recognised once the School has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Fees consist of charges for the school year, less scholarships, bursaries and allowances granted by the School. Fees receivable and charges for services and use of premises, are accounted for in the period in which the service is provided.

To secure a place at the School, a registration fee is paid by all pupils, both domestic and international. This sum is non-refundable and part of the non-refundable sum includes an element which goes towards the HCS Charitable Bursary Scheme. The HCS Charitable Bursary Scheme is used to support pupils who would not otherwise be able to access education at an independent school. As the fee is non-refundable, the income is recognised in the Statement of Financial Position upon receipt of the funds.

Donations subject to specific wishes of the donors are carried to relevant restricted funds. Any donations received for the general purposes of the School are credited to "Unrestricted Funds". Donations are accounted for on receipt.

All investment income is credited according to the date of receipt into the investment cash account.

2.6 Expenditure

Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to the activity in the year. Irrecoverable VAT is included with the item of expense to which it relates. Support costs are those costs incurred in directly administering school operations as an educational establishment.

Governance costs comprise the costs of running the school, including strategic planning (for its future development), also external audit, any legal advice for the governors, and all the costs of complying with constitutional and statutory requirements, such as costs of governors' meetings and of preparing statutory accounts and satisfying public accountability.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

Charitable activities include expenditure on providing education and include both direct costs and support costs relating to the activity

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

2. Accounting policies (continued)

2.6 Expenditure (continued)

Allocation and apportionment of support costs

Support costs include central functions and are allocated to activity cost categorised on a basis consistent with the use of resources e.g. staff costs by the time spent and other costs by their usage

2.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

The School decided to take advantage of the transition option under FRS 102 to accept the property revaluation done in 2016 as deemed cost.

Freehold Property is depreciated between 1% and 2% each year. Land is not depreciated. The non-depreciable land element of the Freehold Property has been deemed to be 30% of the full cost, with depreciation being charged on the remaining 70%.

Leasehold property improvements are depreciated over the shorter of the lease term or the expected useful life of the asset.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the other assets on the following bases:

Motor vehicles	- 7 years
Fixtures and fittings	- 5 - 20 years
Computer equipment	- 3 - 5 years

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

2. Accounting policies (continued)

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

Investments held as fixed assets are shown at cost less provision for impairment.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Advance fees

Fees paid in advance are included in creditors and released to the Statement of Financial Activities as they fall due.

Deposits

The governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held at the reporting date has been included within current liabilities. The prior year pupil fee deposits balance has been similarly represented.

Termination benefits

Termination benefits are recognised immediately as an expense when committed to terminate the employment of an employee or to provide termination benefits.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

2. Accounting policies (continued)

2.13 Financial instruments

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

2.14 Finance lease and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the statement of financial activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

2.15 Pensions

The School has the following pension schemes in place:

Defined contribution pension schemes

Halifax Bank of Scotland Investment Service (HBOS) and Nest for non-teaching staff. Aviva, a defined contribution scheme, for teaching staff.

Defined benefit scheme

Retirement benefits to teaching staff of the School are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, contracted out of the State Earnings Related Pension Scheme. TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they become due each year.

All pension costs are charged against unrestricted funds in line with the associated staff costs.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

2. Accounting policies (continued)

2.16 Fund accounting

Unrestricted general funds are available for use at the discretion of the governors in furtherance of the general objectives of the school.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the school for particular purposes.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefits. Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the school. The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. It can be invested on a Total Returns basis.

3. Critical accounting estimates and areas of judgement

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.

Critical accounting estimates and assumptions:

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of the tangible fixed assets and Note 2.8 for the useful lives for each class of fixed asset.

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 14 for the net carrying amount of the debtors and associated impairment provision.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

4. Income from charitable activities

	Unrestricted funds 2024 £	Total funds 2024 £
School fee income	11,162,468	11,162,468
Ancillary trading income	1,432,984	1,432,984
Entrance fees	21,225	21,225
	<u>12,616,677</u>	<u>12,616,677</u>
	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
School fee income	10,588,517	10,588,517
Ancillary trading income	1,440,847	1,440,847
Entrance fees	16,375	16,375
	<u>12,045,739</u>	<u>12,045,739</u>
	2024 £	2023 £
School fee income		
Gross fees	12,178,917	11,542,385
Less: Total bursaries, scholarships, allowances and discounts	(1,320,234)	(1,231,596)
Add: Bursaries paid from restricted funds	294,840	277,728
	<u>11,153,523</u>	<u>10,588,517</u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

5. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2024 £	Total funds 2024 £
Teacher release	320	320
Rent and hire of school facilities	18,798	18,798
Hire of sports hall	47,004	47,004
Other	6,711	6,711
Educational partnership	20,000	20,000
	92,833	92,833
	92,833	92,833
	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Teacher release	1,731	1,731
Rent and hire of school facilities	24,079	24,079
Hire of sports hall	22,566	22,566
External catering	20,327	20,327
Insurance Claim	64,099	64,099
Rates refund	34,638	34,638
Other	67,947	67,947
	235,387	235,387
	235,387	235,387

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

6. Investment income

	Endowment funds 2024 £	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Investment income	10,665	15,460	40,903	67,028
	<i>Endowment funds 2023 £</i>	<i>Restricted funds 2023 £</i>	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Investment income	10,586	16,090	12,017	38,693

7. Expenditure on raising funds

Costs of raising voluntary income

	Endowment funds 2024 £	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Management fees	5,485	8,569	-	14,054
Generating donations - wages and salaries	-	-	104,120	104,120
Generating donations - NI	-	-	9,348	9,348
Generating donations - pension costs	-	-	9,059	9,059
	5,485	8,569	122,527	136,581
	<i>Endowment funds 2023 £</i>	<i>Restricted funds 2023 £</i>	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Management fees	5,219	8,115	-	13,334
Generating donations - wages and salaries	-	-	94,888	94,888
Generating donations - NI	-	-	8,673	8,673
Generating donations - pension costs	-	-	8,517	8,517
	5,219	8,115	112,078	125,412

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

8. Financing costs

	Unrestricted funds 2024 £	Total funds 2024 £
Fees in advance discount	19,900	19,900
Loan interest	124,038	124,038
	143,938	143,938
	143,938	143,938
	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Fees in advance discount	16,742	16,742
Loan interest	131,344	131,344
	148,086	148,086
	148,086	148,086

9. Analysis of expenditure by activities

	Activities undertaken directly 2024 £	Support costs 2024 £	Total funds 2024 £
Charitable activities	11,110,268	804,684	11,914,952
School trips and activities	466,538	-	466,538
	11,576,806	804,684	12,381,490
	11,576,806	804,684	12,381,490

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

9. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2023 £</i>	<i>Support costs 2023 £</i>	<i>Total funds 2023 £</i>
Charitable activities	10,721,090	856,994	11,578,084
School trips and activities	452,472	-	452,472
	11,173,562	856,994	12,030,556

Analysis of support costs

	Activities 2024 £	Total funds 2024 £
Staff costs	416,124	416,124
Legal and professional fees	98,133	98,133
Insurance	137,378	137,378
Advertising and marketing	40,300	40,300
Other support costs	112,749	112,749
	804,684	804,684

	<i>Activities 2023 £</i>	<i>Total funds 2023 £</i>
Staff costs	448,236	448,236
Legal and professional fees	134,250	134,250
Insurance	114,024	114,024
Advertising and marketing	35,048	35,048
Other support costs	125,436	125,436
	856,994	856,994

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

10. Net income/expenditure

	2024	<i>2023</i>
	£	£
Fees payable to the School's auditor for the audit of the School's annual accounts	24,456	23,287
Fees payable to the School's auditor in respect of: All non-audit services not included above	9,144	4,740
	<u> </u>	<u> </u>
Depreciation	650,801	653,980
Operating lease rentals - land and building	325,476	283,410
Operating lease rentals - equipment	106,078	102,090
	<u> </u>	<u> </u>

11. Staff costs

	Group 2024	<i>Group 2023</i>	School 2024	<i>School 2023</i>
	£	£	£	£
Wages and salaries	6,146,894	5,837,148	6,146,894	5,837,148
Social security costs	577,204	554,414	577,204	554,414
Pension contributions	967,763	908,816	967,763	908,816
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	7,691,861	7,300,378	7,691,861	7,300,378
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Headmaster, Head of Junior School and Bursar are considered to be the key management personnel, along with the Senior Leadership Team. Aggregate employee-benefits of key management personnel totaled £1,025,178 during the year (2023: £958,049).

During the year, there were termination payments made which amounted to £82,273 (2023: £25,000). None were outstanding at the year-end (2023: £Nil).

The average number of persons employed by the School during the year was as follows:

	Group 2024	<i>Group 2023</i>
	No.	No.
Teaching and teaching support	138	143
Administration	37	37
Domestic and maintenance	49	45
	<u> </u>	<u> </u>
	224	225
	<u> </u>	<u> </u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

11. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2024 No.	<i>Group 2023 No.</i>
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	1	2
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	1	-

12. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2023 - £NIL).

During the year ended 31 July 2024, Governor expenses of £4,398 were incurred (2023 - £NIL).

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2023	5,352,028	4,006,044	900,460	2,351,252	12,609,784
Additions	867,625	70,992	-	303,316	1,241,933
Disposals	-	-	-	(16,949)	(16,949)
At 31 July 2024	<u>6,219,653</u>	<u>4,077,036</u>	<u>900,460</u>	<u>2,637,619</u>	<u>13,834,768</u>
Depreciation					
At 1 August 2023	314,280	1,533,539	486,476	1,542,765	3,877,060
Charge for the year	122,168	146,921	37,317	344,395	650,801
On disposals	-	-	-	(16,447)	(16,447)
At 31 July 2024	<u>436,448</u>	<u>1,680,460</u>	<u>523,793</u>	<u>1,870,713</u>	<u>4,511,414</u>
Net book value					
At 31 July 2024	<u>5,783,205</u>	<u>2,396,576</u>	<u>376,667</u>	<u>766,906</u>	<u>9,323,354</u>
At 31 July 2023	<u>5,037,748</u>	<u>2,472,505</u>	<u>413,984</u>	<u>808,487</u>	<u>8,732,724</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

13. Tangible fixed assets (continued)

School

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2023	5,352,030	4,006,043	900,460	2,070,766	12,329,299
Additions	867,624	70,992	-	303,306	1,241,922
Disposals	-	-	-	(16,949)	(16,949)
At 31 July 2024	<u>6,219,654</u>	<u>4,077,035</u>	<u>900,460</u>	<u>2,357,123</u>	<u>13,554,272</u>
Depreciation					
At 1 August 2023	314,280	1,533,539	486,680	1,402,197	3,736,696
Charge for the year	122,168	146,921	37,317	311,656	618,062
On disposals	-	-	-	(16,447)	(16,447)
At 31 July 2024	<u>436,448</u>	<u>1,680,460</u>	<u>523,997</u>	<u>1,697,406</u>	<u>4,338,311</u>
Net book value					
At 31 July 2024	<u><u>5,783,206</u></u>	<u><u>2,396,575</u></u>	<u><u>376,463</u></u>	<u><u>659,717</u></u>	<u><u>9,215,961</u></u>
At 31 July 2023	<u><u>5,037,750</u></u>	<u><u>2,472,504</u></u>	<u><u>413,780</u></u>	<u><u>668,569</u></u>	<u><u>8,592,603</u></u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

14. Fixed asset investments

Group	Philpotts Educational Charity £	Music Bursary Fund £	Bursary Fund £	Total £
Cost or valuation				
At 1 August 2023	622,110	398,634	340,583	1,361,327
Additions	149,439	80,904	79,753	310,096
Disposals	(142,289)	(88,753)	(86,700)	(317,742)
Revaluations	61,914	22,327	29,945	114,186
Movement in cash	(1,970)	(527)	8,053	5,556
At 31 July 2024	<u>689,204</u>	<u>412,585</u>	<u>371,634</u>	<u>1,473,423</u>
Net book value				
At 31 July 2024	<u>689,204</u>	<u>412,585</u>	<u>371,634</u>	<u>1,473,423</u>
<i>At 31 July 2023</i>	<u>622,110</u>	<u>398,634</u>	<u>340,583</u>	<u>1,361,327</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

14. Fixed asset investments (continued)

School	Investments in subsidiary companies £	Philpotts Educational Charity £	Music Bursary Fund £	Bursary Fund £	Total £
Cost or valuation					
At 1 August 2023	2	622,110	398,634	340,583	1,361,329
Additions	-	149,439	80,904	79,753	310,096
Disposals	-	(142,289)	(88,753)	(86,700)	(317,742)
Revaluations	-	61,914	22,327	29,945	114,186
Movement in cash	-	(1,970)	(527)	8,053	5,556
At 31 July 2024	<u>2</u>	<u>689,204</u>	<u>412,585</u>	<u>371,634</u>	<u>1,473,425</u>
Net book value					
At 31 July 2024	<u>2</u>	<u>689,204</u>	<u>412,585</u>	<u>371,634</u>	<u>1,473,425</u>
At 31 July 2023	<u>2</u>	<u>622,110</u>	<u>398,634</u>	<u>340,583</u>	<u>1,361,329</u>

Included within the Group's Fixed Assets investments is cash held of £40,555 (2023: £34,997).

Principal subsidiaries

The following was a subsidiary undertaking of the School:

Name	Class of shares	Holding	Included in consolidation
HCS Educational Services Limited	Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net liabilities £
HCS Educational Services Limited	119,637	(120,477)	(840)	(131,884)

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

15. Debtors

	Group 2024 £	<i>Group 2023 £</i>	School 2024 £	<i>School 2023 £</i>
Due within one year				
School fees	94,673	21,246	64,673	21,246
Amounts owed by group undertakings	-	-	119,723	146,675
Other debtors	13,080	25,391	11,197	23,610
Prepayments and accrued income	143,394	138,878	139,288	136,101
School fee extras	51,236	115,679	51,236	115,679
	302,383	301,194	386,117	443,311

Amounts owed by subsidiary are stated after impairment provisions totalling £131,882 (2023: £122,583).

16. Creditors: Amounts falling due within one year

	Group 2024 £	<i>Group 2023 £</i>	School 2024 £	<i>School 2023 £</i>
Bank loans	254,765	335,732	254,765	335,732
Advance fee payments	2,445,350	228,394	2,445,350	228,394
Trade creditors	171,282	137,657	171,282	137,657
Registration deposits	227,237	213,378	227,237	213,378
Other taxation and social security	141,604	139,888	141,604	139,888
Other creditors	97,384	108,103	97,384	108,103
Accruals and deferred income	551,943	478,354	505,007	475,957
	3,889,565	1,641,506	3,842,629	1,639,109
			Group 2024 £	<i>Group 2023 £</i>
Deferred income at 1 August 2023			250,917	480,795
Resources deferred during the year			242,161	250,917
Amounts released from previous periods			(250,917)	(480,795)
			242,161	250,917

Deferred income comprises of overseas tuition fees paid in advance of the start of term.

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

17. Creditors: Amounts falling due after more than one year

	Group 2024 £	<i>Group 2023 £</i>	School 2024 £	<i>School 2023 £</i>
Bank loans	1,876,250	<i>2,131,015</i>	1,876,250	<i>2,131,015</i>
Fees in advance	4,926,519	<i>180,385</i>	4,926,519	<i>180,385</i>
	<u>6,802,769</u>	<i><u>2,311,400</u></i>	<u>6,802,769</u>	<i><u>2,311,400</u></i>

Advance fee payments due in more than 1 year include £1,807,011 (2023: £113,936) that is due between 1 and 2 years, £2,544,049 (2023: £66,449) that is due between 2 and 5 years and £575,458 (2023: £Nil) that is due after more than 5 years. Amounts received and deferred during the year were £7,315,924 (2023: £97,387) with amounts utilised in the year of £352,834 (2023: £327,841).

Included within the above are amounts falling due as follows:

	Group 2024 £	<i>Group 2023 £</i>	School 2024 £	<i>School 2023 £</i>
Between one and two years				
Bank loans	<u>256,354</u>	<i><u>254,765</u></i>	<u>256,354</u>	<i><u>254,765</u></i>
Between two and five years				
Bank loans	<u>235,636</u>	<i><u>428,611</u></i>	<u>235,636</u>	<i><u>428,611</u></i>
Over five years				
Bank loans	<u>1,384,260</u>	<i><u>1,447,639</u></i>	<u>1,384,260</u>	<i><u>1,447,639</u></i>

Bank loans are being repaid by instalments as follows:

- 12 monthly instalments with interest at a fixed rate of 6.99% per annum. The loan matures on 31st December 2024.
- 12 monthly instalments with interest at a fixed rate of 4.99% per annum. The loan matures on 31st August 2023 .
- 12 monthly instalments at a fixed rate of 4.34% per annum, after an initial interest-only period which ended in July 2020. The loan matures on 30th June 2044.
- 60 monthly instalments with interest at a current rate of 2.11%. The loan matures in October 2026.

The bank loans are secured by first legal charges over Nos. 28 and 31 Castle Street, St. David's Hall Hereford, Quay House & Wilmot House.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

18. Financial instruments

	Group 2024 £	<i>Group 2023 £</i>	School 2024 £	<i>School 2023 £</i>
Financial assets				
Financial assets measured at fair value through income and expenditure	<u>1,446,206</u>	<u>1,361,328</u>	<u>1,446,208</u>	<u>1,361,330</u>
	Group 2024 £	<i>Group 2023 £</i>	School 2024 £	<i>School 2023 £</i>
Financial liabilities				
Other financial liabilities measured at fair value through income and expenditure	<u>(2,936,700)</u>	<u>(3,161,474)</u>	<u>(2,936,700)</u>	<u>(3,161,474)</u>

Financial assets held at fair value include assets held as investments.

Financial liabilities include loans, fee deposits, trade creditors, other creditors and accruals.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

19. Statement of funds

Statement of funds - current year

	Balance at 1 August 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2024 £
Unrestricted funds						
Designated funds						
SAS Support Fund	52,331	-	(52,331)	-	-	-
Outreach Music	25,271	11,077	(12,217)	-	-	24,131
Cantabile	4,632	-	(430)	-	-	4,202
	<u>82,234</u>	<u>11,077</u>	<u>(64,978)</u>	<u>-</u>	<u>-</u>	<u>28,333</u>
General funds						
General Funds	5,582,013	12,739,336	(12,271,163)	261,797	-	6,311,983
Total Unrestricted funds	<u>5,664,247</u>	<u>12,750,413</u>	<u>(12,336,141)</u>	<u>261,797</u>	<u>-</u>	<u>6,340,316</u>
Endowment funds						
Philpotts - Preserved value	154,417	-	-	3,860	-	158,277
Philpotts - Unapplied total return	434,470	10,665	(5,485)	(14,082)	61,914	487,482
	<u>588,887</u>	<u>10,665</u>	<u>(5,485)</u>	<u>(10,222)</u>	<u>61,914</u>	<u>645,759</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

19. Statement of funds (continued)

Restricted funds

Old Herefordian Bursary Fund	-	150,000	(150,000)	-	-	-
Charitable Bursary Fund	626,521	44,102	(3,650)	-	29,945	696,918
Music Bursary Fund	411,806	10,584	(18,961)	-	22,327	425,756
Friends Bursary Fund	178,023	19,096	-	-	-	197,119
Other Bursary Funds	78,356	394,401	(147,772)	(251,575)	-	73,410
Rowing Fund	1,105	-	-	-	-	1,105
	<u>1,295,811</u>	<u>618,183</u>	<u>(320,383)</u>	<u>(251,575)</u>	<u>52,272</u>	<u>1,394,308</u>
Total of funds	<u><u>7,548,945</u></u>	<u><u>13,379,261</u></u>	<u><u>(12,662,009)</u></u>	<u><u>-</u></u>	<u><u>114,186</u></u>	<u><u>8,380,383</u></u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

19. Statement of funds (continued)

The income on restricted funds comprised donations received during the current academic year.

a. The Old Herefordian Bursary Fund includes donations of £150,000 from The Old Herefordian Fund which contribute to the costs of scholarships and bursaries.

b. The source of the Charitable Bursary Fund is the donation of bursary fund contributions paid by parents when their child starts at Hereford Cathedral School. The purpose of the Charitable Bursary Fund is to make the School accessible to pupils who would not otherwise be able to access education at an independent school. The governors consider that giving access in this way fits with the ethos of the School, and is appropriate to a school which has close links to the church.

c. In 2011 the School was given a £325,000 legacy from the estates of two generous benefactors. The legacy stipulated that it should be used for a musical purpose. The governors decided that the legacy would be used to provide assistance for musically gifted children who would not otherwise be in a position to attend the School.

d. A Friends Bursary Fund has been set up which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees. Funds are received in the form of donations made by friends of the School.

e. Other bursary funds are other small donations restricted for use towards school bursaries.

f. The rowing fund is used to support the rowing activities of the School.

Endowment funds

The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947. the Scheme was varied to allow income to be used for the benefit of the School generally. The School operates a policy of total return on its Endowment Funds and the School extracts the dividend income and investment management fees each year. This totals £5,180 (2023: £5,367) and can be seen as a transfer on the Statement of Financial Activities from Endowment Funds to Unrestricted Funds.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

19. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 August 2022</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 July 2023</i>
	£	£	£	£	£	£
Unrestricted funds						
Designated funds						
SAS Support Fund	52,331	-	-	-	-	52,331
Marches 7's	1,685	-	(1,685)	-	-	-
Outreach Music	32,062	14,531	(21,322)	-	-	25,271
Cantabile	4,632	-	-	-	-	4,632
	<u>90,710</u>	<u>14,531</u>	<u>(23,007)</u>	<u>-</u>	<u>-</u>	<u>82,234</u>
General funds						
General Funds	5,260,555	12,278,612	(11,948,209)	(8,945)	-	5,582,013
Total Unrestricted funds	<u>5,351,265</u>	<u>12,293,143</u>	<u>(11,971,216)</u>	<u>(8,945)</u>	<u>-</u>	<u>5,664,247</u>
Endowment funds						
Philpotts - Preserved value	154,417	-	-	-	-	154,417
Philpotts - Unapplied total return	430,859	10,586	(5,219)	(5,215)	3,459	434,470
	<u>585,276</u>	<u>10,586</u>	<u>(5,219)</u>	<u>(5,215)</u>	<u>3,459</u>	<u>588,887</u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

19. Statement of funds (continued)

**Restricted
funds**

Old Herefordian Bursary Fund	-	150,000	(150,000)	-	-	-
Charitable Bursary Fund	592,096	37,092	(3,850)	-	1,183	626,521
Music Bursary Fund	408,210	10,706	(18,751)	14,160	(2,519)	411,806
Friends Bursary Fund	147,410	30,613	-	-	-	178,023
Other Bursary Funds	70,013	150,761	(142,418)	-	-	78,356
Rowing Fund	13,705	-	(12,600)	-	-	1,105
	<u>1,231,434</u>	<u>379,172</u>	<u>(327,619)</u>	<u>14,160</u>	<u>(1,336)</u>	<u>1,295,811</u>
Total of funds	<u><u>7,167,975</u></u>	<u><u>12,682,901</u></u>	<u><u>(12,304,054)</u></u>	<u><u>-</u></u>	<u><u>2,123</u></u>	<u><u>7,548,945</u></u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

20. Summary of funds

Summary of funds - current year

	Balance at 1 August 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2024 £
Designated funds	82,234	11,077	(64,978)	-	-	28,333
General funds	5,582,013	12,739,336	(12,271,163)	261,797	-	6,311,983
Endowment funds	588,887	10,665	(5,485)	(10,222)	61,914	645,759
Restricted funds	1,295,811	618,183	(320,383)	(251,575)	52,272	1,394,308
	<u>7,548,945</u>	<u>13,379,261</u>	<u>(12,662,009)</u>	<u>-</u>	<u>114,186</u>	<u>8,380,383</u>

Summary of funds - prior year

	Balance at 1 August 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2023 £
Designated funds	90,710	14,531	(23,007)	-	-	82,234
General funds	5,260,555	12,278,612	(11,948,209)	(8,945)	-	5,582,013
Endowment funds	585,276	10,586	(5,219)	(5,215)	3,459	588,887
Restricted funds	1,231,434	379,172	(327,619)	14,160	(1,336)	1,295,811
	<u>7,167,975</u>	<u>12,682,901</u>	<u>(12,304,054)</u>	<u>-</u>	<u>2,123</u>	<u>7,548,945</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Endowment funds 2024 £	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	-	-	9,323,354	9,323,354
Fixed asset investments	689,204	784,219	-	1,473,423
Current assets	-	610,089	7,665,851	8,275,940
Creditors due within one year	(43,445)	-	(3,846,120)	(3,889,565)
Creditors due in more than one year	-	-	(6,802,769)	(6,802,769)
Total	645,759	1,394,308	6,340,316	8,380,383

Analysis of net assets between funds - prior period

	<i>Endowment funds 2023 £</i>	<i>Restricted funds 2023 £</i>	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Tangible fixed assets	-	-	8,732,724	8,732,724
Fixed asset investments	622,110	739,217	-	1,361,327
Current assets	-	569,058	838,742	1,407,800
Creditors due within one year	(33,223)	(12,464)	(1,595,819)	(1,641,506)
Creditors due in more than one year	-	-	(2,311,400)	(2,311,400)
Total	588,887	1,295,811	5,664,247	7,548,945

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

22. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2024 £	<i>Group 2023 £</i>
Net income for the period (as per Statement of Financial Activities)	831,438	380,970
Adjustments for:		
Depreciation charges	650,801	653,980
Gain on investments	(114,186)	(2,123)
Dividends, interests and rents from investments	76,910	109,393
Increase in debtors	(1,189)	(81,135)
Increase/(decrease) in creditors	112,070	(358,012)
Net cash provided by operating activities	1,555,844	703,073

23. Analysis of cash and cash equivalents

	Group 2024 £	<i>Group 2023 £</i>
Cash in hand	7,973,557	1,106,606
Total cash and cash equivalents	7,973,557	1,106,606

24. Analysis of changes in net debt

	At 1 August 2023 £	Cash flows £	At 31 July 2024 £
Cash at bank and in hand	1,106,606	6,866,951	7,973,557
Debt due within 1 year	(549,110)	67,108	(482,002)
Debt due after 1 year	(2,131,015)	254,765	(1,876,250)
	(1,573,519)	7,188,824	5,615,305

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

25. Capital commitments

	Group 2024 £	Group 2023 £
The Group and the School had the following contracted capital commitments:		
Capital commitments	<u>140,341</u>	<u>56,653</u>

26. Pension commitments

Defined contribution scheme

The School operates defined contribution schemes for teaching and non-teaching staff. The assets of these schemes are held separately from those of the company in a fund independently administered by HBOS, Nest and Aviva. The pension cost charge represents contributions payable by the company to these funds and amounted to £188,793 (2023: £193,206). The Aviva scheme was opened on 1 January 2021 to all teaching staff, and is a defined contribution scheme offered as an alternative to the Teachers Pension Scheme.

Defined benefit scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £837,694 (2023: £698,296) and at the year-end £90,683 (2023: £107,242) was accrued in respect of contributions to these schemes.

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 2020 and the Valuation Report was published in October 2023. The latest valuation showed total scheme liabilities of £262,000 million and notional assets of £222,200 million, giving a notional past service deficit of £39,800 million.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation has valued the 'greater value' benefits for groups of relevant members.

The employer contribution rate for the TPS is 28.6%, and employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the School has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

27. Operating lease commitments

At 31 July 2024 the Group and the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2024 £	<i>Group 2023 £</i>
Not later than 1 year	357,651	<i>417,438</i>
Later than 1 year and not later than 5 years	1,278,976	<i>1,240,230</i>
Later than 5 years	9,054,019	<i>9,041,726</i>
	<u>10,690,646</u>	<i><u>10,699,394</u></i>

28. Related party transactions

A number of governors have, or did have, children who are educated at the School. All fees are paid under normal terms. 4 governors also have spouses employed by the school, under normal contractual terms.

Governors made donations of £2,630 to the school towards bursary funds (2023: £847).

The Old Herefordian Fund (charity number: 504119) is a charity in which J Sheldon, a governor at the School, is also a trustee. The Old Herefordian Fund contributed £150,000 (2023: £150,000) towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and is therefore categorised as a restricted donation. During the year £173,159 (2023: £173,159) of rent was paid to the Old Herefordian fund.

HEREFORD CATHEDRAL SCHOOL

England & Wales - Charity number 518889

Accounts



HEREFORD
CATHEDRAL
SCHOOL

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2023

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MESSAGE FROM THE CHAIR OF GOVERNORS

The Board are delighted to note the continuing development and implementation of the school's digital strategy. This continues to grow our capability and has such a positive impact across all dimensions of the School's operations. Of similar importance has been our focus and articulation of the School's values: kindness, courage and integrity. We recognise our values define who we are; they are signposts for the choices we make as well as how we interact with each other.

Both these initiatives have been well received by parents, pupils and staff.

The School continues to optimise its operations, creating a whole-school admissions department and increasing its use of tracking and performance measurement, particularly in academic and commercial environments.

In parallel, the Board are pleased to note the continuing strong demand for boarding as Wilmot House is full.

During the year, Lorraine Atkins joined the Board; she brings considerable educational and leadership experience, both in the UK and further afield. We wish to thank Dr Tim Keyes for so ably leading the Education Committee for a number of years and with sadness note the passing of our previous Chair of Governors, Rear Admiral Philip Wilcocks. He has left us a strong legacy.

As we look ahead into the next few years, we continue to develop and diversify our revenue streams, and are pleased to note the conclusion of our first international commercial and educational agreement. This aspect has particular relevance as we continue to mitigate the expected impact of regulatory and tax changes.

In conclusion, I wish to thank our parents for their confidence in us, our staff for their commitment and expertise, our donors and supporters of all varieties and, of course, all the volunteer bodies for their continuing support and commitment. We are one-team and combined, we achieve the most impact and value as we grow people, transform lives and shape futures.



Mr C Morgan-Jones
Chair of Governors

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2023

The Governors present the Report of the Trustees for the year ended 31 July 2023, which incorporates the Strategic Report under the Companies Act.

REFERENCE AND ADMINISTRATIVE INFORMATION

The regulating document of Hereford Cathedral School is a Charity Commission Scheme made under the Endowed Schools Acts on 26 June 1893, with the latest amendment in 1987. The School is a registered charity, number 518889. The registered company number is 2081261. The governing instrument is the Memorandum and Articles of Association, adopted on 5 December 1986.

The charitable company does not have a share capital, but the directors, as members, have undertaken to contribute a sum not exceeding one pound each in the event of a deficiency on winding up the company's affairs.

Senior School and Registered Office:
Old Deanery
The Cathedral Close
Hereford
HR1 2NG

Junior School:
28 Castle Street
Hereford
HR1 2NW

www.herefordcs.com

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Management

Governors, as the charity trustees, are legally responsible for the overall management and control of the School. The governors determine the general policy, as well as being responsible for the strategic management and control of the business activities of the School. Meetings of the full governing body are held at least once a term, with occasional extra meetings called if matters arise of a sufficiently serious nature.

This year marked Dr Michael Gray's second year in-post as Headmaster of the School and he has continued to move the School forward with ambition and drive with the task of implementing Vision 2030 and delivering his clear strategic objectives. At the heart of his approach has been ensuring that all pupils leave the School 'real-world ready' and equipped for a rapidly changing world. An integral part of this has been the introduction of the digital strategy which saw the extremely successful implementation of the bring-your-own-devices digital strategy. This strategy has also included in the integration of VR into the curriculum.

Additionally, the introduction of the HCS Diploma has also enhanced the real-world readiness of pupils who have taken elective courses on subjects such as 'how to have difficult conversations', 'the art of public speaking', 'financial literacy' and 'cooking on a budget'.

The operational management of the School is delegated to the Headmaster, Head of the Junior School and their respective Senior Leadership Teams (SLT) and together this group are the key management personnel. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel. The Headmaster, Head of the Junior School and the Bursar attend all meetings of the governing body's committees, which discuss issues for forwarding to the full governors' meetings. The main governor committees are Finance, Education, Safeguarding and General Purposes. In addition to these meetings, governors and senior leaders also attend meetings covering Health & Safety and Salaries and Personnel. Mr W Hanks is the designated governor for Safeguarding issues.

The School recognises the National Education Union (NEU) through an informal agreement for the purposes of pay, holidays and working hours. A Joint Negotiation Committee acts as the bargaining unit (all teachers). Remuneration policy and budget is set by the governors, with the objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly the individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools and the maintained sector to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point on the pay scale, recognising that staff costs are the largest single element of our charitable expenditure.

Recruitment and Training of Governors

The recruitment of new governors is based on a pre-determined set of skills and competences across a range of disciplines such as: education, finance, law, religion, land & buildings and business. The policy of the governors is to maintain a balanced and diverse board, with a broad experience base, covering all of the topics outlined above. New governors are inducted into the workings of the School, including governing body policy and procedures, at an induction workshop

specially organised for them by the Headmaster, the Head of the Junior School and Clerk. The new governors also attend specialist external and/or online courses on the role and responsibilities of charity trustees. All new governors are issued with an induction manual, which seeks to assist in the understanding of the complex issues faced by a new charity trustee and non-executive director.

In addition, all new governors are expected in their first year to sit on each of the sub-committees in order to understand all aspects of the School's business. Governors attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. All employees are appointed in accordance with safer recruiting guidelines and particular emphasis and attention is given to safeguarding and background checks.

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

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

Investment policy and objectives

The School's investment objectives are to balance the current and future needs by:

- Maintaining (at least) the value of the investments in real terms
- Producing a consistent and sustainable amount to support expenditure
- Delivering these objectives within acceptable levels of risk

To meet these objectives, the School's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the Charity Commission has been made aware of the School's intention to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. The investment strategy and policy are monitored by the Finance Committee, as is investment performance, which is reported below, within the Strategic Report.

CHARITY TRUSTEES AND COMMITTEE MEMBERS

The governors are elected at a full governors' meeting, and their appointment is confirmed at the next AGM. The Dean and Chapter (D&C) of Hereford Cathedral have the right to recommend up to one quarter of the total number of governors. One third of the governors, or if their number is not three or a multiple of three, then the number nearest to, retire from office at each Annual General Meeting. They can be re-elected. The governors had no interests which were required to be disclosed under the Companies Act 2006. Unless otherwise determined by the company by ordinary resolution, the number of governors shall not be less than 10, or more than 18. The governors of the School, who are also the charity trustees and the directors of the company who served during the year and up to the date of approving these financial statements, were:

Elected Members

Rear Admiral P Wilcocks (Chairman) (Deceased 9 April 2023)
Mr C Jones (Morgan-Jones) (Chairman) with effect from 10 April 2023
Mr C D Hitchiner (resigned 25 November 2022)
Mr A Teale
Mr W Hanks
Mr T Keyes (Resigned 10 July 2023)
Mr J Sheldon (on sabbatical 1 April – 1 September 2022)
Mrs K Usher (reappointed 24 March 2023)
Mr J Preece
Mr D Ashcroft
Mrs J Millar
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey (appointed 9 June 2022)

D&C Nominated Members

Mr W Hanks
Mr A Teale
The Reverend Prebendary N Lowton

Officers

Dr M E P Gray Headmaster
Mrs H Hoffmann Head of the Junior School
Mr R Pizii Secretary, Bursar and Clerk to the Governors

Finance Committee

Mrs J Millar (Chair)
Mr W Hanks
Mr D Ashcroft
Mr J Sheldon (on sabbatical 1 April – 1 September 2022)

In attendance: Headmaster, Head of the Junior School, Bursar, Accountant, Chairman of the Board.

Education Committee

Mr T Keyes (Chairman)
Mr A Teale
Mr C Jones
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey

In attendance: Headmaster, Head of the Junior School, Academic Deputy, Director of Studies, Chairman of the Board.

General Purposes Committee

Mr J Preece (Chairman)
Mr J Sheldon
Mrs J Millar

In attendance: Headmaster, Head of the Junior School, Bursar, Chairman of the Board.

Safeguarding Committee (Established 25 May 2022)

Mr W Hanks (Chairman)
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
Mr J Storey

In attendance: Headmaster, Head of the Junior School, Deputy Head HCS, Deputy Head HCJS, Chairman of the Board.

SUBSIDIARIES

During the financial year, the School had one trading wholly-owned subsidiary, HCS Educational Services Limited. Hereford International School Ltd was dormant during the year.

SOLICITORS

Humfrys & Symonds
St John's Chambers
St John Street
Hereford
HR1 2NG

Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

BANK

Lloyds Bank Plc
6-8 High Street
Hereford
HR1 2AE

AUDITOR

Crowe U.K. LLP
4th Floor
St James House
St James' Square
Cheltenham GL50 3PR

INVESTMENT MANAGERS

Brewin Dolphin
St James' House
St James' Square
Cheltenham
GL50 3PR

Investec
30 Gresham Street
London
EC2V 7QP

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The governors undertake a full review of risk management procedures each year, with each sub-committee tasked with assessing and rating risks relevant to the areas for which they hold responsibility. The risks faced by the School include political, buildings (on-going maintenance and health and safety considerations), demographic and economic changes and recruitment and retention of high-quality staff and pupils. Issues are identified and discussed with the specific purpose of reducing risk in all areas, with the findings reviewed annually at full Board level.

The other key control mechanisms used to mitigate risk wherever possible are:

- Formal agendas for all governors' meetings.
- Full and thorough management accounting, budgeting and 5-year planning.
- Preparation of, and reference to, written policies and committee terms of reference.
- Operational management through an organisational structure.
- Clear authorisation and approval levels for expenditure of budgets.
- Robust procedures for legislative compliance educationally, financially and legally.
- Membership of professional bodies which advise and support the school: AGBIS, HMC, IAPS, ISBA and BSA.
- Full insurance cover which is reviewed annually.

Principal Risks

The Labour Party's manifesto pledge of the introduction of VAT onto independent school fees represents a risk to the affordability of the fee and in particular, in reducing the socio-economic breadth of families which can afford to send their children to the School. Geopolitical concerns continue to provide challenges, but we have been heartened by the demand for places in our boarding house, which has expanded its capacity and is full.

The affordability of the fees, which have needed to be increased this year, remains something of which the Board is eminently mindful. The Board continues to look to mitigate that risk by diversifying income and generating non-fee sources of income through HCS Educational Services Ltd.

Political and economic risks remain and the Board and School are taking steps to mitigate these:

- Political pressures on the sector;
- Affordability of the fee at a time of inflation;
- Geopolitical impacts on boarding; and
- Demography of Herefordshire.

Uncertainty

"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."

- Donald Rumsfeld

Governors and the SLT are fully aware of Donald Rumsfeld's "known unknowns" and "unknown unknowns". They endeavour to understand the implications of uncertainty by keeping abreast of developments within the sector through regular networking meetings, ongoing training and the use of consultants where appropriate.

Insofar as the governors are aware:

- There is no relevant audit information of which the charity's auditor is unaware, and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OBJECTIVES

The charitable objects of the School are to promote the advancement of education by acquiring, establishing, providing, conducting and carrying on schools in which boys and girls of all sections of the community may receive a sound general education (including religious instruction in accordance with the doctrines of the Church of England). The charitable company's principal activity continues to be the running of the Hereford Cathedral Senior and Junior Schools.

It is the policy of the School to attain the highest academic standards for our pupils and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. The School welcomes pupils from all backgrounds. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

AIMS

The School's aims and the intended impact of its activities are:

- To produce well-rounded individuals not only through the national curriculum, but also the opportunities of a wide range of additional activities, including: music, sport, the Duke of Edinburgh (DoE) award scheme and the Combined Cadet Force (CCF)
- To provide a structured educational environment that develops pupils' capabilities, where each student can develop and fulfil his or her potential, building their self-confidence and creating a desire to contribute to the wider community. The School recognises that a diverse range of cultures will significantly add to this goal, and therefore welcomes pupils from other countries who would directly benefit from our unique Cathedral School education. In addition, the School provides music and community support to the Cathedral, as well as the sub-letting and sharing of School facilities with the wider community

The School was extremely successful in fulfilling its aims and ensuring that it provided a very high quality and holistic education, which maximised opportunities and provided a real breadth of educational experience.

REPORT ON OBJECTIVES TO DATE

Governors and the SLT placed an emphasis on a new set of Strategic Objectives, focussed on the delivery of Vision 2030. The main objectives for the period were:

- Academic Excellence. Through: tracking, exam experience, curricular continuity, scholars' extension programme, broadening the Sixth Form curriculum and reviewing marking policies, feedback and reports.
- Breadth of Opportunity. Implementation of the digital strategy, a range of extra-curricular enhancements, outreach, careers workshops and linking with NMITE.
- Caring for Everyone. Coordinated programme of CPD, New common rooms for pupils in Y10 and Y11; ongoing development of PSHE curriculum.
- Expanding Demand. Re-structure of admissions department to bring Junior and Senior staff and processes together; introduction of visitor mornings; Whole School Open Mornings.
- Finance and Facilities. Ongoing diversification of income and exploration of commercial projects at home and abroad.

STRATEGIES TO ACHIEVE OBJECTIVES IN 2022/23

The various governor committees work together to assess the needs of the School from an educational, charitable and financial perspective.

- The Education Committee seeks to continually develop the academic, pastoral and extra-curricular provision offered at the School, and also encourages facility development in conjunction with the General Purposes and Finance Committees.
- The Finance Committee continues to apply controls to ensure that the development of the staffing and the fabric of the School is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, as a mainstay of the School's delivery of public benefit.
- The General Purposes Committee seeks to prioritise those areas of the School identified as needing physical improvement and works to a medium-term plan, with surpluses in excess of budget used to accelerate the plan.
- A Safeguarding Committee has been created, in recognition of the importance of this issue and the Governors' role in overseeing safeguarding matters and managing risks. This also provides them with an opportunity to anonymously review particular cases to ensure that best practice was followed.
- The Trustees hold an annual 'Strategy Day', devoted to developing the School's long-term vision and objectives.

The governors continued to support the SLT to build links and encourage community access of the School facilities for educational purposes and the delivery of outreach programmes.

GRANT-MAKING POLICY

The governors' policy, in line with other independent schools, is to award scholarships on the basis of the individual's academic, musical, dramatic, artistic and sporting ability. Bursaries and Fees Assistance are awarded to individuals who qualify under a stringent means-testing system but are not required to be academic high-flyers. Hardship bursaries are also awarded, usually of a short-term duration, to families facing immediate financial crises and who would otherwise be required to withdraw their children from the School.

PLANS FOR FUTURE PERIODS

The future success of the School is obviously linked to a high demand for places at the School, which in-turn is achieved by providing the highest quality of education. There has been a dynamic momentum over the past year as a result of the very successful implementation of several new strategies and initiatives. The academic year 2023/24 will witness the launch of the new school values of kindness, courage and integrity, as well as a new rewards and sanctions system. This is accompanied by a sophisticated tracking system which links academic and pastoral development. Renovations to the physical space and developments in the curriculum also mean that there are important changes in the Sixth Form.

The School's international reputation is also growing, through the success of its boarding and considerable work taking place as it aspires to establish an overseas franchise.

Governors and Senior Leadership are continuing to develop a medium and long-term strategy for the School and have taken decisive steps towards increasing the number of international students which will help secure the future of the School for generations to come. The governors have further refined the details of Vision 2030 and discussed contingencies to mitigate the impact of the risks facing the School.

OVERVIEW OF 2022/23

PUBLIC BENEFIT – FEES ASSISTANCE

The School offers substantial financial provision, funding a significant number of transformational bursaries and provides a greater ratio of bursaries to scholarships within its recruitment and charitable strategies, including free places to some individuals. The school seeks to provide approximately 10% of gross fee income in the form of scholarship and bursary awards. Bursaries and scholarships awarded in 2022/23 were 8 and 2% of fee income, respectively. Bursaries were awarded to 13% of pupils and included 25 at 75% and above of which there were 8 100% awards. The average fee assistance award was 67%. Special scholarships are also awarded to children of military personnel serving within the Hereford Garrison.

The School prospectus and website includes reference to the availability of Fees Assistance; "Entrance Bursaries" are only awarded after undertaking robust means testing procedures, usually including home visits and interviews of all parents by an independent company. In assessing means we take a wide range of factors into consideration which include family net worth, including: income, investment and savings, and family circumstances such as dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee. Parents in receipt of significant bursary awards (over 50%) will also be interviewed by the Headmaster and Bursar. "Hardship Bursaries" are not always subject to the same assessment procedure and are normally awarded to pupils who have been at the School for at least 12 months (although exceptions may be made in the event of extraordinary circumstances, e.g. death of a parent). These are generally short-term awards to allow parents time to resolve their financial difficulties.

In the Spring Term 2022, the School was able to establish a modest short-term Ukraine hardship bursary fund, supported by a number of generous parents and other benefactors with the aim of supporting those who had relocated due to the war in their home country. £28k was raised and drawn down in the prior period; in this period a further £18k was received from 5 individual donors, £30k from a charitable trust and £29k from the DfE, all funds were drawn down in-year. The School supported 3 boarders 1 day pupil and anticipates that this will be an on-going issue.

During academic year 2022/23, there were a total of four fully-funded Ukrainian pupils in the School, two of whom were boarders and all of whom were the recipients of bursaries.

PUBLIC BENEFIT – OTHER

Local groups and clubs usually have the opportunity to hire and use the School's facilities, including the sports hall, the Powell Theatre, St David's Hall, playing fields and minibuses which are used for a variety of sporting, educational and music activities within the local community. The CCF partnership with a local academy school continues and provides wonderful opportunities for local children to develop their skills and broaden their opportunities. The School provides a Cadet in support of the Lord Lieutenant and their civic duties.

The School hosts and sponsors sporting events involving local primary and secondary schools, including: the County Primary Schools Football Tournament and a variety of county schools' events. Our sports pitches are used weekly by local community clubs, the School also continues to work closely with the County Cricket establishment.

The School continues to support the local community with outreach work in the state education sector, particularly in musical activities. The School hosted a Cyber Security workshop, run through the National Cyber Security Centre for local state schools. Staff deliver workshops and specialist lessons in other school. Pupils volunteer as part of the DoE scheme and the 6th Form HCS Diploma. The Junior School partners with Umubano Academy in Kigali as a cultural knowledge exchange.

Music outreach includes a new Music Makers series for aspiring musicians and two community choirs. The School's music department brings together a number of the County's primary schools for a number of large-scale events: such as a Primary Schools' Advent carol service (200 children) and a major choral & orchestral concert in the Spring Term (200 children).

The School supports members of staff who volunteer to sit on local boards of governors or trustees across educational and other not-for-profit organisations. This involves releasing them from their duties to attend meetings and fulfil other commitments in their capacities as governors or trustees. Other members of staff help at local schools and academies, particularly with exam moderation and PGCE teacher placements. The school also supports those wishing to stand for public office or supporting the democratic process. The School's activities and partnerships are recorded in the Schools

Together website: www.schoolstogether.org. The School's Charity Committee continues to be busy raising money for various worthwhile causes locally and nationally.

In drafting the above statements, the governors have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

SCHOOL PERFORMANCE

Hereford Cathedral School achieved excellent A Level results and combined with its GCSE, it once again places the School as the highest performing School or College in the County and it remains a highly respected and well established coeducational HMC School.

A number of pupils achieved straight A*s or As at A Level and took up places at some of the world's leading universities including Oxbridge.

At GCSE results were impressive across the board, with excellent outcomes in all departments and the Sciences, English Language and Maths being of particular note.

The School appointed some excellent new staff throughout the year including a new Head of Futures and Houseparent.

As a consequence of its strong academic performance and exciting new developments, the demand for places has increased and the School's prospects look attractive.

FUNDRAISING PERFORMANCE

2022/23 saw significant progress made in the School's on-going work of raising voluntary funding and building a legacy/bequest stream, achieving the best levels of fundraising income in the last decade. A Bursary Fund Appeal was launched in Feb 2020 and the Development Office continues to promote this to alumni through social media, in person conversation and through the annual alumni magazine. In addition, the Development Director works to build relationships with charitable trusts and foundations to obtain grant funding wherever possible.

For the Academic year 2022/23 the following voluntary income has been generated:

- HCS received £125.7k in bursary support from 6 grant making bodies, which supported 11 specific pupils.
- £7.5k of additional donations from individuals were received specifically to support Ukrainian pupils
- £10k grant to be used over the coming years to support music tuition for ex-choristers were the family's financial situation makes that unaffordable.
- £9.7k donated to in-year bursary fee support.
- The Knapton Legacy continues to grow and generate income for a funded day place
- Restricted Funds - Bursary Funds and Awards, excluding the Knapton Bursary, grew in value to £231k (including gift aid) and increase of £36k on the previous year.
- Funds raised for other purposes in 2022/23 were £7.6k.
- HCS has been pledged £132.5k for 2023/24 plus the pledge of £250k remains in place and will carry forward to 2023/24.
- Known pledges for future academic years amount to £109k for 2024/5 and £97K for 2025/26

The School is particularly grateful to the Mosawi Foundation, the Tabor Fund; EAC Educational Trust, the French Huguenot Church and one anonymous donor for their continued support. The School is also grateful to the Old Herefordian Fund (whose numbers are not included in the above, but shown elsewhere) for their on-going support.

The School employs a full-time member of staff in a development role, including fundraising. The School raises funds either through applications to external grant making bodies or through appeals to alumni and parents. Funds raised are almost exclusively used for fee support for pupils. The School does not use external or "professional" fundraisers. The School is a member of The Institute for Development Professional in Education (IDPE) which is a body that advises members on best practice in fundraising and compliance with fundraising regulations. The charity monitors its fundraising activities of any person acting on its behalf, through regular meetings with the Headmaster and termly reports to the governors. There is a governor with specific focus on Fundraising compliance as part of their role.

The governors do not know of any failure by the charity, or of any person acting on its behalf, to comply with fundraising standards. The charity received no complaints relating to its fundraising activities. The charity protects vulnerable people and other members of the public from behaviour which, is unreasonable intrusion on a person's privacy, is unreasonable persistent, places undue pressure on a person to give money. The charity does not approach members of the public for fundraising. All applications relating to pupils are confidential and data is handled accordingly. The School raised funds from alumni and parents in the last year; these people have an existing relationship with the School. The School does not undertake cold calling, telephone campaigns or employ any third parties to raise funds on our behalf. The School, through

its Head and Development Director, is aware of the duty of care when raising money from former pupils and parents who might be classed as vulnerable and of the need to be sensitive; not invade privacy or be unreasonably persistent. The Development Director regularly attends industry conferences and regional networking meetings to ensure we are aware of, compliant with and sensitive to, the letter and spirit of regulatory guidelines, legislation and best practice in our fundraising.

The governors are aware of the increasing regulations with regards to fundraising and are keen to adopt an ethical and transparent approach in this respect.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year is set out on page 19. The financial statements comply with the applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice applicable to charities (Charities SORP 2015 (FRS 102)).

Gross Fee income increased by £831k (7.8%) during the year.

The Bursary worked hard with parents to manage fee payments, flexibility was offered over timing and ultimately a high percentage of the fees due were paid in the period. Fee debt has continued to be well managed, reducing again this year with minimal write-off.

The School's financial position continues to be strong. The School was able to invest in the estate, completing capital and routine tasks that had been deferred in recent years due to Covid and non-availability of contractors. The Board were pleased to bring pay into line with the National scales and are alert to future increases in the employer's contribution to the Teachers' Pension Scheme. The Board continue to be alert to the threats and pressures on the School and wider economy; the strong closing position gives the Board confidence that the School was, and remains, a "going concern".

The surplus for the year (before transfers between funds and losses on investment assets) amounted to £378,847 (2022: £509,774). The surplus for the year after transfers between funds and losses on investment assets amounted to £380,970 (2022: £408,103) and has been transferred to reserves. Total funds amounted to £7,548,945 (2022: £7,167,975).

INVESTMENT POLICY AND PERFORMANCE

The governors' investment powers are set out in the regulating document.

Governors have continued to manage the investments in accordance with this policy and returns are considered to be satisfactory in view of the performance of the stock market during the year.

In common with other independent schools, the governors have invested substantial sums into School buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The "free reserves" as at 31 July 2023 consist of unrestricted net current liabilities as shown in note 18 amounting to (£748,132); (2022: (£469,217)). The governors have chosen to invest in boarding and technology as part of the long-term strategy to increase pupil numbers and innovate teaching and learning and therefore do not consider it appropriate at this time to place a great deal of emphasis on this figure. Rather, the figure illustrates the extent of the investment in our School, which is a common practice by independent schools which have to finance their own capital investment plans. The closing value of our tangible assets, property, plant and equipment, was £8,732,729; (2022: £8,543,038).

The governors consider that given the strength of the charity's balance sheet, the stable cash flow, the on-going popularity and academic success of our School, that there is no current need to build up a large free reserve.

The School had total reserves of £7,548,945 at the year-end (2022: £7,167,975), of which £1,295,811 is restricted (2022: £1,231,434), £588,887 is endowed (2022: £585,276), leaving £5,664,247 of unrestricted funds (2022: £5,351,265).

The governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements with our bank are in place to provide an adequate "safety net" should it be required.

The School's long-term investments are managed by two investment companies. At the year-end the total value of the investment portfolio was £1,361,328 (2022: £1,360,024). The overall investment return amounted to £13,072 (calculated as the net investment gain of £2,123 plus dividends and interest received of £24,283 less management fees of £13,334). This year's results validate the objective to hold these investments in the long-term and accept short-term fluctuations in value.

Under the total return accounting basis, it is the governors' policy to extract as income one tuition fee. This fee is used to support the bursary of the "Knapton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knapton and

Mrs Kathleen Cavill. The governors will keep the level of income withdrawn under review to balance the need and interests of current and future beneficiaries of the School's activities.

GOING CONCERN

The Board has paid due attention to the advice and modelling of the School's employees, the SLT and professional advisors including the School's auditors and consider that the School remains financially viable.


A range of five-year scenarios were modelled and refined, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. Performance against budget has been steady, and the School has emerged from the pandemic with strong growth. Additional emphasis and resources are being allocated to marketing and the management and Board remain alert to the possibility of further structural changes based on the budget projections.

Political threats, particularly of VAT on fees are the subject of regular review by the SLT and the Board. It is considered that the School's cash and investments will protect it from unexpected sudden shocks, giving time for structural adjustments, should these prove necessary.

The School's bankers, Lloyds, have continued to be fully engaged and remain supportive of the School's aspirations.

The Trustees Annual Report is approved by the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as directors at their meeting on 13 December 2023 and signed on its

behalf by:



Mr C Morgan-Jones
Director

STATEMENT OF GOVERNORS' RESPONSIBILITIES


The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the order of the Board of Governors on 13 December 2023 and signed on its behalf by:



Mr C Morgan Jones
Director

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL

Opinion

We have audited the financial statements of Hereford Cathedral School (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the School balance sheet, the Consolidated statement of cash flows and the related notes, 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 School's and of the parent charity's affairs as at 31 July 2023 and of the School's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 matters prescribed by the Companies Act 2006

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

- the information given in the Governors' report which includes the directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the strategic report and the directors' report included within the Governor's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' or strategic report included within the Governors' report.

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

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

Responsibilities of trustees

As explained more fully in the Governors' responsibilities statement set out on page 15, the Governors (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 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 School's and the parent 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 School or the parent charity or to cease operations, or have no realistic alternative but to do so.

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within Bursaries, Scholarships and other discounts and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance & Resources Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over Bursaries, Scholarships and other discounts, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate and Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of Irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

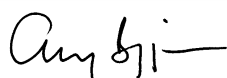
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

HEREFORD CATHEDRAL SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL
(CONTINUED)

Use of our report

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



Crowe U.K. LLP
Guy Biggin (Senior statutory auditor)
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 13 December 2023

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2023**

	Note	Endowment funds 2023 £	Restricted funds 2023 £	Unrestricted and designated funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income and endowments from:						
Donations and legacies		-	363,082	-	363,082	366,104
Charitable activities	4	-	-	12,045,739	12,045,739	10,835,470
Other trading activities	5	-	-	235,387	235,387	40,539
Investments	6	10,586	16,090	12,017	38,693	24,625
Total income and endowments		10,586	379,172	12,293,143	12,682,901	11,266,738
Expenditure on:						
Raising funds:	7					
Other raising funds		5,219	8,115	260,164	273,498	256,112
Charitable activities:						
Other charitable activities		-	319,504	11,711,052	12,030,556	10,500,852
Total expenditure		5,219	327,619	11,971,216	12,304,054	10,756,964
Net income before net gains/(losses) on investments		5,367	51,553	321,927	378,847	509,774
Gains/(losses) on investments		3,459	(1,336)	-	2,123	(101,671)
Net income		8,826	50,217	321,927	380,970	408,103
Transfers between funds	18	(5,215)	14,160	(8,945)	-	-
Net movement in funds		3,611	64,377	312,982	380,970	408,103
Reconciliation of funds:						
Total funds brought forward		585,276	1,231,434	5,351,265	7,167,975	6,759,872
Net movement in funds		3,611	64,377	312,982	380,970	408,103
Total funds carried forward		588,887	1,295,811	5,664,247	7,548,945	7,167,975

The notes on pages 25 to 52 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2023**

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	8,732,724	8,543,038
Investments	13	1,361,327	1,360,022
		10,094,051	9,903,060
Current assets			
Debtors	14	301,194	220,059
Cash at bank and in hand		1,106,606	2,060,015
		1,407,800	2,280,074
Creditors: amounts falling due within one year	15	(1,641,506)	(2,201,892)
		(233,706)	78,182
Total assets less current liabilities		9,860,345	9,981,242
Creditors: amounts falling due after more than one year	16	(2,311,400)	(2,813,267)
Total net assets		7,548,945	7,167,975

HEREFORD CATHEDRAL SCHOOL

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2023

	Note	2023 £	2022 £
School funds			
Endowment funds	18	588,887	585,276
Restricted funds	18	1,295,811	1,231,434
Unrestricted funds			
Designated funds	18	82,234	90,710
General funds	18	5,582,013	5,260,555
Total unrestricted funds	18	5,664,247	5,351,265
Total funds		7,548,945	7,167,975

The financial statements were approved and authorised for issue by the Governors on 13 December 2023 and signed on their behalf by:



Christian Morgan-Jones
Governor



Jacqueline Millar
Governor

The notes on pages 25 to 52 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

SCHOOL BALANCE SHEET
AS AT 31 JULY 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	8,592,603	8,370,174
Investments	13	1,361,329	1,360,024
		9,953,932	9,730,198
Current assets			
Debtors	14	443,311	482,169
Cash at bank and in hand		1,104,616	2,059,965
		1,547,927	2,542,134
Creditors: amounts falling due within one year	15	(1,639,109)	(2,201,892)
		(91,182)	340,242
Net current liabilities / assets			
		9,862,750	10,070,440
Creditors: amounts falling due after more than one year	16	(2,311,400)	(2,813,267)
		7,551,350	7,257,173
Total net assets		7,551,350	7,257,173

HEREFORD CATHEDRAL SCHOOL

SCHOOL BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2023

	Note	2023 £	2022 £
School funds			
Endowment funds	18	594,102	585,276
Restricted funds	18	1,281,651	1,231,434
Unrestricted funds			
Designated funds	18	82,234	90,710
General funds	18	5,593,363	5,349,753
Total unrestricted funds	18	<u>5,675,597</u>	<u>5,440,463</u>
Total funds		<u><u>7,551,350</u></u>	<u><u>7,257,173</u></u>

The financial statements were approved and authorised for issue by the Governors on 13 December 2023 and signed on their behalf by:



Christian Morgan-Jones
Governor



Jacqueline Millar
Governor

The notes on pages 25 to 52 form part of these financial statements.

HEREFORD CATHEDRAL SCHOOL

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023**

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	703,073	1,529,637
Cash flows from investing activities			
Dividend income		17,810	22,784
Investment income		20,883	1,841
Interest on loans		(148,086)	(120,438)
Acquisition of fixed asset investments		818	5,091
Purchase of tangible fixed assets		(859,403)	(731,901)
Net cash used in investing activities		(967,978)	(822,623)
Cash flows from financing activities			
Cash inflows from new borrowing		97,387	610,197
Repayments of borrowing		(327,841)	(328,098)
New finance leases		(458,050)	(395,409)
Net cash used in financing activities		(688,504)	(113,310)
Change in cash and cash equivalents in the year		(953,409)	593,704
Cash and cash equivalents at the beginning of the year		2,060,015	1,466,311
Cash and cash equivalents at the end of the year	22	1,106,606	2,060,015

The notes on pages 25 to 52 form part of these financial statements

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

1. General information

Hereford Cathedral School is a charitable company limited by guarantee. The School is registered with the Charity Commission England and Wales (registered no: 518889). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02081261). Its registered and principal office is Old Deanery, The Cathedral Close, Hereford, Herefordshire, HR1 2NG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the School and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statement.

2.2 Basis of consolidation

These financial statements consolidate the results of the School and the wholly owned subsidiary, HCS Educational Services Limited. All intragroup transactions are fully eliminated on consolidation.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.3 Going concern

These financial statements have been prepared on the going concern basis, which the governors consider to be appropriate as a result of projections prepared, having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows. The governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainty's over the School's financial viability and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the governors' responsibilities on page 4.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.4 Taxation

As a charity the company is generally exempt from the corporation tax on income it receives. Although this exemption does not normally extend to trading income the company benefits from a concession, which also exempts such income from taxation, as the trade carried out is part of the primary purpose of the charity i.e. provision of education.

2.5 Income

All income is recognised once the School has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Fees consist of charges for the school year, less scholarships, bursaries and allowances granted by the School. Fees receivable and charges for services and use of premises, are accounted for in the period in which the service is provided.

To secure a place at the School, a registration fee is paid by all pupils, both domestic and international. This sum is non- refundable and goes towards the HCS Charitable Bursary Scheme, which is used to support pupils who would not otherwise be able to access education at an independent school. As the fee is non-refundable, the income is recognised in the Statement of Financial Position upon receipt of the funds.

Donations subject to specific wishes of the donors are carried to relevant restricted funds. Any donations received for the general purposes of the School are credited to "Unrestricted Funds". Donations are accounted for on receipt.

All investment income is credited according to the date of receipt into the investment cash account.

2.6 Expenditure

Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to the activity in the year. Irrecoverable VAT is included with the item of expense to which it relates. Support costs are those costs incurred in directly administering school operations as an educational establishment.

Governance costs comprise the costs of running the school, including strategic planning (for its future development), also external audit, any legal advice for the governors, and all the costs of complying with constitutional and statutory requirements, such as costs of governors' meetings and of preparing statutory accounts and satisfying public accountability.

Expenditure on raising funds includes all expenditure incurred by the School to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

Charitable activities include expenditure on providing education and include both direct costs and support costs relating to the activity

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.6 Expenditure (continued)

Allocation and apportionment of support costs

Support costs include central functions and are allocated to activity cost categorised on a basis consistent with the use of resources e.g. staff costs by the time spent and other costs by their usage

2.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the School; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

The School decided to take advantage of the transition option under FRS 102 to accept the property revaluation done in 2016 as deemed cost.

Freehold Property is depreciated between 1% and 2% each year. Land is not depreciated. The non-depreciable land element of the Freehold Property has been deemed to be 30% of the full cost, with depreciation being charged on the remaining 70%.

Leasehold property improvements are depreciated over the shorter of the lease term or the expected useful life of the asset.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the other assets on the following bases:

Motor vehicles	- 7 years
Fixtures and fittings	- 5 - 20 years
Computer equipment	- 3 - 5 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

Investments held as fixed assets are shown at cost less provision for impairment.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Advance fees

Fees paid in advance are included in creditors and released to the Statement of Financial Activities as they fall due.

Deposits

The governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held at the reporting date has been included within current liabilities. The prior year pupil fee deposits balance has been similarly represented.

Termination benefits

Termination benefits are recognised immediately as an expense when committed to terminate the employment of an employee or to provide termination benefits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.13 Financial instruments

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

2.14 Finance lease and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the statement of financial activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

2.15 Pensions

The School has the following pension schemes in place:

Defined contribution pension schemes

Halifax Bank of Scotland Investment Service (HBOS) and Nest for non-teaching staff. Aviva, a defined contribution scheme, for teaching staff.

Defined benefit scheme

Retirement benefits to teaching staff of the School are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, contracted out of the State Earnings Related Pension Scheme. TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they become due each year.

All pension costs are charged against unrestricted funds in line with the associated staff costs.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.16 Fund accounting

Unrestricted general funds are available for use at the discretion of the governors in furtherance of the general objectives of the school.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the school for particular purposes.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefits. Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the school. The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. It can be invested on a Total Returns basis.

3. Critical accounting estimates and areas of judgment

Estimates and judgments 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.

Critical accounting estimates and assumptions:

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of the tangible fixed assets and Note 2.5 for the useful lives for each class of fixed asset.

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 14 for the net carrying amount of the debtors and associated impairment provision.

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

4. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £
School fee income	10,588,517	10,588,517
Ancillary trading income	1,440,847	1,440,847
Entrance fees	16,375	16,375
	12,045,739	12,045,739
	12,045,739	12,045,739
	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
School fee income	9,713,346	9,713,346
Ancillary trading income	1,110,199	1,110,199
Entrance fees	11,925	11,925
	10,835,470	10,835,470
	10,835,470	10,835,470

The Old Herefordian Fund contributed £150,000 (2022: £170,759) towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and is therefore categorised as a restricted donation. During the year £173,159 (2022: £201,952) of rent was paid to the Old Herefordian fund.

	2023 £	2022 £
School fee income		
Gross fees	11,542,385	10,711,014
Less: Total bursaries, scholarships, allowances and discounts	(1,231,596)	(1,259,378)
Add: Bursaries paid from restricted funds	277,728	261,710
	10,588,517	9,713,346
	10,588,517	9,713,346

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

5. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2023 £	Total funds 2023 £
Teacher release	1,731	1,731
Rent and hire of school facilities	24,079	24,079
Hire of sports hall	22,566	22,566
External catering	20,327	20,327
Insurance Claim	64,099	64,099
Rates refund	34,638	34,638
Other	67,947	67,947
	235,387	235,387
	235,387	235,387

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Teacher release	3,803	3,803
Rent and hire of school facilities	10,536	10,536
Hire of sports hall	18,429	18,429
Insurance Claim	300	300
Other	7,471	7,471
	40,539	40,539
	40,539	40,539

6. Investment income

	Endowment funds 2023 £	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Investment income	10,586	16,090	12,017	38,693
	10,586	16,090	12,017	38,693

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

6. Investment income (continued)

	<i>Endowment funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Investment income	9,366	13,419	1,840	24,625
	<u>9,366</u>	<u>13,419</u>	<u>1,840</u>	<u>24,625</u>

7. Expenditure on raising funds

Costs of raising voluntary income

	Endowment funds 2023 £	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Generating donations - management fees	5,219	8,115	-	13,334
Generating donations - wages and salaries	-	-	94,888	94,888
Generating donations - NI	-	-	8,673	8,673
Generating donations - pension costs	-	-	8,517	8,517
	<u>5,219</u>	<u>8,115</u>	<u>112,078</u>	<u>125,412</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

7. Expenditure on raising funds (continued)

Costs of raising voluntary income (continued)

	<i>Endowment funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Generating donations - management fees	5,458	8,259	-	13,717
Generating donations - wages, NI and pension costs	-	-	107,006	107,006
	<u>5,458</u>	<u>8,259</u>	<u>107,006</u>	<u>120,723</u>

Other trading expenses

	Unrestricted funds 2023 £	Total funds 2023 £
Interest payable and fees in advance agreements	<u>148,086</u>	<u>148,086</u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

7. Expenditure on raising funds (continued)

Other trading expenses (continued)

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Interest payable and fees in advance agreements	135,389	135,389
	135,389	135,389

8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Charitable activities	10,721,090	856,994	11,578,084
School trips and activities	452,472	-	452,472
	11,173,562	856,994	12,030,556

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Charitable activities	9,566,430	708,283	10,274,713
School trips and activities	226,139	-	226,139
	9,792,569	708,283	10,500,852

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2023 £	Total funds 2023 £
Staff costs	448,236	448,236
Legal and professional fees	134,250	134,250
Insurance	114,024	114,024
Advertising and marketing	35,048	35,048
Other support costs	125,436	125,436
	<hr/> 856,994	<hr/> 856,994 <hr/>
	<i>Activities</i> 2022 £	<i>Total</i> <i>funds</i> 2022 £
Staff costs	368,770	368,770
Legal and professional fees	87,258	87,258
Insurance	99,374	99,374
Advertising and marketing	57,332	57,332
Other support costs	95,549	95,549
	<hr/> 708,283	<hr/> 708,283 <hr/>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

9. Net income/expenditure

	2023	<i>2022</i>
	£	£
Fees payable to the School's auditor for the audit of the School's annual accounts	23,287	<i>20,286</i>
Fees payable to the School's auditor in respect of: All non-audit services not included above	4,740	<i>3,333</i>
	<u><u> </u></u>	<u><u> </u></u>
Depreciation	653,980	<i>479,028</i>
Operating lease rentals - land and building	283,410	<i>315,552</i>
Operating lease rentals - equipment	102,090	<i>119,859</i>
	<u><u> </u></u>	<u><u> </u></u>

10. Staff costs

	Group	<i>Group</i>	School	<i>School</i>
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	5,837,148	<i>5,271,757</i>	5,837,148	<i>5,271,757</i>
Social security costs	554,414	<i>506,406</i>	554,414	<i>506,406</i>
Contribution to defined contribution pension schemes	908,816	<i>839,852</i>	908,816	<i>839,852</i>
	<u><u>7,300,378</u></u>	<u><u>6,618,015</u></u>	<u><u>7,300,378</u></u>	<u><u>6,618,015</u></u>

The Headmaster, Head of Junior School and Bursar are considered to be the key management personnel, along with the Senior Leadership Team. Aggregate employee-benefits of key management personnel totaled £958,049 during the year (2022: £840,172).

During the year, there were termination payments made which amounted to £25,000 (2022: £14,932). None were outstanding at the year-end (2022: £Nil).

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

10. Staff costs (continued)

The average number of persons employed by the School during the year was as follows:

	School 2023 No.	<i>School 2022 No.</i>
Teaching and teaching support	143	131
Administration	37	40
Domestic and maintenance	45	40
	<hr/> 225 <hr/>	<hr/> 211 <hr/>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	School 2023 No.	<i>School 2022 No.</i>
In the band £60,001 - £70,000	2	4
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	2	1
In the band £110,001 - £120,000	-	1
In the band £130,001 - £140,000	1	-

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 July 2023, no Trustee expenses have been incurred (2022 - £NIL).

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

12. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2022	4,961,173	3,874,033	900,255	2,072,917	11,808,378
Additions	406,232	132,011	-	320,800	859,043
Disposals	(15,377)	-	-	(42,260)	(57,637)
At 31 July 2023	<u>5,352,028</u>	<u>4,006,044</u>	<u>900,255</u>	<u>2,351,457</u>	<u>12,609,784</u>
Depreciation					
At 1 August 2022	177,990	1,378,666	449,362	1,259,322	3,265,340
Charge for the year	136,290	154,873	37,114	325,703	653,980
On disposals	-	-	-	(42,260)	(42,260)
At 31 July 2023	<u>314,280</u>	<u>1,533,539</u>	<u>486,476</u>	<u>1,542,765</u>	<u>3,877,060</u>
Net book value					
At 31 July 2023	<u>5,037,748</u>	<u>2,472,505</u>	<u>413,779</u>	<u>808,692</u>	<u>8,732,724</u>
At 31 July 2022	<u>4,783,183</u>	<u>2,495,367</u>	<u>450,893</u>	<u>813,595</u>	<u>8,543,038</u>

School

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2022	4,961,174	3,874,033	900,460	1,792,226	11,527,893
Additions	406,232	132,011	-	320,800	859,043
Disposals	(15,377)	-	-	(42,260)	(57,637)
At 31 July 2023	<u>5,352,029</u>	<u>4,006,044</u>	<u>900,460</u>	<u>2,070,766</u>	<u>12,329,299</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

12. Tangible fixed assets (continued)

School (continued)

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Total £
Depreciation					
At 1 August 2022	177,990	1,378,666	449,566	1,151,497	3,157,719
Charge for the year	136,290	154,873	37,114	292,960	621,237
On disposals	-	-	-	(42,260)	(42,260)
At 31 July 2023	<u>314,280</u>	<u>1,533,539</u>	<u>486,680</u>	<u>1,402,197</u>	<u>3,736,696</u>
Net book value					
At 31 July 2023	<u>5,037,749</u>	<u>2,472,505</u>	<u>413,780</u>	<u>668,569</u>	<u>8,592,603</u>
At 31 July 2022	<u>4,783,184</u>	<u>2,495,367</u>	<u>450,894</u>	<u>640,729</u>	<u>8,370,174</u>

13. Fixed asset investments

Group	Philpotts Educational Charity £	Music Bursary Fund £	Bursary Fund £	Total £
Cost or valuation				
At 1 August 2022	613,282	409,199	337,541	1,360,022
Additions	136,135	19,374	51,636	207,145
Disposals	(122,860)	(35,419)	(46,847)	(205,126)
Revaluations	3,460	(2,520)	1,183	2,123
Movement in cash	(7,907)	8,000	(2,930)	(2,837)
At 31 July 2023	<u>622,110</u>	<u>398,634</u>	<u>340,583</u>	<u>1,361,327</u>
Net book value				
At 31 July 2023	<u>622,110</u>	<u>398,634</u>	<u>340,583</u>	<u>1,361,327</u>
At 31 July 2022	<u>613,282</u>	<u>409,199</u>	<u>337,541</u>	<u>1,360,022</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

13. Fixed asset investments (continued)

School	Investments in subsidiary companies £	Philpotts Educational Charity £	Music Bursary Fund £	Bursary Fund £	Total £
Cost or valuation					
At 1 August 2022	2	613,282	409,199	337,541	1,360,024
Additions	-	136,135	19,374	51,636	207,145
Disposals	-	(122,860)	(35,419)	(46,847)	(205,126)
Revaluations	-	3,460	(2,520)	1,183	2,123
Transfers intra group	-	(7,907)	8,000	(2,930)	(2,837)
At 31 July 2023	<u>2</u>	<u>622,110</u>	<u>398,634</u>	<u>340,583</u>	<u>1,361,329</u>
Net book value					
At 31 July 2023	<u>2</u>	<u>622,110</u>	<u>398,634</u>	<u>340,583</u>	<u>1,361,329</u>
At 31 July 2022	<u>2</u>	<u>613,282</u>	<u>409,199</u>	<u>337,541</u>	<u>1,360,024</u>

Included within the Group's Fixed Assets investments is cash held of £34,997 (2022: £37,833).

Principal subsidiaries

The following was a subsidiary undertaking of the School:

Name	Class of shares	Holding	Included in consolidation
HCS Educational Services Limited	Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
HCS Educational Services Limited	79,127	(114,917)	(35,790)	(131,043)

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

14. Debtors

	<i>Group</i> 2023 £	<i>Group</i> <i>2022</i> £	School 2023 £	<i>School</i> <i>2022</i> £
Due within one year				
School fees	21,246	34,931	21,246	34,931
Amounts owed by group undertakings	-	-	146,675	262,109
Other debtors	25,391	20,115	23,610	20,116
Prepayments and accrued income	138,878	97,078	136,101	97,078
School fee extras	115,679	67,935	115,679	67,935
	301,194	220,059	443,311	482,169

Amounts owed by subsidiary are stated after impairment provisions totalling £122,583 (2022: £Nil)

15. Creditors: Amounts falling due within one year

	<i>Group</i> 2023 £	<i>Group</i> <i>2022</i> £	School 2023 £	<i>School</i> <i>2022</i> £
Bank loans	335,732	462,563	335,732	462,563
Advance fee payments	228,394	288,200	228,394	288,200
Trade creditors	137,657	264,012	137,657	264,012
Registration deposits	213,378	197,123	213,378	197,123
Other taxation and social security	139,888	128,747	139,888	128,747
Other creditors	108,103	32,058	108,103	32,058
Accruals and deferred income	478,354	829,189	475,957	829,189
	1,641,506	2,201,892	1,639,109	2,201,892
			School 2023 £	<i>School</i> <i>2022</i> £
Deferred income at 1 August 2022			480,795	216,304
Resources deferred during the year			250,917	480,795
Amounts released from previous periods			(480,795)	(216,304)
			250,917	480,795

Deferred income comprises of overseas tuition fees paid in advance of the start of term.

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

16. Creditors: Amounts falling due after more than one year

	Group 2023 £	<i>Group 2022 £</i>	School 2023 £	<i>School 2022 £</i>
Bank loans	2,131,015	2,462,234	2,131,015	2,462,234
Fees in advance	180,385	351,033	180,385	351,033
	<u>2,311,400</u>	<u>2,813,267</u>	<u>2,311,400</u>	<u>2,813,267</u>

Advance fee payments due in more than 1 year include £113,936 (2022: £200,375) that is due between 1 and 2 years and £66,449 (2022: £150,658) that is due between 2 and 5 years. Amounts received and deferred during the year were £97,387 (2022: £610,197) with amounts utilised in the year of £327,841 (2022: £328,098).

Included within the above are amounts falling due as follows:

	Group 2023 £	<i>Group 2022 £</i>	School 2023 £	<i>School 2022 £</i>
Between one and two years				
Bank loans	<u>254,765</u>	<u>335,145</u>	<u>254,765</u>	<u>335,145</u>
Between two and five years				
Bank loans	<u>428,611</u>	<u>621,422</u>	<u>428,611</u>	<u>621,422</u>
Over five years				
Bank loans	<u>1,447,639</u>	<u>1,505,667</u>	<u>1,447,639</u>	<u>1,505,667</u>

Bank loans are being repaid by instalments as follows:

- 12 monthly instalments with interest at a fixed rate of 6.99% per annum. The loan matures on 31st December 2024.
- 12 monthly instalments with interest at a fixed rate of 4.99% per annum. The loan matures on 31st August 2023 .
- 12 monthly instalments at a fixed rate of 4.34% per annum, after an initial interest-only period which ended in July 2020. The loan matures on 30th June 2044.
- 60 monthly instalments with interest at a current rate of 2.11%. The loan matures in October 2026.

The bank loans are secured by first legal charges over Nos. 28 and 31 Castle Street, St. David's Hall Hereford, Quay House & Wilmot House.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

17. Financial instruments

	Group 2023 £	<i>Group 2022 £</i>	School 2023 £	<i>School 2022 £</i>
Financial assets				
Financial assets measured at fair value through income and expenditure	1,361,328	<i>1,360,022</i>	1,361,330	<i>1,360,024</i>
	Group 2023 £	<i>Group 2022 £</i>	School 2023 £	<i>School 2022 £</i>
Financial liabilities				
Other financial liabilities measured at fair value through income and expenditure	(3,161,474)	<i>(3,766,385)</i>	(3,161,474)	<i>(3,766,385)</i>

Financial assets held at fair value include assets held as investments. Financial liabilities include loans, fee deposits, trade creditors, other creditors and accruals.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

18. Statement of funds

Statement of funds - current year

	Balance at 1 August 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2023 £
Unrestricted funds						
Designated funds						
SAS Support Fund	52,331	-	-	-	-	52,331
Marches 7's	1,685	-	(1,685)	-	-	-
Outreach Music Cantabile	32,062	14,531	(21,322)	-	-	25,271
	4,632	-	-	-	-	4,632
	<u>90,710</u>	<u>14,531</u>	<u>(23,007)</u>	<u>-</u>	<u>-</u>	<u>82,234</u>
General funds						
General Funds	5,260,555	12,278,612	(11,948,209)	(8,945)	-	5,582,013
Total Unrestricted funds	<u>5,351,265</u>	<u>12,293,143</u>	<u>(11,971,216)</u>	<u>(8,945)</u>	<u>-</u>	<u>5,664,247</u>
Endowment funds						
Philpotts - Preserved value	154,417	-	-	-	-	154,417
Philpotts - Unapplied total return	430,859	10,586	(5,219)	(5,215)	3,459	434,470
	<u>585,276</u>	<u>10,586</u>	<u>(5,219)</u>	<u>(5,215)</u>	<u>3,459</u>	<u>588,887</u>
Restricted funds						
Old Herefordian Bursary Fund	-	150,000	(150,000)	-	-	-
Charitable Bursary Fund	592,096	37,092	(3,850)	-	1,183	626,521
Music Bursary Fund	408,210	10,706	(18,751)	14,160	(2,519)	411,806

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

18. Statement of funds (continued)

Statement of funds - current year (continued)

	Balance at 1 August 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2023 £
Friends Bursary Fund	147,410	30,613	-	-	-	178,023
Other Bursary Funds	70,013	150,761	(142,418)	-	-	78,356
Rowing Fund	13,705	-	(12,600)	-	-	1,105
	<u>1,231,434</u>	<u>379,172</u>	<u>(327,619)</u>	<u>14,160</u>	<u>(1,336)</u>	<u>1,295,811</u>
Total of funds	<u><u>7,167,975</u></u>	<u><u>12,682,901</u></u>	<u><u>(12,304,054)</u></u>	<u><u>-</u></u>	<u><u>2,123</u></u>	<u><u>7,548,945</u></u>

The income on restricted funds comprised donations received during the current academic year.

a. The Old Herefordian Bursary Fund includes donations of £150,000 from The Old Herefordian Fund which contribute to the costs of scholarships and bursaries.

b. The source of the Charitable Bursary Fund is the donation of bursary fund contributions paid by parents when their child starts at Hereford Cathedral School. The purpose of the Charitable Bursary Fund is to make the School accessible to pupils who would not otherwise be able to access education at an independent school. The governors consider that giving access in this way fits with the ethos of the School, and is appropriate to a school which has close links to the church.

c. In 2011 the School was given a £325,000 legacy from the estates of two generous benefactors. The legacy stipulated that it should be used for a musical purpose. The governors decided that the legacy would be used to provide assistance for musically gifted children who would not otherwise be in a position to attend the School.

d. A Friends Bursary Fund has been set up which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees. Funds are received in the form of donations made by friends of the School.

e. Other bursary funds are other small donations restricted for use towards school bursaries.

f. The rowing fund is used to support the rowing activities of the School.

Endowment funds

The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947. the Scheme was varied to allow income to be used for the benefit of the School generally. The School operates a policy of total return on its Endowment Funds and the School extracts the dividend income and investment management fees each year. This totals £3,981 (2022: £3,908) and can be seen as a transfer on the Statement of Financial Activities from Endowment Funds to Unrestricted Funds.

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 August 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 July 2022 £</i>
Unrestricted funds					
Designated funds					
SAS Support Fund	29,651	22,680	-	-	52,331
Marches 7's	1,307	1,136	(758)	-	1,685
Outreach Music	32,363	10,637	(10,938)	-	32,062
Cantabile	4,682	-	(50)	-	4,632
	<u>68,003</u>	<u>34,453</u>	<u>(11,746)</u>	<u>-</u>	<u>90,710</u>
General funds					
General Funds	4,845,965	10,866,076	(10,441,234)	(10,252)	5,260,555
Total Unrestricted funds	<u>4,913,968</u>	<u>10,900,529</u>	<u>(10,452,980)</u>	<u>(10,252)</u>	<u>5,351,265</u>
Endowment funds					
Philpotts - Preserved value	154,417	-	-	-	154,417
Philpotts - Unapplied total return	461,526	9,366	(5,458)	(34,575)	430,859
	<u>615,943</u>	<u>9,366</u>	<u>(5,458)</u>	<u>(34,575)</u>	<u>585,276</u>
Restricted funds					
Old Herefordian Bursary Fund	-	170,759	(170,759)	-	-
Charitable Bursary Fund	582,027	48,094	(3,624)	(34,402)	592,095
Music Bursary Fund	440,910	8,538	(18,796)	(22,442)	408,210
Friends Bursary Fund	136,833	10,577	-	-	147,410
Other Bursary Funds	68,886	91,864	(90,736)	-	70,014
Rowing Fund	1,305	25,000	(12,600)	-	13,705
Other	-	2,011	(2,011)	-	-
	<u>1,229,961</u>	<u>356,843</u>	<u>(298,526)</u>	<u>(56,844)</u>	<u>1,231,434</u>

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

18. Statement of funds (continued)

Total of funds	<u>6,759,872</u>	<u>11,266,738</u>	<u>(10,756,964)</u>	<u>(101,671)</u>	<u>7,167,975</u>
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19. Summary of funds

Summary of funds - current year

	Balance at 1 August 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2023 £
Designated funds	90,710	14,531	(23,007)	-	-	82,234
General funds	5,260,555	12,278,612	(11,948,209)	(8,945)	-	5,582,013
Endowment funds	585,276	10,586	(5,219)	(5,215)	3,459	588,887
Restricted funds	1,231,434	379,172	(327,619)	14,160	(1,336)	1,295,811
	<u>7,167,975</u>	<u>12,682,901</u>	<u>(12,304,054)</u>	<u>-</u>	<u>2,123</u>	<u>7,548,945</u>

Summary of funds - prior year

	Balance at 1 August 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2022 £
Designated funds	68,003	34,453	(11,746)	-	90,710
General funds	4,845,965	10,866,076	(10,441,234)	(10,252)	5,260,555
Endowment funds	615,943	9,366	(5,458)	(34,575)	585,276
Restricted funds	1,229,961	356,843	(298,526)	(56,844)	1,231,434
	<u>6,759,872</u>	<u>11,266,738</u>	<u>(10,756,964)</u>	<u>(101,671)</u>	<u>7,167,975</u>

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Endowment funds 2023 £	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	8,732,724	8,732,724
Fixed asset investments	622,110	739,217	-	1,361,327
Current assets	-	569,058	838,742	1,407,800
Creditors due within one year	(33,223)	(12,464)	(1,595,819)	(1,641,506)
Creditors due in more than one year	-	-	(2,311,400)	(2,311,400)
Total	588,887	1,295,811	5,664,247	7,548,945

Analysis of net assets between funds - prior year

	<i>Endowment funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	-	-	8,543,038	8,543,038
Fixed asset investments	613,282	746,740	-	1,360,022
Current assets	1,704,670	484,694	90,710	2,280,074
Creditors due within one year	(1,732,676)	-	(469,216)	(2,201,892)
Creditors due in more than one year	-	-	(2,813,267)	(2,813,267)
Total	585,276	1,231,434	5,351,265	7,167,975

HEREFORD CATHEDRAL SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

21. Reconciliation of net movement in funds to net cash flow from operating activities

	School 2023	<i>School 2022</i>
	£	£
Net income for the year (as per Statement of Financial Activities)	380,970	408,103
Adjustments for:		
Depreciation charges	653,980	479,028
Gains/(losses) on investments	(2,123)	101,671
Dividends, interests and rents from investments	109,393	95,813
Decrease/(increase) in debtors	(81,135)	73,050
Increase/(decrease) in creditors	(358,012)	371,972
Net cash provided by operating activities	703,073	1,529,637

22. Analysis of cash and cash equivalents

	School 2023	<i>School 2022</i>
	£	£
Cash in hand	1,106,606	2,060,015
Total cash and cash equivalents	1,106,606	2,060,015

23. Analysis of changes in net debt

	At 1 August 2022	Cash flows	Other non- cash changes	At 31 July 2023
	£	£	£	£
Cash at bank and in hand	2,060,015	(953,409)	-	1,106,606
Debt due within 1 year	(659,686)	441,795	(331,219)	(549,110)
Debt due after 1 year	(2,462,234)	-	331,219	(2,131,015)
	(1,061,905)	(511,614)	-	(1,573,519)

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

24. Capital commitments

	School 2023	<i>School 2022</i>
	£	£
The Group and the School had the following contracted capital commitments:		
Capital commitments	56,653	-

25. Pension commitments

Defined contribution scheme

The company operates defined contribution schemes for teaching and non-teaching staff. The assets of these schemes are held separately from those of the company in a fund independently administered by HBOS, Nest and Aviva. The pension cost charge represents contributions payable by the company to these funds and amounted to £193,206 (2022: £173,188). The Aviva scheme was opened on 1 January 2021 to all teaching staff, and is a defined contribution scheme offered as an alternative to the Teachers Pension Scheme.

Defined benefit scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £698,296 (2022: £663,332) and at the year-end £107,242 (2022: £79,444) was accrued in respect of contributions to these schemes.

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 2022. The result of the 31 March 2022 valuation is due to be implemented from 1 April 2024 which confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6%. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

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.

HEREFORD CATHEDRAL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

25. Pension commitments (continued)

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.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

26. Operating lease commitments

At 31 July 2023 the School and the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	School 2023	<i>School 2022</i>
	£	£
Not later than 1 year	417,438	419,188
Later than 1 year and not later than 5 years	1,240,230	1,361,009
Later than 5 years	9,041,726	9,338,385
	<u>10,699,394</u>	<u>11,118,582</u>

27. Related party transactions

A number of governors have, or did have, children who are educated at the School. All fees are paid under normal terms. 2 governors also have spouses employed by the school, under normal contractual terms.

During the year, a total of £1,021 (2022: £883) was paid to the children and wife of Mr R Pizii, who is the school Bursar, for casual labour with the maintenance team.

Governors made donations of £847 to the school towards bursary funds (2022: £Nil).

The Old Herefordian Fund (charity number: 504119) is a charity in which J Sheldon, a governor at the School, is also a trustee. During the course of the year the School paid rent to and received restricted donations from the Old Herefordian Fund, details of which can be found in note 4 of these accounts.

HEREFORD CATHEDRAL SCHOOL

England & Wales - Charity number 518889

Accounts



**HEREFORD
CATHEDRAL
SCHOOL**

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2022

**Hereford Cathedral School, a company limited by guarantee
Company number: 2081261
Charity number: 518889**

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MESSAGE FROM THE CHAIR OF GOVERNORS

This year represented a new and exciting chapter in the long and venerable history of the School with the arrival of Dr Michael Gray as Headmaster. The Board remains committed to the delivery of the School's Vision 2030 and Dr Gray has a clear strategic plan to deliver that over the years ahead. At the heart of this is a commitment to ensure that all students leave the School real-world ready – that they are equipped to thrive in a rapidly-changing world. This year the School has launched the first phase of its digital strategy, which includes the rollout of a bring-your-own-device IT system for all pupils from Year 6 upwards. The Sixth Form curriculum now includes the HCS Diploma which has Electives, projects and experience of the world of work at its heart. The pastoral system has shifted from a vertical House system to a horizontal year-based structure, and the School has launched two new departments: Learning Skills and Futures, to replace Learning Support and Careers respectively.

The educational impact of the pandemic was relatively modest on the School during this financial and academic year with a commitment to try to ensure the very best possible experience for the pupils. The legacy of strong online teaching and the momentum generated by the exciting changes being implemented by the new Headmaster, Dr Michael Gray, have resulted in increased demand for places and put the school in a good position. The number of external pupils who signed up for next academic year is the highest on record.

This year has also seen the return of a strong demand for boarding with Wilmot House expected to be full for next year.

The national and global challenges remain significant and while the immediate challenges of the pandemic have abated, economic and political pressures have become more acute. We continue to work to manage and mitigate these risks to ensure that the School can fulfil its purpose of growing people, transforming lives and shaping futures.

Rear Admiral Philip Wilcocks
Chair of Governors

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2022

The Governors present the Report of the Trustees for the year ended 31 July 2022, which incorporates the Strategic Report under the Companies Act.

REFERENCE AND ADMINISTRATIVE INFORMATION

The regulating document of Hereford Cathedral School is a Charity Commission Scheme made under the Endowed Schools Acts on 26 June 1893, with the latest amendment in 1987. The School is a registered charity, number 518889. The registered company number is 2081261. The governing instrument is the Memorandum and Articles of Association, adopted on 5 December 1986.

The charitable company does not have a share capital, but the directors, as members, have undertaken to contribute a sum not exceeding one pound each in the event of a deficiency on winding up the company's affairs.

Senior School and Registered Office:	Junior School:
Old Deanery	28 Castle Street
The Cathedral Close	Hereford
Hereford	HR1 2NW
HR1 2NG	

www.herefordcs.com

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Management

Governors, as the charity trustees, are legally responsible for the overall management and control of the School. The governors determine the general policy, as well as being responsible for the strategic management and control of the business activities of the School. Meetings of the full governing body are held at least once a term, with occasional extra meetings called if matters arise of a sufficiently serious nature.

Dr Michael Gray commenced as Headmaster of the School on 1 September 2021 with the task of implementing Vision 2030 and delivering his clear strategic objectives to achieve that goal. At the heart of his approach has been ensuring that all pupils leave the School 'real-world ready' and equipped for a rapidly changing world. An integral part of this has been the introduction of his digital strategy in the current academic year.

In Autumn 2021, Dr Michael Gray appointed Mrs Helen Hoffmann to become Head of the Junior School. She began her tenure in April 2022 and they have worked closely and collaboratively to deliver the School's objectives and strategic vision.

Dr Michael Gray also made some structural changes to his Senior Leadership Team by promoting Mr Patrick Jerram from Assistant Head to Deputy Head (Staff) and changing Mr Bruce Blyth's role from Deputy Head to Senior Deputy Head and Mr Alex Hartley's role from Academic Deputy to Deputy Head (Academic). Mrs Nathalie Teale replaced Mr James Terry to become Assistant Head (Sixth Form) and will commence her role in September 2022.

The operational management of the School is delegated to the Headmaster, Head of the Junior School and their respective Senior Leadership Teams (SLT) and together this group are the key management personnel. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel. The Headmaster, Head of the Junior School and the Bursar attend all meetings of the governing body's committees, which discuss issues for forwarding to the full governors' meetings. The main governor committees are Finance, Education, and General Purposes. In addition to these meetings, governors and senior leaders also attend meetings covering Health & Safety and Salaries and Personnel. Mr W Hanks is the designated governor for Safeguarding issues.

The School recognises the National Education Union (NEU) through an informal agreement for the purposes of pay, holidays and working hours. A Joint Negotiation Committee acts as the bargaining unit (all teachers). Remuneration policy and budget is set by the governors, with the objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly the individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools and the maintained sector to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point on the pay scale, recognising that staff costs are the largest single element of our charitable expenditure.

Recruitment and Training of Governors

The recruitment of new governors is based on a pre-determined set of skills and competences across a range of disciplines such as: education, finance, law, religion, land & buildings and business. The policy of the governors is to maintain a balanced and diverse board, with a broad experience base, covering all of the topics outlined above. New governors are inducted into the workings of the School, including governing body policy and procedures, at an induction workshop specially organised for them by the Headmaster, the Head of the Junior School and Clerk. The new governors also attend specialist external and/or online courses on the role and responsibilities of charity trustees. All new governors are issued with an induction manual, which seeks to assist in the understanding of the complex issues faced by a new charity trustee and non-executive director.

In addition, all new governors are expected in their first year to sit on each of the sub-committees in order to understand all aspects of the School's business. Governors attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. All employees are appointed in accordance with safer recruiting guidelines and particular emphasis and attention is given to safeguarding and background checks.

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

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

Investment policy and objectives

The School's investment objectives are to balance the current and future needs by:

- Maintaining (at least) the value of the investments in real terms
- Producing a consistent and sustainable amount to support expenditure
- Delivering these objectives within acceptable levels of risk

To meet these objectives, the School's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the Charity Commission has been made aware of the School's intention to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. The investment strategy and policy are monitored by the Finance Committee, as is investment performance, which is reported below, within the Strategic Report.

CHARITY TRUSTEES AND COMMITTEE MEMBERS

The governors are elected at a full governors' meeting, and their appointment is confirmed at the next AGM. The Dean and Chapter (D&C) of Hereford Cathedral have the right to recommend up to one quarter of the total number of governors. One third of the governors, or if their number is not three or a multiple of three, then the number nearest to, retire from office at each Annual General Meeting. They can be re-elected. The governors had no interests which were required to be disclosed under the Companies Act 2006. Unless otherwise determined by the company by ordinary resolution, the number of governors shall not be less than 10, or more than 18. The governors of the School, who are also the charity trustees and the directors of the company who served during the year and up to the date of approving these financial statements, were:

Elected Members

Rear Admiral P Wilcocks (Chairman)
Mr C D Hitchiner
Mr A Teale
Mr W Hanks
Mr T Keyes
Mr J Sheldon (on sabbatical 1 April – 1 September 2022)
Mrs K Usher (resigned 1 April 2022)
Mr J Preece
Mr D Ashcroft
Mrs J Millar
Mr C Jones
Mrs J Deval-Reed (appointed 26 November 2021)
The Reverend Prebendary N Lowton (appointed 25 March 2022)
Mr J Storey (appointed 9 June 2022)

D&C Nominated Members

Mr W Hanks
Mr A Teale
The Reverend Prebendary N Lowton

Officers

Dr M E P Gray Headmaster
Mrs H Hoffmann Head of the Junior School (Appointed 25 April 2022)
Mr R Pizzi Secretary, Bursar and Clerk to the Governors

Finance Committee

Mr J Sheldon (Chairman) (on sabbatical 1 April – 1 September 2022)
Mr CD Hitchiner
Mr W Hanks
Mrs J Millar (Acting Chair 1 April – 1 September 2022)
Mr D Ashcroft
Mr J Storey (appointed 9 June 2022)
In attendance: Headmaster, Head of the Junior School, Bursar, Accountant, Chairman of the Board.

Education Committee

Mr T Keyes (Chairman)
Mr A Teale
Mr C Jones
Mrs J Deval-Reed
The Reverend Prebendary N Lowton
In attendance: Headmaster, Head of the Junior School, Academic Deputy, Director of Studies, Chairman of the Board.

General Purposes Committee

Mr J Preece (Chairman)
Mr J Sheldon
Mrs J Millar
Mr C Jones
In attendance: Headmaster, Head of the Junior School, Bursar, Chairman of the Board.

SUBSIDIARIES

During the financial year, the School had one trading wholly-owned subsidiary, HCS Educational Services Limited. Hereford International School Ltd was dormant during the year.

SOLICITORS

Humfrys & Symonds
St John's Chambers
St John Street
Hereford
HR1 2NG

Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

BANK

Lloyds Bank Plc
6-8 High Street
Hereford
HR1 2AE

AUDITOR

Crowe U.K. LLP
4th Floor
St James House
St James' Square
Cheltenham GL50 3PR

INVESTMENT MANAGERS

Brewin Dolphin
St James' House
St James' Square
Cheltenham
GL50 3PR

Investec
30 Gresham Street
London
EC2V 7QP

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The governors undertake a full review of risk management procedures each year, with each sub-committee tasked with assessing and rating risks relevant to the areas for which they hold responsibility. The risks faced by the School include political, buildings (on-going maintenance and health and safety considerations), demographic and economic changes and recruitment and retention of high-quality staff and pupils. Issues are identified and discussed with the specific purpose of reducing risk in all areas, with the findings reviewed annually at full Board level.

The other key control mechanisms used to mitigate risk wherever possible are:

- Formal agendas for all governors' meetings.
- Full and thorough management accounting, budgeting and 5-year planning.
- Preparation of, and reference to, written policies and committee terms of reference.
- Operational management through an organisational structure.
- Clear authorisation and approval levels for expenditure of budgets.
- Robust procedures for legislative compliance educationally, financially and legally.
- Membership of professional bodies which advise and support the school: AGBIS, HMC, IAPS, ISBA and BSA.
- Full insurance cover which is reviewed annually.

Principal Risks

While the immediate risks of the pandemic have declined throughout the past twelve months, these have been replaced by other major concerns, most notably rising inflation and geo-political uncertainty as a consequence of Russia's invasion of Ukraine. The inflationary pressures are being felt by the School with significantly increased costs; furthermore, these are also felt by parents and staff. The affordability of the fees, which have needed to be increased this year, remains something of which the Board is eminently mindful. The Board continues to look to mitigate that risk by diversifying income and generating non-fee sources of income through HCS Enterprises Ltd.

While the war in Ukraine and the absence of Russian boarders has not directly impacted our boarding, the decrease in the supply of boarders applying to UK schools and the ongoing pandemic-related anxieties in China have made things more challenging. That said, the boarding house is full, which is reassuring.

Political and economic risks remain and the Board and School are taking steps to mitigate these:

- Political pressures on the sector;
- Affordability of the fee at a time of inflation;
- Geopolitical impacts on boarding; and
- Demography of Herefordshire.

Uncertainty

"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."
- Donald Rumsfeld

Governors and the SLT are fully aware of Donald Rumsfeld's "known unknowns" and "unknown unknowns". They endeavour to understand the implications of uncertainty by keeping abreast of developments within the sector through regular networking meetings, ongoing training and the use of consultants where appropriate.

Insofar as the governors are aware:

- There is no relevant audit information of which the charity's auditor is unaware, and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OBJECTIVES

The charitable objects of the School are to promote the advancement of education by acquiring, establishing, providing, conducting and carrying on schools in which boys and girls of all sections of the community may receive a sound general education (including religious instruction in accordance with the doctrines of the Church of England). The charitable company's principal activity continues to be the running of the Hereford Cathedral Senior and Junior Schools.

It is the policy of the School to attain the highest academic standards for our pupils and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. The School welcomes pupils from all backgrounds. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

AIMS

The School's aims and the intended impact of its activities are:

- To produce well-rounded individuals not only through the national curriculum, but also the opportunities of a wide range of additional activities, including: music, sport, the Duke of Edinburgh (DoE) award scheme and the Combined Cadet Force (CCF)
- To provide a structured educational environment that develops pupils' capabilities, where each student can develop and fulfil his or her potential, building their self-confidence and creating a desire to contribute to the wider community. The School recognises that a diverse range of cultures will significantly add to this goal, and therefore welcomes pupils from other countries who would directly benefit from our unique Cathedral School education. In addition, the School provides music and community support to the Cathedral, as well as the sub-letting and sharing of School facilities with the wider community

Throughout the Autumn Term, there was balance to be struck between reducing the risk of the transmission of Covid-19 and ensuring the best possible educational experience. Throughout the year, very few opportunities were lost, with some events such as the Hull Cup being rescheduled and with Headmaster's Assemblies and Parents' Evenings often taking place online instead of in-person.

The School was extremely successful in fulfilling its aims and ensuring that it provided a very high quality and holistic education, which maximised opportunities and provided a real breadth of educational experience.

REPORT ON OBJECTIVES TO DATE

Governors and the SLT placed an emphasis on a new set of Strategic Objectives, focussed on the delivery of Vision 2030. The main objectives for the period were:

- **Academic Excellence.** Through: tracking, exam experience, curricular continuity, scholars' extension programme, broadening the Sixth Form curriculum and reviewing marking policies, feedback and reports.
- **Breadth of Opportunity.** Implementation of the digital strategy, a range of extra-curricular enhancements, outreach, careers workshops and linking with NMITE.
- **Caring for Everyone.** Coordinated programme of CPD, review best working practices, review appraisal process, consideration of OFSTED findings on sexual abuse, review Head of Year system, align values and ethos with Christian foundation.
- **Expanding Demand.** Educational podcasts, working group on Sixth Form provision, Year 10 and Year 11 Sixth Form Experience Day.
- **Finance and Facilities.** Generate an operating surplus of between 5-9%.

STRATEGIES TO ACHIEVE OBJECTIVES IN 2021/22

The various governor committees work together to assess the needs of the School from an educational, charitable and financial perspective.

- The Education Committee seeks to continually develop the academic, pastoral and extra-curricular provision offered at the School, and also encourages facility development in conjunction with the General Purposes and Finance Committees.
- The Finance Committee continues to apply controls to ensure that the development of the staffing and the fabric of the School is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, as a mainstay of the School's delivery of public benefit.
- The General Purposes Committee seeks to prioritise those areas of the School identified as needing physical improvement and works to a medium-term plan, with surpluses in excess of budget used to accelerate the plan.
- A Safeguarding Committee has been created, in recognition of the importance of this issue and the Governors' role in overseeing safeguarding matters and managing risks. This also provides them with an opportunity to anonymously review particular cases to ensure that best practice was followed.
- The Trustees hold an annual 'Strategy Day', devoted to developing the School's long-term vision and objectives.

The governors continued to support the SLT to build links and encourage community access of the School facilities for educational purposes and the delivery of outreach programmes.

GRANT-MAKING POLICY

The governors' policy, in line with other independent schools, is to award scholarships on the basis of the individual's academic, musical, dramatic, artistic and sporting ability. Bursaries and Fees Assistance are awarded to individuals who qualify under a stringent means-testing system but are not required to be academic high-flyers. Hardship bursaries are also awarded, usually of a short-term duration, to families facing immediate financial crises and who would otherwise be required to withdraw their children from the School.

PLANS FOR FUTURE PERIODS

The future success of the School is obviously linked to a high demand for places at the School, which in-turn is achieved by providing the highest quality of education. There has been a dynamic momentum over the past year with the new Headmaster introducing a large number of new initiatives and strategies. This has seen the School pivot to embrace a new digital strategy and harnessing modern technologies to improve the quality of the teaching and learning. Relatedly, as the School makes sure that every pupil leaves real-world ready, it has established a Futures Department and made significant changes to its Sixth Form curriculum.

The School's international reputation is also growing, through the success of its boarding and considerable work taking place as it aspires to establish an overseas franchise.

Governors and Senior Leadership are continuing to develop a medium and long-term strategy for the School and have taken decisive steps towards increasing the number of international students which will help secure the future of the School for generations to come. The governors have further refined the details of Vision 2030 and discussed contingencies to mitigate the impact of the risks facing the School.

OVERVIEW OF 2021/22

PUBLIC BENEFIT – FEES ASSISTANCE

The School offers substantial financial provision, funding a significant number of transformational bursaries and provides a greater ratio of bursaries to scholarships within its recruitment and charitable strategies, including free places to some individuals. The school seeks to provide approximately 10% of gross fee income in the form of scholarship and bursary awards. Bursaries and scholarships awarded in 2021/22 were 6% and 2% of fee income, respectively. Bursaries were awarded to 13% of pupils and included 8 100% awards. (Including amounts awarded as special scholarships to children of military personnel serving within the Hereford Garrison).

The School prospectus and website includes reference to the availability of Fees Assistance; "Entrance Bursaries" are only awarded after undertaking robust means testing procedures, usually including home visits and interviews of all parents by an independent company. In assessing means we take a wide range of factors into consideration which include family net worth, including: income, investment and savings, and family circumstances such as dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee. Parents in receipt of significant bursary awards (over 50%) will also be interviewed by the Headmaster and Bursar. "Hardship Bursaries" are not always subject to the same assessment procedure and are normally awarded to pupils who have been at the School for at least 12 months (although exceptions may be made in the event of extraordinary circumstances, e.g. death of a parent). These are generally short-term awards to allow parents time to resolve their financial difficulties.

In the Spring Term 2022, the School was able to establish a modest short-term Ukraine hardship bursary fund, supported by a number of generous parents, and other benefactors with the aim of supporting those who had relocated due to the war in their home country. A total of 27 donors, contributed a fund of £28k which was all drawn down in-year. The School supported 3 boarders and anticipates that this will be an on-going issue.

Additionally, it set up a Ukrainian Community Hub, which was established as soon as Ukrainian refugees arrived in the UK. Throughout the Summer Term 2022, the hub ran each Saturday morning with approximately 80 Ukrainian visitors. This included adults and children and we provided nine different levels of language tuition, support with childcare, the signposting to external agencies and an opportunity for Ukrainian families to connect with each other and with employment opportunities. This proved a tremendous success and was an integral part of the Herefordshire Ukrainian Community embedding into the local community so quickly and effectively.

PUBLIC BENEFIT – OTHER

Local groups and clubs usually have the opportunity to hire and use the School's facilities, including the sports hall, the Powell Theatre, St David's Hall, playing fields and minibuses which are used for a variety of sporting, educational and music activities within the local community. The CCF partnership with a local academy school continues to flourish and provide wonderful opportunities for local children to develop their skills and broaden their opportunities.

The School hosts and sponsors sporting events involving local primary and secondary schools, including: a primary school football tournament and a variety of county schools' events. Our sports pitches are used weekly by a local community football club, Hinton Football Club, and the youth section of Hereford Rugby Club. The School is also establishing closer ties with the County Cricket establishment.

The School continues to support the local community with outreach work in the state education sector, including science, maths, music, sport, design and technology and classical civilisation workshops, as well as providing education to the Cathedral choristers.

Music outreach includes a regular Saturday morning music school and series of concerts, details of which are on the School's website. Usually, Summer and Easter residential music courses are open to local children and subsidised for those in financial need. The School's music department brings together a number of the County's primary schools for a number of large-scale events: such as the Words and Music for Remembrance (400 children), a Primary Schools' Advent carol service (600 children) and major choral & orchestral concert in the Spring Term (400 children).

The School supports members of staff who volunteer to sit on local boards of governors or trustees across educational and other not-for-profit organisations.

Other members of staff help at local schools and academies, particularly with exam moderation and PGCE teacher placements. The School's activities and partnerships are recorded in the Schools Together website: www.schoolstogether.org. The School's Charity Committee continues to be busy raising money for various worthwhile causes locally and nationally.

In drafting the above statements, the governors have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

SCHOOL PERFORMANCE

Hereford Cathedral School achieved record-breaking A Level results and combined with its GCSE, it once again places the School as the highest performing School or College in the County and it remains a highly respected and well established coeducational HMC School.

Over a quarter of all grades were awarded an A* at A Level with 57% of grades being awarded an A*-A. A number of pupils achieved straight A*s at A Level and took up places at some of the world's leading universities including Oxbridge.

At GCSE, a grade 9 was the modal average with 58% of grades awarded being grades 9-7. Results were impressive across the board, with excellent outcomes in all departments and the Sciences, English Language and Maths being of particular note. Twenty-one exceptional pupils achieved all 9-7 (A*/A) grades, with 8 pupils boasting all top grades 9-8.

The School appointed some excellent new staff throughout the year including a new Director of Music, Duncan Barlow, as well as new appointments onto the Senior Leadership Team.

As a consequence of its strong academic performance and exciting new developments, the demand for places has increased and the School's prospects look attractive.

FUNDRAISING PERFORMANCE

Progress continues to be made in the school's on-going work of raising voluntary funding and building a legacy/bequest stream. A Bursary Fund Appeal was launched in Feb 2020 and continues to be promoted to Alumni through social media and the annual alumni magazine. The school also undertook work to support Ukrainian refugees by running a Community Hub and by offering bursary places.

For the Academic year 2021/22 the following voluntary income has been generated: -

HCS received £81k in bursary support from 7 grant making bodies in 2021/22 which has supported 13 specific pupils.

- The Knapton Legacy continues to grow and generate income for at least one funded day place per year.
- Restricted Funds - Bursary Funds and Awards, excluding the Knapton Bursary, grew in value to £194.8k (including gift aid). In addition, £16k was received specifically to support our work relating to Ukrainian pupils and our Hub activity.
- Funds raised for other purposes equal £31k
- HCS has been pledged £106.5k for 2022/23

The School is grateful to the Bulmer Foundation; The Mosawi Foundation, The Tabor Fund; EAC Educational Trust, The School Fees Charitable Trust, The French Huguenot Church and one donor who wishes to remain anonymous for their continued support

All of the above means that the Development Office has been a net contributor to the School and has raised more than it costs including salary and on-costs.

The School employs a full-time member of staff in a development role, including fundraising. The School raises funds either through applications to external grant making bodies or through appeals to alumni. Funds raised are almost exclusively used for fee support for pupils. The School does not use external or "professional" fundraisers. The School is a member of The Institute for Development Professional in Education (IDPE) which is a body that advises members on best practice in fundraising and compliance with fundraising regulations. The charity monitors its fundraising activities of any person acting on its behalf through regular meetings with the Headmaster and termly reports to the governors. There is a governor with specific focus on Fundraising compliance as part of their role.

The governors do not know of any failure by the charity, or of any person acting on its behalf, to comply with fundraising standards. The charity received no complaints relating to its fundraising activities. The charity protects vulnerable people and other members of the public from behaviour which; is unreasonable intrusion on a person's privacy, is unreasonable persistent, places undue pressure on a person to give money. The charity does not approach members of the public for fundraising. All applications relating to pupils are confidential and data is handled accordingly. The School raised funds from alumni and parents in the last year; these people have an existing relationship with the School. The School does not undertake cold calling, telephone campaigns or employ any third parties to raise funds on our behalf. The School, through its Head and Development Director, is aware of the duty of care when raising money from former pupils and parents who might be classed as vulnerable and of the need to be sensitive; not invade privacy or be unreasonably persistent. The Development Director regularly attends industry conferences and regional networking meetings to ensure we are aware of, compliant with and sensitive to, the letter and spirit of regulatory guidelines, legislation and best practice in our fundraising.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year is set out on page 19. The financial statements comply with the applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice applicable to charities (Charities SORP 2015 (FRS 102)).

Gross Fee income increased by £785k (7.9%) during the year.

The Bursary worked hard with parents to manage fee payments, flexibility was offered over timing and ultimately a high percentage of the fees due were paid in the period. Fee debt has continued to be well managed, reducing again this year with minimal write-off. The modest short-term Ukraine Hardship fund of £28k was fully allocated, assisting parents and pupils who had to relocate as a consequence of the war in their home country.

The School's financial position strengthened throughout the period, boosted by additional pupils but also affected by shortages in the supply chain and contractor availability to complete planned projects in some support areas, such as major maintenance tasks. The School has adopted a Total Pay and Benefits model for Teachers to mitigate the impact of the previous 40% increase in employers' contribution to the Teachers' Pension Scheme. Teachers' basic pay is now slightly above the national main pay scale and the Board hope to match the national pay scales from September. The Board continue to be alert to the threats and pressures on the School and wider economy; the strong closing position gives the Board confidence that the School was, and remains, a "going concern".

The surplus for the year (before transfers between funds and losses on investment assets) amounted to £509,774 (2021: £696,746). The surplus for the year after transfers between funds and losses on investment assets amounted to £408,103 (2021: £922,215) and has been transferred to reserves. Total funds amounted to £7,167,975 (2021: £6,759,872).

INVESTMENT POLICY AND PERFORMANCE

The governors' investment powers are set out in the regulating document.

Governors have continued to manage the investments in accordance with this policy and returns are considered to be satisfactory in view of the performance of the stock market during the year.

In common with other independent schools, the governors have invested substantial sums into School buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The "free reserves" as at 31 July 2022 consist of unrestricted net current liabilities as shown in note 18 amounting to £(469,217) (2021: £(292,295)). The governors have chosen to invest in boarding and technology as part of the long-term strategy to increase pupil numbers and innovate teaching and learning and therefore do not consider it appropriate at this time to place a great deal of emphasis on this figure. Rather, the figure illustrates the extent of the investment in our School, which is a common practice by independent schools which have to finance their own capital investment plans. The closing value of our tangible assets, property, plant and equipment, was £8,543,038 (2021: £8,290,165). This increase reflects the growing confidence to invest in, and develop the estate as the School emerges from the economic challenges of Covid-19.

The governors consider that given the strength of the charity's balance sheet, the stable cash flow, the on-going popularity and academic success of our School, and the available banking facility that can be called upon if need arises, that there is no current need to build up a large free reserve.

The School had total reserves of £7,257,173 at the year-end (2021: £6,817,598), of which £1,231,434 is restricted (2021: £1,229,961), £585,276 is endowed (2021: £615,943), leaving £5,349,753 of unrestricted funds (2021: £4,903,691).

The governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements with our bank are in place to provide an adequate "safety net" should it be required.

The School's long-term investments are managed by two investment companies. At the year-end the total value of the investment portfolio was £1,360,024 (2021: £1,466,787). The overall investment return amounted to (£92,603) (calculated as the net investment loss of £101,671 less dividends and interest received of £22,784 plus management fees of £13,716). This year's results validate the objective to hold these investments in the long-term and accept short-term fluctuations in value.

Under the total return accounting basis, it is the governors' policy to extract as income one tuition fee. This fee is used to support the bursary of the "Knapton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knapton and Mrs Kathleen Cavill. The governors will keep the level of income withdrawn under review to balance the need and interests of current and future beneficiaries of the School's activities.

GOING CONCERN

The Board has paid due attention to the advice and modelling of the School's employees, the SLT and professional advisors including the School's auditors and consider that the School remains financially viable.

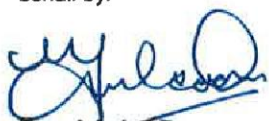
A range of five-year scenarios were modelled and refined, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. Performance against budget has been steady, and the School is emerging from the pandemic anticipating a period of strong growth followed by consolidation as the smaller numbers in the Junior school start to feed up to the Senior School. Additional emphasis and resources are being allocated to marketing and the management and Board remain alert to the possibility of further structural changes based on the budget projections.

The School returned to some of the deferred maintenance major projects and capital tasks as the year progressed. Savings were still taken when appropriate in staff and non-staff categories of the budget.

The School's bankers, Lloyds, have continued to be fully engaged and remain supportive of the School's aspirations.

The Board are extremely grateful to the Headmaster, Head of the Junior School, the Bursar and the SLT whose knowledge of the School and its community have helped the School emerge from the pandemic so strongly.

The Trustees Annual Report is approved by the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as directors at their meeting on 22 November 2022 and signed on its behalf by:



Rear Admiral P Wilcocks
Director

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the order of the Board of Governors on 22 November 2022 and signed on its behalf by:



Rear Admiral P Wilcocks
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL

OPINION

We have audited the financial statements of Hereford Cathedral School and its subsidiaries ('the group') the year ended 31 July 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Governors' 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:

for adequate and proper 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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Governors' responsibilities statement set out on page 15, the Governors (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 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 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 Governors 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

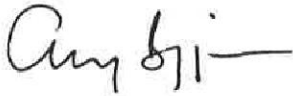
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of fee extras, donations, other income, CJRS income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own

identification and assessment of the risks of irregularities, performing sample testing for each category of income, performing cut-off testing for income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

RESPONSIBILITIES OF TRUSTEES

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



Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James' Square
Cheltenham
GL50 3PR

Date 20 December 2022

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE
YEAR ENDED 31 JULY 2022**

		Unrestricted funds	Restricted funds	Permanent endowment fund	Designated Funds	Total funds 2022	Total funds 2021
		£	£	£	£	£	£
INCOME & ENDOWMENTS FROM							
Charitable activities							
<i>School fees receivable</i>	2	9,713,346	-	-	-	9,713,346	8,772,037
<i>Ancillary trading income</i>	3	1,098,426	-	-	11,773	1,110,199	712,238
<i>Other educational income</i>	3	11,925	-	-	-	11,925	7,737
Voluntary sources							
<i>Donations and legacies</i>		-	343,424	-	22,680	366,104	278,486
Investments							
<i>Income from investments</i>	4	1,840	13,419	9,366	-	24,625	24,177
Other trading activities							
<i>Non-ancillary trading income</i>	5	40,539	-	-	-	40,539	432,380
TOTAL INCOMING RESOURCES		10,866,076	356,843	9,366	34,453	11,266,738	10,227,055
EXPENDITURE ON							
Raising funds	8	107,006	8,259	5,458	-	120,723	119,923
Charitable activities							
<i>Schools and educations</i>	8	9,984,446	290,267	-	-	10,274,713	9,179,250
<i>School trips and activities</i>	8	214,393	-	-	11,746	226,139	112,038
		10,305,845	298,526	5,458	11,746	10,621,575	9,411,211
Financing costs							
<i>Interest</i>	10	135,389	-	-	-	135,389	119,098
TOTAL EXPENDITURE		10,441,234	298,526	5,458	11,746	10,756,964	9,530,309
Net income from operations before investment gains / (losses)		424,842	58,317	3,908	22,707	509,774	696,746
Net (losses) / gains on investments		-	(71,004)	(30,667)	-	(101,671)	225,469
Transfers between funds		(10,252)	14,160	(3,908)	-	-	-
NET MOVEMENT IN FUNDS		414,590	1,473	(30,667)	22,707	408,103	922,215
Total funds brought forward		4,845,965	1,229,961	615,943	68,003	6,759,872	5,837,657
Total funds carried forward		5,260,555	1,231,434	585,276	90,710	7,167,975	6,759,872

The notes on pages 21 to 33 form part of these financial statements.

BALANCE SHEET AS AT 31 JULY 2022

		Group 2022 £	Group 2021 £	School 2022 £	School 2021 £
FIXED ASSETS					
<i>Tangible assets</i>	12	8,543,038	8,290,165	8,370,174	8,084,561
<i>Investments</i>	13	1,360,022	1,466,785	1,360,024	1,466,787
		<u>9,903,060</u>	<u>9,756,950</u>	<u>9,730,198</u>	<u>9,551,348</u>
CURRENT ASSETS					
<i>Debtors</i>	14	220,059	293,109	482,169	556,418
<i>Cash at bank and in hand</i>		2,060,015	1,466,311	2,059,965	1,466,330
		<u>2,280,074</u>	<u>1,759,420</u>	<u>2,542,134</u>	<u>2,022,748</u>
CURRENT LIABILITIES					
<i>Amounts falling due within one year</i>	15	(2,201,892)	(1,604,592)	(2,201,892)	(1,604,592)
NET CURRENT ASSETS / (LIABILITIES)		<u>78,182</u>	<u>154,828</u>	<u>340,242</u>	<u>418,156</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,981,242	9,911,778	10,070,440	9,969,504
LONG-TERM LIABILITIES					
<i>Amounts falling due after more than one year</i>	16	(2,813,267)	(3,151,906)	(2,813,267)	(3,151,906)
NET ASSETS		<u>7,167,975</u>	<u>6,759,872</u>	<u>7,257,173</u>	<u>6,817,598</u>
CAPITAL AND RESERVES					
<i>Permanent endowment fund</i>	20	585,276	615,943	585,276	615,943
<i>Restricted fund</i>	19	1,231,434	1,229,961	1,231,434	1,229,961
<i>Unrestricted fund</i>	22	5,260,555	4,845,965	5,349,753	4,903,691
<i>Designated fund</i>	21	90,710	68,003	90,710	68,003
TOTAL FUNDS		<u>7,167,975</u>	<u>6,759,872</u>	<u>7,257,173</u>	<u>6,817,598</u>

The surplus for the School dealt with in the financial statements was £439,572 (2021: £954,764 surplus).

The financial statements were approved and authorised for issue by the board of directors on 22/11/2022 and signed on its behalf by:



Rear Admiral P Wilcocks (Director)



J Sheldon (Director)

The notes on pages 21 to 33 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2022

		2022 £	2021 £
NET CASH INFLOW FROM OPERATIONS	(i)	1,529,637	1,255,407
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
<i>Dividend income</i>		22,784	22,366
<i>Investment income receipts</i>		1,841	1,811
<i>Interest on bank loans</i>		<u>(120,438)</u>	<u>(109,213)</u>
		(95,813)	(85,036)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
<i>Payments to acquire tangible fixed assets</i>		(731,901)	(413,346)
<i>Payments to acquire fixed assets investments</i>		5,091	4,453
		<u>(726,810)</u>	<u>(408,893)</u>
		707,014	761,478
FINANCING			
<i>Advance fees scheme</i>			
- <i>Receipts from new contracts</i>		610,197	14,443
- <i>Utilised during the year</i>		<u>(328,098)</u>	<u>(261,821)</u>
<i>New loans</i>		-	1,000,000
<i>Capital element of bank loans repaid</i>		<u>(395,409)</u>	<u>(229,405)</u>
		(113,310)	523,217
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		693,704	1,284,695
CASH AND CASH EQUIVALENTS AT START OF PERIOD		1,466,311	181,616
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,060,015	1,466,311

NOTES TO THE CONSOLIDATED CASH FLOW

(i) Reconciliation of operating surplus to net cash

<i>Net incoming resources</i>	408,103	922,215
<i>Returns on investments and servicing of finance</i>	95,813	85,036
<i>Loss / (gain) on investments</i>	<u>101,671</u>	<u>(225,469)</u>
Operating surplus	605,587	781,782
<i>Depreciation</i>	479,028	406,266
<i>Decrease in debtors</i>	73,050	184,734
<i>Increase / (Decrease) in creditors</i>	<u>371,972</u>	<u>(117,375)</u>
	924,050	473,625
Net cash inflow from operating activities	1,529,637	1,255,407

(ii) Reconciliation in net debt

	At 1 August 2021	Cash flows	Non-cash changes	At 31 July 2022
<i>Cash at bank and in hand</i>	1,466,311	593,704	-	2,060,015
<i>Debt due within one year</i>	(396,410)	396,410	(462,563)	(462,563)
<i>Debt due after more than one year</i>	<u>(2,923,796)</u>	<u>(1,001)</u>	462,563	(2,462,234)
	(1,853,895)	989,113	-	(864,782)

The notes on pages 21 to 33 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting Policies

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: 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) Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

a. Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investment assets.

b. Basis of consolidation

The Consolidated Statement of Financial Activities (SOFA), the Consolidated Balance Sheets and the Consolidated Cash Flow Statement include the financial statements of the School and its subsidiary undertaking made up to 31 July 2022. The Charity has taken advantage of the exemption available to a qualifying entity under FRS 102 from the requirement to present a charity-only Cash Flow Statement within the consolidated financial statements. No separate statement of financial activities has been presented for the School alone as permitted by Section 408 of the Companies Act 2006 and paragraph 1.12 (c) of the SORP. The net result of the parent (the charity) is shown on the balance sheet.

c. Charity information

Hereford Cathedral School is a charitable company limited by guarantee. The School is registered with the Charity Commission England and Wales (registered no: 518889). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02081261). Its registered and principal office is Old Deanery, The Cathedral Close, Hereford, Herefordshire, HR1 2NG.

d. Going concern

These financial statements have been prepared on the going concern basis, which the governors consider to be appropriate as a result of projections prepared, having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows. The governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainty's over the School's financial viability and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the governors' responsibilities on page 15.

e. Subsidiary Companies

Hereford Cathedral School has a wholly-owned subsidiary, HCS Educational Services Limited (registered company number: 11613027), a charitable company limited by share capital of £1 owned by Hereford Cathedral School. HCS Educational Services Limited shares the same address as its parent company. The Company has traded during the year, and the financial statements have therefore been prepared on a consolidated basis. The School also has a second subsidiary company, Hereford International School Ltd. This company is dormant.

f. Fees and similar income

Fees consist of charges for the school year, less scholarships, bursaries and allowances granted by the School. Fees receivable and charges for services and use of premises, are accounted for in the period in which the service is provided.

To secure a place at the School, a registration fee is paid by all pupils, both domestic and international. This sum is non-refundable and goes towards the HCS Charitable Bursary Scheme, which is used to support pupils who would not otherwise be able to access education at an independent school. As the fee is non-refundable, the income is recognised in the Statement of Financial Position upon receipt of the funds.

g. Donations

Donations subject to specific wishes of the donors are carried to relevant restricted funds. Any donations received for the general purposes of the School are credited to "Unrestricted Funds". Donations are accounted for on receipt.

h. Investment income

All investment income is credited according to the date of receipt into the investment cash account.

i. Government grants: Job Retention Scheme

Income from government grants, whether 'capital' grants or 'revenue' grants, is recognised when the School has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Where entitlement occurs before income is received, the income is accrued. Where income is received in advance of the School having entitlement to the funds the income is deferred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Principal Accounting Policies (continued)

j. Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes the costs of all fundraising activities, events and non-charitable trading.

k. Charitable activities

Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to the activity in the year. Irrecoverable VAT is included with the item of expense to which it relates. Support costs are those costs incurred in directly administering school operations as an educational establishment.

Governance costs comprise the costs of running the charity, including strategic planning (for its future development), also external audit, any legal advice for the governors, and all the costs of complying with constitutional and statutory requirements, such as costs of governors' meetings and of preparing statutory accounts and satisfying public accountability.

l. Pension costs

The company operates a defined contribution pension scheme with Halifax Bank of Scotland Investment Service (HBOS) and Nest for non-teaching staff and Teachers' Pension Scheme, a defined benefit scheme operated by the Department for Education, and Aviva, a defined contribution scheme, for teaching staff. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme. Pension costs are recognised in the profit and loss account in the accounting period in which the contributions are payable.

m. Taxation

As a charity the company is generally exempt from the corporation tax on income it receives. Although this exemption does not normally extend to trading income the company benefits from a concession, which also exempts such income from taxation, as the trade carried out is part of the primary purpose of the charity i.e. provision of education.

n. Tangible fixed assets

The School decided to take advantage of the transition option under FRS 102 to accept the property revaluation done in 2016 as deemed cost.

Freehold Property is depreciated between 1% and 2% each year. Land is not depreciated. The non-depreciable land element of the Freehold Property has been deemed to be 30% of the full cost, with depreciation being charged on the remaining 70%.

Leasehold property improvements are depreciated over the shorter of the lease term or the expected useful life of the asset.

Equipment costing more than £1,000, or less than £1,000 as part of a larger project and new build projects are capitalised and carried in the balance sheet at historic cost.

Other fixed assets are being depreciated over their useful lives on a straight-line basis as follows:

Motor vehicles	-	7 years
Equipment	-	5 - 20 years
Computers & Media	-	3 - 5 years

No depreciation is charged on assets under the course of construction.

o. Investments

Investments are stated at market value. Realised and unrealised gains or losses arising on the sale and revaluation of investments are taken to the Statement of Financial Activities.

p. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of one month or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Principal Accounting Policies (continued)

r. Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s. Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of the inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged against expenditure as incurred.

t. Advance fees

Fees paid in advance are included in creditors and released to the Statement of Financial Activities as they fall due.

u. Deposits

The governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held at the reporting date has been included within current liabilities. The prior year pupil fee deposits balance has been similarly represented.

v. Termination benefits

Termination benefits are recognised immediately as an expense when committed to terminate the employment of an employee or to provide termination benefits.

w. Fund accounting

Unrestricted general funds are available for use at the discretion of the governors in furtherance of the general objectives of the charity.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefits. Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the charity. The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. It can be invested on a Total Returns basis.

x. 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, school fees and extras, accrued income, and other debtors. A specific provision is made for debts for which recoverability is in doubt. Financial liabilities held at amortised cost comprise trade creditors, bank loans other creditors, accruals and deposits.

y. Judgements in applying accounting policies and key sources of estimation 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. The items in the financial statements where estimates and judgements have been made include the following:

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets and note 1n) for the useful lives for each class of asset.

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 School Fee Income

	2022	2021
	£	£
Gross fees	10,711,014	9,925,285
Less: Total bursaries, scholarships, allowances and discounts	<u>(1,259,378)</u>	<u>(1,368,874)</u>
	9,451,636	8,556,411
 Add back: Bursaries paid from restricted funds	 261,710	 215,626
	<u>9,713,346</u>	<u>8,772,037</u>

The Old Herefordian Fund contributed £170,759 (2021: £142,239) towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and is therefore categorised as a restricted donation. During the year £201,952 (2021: £185,813) of rent was paid to the Old Herefordian fund.

3 Other Charitable Income

	2022	2021
	£	£
Other educational income		
Entrance fees	<u>11,925</u>	<u>7,737</u>
Ancillary trading income		
Meals	303,940	210,791
School trips, activities, tuition and transport	<u>806,259</u>	<u>501,447</u>
	<u>1,110,199</u>	<u>712,238</u>

4 Investment Income

	2022	2021
	£	£
Bank deposit account interest	1,841	1,811
Dividend income	<u>22,784</u>	<u>22,366</u>
	<u>24,625</u>	<u>24,177</u>

5 Other trading activities

	2022	2021
	£	£
Teacher release	3,803	4,222
Rent and hire of school facilities	10,536	11,507
Hire of sports hall	18,429	6,331
Coronavirus job retention scheme grant	-	332,063
Insurance claim	300	53,564
Other	<u>7,471</u>	<u>24,693</u>
	<u>40,539</u>	<u>432,380</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Staff Costs

	2022	2021
	£	£
Wages and salaries	5,271,757	5,072,450
Social security costs	506,406	458,784
Pension contributions	839,852	784,107
	<u>6,618,015</u>	<u>6,315,341</u>

No directors or persons connected with them received emoluments, fees, benefits in kind or reimbursement of expenses from the School or any connected organisation during the year (2020: £Nil).

The Headmaster, Head of Junior School and Bursar are considered to be the key management personnel, along with the Senior Leadership Team. Aggregate employee-benefits of key management personnel totalled £840,172 during the year (2021: £838,423).

The number of employees whose emoluments exceeded £60,000 were:	2022	2021
£60,000 - £69,999	4	3
£70,000 - £79,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	-	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
The average number of persons employed during the year was:		
Teaching and teaching support staff	131	128
Administration and support staff	40	43
Domestic and maintenance staff	40	40
	<u>211</u>	<u>211</u>

The School paid £99,525 (2021: £56,295) in respect of the higher paid employees to the defined benefit scheme.

During the year, there were termination payments made which amounted to £14,932 (2021: £Nil). None were outstanding at the year-end (2021: £Nil).

7 Pension costs

Defined contribution scheme

The company operates defined contribution schemes for teaching and non-teaching staff. The assets of these schemes are held separately from those of the company in a fund independently administered by HBOS, Nest and Aviva. The pension cost charge represents contributions payable by the company to these funds and amounted to £173,188 (2021: £167,509). The Aviva scheme was opened on 1 January 2021 to all teaching staff, and is a defined contribution scheme offered as an alternative to the Teachers Pension Scheme.

Defined benefit scheme

The School participates in the Teachers' Pension Scheme ("the TPS") and Aviva for its teaching staff. The pension charge for the year includes contributions payable to the TPS and Aviva of £663,332 (2021: £616,598) and at the year-end £79,444 (2021: £20,556) was accrued in respect of contributions to these schemes.

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%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Pension costs (continued)

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

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

The 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.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

8 Analysis of total resources expended

	Staff costs £	Other £	Interest £	Depreciation £	2022 £	2021 £
Raising funds						
Generating donations	107,007	13,716	-	-	120,723	119,923
Charitable activities						
Academic	5,595,740	1,429,545	-	259,210	7,284,495	6,569,948
Domestic	253,153	553,809	-	-	806,962	612,706
Premises	283,097	936,089	-	219,819	1,439,005	1,313,311
Support costs	368,769	339,514	-	-	708,283	651,327
Schools & education	6,500,759	3,258,957	-	479,029	10,238,745	9,147,292
Trips & activities	-	226,139	-	-	226,139	112,038
Interest	-	-	135,389	-	135,389	119,098
	6,500,759	3,485,096	135,389	479,029	10,600,273	9,378,428
Governance costs	10,249	25,719	-	-	35,968	31,958
Total resources expended	6,618,015	3,524,531	135,389	479,029	10,756,964	9,530,309

9 Support costs

	2022 £	2021 £
Wages and salaries	368,770	365,835
Legal and professional fees	87,258	46,567
Insurance	99,374	85,939
Advertising and marketing	57,332	32,113
Health and safety	10,754	12,049
Telephone	22,546	23,809
Printing, postage and stationery	7,293	10,921
Computer expenses	11,455	41,668
Bank charges	23,944	31,821
Miscellaneous	19,557	605
	708,283	651,327

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Interest

	2022	2021
	£	£
Bank loans for the purchase of property	120,438	109,213
Fees in advance agreements	14,951	9,885
	<u>135,389</u>	<u>119,098</u>

11 Net incoming resources

Net income is presented after charging the following:

	2022	2021
	£	£
Depreciation of tangible fixed assets	<u>479,028</u>	<u>406,266</u>
Operating lease rentals		
- Land and buildings	315,552	361,047
- Equipment	<u>119,859</u>	<u>112,940</u>
Auditors' remuneration		
- Audit services	20,286	19,320
- Non-audit services	<u>3,333</u>	<u>10,214</u>

12 Tangible fixed assets

Group	Freehold land and buildings	Short leasehold buildings	Long leasehold buildings	Fixtures, fittings, equipment and vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2021	4,633,732	862,438	3,803,610	1,829,787	11,129,567
Additions	327,441	37,817	70,423	296,220	731,901
Disposals	-	-	-	(53,090)	(53,090)
Adjustment	-	-	-	-	-
At 31 July 2022	<u>4,961,173</u>	<u>900,255</u>	<u>3,874,033</u>	<u>2,072,917</u>	<u>11,808,378</u>
Depreciation					
At 1 August 2021	121,662	412,044	1,252,494	1,053,202	2,839,402
Charge for the year	56,328	37,318	126,172	259,210	479,028
On disposals	-	-	-	(53,090)	(53,090)
Adjustment	-	-	-	-	-
At 31 July 2022	<u>177,990</u>	<u>449,362</u>	<u>1,378,666</u>	<u>1,259,322</u>	<u>3,265,340</u>
Net book value					
At 31 July 2021	<u>4,512,070</u>	<u>450,394</u>	<u>2,551,116</u>	<u>776,585</u>	<u>8,290,165</u>
At 31 July 2022	<u>4,783,183</u>	<u>450,893</u>	<u>2,495,367</u>	<u>813,595</u>	<u>8,543,038</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Tangible fixed assets

<i>School</i>	Freehold land and buildings	Short leasehold buildings	Long leasehold buildings	Fixtures, fittings, equipment and vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2021	4,633,732	862,643	3,803,610	1,549,096	10,849,081
Additions	327,442	37,817	70,423	296,220	731,902
Disposals	-	-	-	(53,090)	(53,090)
Adjustment	-	-	-	-	-
At 31 July 2022	4,961,174	900,460	3,874,033	1,792,226	11,527,893
Depreciation					
At 1 August 2021	121,662	412,249	1,252,494	978,116	2,764,521
Charge for the year	56,328	37,317	126,172	226,471	446,288
On disposals	-	-	-	(53,090)	(53,090)
Adjustment	-	-	-	-	-
At 31 July 2022	177,990	449,566	1,378,666	1,151,497	3,157,719
Net book value					
At 31 July 2021	4,512,070	450,394	2,551,116	570,981	8,084,561
At 31 July 2022	4,783,184	450,894	2,495,367	640,729	8,370,174

13 Fixed asset investments

	Philpotts educational charity	Music bursary fund	Bursary fund	Total
	£	£	£	£
Market value				
At 1 August 2021	640,042	456,058	370,685	1,466,785
Additions	110,378	56,288	57,758	224,424
Disposals	(113,019)	(47,936)	(57,178)	(218,133)
Gains / (losses)	(30,667)	(36,602)	(34,402)	(101,671)
Movement in cash	6,548	(18,609)	678	(11,383)
At 31 July 2022	613,282	409,199	337,541	1,360,022
Split as				
Investments held	592,000	402,672	327,517	1,322,189
Cash and pending settlements	21,282	6,527	10,024	37,833
At 31 July 2022	613,282	409,199	337,541	1,360,022
Investment in subsidiary				2
Total investments held				1,360,024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Debtors

	Group	Group	School	School
	2022	2021	2022	2021
	£	£	£	£
School fees	34,931	161,310	34,931	161,310
School fee extras	67,935	57,811	67,935	57,811
Other debtors	20,115	15,039	20,116	15,039
Prepayments and accrued income	97,078	58,949	97,078	58,949
Amounts owed by subsidiary	-	-	262,109	263,309
	220,059	293,109	482,169	556,418

School fees are stated after impairment provisions totalling £95,000 (2021: £150,000).

15 Creditors Amounts falling due within one year

Group and School

	2022	2021
	£	£
Instalments due on bank loans	462,563	396,410
Trade creditors	264,012	214,857
Taxation and social security	128,747	112,615
Other creditors	32,058	43,873
Accruals	348,394	330,842
Deferred income	480,795	216,304
Fees in advance	288,200	129,024
Registration deposits	197,123	160,667
	2,201,892	1,604,592

Deferred income

	2022
	£
Balance brought forward	216,304
Amounts received during the year	480,795
Amounts utilised in the payment of fees	(216,304)
Balance carried forward	480,795

Deferred income comprises of overseas tuition fees paid in advance of the start of term.

16 Creditors Amounts falling after more than one year

Group and School

	2022	2021
	£	£
Instalments due on bank loans	2,462,234	2,923,796
Fees in advance	351,033	228,110
	2,813,267	3,151,906

Maturity of bank loans

Due within one year	462,563	396,410
Due between one and two years	335,145	466,383
Due between two and five years	621,422	842,291
Due after five years	1,505,667	1,615,122
	2,924,797	3,320,206

- a. Bank loans are being repaid by instalments as follows:
 - 12 monthly instalments with interest at a fixed rate of 6.99% per annum. The loan matures on 31st December 2024.
 - 12 monthly instalments with interest at a fixed rate of 4.99% per annum. The loan matures on 31st August 2023.
 - 12 monthly instalments with interest at a variable rate. The loan matures on 7th August 2023.
 - 12 monthly instalments at a fixed rate of 4.34% per annum, after an initial interest-only period which ended in July 2020. The loan matures on 30th June 2044.
 - 60 monthly instalments with interest at a current rate of 2.11%. The loan matures in October 2026.
- b. Bank loans are being repaid by instalments as follows:
 - The bank loans are secured by first legal charges over Nos. 28 and 31 Castle Street, St. David's Hall Hereford, Quay House & Wilmot House.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Advance fee payments

Group and School

	2022	2021
	£	£
Within one year	288,200	129,024
Between one and two years	200,375	109,178
Between two and five years	150,658	118,932
After more than 5 years	-	-
	639,233	357,134
Balance at 1 August 2021	357,134	
Amount received in the year	610,197	
Amount utilised in the payment of fees	(328,098)	
Capital repaid	-	
Balance at 31 July 2022	639,233	

18 Analysis of net assets between funds

	Permanent endowment fund	Restricted funds	Unrestricted funds	Designated funds	Total
	£	£	£	£	£
Group					
Tangible fixed assets	-	-	8,543,038	-	8,543,038
Investments	613,282	746,740	-	-	1,360,022
Net current assets	(28,006)	484,694	(469,216)	90,710	78,182
Net long term liabilities	-	-	(2,813,267)	-	(2,813,267)
	585,276	1,231,434	5,260,555	90,710	7,167,975
School					
Tangible fixed assets	-	-	8,370,174	-	8,370,174
Investments	613,282	746,740	2	-	1,360,024
Net current assets	(28,006)	484,694	(207,156)	90,710	340,242
Net long term (liabilities)	-	-	(2,813,267)	-	(2,813,267)
	585,276	1,231,434	5,349,753	90,710	7,257,173

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Restricted funds

	Balance at 1 August 2021	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2022
	£	£	£	£	£
Old Herefordian Bursary Fund	-	170,759	(170,759)	-	-
Charitable Bursary Fund	582,027	48,094	(3,624)	(34,402)	592,095
Music Bursary Fund	440,910	8,538	(18,796)	(22,442)	408,210
Friends Bursary Fund	136,833	10,577	-	-	147,410
Other Bursary Funds	68,886	91,864	(90,736)	-	70,014
Rowing Fund	1,305	25,000	(12,600)	-	13,705
Other	-	2,011	(2,011)	-	-
	1,229,961	356,843	(298,526)	(56,844)	1,231,434

The income on restricted funds comprised donations received during the current academic year.

- The Old Herefordian Bursary Fund includes donations of £170,759 from The Old Herefordian Fund which contribute to the costs of scholarships and bursaries.
- The source of the Charitable Bursary Fund is the donation of bursary fund contributions paid by parents when their child starts at Hereford Cathedral School. The purpose of the Charitable Bursary Fund is to make the School accessible to pupils who would not otherwise be able to access education at an independent school. The governors consider that giving access in this way fits with the ethos of the School, and is appropriate to a school which has close links to the church.
- In 2011 the School was given a £325,000 legacy from the estates of two generous benefactors. The legacy stipulated that it should be used for a musical purpose. The governors decided that the legacy would be used to provide assistance for musically gifted children who would not otherwise be in a position to attend the School.
- A Friends Bursary Fund has been set up which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees. Funds are received in the form of donations made by friends of the School.
- Other bursary funds are other small donations restricted for use towards school bursaries.
- The rowing fund is used to support the rowing activities of the School.

20 Permanent endowment funds

	Balance at 1 August 2021	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2022
	£	£	£	£	£
Philpotts Educational Charity					
Preserved value	154,417	-	-	-	154,717
Unapplied total return	461,526	9,366	(5,458)	(34,575)	430,859
	615,943	9,366	(5,458)	(34,575)	585,276

The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. The School operates a policy of total return on its Endowment Funds and the School extracts the dividend income and investment management fees each year. This totals £3,908 (2021: £4,318) and can be seen as a transfer on the Statement of Financial Activities from Endowment Funds to Unrestricted Funds.

21 Designated funds

	Balance at 1 August 2021	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2022
	£	£	£	£	£
SAS Support fund	29,651	22,680	-	-	52,331
Marches 7's	1,307	1,136	(758)	-	1,685
Outreach music	32,363	10,637	(10,938)	-	32,062
Cantabile	4,682	-	(50)	-	4,632
	68,003	34,453	(11,746)	-	90,710

Designated funds have been created in the year, to better reflect the School's intention to set aside unrestricted funds for specific purposes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 Unrestricted funds

Group	Balance at 1 August 2021	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2022
	£	£	£	£	£
General fund	4,845,965	10,866,076	(10,441,234)	(10,252)	5,260,555
	4,845,965	10,866,075	(10,441,233)	(10,252)	5,260,555

School	Balance at 1 August 2021	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2022
	£	£	£	£	£
General fund	4,903,691	10,679,366	(10,223,052)	(10,252)	5,349,753
	4,903,691	10,679,366	(10,223,052)	(10,252)	5,349,753

23 Related party transactions

During the year governors made donations to the School towards bursary funds of £Nil (2021: £55). A number of governors have, or did have, children who are educated at the School. All fees are paid under normal terms. 2 governors also have spouses employed by the school, under normal contractual terms.

During the year, a total of £883 was paid to the children of Mr R Pizzi, who is the school Bursar, for casual labour with the maintenance team. A payment was also made to Hoople Ltd, a Company influenced by Herefordshire Council, for £84 (2021: £180). Mr C D Hitchiner, a Governor is a member of the Council.

The Old Herefordian Fund (charity number: 504119) is a charity in which J Sheldon, a governor at the School, is also a trustee. During the course of the year the School paid rent to and received restricted donations from the Old Herefordian Fund, details of which can be found in note 2 of these accounts.

24 Financial instruments

Group	2022	2021
	£	£
a. Financial assets measured at amortised cost	2,182,995	1,700,471
b. Financial assets measured at fair value	1,360,022	1,466,784
c. Financial liabilities measured at amortised cost	(3,766,385)	(4,070,446)
	(223,368)	(903,191)

School	2022	2021
	£	£
a. Financial assets measured at amortised cost	2,182,948	1,700,792
b. Financial assets measured at fair value	1,360,024	1,466,786
c. Financial liabilities measured at amortised cost	(3,766,385)	(4,070,446)
	(223,413)	(902,868)

- 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 loans, fee deposits, trade creditors, other creditors and accruals.

25 Operating leases

Group and School	Land and buildings	Equipment	Total 2022	Land and buildings	Equipment	Total 2021
	£	£	£	£	£	£
Within 1 year	301,414	7,874	309,288	311,384	33,172	344,556
Within 2 to 5 years	1,196,056	14,889	1,210,945	1,212,656	22,763	1,235,419
After 5 years	9,387,464	-	9,387,464	9,763,278	-	9,763,278
	10,884,934	22,763	10,907,697	11,287,318	55,935	11,343,253

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 Analysis of net assets between funds – prior year

Group	Permanent endowment fund £	Restricted funds £	Unrestricted funds £	Designated funds £	Total £
Tangible fixed assets	-	-	8,290,165	-	8,290,165
Investments	640,041	826,744	-	-	1,466,785
Net current (liabilities) / assets	(24,098)	403,217	(292,294)	68,003	154,828
Net long term (liabilities) / assets	-	-	(3,151,906)	-	(3,151,906)
	615,943	1,229,961	4,845,965	68,003	6,759,872

27 Statement of Financial Activities for the year ended 31 July 2021

	Unrestricted funds £	Restricted funds £	Permanent endowment fund £	Designated Funds £	Total funds 2021 £	Total funds 2020 £
INCOME & ENDOWMENTS FROM						
Raising funds						
<i>School fees receivable</i>	8,772,037	-	-	-	8,772,037	8,153,700
<i>Ancillary trading income</i>	649,928	-	-	62,310	712,238	704,210
<i>Other educational income</i>	7,737	-	-	-	7,737	7,225
Voluntary sources						
<i>Donations and legacies</i>	8,633	240,202	-	29,651	278,486	256,340
Investments						
<i>Income from investments</i>	1,811	12,865	9,501	-	24,177	30,489
Other trading activities						
<i>Non-ancillary trading income</i>	432,380	-	-	-	432,380	521,325
TOTAL INCOMING RESOURCES	9,872,526	253,067	9,501	91,961	10,227,055	9,673,289
EXPENDITURE ON						
Raising funds	107,265	7,475	5,183	-	119,923	111,901
Charitable activities						
<i>Schools and educations</i>	8,963,624	215,626	-	-	9,179,250	8,922,783
<i>School trips and activities</i>	88,080	-	-	23,958	112,038	306,540
	9,158,969	223,101	5,183	23,958	9,411,211	9,341,224
Financing costs						
<i>Interest</i>	119,098	-	-	-	119,098	149,042
TOTAL EXPENDITURE	9,278,067	223,101	5,183	23,958	9,530,309	9,490,266
Net income from operations before investment (losses)/ gains	594,459	29,966	4,318	68,003	696,746	183,023
Net (losses) / gains on investments	-	121,971	103,498	-	225,469	(82,560)
Transfers between funds	18,478	(14,160)	(4,318)	-	-	-
NET MOVEMENT IN FUNDS	612,937	137,777	103,498	68,003	922,215	100,463
Total funds brought forward	4,233,028	1,092,184	512,445	-	5,837,657	5,737,194
Total funds carried forward	4,845,965	1,229,961	615,943	68,003	6,759,872	5,837,657

HEREFORD CATHEDRAL SCHOOL

England & Wales - Charity number 518889

Accounts



HEREFORD
CATHEDRAL
SCHOOL

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2021

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MESSAGE FROM THE CHAIR OF GOVERNORS

This period has been dominated by the Coronavirus Pandemic. That said, the positive and swift actions taken by the Board, Headmaster and Senior Leadership Team during the Summer Term 2020 have proven to be both sensible and highly effective. The outcomes of those measures have benefitted the School significantly during this academic year which ends in an extremely strong position. In particular, the School's responses to the challenges of successive lockdowns, changing Government Covid guidance and regulations, and the requirement for highly effective remote teaching and learning has been exemplary. Pupil numbers are very healthy, interest from prospective parents remains buoyant and the number of boarders continues to grow, with the prospect of the Boarding House being full by the beginning of 2022.

After some 16 years as the Headmaster, Mr Paul Smith stepped down at the end of the academic year and the Board and School are indebted to him for his excellent leadership during his time at HCS. His calm and measured management of the Covid crisis exemplified his time at the helm of the School. The Board have appointed Dr Michael Gray as his successor who joins the School from the post of Director of Studies at Harrow School.

The Board remain committed to the delivery of the School's [Vision 2030](#) and while the challenges of Covid and its impact both nationally and globally remain significant, the Board continues to be very confident about the School's future.

Rear Admiral Philip Wilcocks
Chair of Governors

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2021

The Governors present the Report of the Trustees for the year ended 31 July 2021, which incorporates the Strategic Report under the Companies Act.

REFERENCE AND ADMINISTRATIVE INFORMATION

The regulating document of Hereford Cathedral School is a Charity Commission Scheme made under the Endowed Schools Acts on 26 June 1893, with the latest amendment in 1987. The School is a registered charity, number 518889. The registered company number is 2081261. The governing instrument is the Memorandum and Articles of Association, adopted on 5 December 1986.

The charitable company does not have a share capital, but the directors, as members, have undertaken to contribute a sum not exceeding one pound each in the event of a deficiency on winding up the company's affairs.

Senior School and Registered Office:	Junior School:
Old Deanery	28 Castle Street
The Cathedral Close	Hereford
Hereford	HR1 2NW
HR1 2NG	

www.herefordcs.com

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Management

Governors, as the charity trustees, are legally responsible for the overall management and control of the School. The governors determine the general policy, as well as being responsible for the strategic management and control of the business activities of the School. Meetings of the full governing body are held at least once a term, with occasional extra meetings called if matters arise of a sufficiently serious nature.

The Board appointed Dr Michael Gray to succeed Mr Paul Smith as Headmaster from September 2021. Dr Gray is tasked with the implementation of Vision 2030 and has already developed a clear strategy to take the School forwards to achieve further success. The School will rapidly capitalise on some of the positive lessons from the pandemic, such as an accelerated move towards a more digital teaching environment. He will also introduce an enhanced professional development programme for all staff and continue to seek out opportunities to expand the nursery, boarding and opportunities overseas. Recruitment is underway for a new Head for Hereford Cathedral Junior School, the search will be led by Dr Gray, assisted by the board and his SLT.

The operational management of the School is delegated to the Headmaster, Head of the Junior School and their respective Senior Leadership Teams (SLT) and together this group are the key management personnel. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel. The Headmaster, Head of the Junior School and the Bursar attend all meetings of the governing body's committees, which discuss issues for forwarding to the full governors' meetings. The main governor committees are Finance, Education, and General Purposes. In addition to these meetings, governors and senior leaders also attend meetings covering Health & Safety and Salaries and Personnel. Mr W Hanks is the designated governor for Safeguarding issues.

The School recognises the National Education Union (NEU) through an informal agreement for the purposes of pay, holidays and working hours. A Joint Negotiation Committee has been established to cover the bargaining unit (all teachers). Remuneration policy and budget is set by the governors, with the objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly the individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools and the maintained sector to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point on the pay scale, recognising that staff costs are the largest single element of our charitable expenditure.

Recruitment and Training of Governors

The recruitment of new governors is based on a pre-determined set of skills and competences across a range of disciplines such as: education, finance, law, religion, land & buildings and business. The policy of the governors is to maintain a balanced and diverse board, with a broad experience base, covering all of the topics outlined above. New governors are inducted into the workings of the School, including governing body policy and procedures, at an induction workshop specially organised for them by the Headmaster, the Head of the Junior School and Clerk. The new governors also attend specialist external and/or online courses on the role and responsibilities of charity trustees. All new governors are issued

with an induction manual, which seeks to assist in the understanding of the complex issues faced by a new charity trustee and non-executive director.

In addition, all new governors are expected in their first year to sit on each of the sub-committees in order to understand all aspects of the School's business. Governors attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Employment Policy

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. All employees are appointed in accordance with safer recruiting guidelines and particular emphasis and attention is given to safeguarding and background checks.

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

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

Investment policy and objectives

The School's investment objectives are to balance the current and future needs by:

- Maintaining (at least) the value of the investments in real terms
- Producing a consistent and sustainable amount to support expenditure
- Delivering these objectives within acceptable levels of risk

To meet these objectives, the School's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the Charity Commission has been made aware of the School's intention to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. The investment strategy and policy are monitored by the Finance Committee, as is investment performance, which is reported below, within the Strategic Report.

CHARITY TRUSTEES AND COMMITTEE MEMBERS

The governors are elected at a full governors' meeting, and their appointment is confirmed at the next AGM. The Dean and Chapter (D&C) of Hereford Cathedral have the right to recommend up to one quarter of the total number of governors. One third of the governors, or if their number is not three or a multiple of three, then the number nearest to, retire from office at each Annual General Meeting. They can be re-elected. The governors had no interests which were required to be disclosed under the Companies Act 2006. Unless otherwise determined by the company by ordinary resolution, the number of governors shall not be less than 10, or more than 18. The governors of the School, who are also the charity trustees and the directors of the company who served during the year and up to the date of approving these financial statements, were:

Elected Members

Rear Admiral P Wilcocks (Chairman)

Mr C D Hitchiner

Mr A Teale

Mr W Hanks

Mr S Borthwick (Deceased, December 2020)

Mr T Keyes

Mr J Sheldon

Mrs K Usher

Mr J Preece

Mr D Ashcroft

Mrs A Bentley (Resigned 4 November 2021)

Mrs J Millar

Mr C Jones

D&C Nominated Members

Mr W Hanks

Mr A Teale

Officers

Mr P A Smith

Headmaster (Resigned 31 August 2021)

Dr M E P Gray	Headmaster (Appointed 1 September 2021)
Mr C Wright	Head of the Junior School (Resigned 31 August 2021)
Mr J M Debenham	Acting Head of the Junior School (Appointed 1 September 2021)
Mr R Pizii	Secretary, Bursar and Clerk to the Governors

Finance Committee

Mr J Sheldon (Chairman)
Mr CD Hitchiner
Mr W Hanks
Mrs J Millar
Mr D Ashcroft

In attendance: Headmaster, Head of the Junior School, Bursar, Accountant, Chairman of the Board.

Education Committee

Mr T Keyes (Chairman)
Mr A Teale
Mr S Borthwick
Mr C Jones

In attendance: Headmaster, Head of the Junior School, Academic Deputy, Director of Studies, Chairman of the Board.

General Purposes Committee

Mr J Preece (Chairman)
Mr S Borthwick
Mr J Sheldon
Mrs J Millar
Mrs K Usher

In attendance: Headmaster, Head of the Junior School, Bursar, Chairman of the Board.

SUBSIDIARIES

During the financial year, the School had one trading wholly-owned subsidiary, HCS Educational Services Limited. Hereford International School Ltd was dormant during the year.

SOLICITORS

Humfrys & Symonds
St John's Chambers
St John Street
Hereford
HR1 2NG
3PR

Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

BANK

Lloyds Bank Plc
6-8 High Street
Hereford
HR1 2AE

AUDITOR

Crowe U.K. LLP
4th Floor
St James House
St James' Square
Cheltenham, GL50

INVESTMENT MANAGERS

Brewin Dolphin
St James' House
St James' Square
Cheltenham
GL50 3PR

Investec
30 Gresham Street
London
EC2V 7QP

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The governors undertake a full review of risk management procedures each year, with each sub-committee tasked with assessing and rating risks relevant to the areas for which they hold responsibility. The risks faced by the School include political, buildings (on-going maintenance and health and safety considerations), demographic and economic changes and recruitment and retention of high quality staff and pupils. Issues are identified and discussed with the specific purpose of reducing risk in all areas, with the findings reviewed annually at full Board level.

The other key control mechanisms used to mitigate risk wherever possible are:

- Formal agendas for all governors' meetings
- Full and thorough management accounting, budgeting and 5-year planning
- Preparation of, and reference to, written policies and committee terms of reference
- Operational management through an organisational structure
- Clear authorisation and approval levels for expenditure of budgets
- Robust procedures for legislative compliance educationally, financially and legally
- Membership of professional bodies which advise and support the school: AGBIS, HMC, IAPS, ISBA and BSA
- Full insurance cover which is reviewed annually

Principal Risks

The governors are mindful of the intense pressures facing the UK as a consequence of the global pandemic. The country has emerged from a series of lockdowns thanks to a successful vaccine programme but infection rates remain high and the virus will continue to effect operations for the foreseeable future. The deepest recession in decades has been followed by a strong recovery but with a high degree of uncertainty and risk, particularly of rising inflation. It is typically the case that the effects of a recession are not felt for a year or two by the independent school sector and so the Board will remain alert to the possibility that the current situation may deteriorate further.

The School's boarding has directly suffered in the short term, due in large part to a lack of confidence held by many Chinese parents regarding the UK Government's response to the crisis. Other nationalities also chose to keep their children at home, at least in the short term. However, the boarding house is nearly at capacity for the start of the new academic year, which is reassuring.

The Board has also considered the impact on the successful delivery of Vision 2030. The Board's Strategy day examined whether some elements of the Vision should be accelerated. They have identified the following principal risks facing the School and are taking appropriate steps to mitigate them:

- National and potentially global recession, inflation and potential increase in bank base rates which all relate to the affordability of fees
- Replacement of the Headmaster
- Ongoing impact of the Coronavirus pandemic
- Political pressure on the sector
- Implications of BREXIT on boarding
- Herefordshire's demographic and economic situation

The governors consider the impact of the ongoing global pandemic and resultant economic turbulence to be the principal risk faced by the School in the coming year. These are challenging times but the Board is confident that the School is strong enough to weather the challenges. They also recognise that post Covid there may well be substantial changes to the education sector.

Uncertainty

"There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know."

- Donald Rumsfeld

Governors and the SLT are fully aware of Donald Rumsfeld's "known unknowns" and "unknown unknowns". They endeavour to understand the implications of uncertainty by keeping abreast of developments within the sector through regular networking meetings, ongoing training and the use of consultants where appropriate.

Insofar as the governors are aware:

- There is no relevant audit information of which the charity's auditor is unaware, and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OBJECTIVES

The charitable objects of the School are to promote the advancement of education by acquiring, establishing, providing, conducting and carrying on schools in which boys and girls of all sections of the community may receive a sound general education (including religious instruction in accordance with the doctrines of the Church of England). The charitable company's principal activity continues to be the running of the Hereford Cathedral Senior and Junior Schools.

It is the policy of the School to attain the highest academic standards for our pupils and to encourage each individual to achieve his or her highest potential intellectually, culturally and physically. The School welcomes pupils from all backgrounds. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

AIMS

The School's aims and the intended impact of its activities are:

- To produce well-rounded individuals not only through the national curriculum, but also the opportunities of a wide range of additional activities, including: music, sport, the Duke of Edinburgh (DoE) award scheme and the Combined Cadet Force (CCF)
- To provide a structured educational environment that develops pupils' capabilities, where each student can develop and fulfil his or her potential, building their self-confidence and creating a desire to contribute to the wider community. The School recognises that a diverse range of cultures will significantly add to this goal, and therefore welcomes pupils from other countries who would directly benefit from our unique Cathedral School education. In addition, the School provides music and community support to the Cathedral, as well as the sub-letting and sharing of School facilities with the wider community

The Covid pandemic had a substantial impact on the School and consequently the principle aims for the year were:

- To ensure the continued delivery of a high-quality education for the School's pupils
- To plan for the School's mid and longer-term success

REPORT ON OBJECTIVES TO DATE

Governors and the SLT continued focus throughout the year was primarily on delivering an excellent education for all pupils despite the impacts of pandemic restrictions. The main objectives for the period were:

- To facilitate excellent remote learning, to remain agile on return to School, including provision of blended learning as "bubbles", groups or individual pupils were sent home to isolate.
- To provide an excellent Boarding experience, for those at Wilmot House and for those who were learning from overseas in order to retain and attract pupils for the new academic year.
- To progress plans to expand boarding provision.
- Continue to explore franchise opportunities overseas.
- To appoint a new Head Teacher who would deliver Vision 2030.

As ever, all aims will include continual review and improvement of academic, pastoral and extra-curricular dimension of school.

STRATEGIES TO ACHIEVE OBJECTIVES IN 2020/21

The various governor committees work together to assess the needs of the School from an educational, charitable and financial perspective.

- The Education Committee seeks to continually develop the academic, pastoral and extra-curricular provision offered at the School, and also encourages facility development in conjunction with the General Purposes and Finance Committees.
- The Finance Committee continues to apply controls to ensure that the development of the staffing and the fabric of the School is delivered effectively, as well as providing sufficient funds to increase the level of bursary awards granted, as a mainstay of the School's delivery of public benefit.
- The General Purposes Committee seeks to prioritise those areas of the School identified as needing physical improvement and works to a medium-term plan, with surpluses in excess of budget used to accelerate the plan.
- The Trustees hold an annual 'Strategy Day', devoted to developing the School's long-term vision and objectives.

The governors continued to support the SLT to build links and encourage community access of the School facilities for educational purposes and the delivery of outreach programmes.

GRANT-MAKING POLICY

The governors' policy, in line with other independent schools, is to award scholarships on the basis of the individual's academic, musical, dramatic, artistic and sporting ability. Bursaries and Fees Assistance are awarded to individuals who qualify under a stringent means-testing system but are not required to be academic high-flyers. Hardship bursaries are also awarded, usually of a short-term duration, to families facing immediate financial crises and who would otherwise be required to withdraw their children from the School.

PLANS FOR FUTURE PERIODS

In these challenging times, the current economic climate and localised demographic dips in pupil numbers, good schools need to look to the future, to build upon their successes and to maintain a dynamic momentum that will ensure their future success. Hereford Cathedral School has not stood still in recent years. Through self-evaluation and development, the School will continue to adapt to ever changing circumstances in ways that will maintain its status as one of the top independent schools in the country. The School's international reputation is also growing, through the opening of boarding, to the expansion of the boarding house, and ongoing work regarding establishing an overseas franchise.

Governors and Senior Leadership are continuing to develop a medium and long-term strategy for the School and have taken decisive steps towards increasing the number of international students which will help secure the future of the School for generations to come. The governors have further refined the details of Vision 2030 and discussed contingencies to mitigate the impact of the risks facing the School.

OVERVIEW OF 2020/21

PUBLIC BENEFIT – FEES ASSISTANCE

The School offers substantial financial provision, funding a significant number of transformational bursaries and provides a greater ratio of bursaries to scholarships within its recruitment and charitable strategies, including free places to some individuals. The school seeks to provide approximately 10% of gross fee income in the form of scholarship and bursary awards. Bursaries and scholarships awarded in 2020/21 were 7% and 3% of fee income, respectively. Bursaries were awarded to 12% of pupils and included 3 100% awards. (Including amounts awarded as special scholarships to children of military personnel serving within the Hereford Garrison).

The School prospectus and website includes reference to the availability of Fees Assistance; "Entrance Bursaries" are only awarded after undertaking robust means testing procedures, usually including home visits and interviews of all parents by an independent company. In assessing means we take a wide range of factors into consideration which include family net worth, including: income, investment and savings, and family circumstances such as dependants and siblings. This enables wider access to the school for those who would not otherwise be able to meet the full fee. Parents in receipt of significant bursary awards (over 50%) will also be interviewed by the Headmaster and Bursar. "Hardship Bursaries" are not always subject to the same assessment procedure and are normally awarded to pupils who have been at the School for at least 12 months (although exceptions may be made in the event of extraordinary circumstances, e.g. death of a parent). These are generally short-term awards to allow parents time to resolve their financial difficulties.

In the Summer Term 2020, the School was able to establish a modest short-term Covid hardship bursary fund, supported by a number of generous parents, with the aim of supporting those who lost their income as a direct consequence of the pandemic. A total of 27 families paid full fees for the Summer Term 2020, building a fund of £28k. This fund has now been fully drawn down.

PUBLIC BENEFIT – OTHER

Local groups and clubs usually have the opportunity to hire and use the School's facilities, including the sports hall, the Powell Theatre, St David's hall, playing fields and minibuses which are used for a variety of sporting, educational and music activities within the local community. The CCF partnership with a local academy school continues to flourish.

The School hosts and sponsors sporting events involving local primary and secondary schools, usually including: a primary school football tournament and a variety of county schools' events. Our sports pitches are used weekly by a local community football club, Hinton Football Club, and the youth section of Hereford Rugby Club. The School is also establishing closer ties with the County Cricket establishment.

The School continues to support the local community with outreach work in the state education sector, including science, maths, music, sport, design and technology and classical civilisation workshops, as well as providing education to the Cathedral choristers.

Music outreach includes a regular Saturday morning music school and series of concerts, details of which are on the School's website. Usually, Summer and Easter residential music courses are open to local children and subsidised for those in financial need. The School's music department brings together a number of the County's primary schools for a number of large scale events: such as the Words and Music for Remembrance (400 children), a Primary Schools' Advent carol service (600 children) and major choral & orchestral concert in the Spring Term (400 children).

Other members of staff help at local schools and academies, particularly with exam moderation and PGCE teacher placements. The School's activities and partnerships are recorded in the Schools Together website: www.schoolstogether.org. The School's Charity Committee continues to be busy raising money for various worthwhile causes locally and nationally.

It is with regret that most of the partnership and outreach work ceased during the pandemic. The School will re-instate these activities as soon as local conditions and national guidelines allow.

In drafting the above statements, the governors have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

SCHOOL PERFORMANCE

Hereford Cathedral School's GCSE and A Level results place the School as the highest performing School or College in the County and it remains a highly respected and well established coeducational HMC School. This year and the exam group cohorts will long be remembered as having suffered from a unique break in public exams. Instead, our pupils were awarded "Teacher Assessed Grades" (TAGs). Our teachers used all available data to produce a rigorous and appropriate set of TAGs, based on the criteria and guidance set by the examination boards and OFQUAL. The TAGs were firmly rooted in data and applied both the prior year results and the cohorts' performance in previous examinations. They required extraordinary additional effort by the School's teachers in an already busy and difficult period. A summary of the 2020 results is available on the School's website: <https://www.herefordcs.com/about/reports-policies-results/exam-results>.

Wilmot House remained fully operational throughout, including the Christmas and Easter holiday periods. It is a great testament to the residential staff that the boarding pupils, stranded by national lockdown and international travel restrictions were happy and well-looked after while living in virtual isolation, attending remote lessons. The last of the international pupils finally managed to get home at the end of the Summer Term. Recruiting for the 2021/22 academic year has picked up strongly and the boarding house was filled to 80% capacity in September.

FUNDRAISING PERFORMANCE

Progress continues to be made in the School's on-going work of raising voluntary funding and building a legacy/bequest stream. A Bursary Fund Appeal was launched in Feb 2020 and the Development Office continues to be promoted to alumni through social media and the annual alumni magazine. The Development Office's work changed during the pandemic when in-person reunions and events were cancelled. The Office instead took to the telephones and called a number of alumni at various 'life stages' including the most elderly, and those transitioning to and in University. Since the introduction, in May 2018, of our new data protection policies and Privacy Notices on website, magazines and social media platforms, we have received no complaints and just one GDPR request (June 2020).

For the Academic year 2020/21 the following voluntary income has been generated:

- HCS received £43k in bursary support from 6 grant making bodies in 2020/21 which has supported 10 specific pupils. HCS has been pledged £75k for 2021/22 with an additional £192k currently pledged for the academic years 2022/23 to 2025/26
- The Knapton Legacy continues to grow and generate income for a funded day place
- Restricted Funds - Bursary Funds and Awards, excluding the Knapton Bursary, grew in value to £184k (including gift aid), including donations received from the new Bursary Appeal

The School is grateful to the Bulmer Foundation; The Mosawi Foundation, The Tabor Fund; The School Fees Charitable Trust, EAC Educational trust and The French Huguenot Church for their continued support

All of the above means that the Development Office has been a net contributor to the School and has raised more than it costs including salary and on-costs.

The governors are aware of the increasing regulations with regards to fundraising and are keen to adopt an ethical and transparent approach in this respect.

The School employs a full-time member of staff in a development role, including fundraising. The School raises funds either through applications to external grant making bodies or through appeals to alumni. Funds raised are almost exclusively used for fee support for pupils. The School does not use external or "professional" fundraisers. The School is a member of The Institute for Development Professional in Education (IDPE) which is a body that advises members on best practice in fundraising and compliance with fundraising regulations. Our Development Director is regional Vice President of that organisation. The charity monitors its fundraising activities of any person acting on its behalf through regular meetings with the Headmaster and termly reports to the governors. There is a governor with specific focus on Fundraising compliance as part of their role and governors attend the Development Board meetings.

The governors do not know of any failure by the charity, or of any person acting on its behalf, to comply with fundraising standards. The charity received no complaints relating to its fundraising activities. The charity protects vulnerable people and other members of the public from behaviour which; is unreasonable intrusion on a person's privacy, is unreasonable persistent, places undue pressure on a person to give money. The charity does not approach members of the public for fundraising. All applications relating to pupils are confidential and data is handled accordingly. The School raised funds from alumni and parents in the last year; these people have an existing relationship with the School. The School does not undertake cold calling, telephone campaigns or employ any third parties to raise funds on our behalf. The School, through its Head and Development Director, is aware of the duty of care when raising money from former pupils and parents who might be classed as vulnerable and of the need to be sensitive; not invade privacy or be unreasonably persistent. The Development Director regularly attends industry conferences and regional networking meetings to ensure we are aware of, compliant with and sensitive to, the letter and spirit of regulatory guidelines, legislation and best practice in our fundraising.

COVID

The School and particularly the teachers reacted magnificently to the unexpected and unprecedented challenges of the pandemic. In this second academic year of disruption the School community has worked with great flexibility to maximise any opportunities and mitigated the issues of lock-down and periods of isolation. The School conducted highly effective remote teaching and enrichment activities, alongside music, sports fixtures, DoE, CCF and a full range of activities when permitted by the national guidelines. The safeguarding and mental health challenges to the entire community were recognised from the outset and measures put in place to maintain a good balance between learning, safety and wellbeing. The outcome for most learners was that they ended the academic year ahead once again, in curriculum terms, but some subjects require to catch up in practical exercises, experiments and manufacturing.

The School continued to provide live child-care and teaching provision to the children of key-workers through the national lockdowns.

The government's furlough scheme was a significant factor in the School's cashflow within the period. The School's operations had been adversely affected by Covid and the availability and extension of furlough meant that the School was able to avoid redundancies or laying staff off. Staff were removed from furlough as early as possible as the School re-opened. Without furlough it is unlikely that the School would have been able to retain all staff or secure their long-term employment.

Structurally and academically the School is strong: staff and pupils are upskilled in the use and application of IT, remote working, teaching and learning is now firmly established and common-place and most significantly, the School's reputation has been substantially enhanced. New pupils have joined throughout the past year, based on the academic performance and offering during lock-down. The School is also benefitting from inward migration to the county of former city-based office workers seeking a better quality of life.

The Senior School is bigger than it has been for many years and interest for September 2022 is strong.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year is set out on page 19. The financial statements comply with the applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice applicable to charities (Charities SORP 2015 (FRS 102)).

Gross Fee income increased by £618k (7.5%) during the year.

Tuition fees were reviewed and discounted appropriately following the third national lockdown from January to March 2021. Once again, the School was able to offer a proportionate fee discount.

The Bursary worked hard with parents to manage fee payments, flexibility was offered over timing and ultimately a high percentage of the fees due were paid in the period. Fee debt has continued to be well managed, reducing again this year with minimal write-off. The modest short-term Covid Hardship fund of £28k was fully allocated, assisting parents who unexpectedly suffered financial hardship due to the pandemic.

The School's financial position strengthened throughout the period, boosted by additional pupils but also affected by shortages in the supply chain and contractor availability to complete planned projects in some support areas, such as major maintenance tasks. The School also adopted a Total Pay and Benefits model for Teachers which has mitigated the impact of the previous 40% increase in employers' contribution to the Teachers' Pension Scheme. The closing position is strong and the Board are pleased to be able to consider a further discretionary payment to staff in recognition of their hard work and voluntary pay cut in 2020. Teachers' basic pay is now slightly above the national main pay scale and the Board hope to match the national upper pay scales from September. The Board continue to be alert to the threats and pressures on the School and wider economy; the strong closing position gives the Board confidence that the School was, and remains, a "going concern".

The surplus for the year (before transfers between funds and losses on investment assets) amounted to £696,746 (2020: £183,023). The surplus for the year after transfers between funds and losses on investment assets amounted to £922,214 (2020: £100,463) and has been transferred to reserves. Total funds amounted to £6,759,871 (2020: £5,837,657).

INVESTMENT POLICY AND PERFORMANCE

The governors' investment powers are set out in the regulating document.

Governors have continued to manage the investments in accordance with this policy and returns are considered to be satisfactory in view of the performance of the stock market during the year.

In common with other independent schools, the governors have invested substantial sums into School buildings in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The "free reserves" as at 31 July 2021 consist of unrestricted net current liabilities as shown in note 18 amounting to £(292,296) (2020: £(1,251,824)). The governors have chosen to invest in boarding as part of the long-term strategy to increase pupil numbers and widen the diversity of the School and therefore do not consider it appropriate at this time to place a great deal of emphasis on this figure. Rather, the figure illustrates the extent of the investment in our School, which is a common practice by independent schools which have to finance their own capital investment plans. The closing value of our tangible assets, property, plant and equipment, was £8,290,144 (2020: £8,283,085). This small increase reflects the reduced level of capital activity undertaken in the year, in response to the economic challenges of Covid-19 and more latterly the availability of contractors and material.

The governors consider that given the strength of the charity's balance sheet, the stable cash flow, the on-going popularity and academic success of our School, and the available banking facility that can be called upon if need arises, that there is no current need to build up a large free reserve.

The School had total reserves of £6,817,599 at the year-end (2020: £5,862,834), of which £1,229,961 is restricted (2020: £1,092,184), £615,943 is endowed (2020: £512,445), leaving £4,990,695 of unrestricted funds (2020: £4,258,205).

The governors recognise that the level of reserves fluctuates during periods of investment in the School estate and the arrangements with our bank are in place to provide an adequate "safety net" should it be required.

The School's long-term investments are managed by two investment companies. At the year-end the total value of the investment portfolio was £1,466,785 (2020: £1,245,768). The overall investment return amounted to £235,177 (calculated as the net investment gain of £225,469 plus dividends and interest received of £22,366 less management fees of £12,658). This year's results validate the objective to hold these investments in the long-term and accept short-term fluctuations in value.

Under the total return accounting basis, it is the governors' policy to extract as income one tuition fee. This fee is used to support the bursary of the "Knapton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knapton and Mrs Kathleen Cavill. The governors will keep the level of income withdrawn under review to balance the need and interests of current and future beneficiaries of the School's activities.

GOING CONCERN

The Board has paid due attention to the advice and modelling of the School's employees, the SLT and professional advisors including the School's auditors and consider that the School remains financially viable.


A range of five-year scenarios were modelled and refined, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. Performance against budget has been strong, and the School is emerging from the pandemic anticipating a period of strong growth followed by consolidation as the smaller numbers in the Junior school start to feed up to the Senior School. Additional emphasis and resources are being allocated to marketing and the management and Board remain alert to the possibility of further structural changes based on the budget projections.

The School returned to some of the deferred maintenance major projects and capital tasks as the year progressed. Savings were still taken when appropriate in staff and non-staff categories of the budget.

The School's bankers, Lloyds, have continued to be fully engaged and remain supportive of the School's aspirations.

The Board are extremely grateful to the Headmaster, Head of the Junior School, the Bursar and the SLT whose knowledge of the School and its community have helped the School emerge from the pandemic so strongly.

The Trustees Annual Report is approved by the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as directors at their meeting on 26 November 2021 and signed on its behalf by:



Rear Admiral P Wilcocks
Director

STATEMENT OF GOVERNORS' RESPONSIBILITIES


The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the order of the Board of Governors on 26/11/21 and signed on its behalf by:


Rear Admiral P Wilcocks
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD CATHEDRAL SCHOOL

OPINION

We have audited the financial statements of Hereford Cathedral School and its subsidiaries ('the group') the year ended 31 July 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Governors' 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:

for adequate and proper 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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Governors' responsibilities statement set out on page 15, the Governors (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 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 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 Governors 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

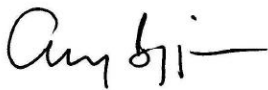
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of fee extras, donations, other income, CJRS income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own

identification and assessment of the risks of irregularities, performing sample testing for each category of income, performing cut-off testing for income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

RESPONSIBILITIES OF TRUSTEES

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



Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor

4th Floor
St James House
St James' Square
Cheltenham
GL50 3PR

Date: 27 January 2022

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2021

		Unrestricted funds	Restricted funds	Permanent endowment fund	Designated Funds	Total funds 2021	Total funds 2020 restated
		£	£	£	£	£	£
INCOME & ENDOWMENTS FROM							
Charitable activities							
<i>School fees receivable</i>	2	8,772,037	-	-	-	8,772,037	8,153,700
<i>Ancillary trading income</i>	3	649,928	-	-	62,310	712,238	704,210
<i>Other educational income</i>	3	7,737	-	-	-	7,737	7,225
Voluntary sources							
<i>Donations and legacies</i>		8,633	240,202	-	29,651	278,486	256,340
Investments							
<i>Income from investments</i>	4	1,811	12,865	9,501	-	24,177	30,489
Other trading activities							
<i>Non-ancillary trading income</i>	5	432,380	-	-	-	432,380	521,325
TOTAL INCOMING RESOURCES		9,872,526	253,067	9,501	91,961	10,227,055	9,673,289
EXPENDITURE ON							
Raising funds	8	107,265	7,475	5,183	-	119,923	111,901
Charitable activities							
<i>Schools and educations</i>	8	8,963,624	215,626	-	-	9,179,250	8,922,783
<i>School trips and activities</i>	8	88,080	-	-	23,958	112,038	306,540
		9,158,969	223,101	5,183	23,958	9,411,211	9,341,224
Financing costs							
<i>Interest</i>	10	119,098	-	-	-	119,098	149,042
TOTAL EXPENDITURE		9,278,067	223,101	5,183	23,958	9,530,309	9,490,266
Net income from operations before investment gains / (losses)		594,459	29,966	4,318	68,003	696,746	183,023
Net gains / (losses) on investments		-	121,971	103,498	-	225,469	(82,560)
Transfers between funds		18,478	(14,160)	(4,318)	-	-	-
NET MOVEMENT IN FUNDS		612,937	137,777	103,498	68,003	922,215	100,463
Total funds brought forward (restated)		4,233,028	1,092,184	512,445	-	5,837,657	5,737,194
Total funds carried forward		4,845,965	1,229,961	615,943	68,003	6,759,872	5,837,657

The notes on pages 22 to 34 form part of these financial statements.

BALANCE SHEET AS AT 31 JULY 2021

		Group 2021 £	Group 2020 £	School 2021 £	School 2020 £
FIXED ASSETS					
<i>Tangible assets</i>	12	8,290,165	8,283,085	8,084,561	8,044,742
<i>Investments</i>	13	1,466,785	1,245,768	1,466,787	1,245,769
		<u>9,756,950</u>	<u>9,528,853</u>	<u>9,551,348</u>	<u>9,290,511</u>
CURRENT ASSETS					
<i>Debtors</i>	14	293,109	477,843	556,418	741,362
<i>Cash at bank and in hand</i>		1,466,311	181,616	1,466,330	181,616
		<u>1,759,420</u>	<u>659,459</u>	<u>2,022,748</u>	<u>922,978</u>
CURRENT LIABILITIES					
<i>Amounts falling due within one year</i>	15	(1,604,592)	(1,552,272)	(1,604,592)	(1,552,272)
NET CURRENT ASSETS / (LIABILITIES)		<u>154,828</u>	<u>(892,813)</u>	<u>418,156</u>	<u>(629,294)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,911,778	8,636,040	9,969,504	8,661,217
LONG-TERM LIABILITIES					
<i>Amounts falling due after more than one year</i>	16	(3,151,906)	(2,798,383)	(3,151,906)	(2,798,383)
NET ASSETS		<u>6,759,872</u>	<u>5,837,657</u>	<u>6,817,598</u>	<u>5,862,834</u>
CAPITAL AND RESERVES					
<i>Permanent endowment fund</i>	20	615,943	512,445	615,943	512,445
<i>Restricted fund</i>	19	1,229,961	1,092,184	1,229,961	1,092,184
<i>Unrestricted fund</i>	22	4,845,965	4,233,028	4,903,691	4,258,205
<i>Designated fund</i>	21	68,003	-	68,003	-
TOTAL FUNDS		<u>6,759,872</u>	<u>5,837,657</u>	<u>6,817,598</u>	<u>5,862,834</u>

The surplus for the School dealt with in the financial statements was £954,764 (2020: £125,639 surplus).

The financial statements were approved and authorised for issue by the board of directors on 26/11/21 and signed on its behalf by:


Rear Admiral P Wilcocks (Director)


J Sheldon (Director)

The notes on pages 22 to 34 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2021

		2021 £	2020 £
NET CASH INFLOW FROM OPERATIONS	(i)	1,255,407	742,653
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
<i>Dividend income</i>		22,366	29,378
<i>Investment income receipts</i>		1,811	1,111
<i>Interest on bank loans</i>		(109,213)	(126,697)
		<u>(85,036)</u>	<u>(96,208)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
<i>Payments to acquire tangible fixed assets</i>		(413,346)	(477,634)
<i>Payments to acquire fixed assets investments</i>		4,453	(8,162)
		<u>(408,893)</u>	<u>(485,796)</u>
		<u>761,478</u>	<u>160,649</u>
FINANCING			
<i>Advance fees scheme</i>			
- <i>Receipts from new contracts</i>		14,443	185,337
- <i>Utilised during the year</i>		(261,821)	(433,077)
<i>New loans</i>		1,000,000	-
<i>Capital element of bank loans repaid</i>		(229,405)	(184,605)
		<u>523,217</u>	<u>(432,345)</u>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		<u>1,284,695</u>	<u>(271,696)</u>
CASH AND CASH EQUIVALENTS AT START OF PERIOD		181,616	453,312
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>1,466,311</u>	<u>181,616</u>

NOTES TO THE CONSOLIDATED CASH FLOW

(i) Reconciliation of operating surplus to net cash

<i>Net incoming resources</i>		922,215	100,463
<i>Returns on investments and servicing of finance</i>		85,036	96,208
<i>Loss / (gain) on investments</i>		(225,469)	82,560
Operating surplus		<u>781,782</u>	<u>279,231</u>
<i>Depreciation</i>		406,266	370,056
<i>Decrease in debtors</i>		184,734	173,213
<i>(Decrease) in creditors</i>		(117,375)	(79,847)
		<u>473,625</u>	<u>463,422</u>
Net cash inflow from operating activities		<u>1,255,407</u>	<u>742,653</u>

(ii) Reconciliation in net debt

	At 1 August 2020	Cash flows	Non-cash changes	At 31 July 2021
<i>Cash at bank and in hand</i>	181,616	1,284,695	-	1,466,311
<i>Debt due within one year</i>	(233,349)	233,349	(396,410)	(396,410)
<i>Debt due after more than one year</i>	(2,316,262)	(1,003,944)	396,410	(2,923,796)
	<u>(2,367,995)</u>	<u>514,100</u>	<u>-</u>	<u>(1,853,895)</u>

The notes on pages 22 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting Policies

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: 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) Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

a. Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investment assets.

b. Basis of consolidation

The Consolidated Statement of Financial Activities (SOFA), the Consolidated Balance Sheets and the Consolidated Cash Flow Statement include the financial statements of the School and its subsidiary undertaking made up to 31 July 2021. The Charity has taken advantage of the exemption available to a qualifying entity under FRS 102 from the requirement to present a charity-only Cash Flow Statement within the consolidated financial statements. No separate statement of financial activities has been presented for the School alone as permitted by Section 408 of the Companies Act 2006 and paragraph 1.12 (c) of the SORP. The net result of the parent (the charity) is shown on the balance sheet.

c. Charity information

Hereford Cathedral School is a charitable company limited by guarantee. The School is registered with the Charity Commission England and Wales (registered no: 518889). The charity was incorporated as a company limited by guarantee with Companies House England and Wales (registered no: 02081261). Its registered and principal office is Old Deanery, The Cathedral Close, Hereford, Herefordshire, HR1 2NG.

d. Going concern

These financial statements have been prepared on the going concern basis, which the governors consider to be appropriate as a result of projections prepared, having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows. The governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainty's over the School's financial viability and accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the governors' responsibilities on page 15.

e. Subsidiary Companies

Hereford Cathedral School has a wholly-owned subsidiary, HCS Educational Services Limited (registered company number: 11613027), a charitable company limited by share capital of £1 owned by Hereford Cathedral School. HCS Educational Services Limited shares the same address as its parent company. The Company has traded during the year, and the financial statements have therefore been prepared on a consolidated basis. The School also has a second subsidiary company, Hereford International School Ltd. This company is dormant.

f. Fees and similar income

Fees consist of charges for the school year, less scholarships, bursaries and allowances granted by the School. Fees receivable and charges for services and use of premises, are accounted for in the period in which the service is provided.

To secure a place at the School, a registration fee is paid by all pupils, both domestic and international. This sum is non-refundable and goes towards the HCS Charitable Bursary Scheme, which is used to support pupils who would not otherwise be able to access education at an independent school. As the fee is non-refundable, the income is recognised in the Statement of Financial Position upon receipt of the funds.

g. Donations

Donations subject to specific wishes of the donors are carried to relevant restricted funds. Any donations received for the general purposes of the School are credited to "Unrestricted Funds". Donations are accounted for on receipt.

h. Investment income

All investment income is credited according to the date of receipt into the investment cash account.

i. Government grants: Job Retention Scheme

Income from government grants, whether 'capital' grants or 'revenue' grants, is recognised when the School has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Where entitlement occurs before income is received, the income is accrued. Where income is received in advance of the School having entitlement to the funds the income is deferred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Principal Accounting Policies (continued)

j. Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes the costs of all fundraising activities, events and non-charitable trading.

k. Charitable activities

Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to the activity in the year. Irrecoverable VAT is included with the item of expense to which it relates. Support costs are those costs incurred in directly administering school operations as an educational establishment.

Governance costs comprise the costs of running the charity, including strategic planning (for its future development), also external audit, any legal advice for the governors, and all the costs of complying with constitutional and statutory requirements, such as costs of governors' meetings and of preparing statutory accounts and satisfying public accountability.

l. Pension costs

The company operates a defined contribution pension scheme with Halifax Bank of Scotland Investment Service (HBOS) and Nest for non-teaching staff and Teachers' Pension Scheme, a defined benefit scheme operated by the Department for Education, and Aviva, a defined contribution scheme, for teaching staff. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme. Pension costs are recognised in the profit and loss account in the accounting period in which the contributions are payable.

m. Taxation

As a charity the company is generally exempt from the corporation tax on income it receives. Although this exemption does not normally extend to trading income the company benefits from a concession, which also exempts such income from taxation, as the trade carried out is part of the primary purpose of the charity i.e. provision of education.

n. Tangible fixed assets

The School decided to take advantage of the transition option under FRS 102 to accept the property revaluation done in 2016 as deemed cost.

Freehold Property is depreciated between 1% and 2% each year. Land is not depreciated. The non-depreciable land element of the Freehold Property has been deemed to be 30% of the full cost, with depreciation being charged on the remaining 70%.

Leasehold property improvements are depreciated over the shorter of the lease term or the expected useful life of the asset.

Equipment costing more than £1,000, or less than £1,000 as part of a larger project and new build projects are capitalised and carried in the balance sheet at historic cost.

Other fixed assets are being depreciated over their useful lives on a straight-line basis as follows:

Motor vehicles	-	7 years
Equipment	-	5 - 20 years
Computers & Media	-	3 - 5 years

No depreciation is charged on assets under the course of construction.

o. Investments

Investments are stated at market value. Realised and unrealised gains or losses arising on the sale and revaluation of investments are taken to the Statement of Financial Activities.

p. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of one month or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Principal Accounting Policies (continued)

r. Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s. Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of the inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged against expenditure as incurred.

t. Advance fees

Fees paid in advance are included in creditors and released to the Statement of Financial Activities as they fall due.

u. Deposits

The governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held at the reporting date has been included within current liabilities. The prior year pupil fee deposits balance has been similarly represented.

v. Termination benefits

Termination benefits are recognised immediately as an expense when committed to terminate the employment of an employee or to provide termination benefits.

w. Fund accounting

Unrestricted general funds are available for use at the discretion of the governors in furtherance of the general objectives of the charity.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefits. Endowment funds cannot be expended but any interest earned can be used to further the general objectives of the charity. The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. It can be invested on a Total Returns basis.

x. 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, school fees and extras, accrued income, and other debtors. A specific provision is made for debts for which recoverability is in doubt. Financial liabilities held at amortised cost comprise trade creditors, bank loans other creditors, accruals and deposits.

y. Judgements in applying accounting policies and key sources of estimation 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. The items in the financial statements where estimates and judgements have been made include the following:

Useful economic lives of tangible assets

The annual depreciation charges for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets and note 1n) for the useful lives for each class of asset.

Impairment of debtors

The School makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 School Fee Income

	2021	2020
	£	£
Gross fees	9,925,285	9,469,562
Less: Total bursaries, scholarships, allowances and discounts	<u>(1,368,874)</u>	<u>(1,500,122)</u>
	8,556,411	7,969,440
 Add back: Bursaries paid from restricted funds	 215,626	 184,260
	<u>8,772,037</u>	<u>8,153,700</u>

As a result of the Covid-19 pandemic, Spring term fees were discounted by between 8% and 15% at a cost of £240,927. In 2020, Summer term fees were discounted by 20% at a cost of £668,895.

The Old Herefordian Fund contributed £142,239 (2020: £163,000) towards the cost of scholarships and bursaries. This contribution is given for this specific purpose and is therefore categorised as a restricted donation. During the year £185,813 (2020: £175,814) of rent was paid to the Old Herefordian fund.

3 Other Charitable Income

	2021	2020
	£	(Restated) £
Other educational income		
Entrance fees	<u>7,737</u>	<u>7,225</u>
Ancillary trading income		
Meals	210,791	185,185
School trips, activities, tuition and transport	<u>501,447</u>	<u>519,025</u>
	<u>712,238</u>	<u>704,210</u>

4 Investment Income

	2021	2020
	£	£
Bank deposit account interest	1,811	1,111
Dividend income	<u>22,366</u>	<u>29,378</u>
	<u>24,177</u>	<u>30,489</u>

5 Other trading activities

	2021	2020
	£	£
Teacher release	4,222	694
Rent and hire of school facilities	11,507	23,753
Hire of sports hall	6,331	9,567
Educations activities	-	400
Coronavirus job retention scheme grant	332,063	428,809
Insurance claim	53,564	-
Other	<u>24,693</u>	<u>58,102</u>
	<u>432,380</u>	<u>521,325</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Staff Costs

	2021	2020
	£	£
Wages and salaries	5,072,450	5,191,836
Social security costs	458,784	411,312
Pension contributions	784,107	772,606
	<u>6,315,341</u>	<u>6,375,754</u>

No directors or persons connected with them received emoluments, fees, benefits in kind or reimbursement of expenses from the School or any connected organisation during the year (2020: £Nil).

The Headmaster, Head of Junior School and Bursar are considered to be the key management personnel, along with the Senior Leadership Team. Aggregate employee-benefits of key management personnel totalled £838,423 during the year (2020: £759,659).

The number of employees whose emoluments exceeded £60,000 were:	2021	2020
£60,000 - £69,999	3	1
£70,000 - £79,999	1	1
£80,000 - £89,999		-
£90,000 - £99,999		-
£100,000 - £109,999	1	1
The average number of persons employed during the year was:		
Teaching and teaching support staff	128	135
Administration and support staff	43	43
Domestic and maintenance staff	40	42
	<u>211</u>	<u>220</u>

The School paid £56,295 (2020: £47,846) in respect of the higher paid employees to the defined benefit scheme.

During the year, there were termination payments made which amounted to £Nil (2020: £32,904). None were outstanding at the year-end (2020: £Nil).

6 Pension costs

Defined contribution scheme

The company operates defined contribution schemes for teaching and non-teaching staff. The assets of these schemes are held separately from those of the company in a fund independently administered by HBOS, Nest and Aviva. The pension cost charge represents contributions payable by the company to these funds and amounted to £167,509 (2020: £101,426). The Aviva scheme was opened on 1 January 2021 to all teaching staff, and is a defined contribution scheme offered as an alternative to the Teachers Pension Scheme.

Defined benefit scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £616,598 (2020: £684,139) and at the year-end £20,556 (2020: £85,974) 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%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Pension costs (continued)

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

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

The 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.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

8 Analysis of total resources expended

	Staff costs	Other	Interest	Depreciation	2021	2020
	£	£	£	£	£	Restated £
Raising funds						
Generating donations	107,265	12,658	-	-	119,923	111,901
Charitable activities						
Academic	5,334,670	1,032,605	-	202,673	6,569,948	6,444,285
Domestic	226,717	385,989	-	-	612,706	526,308
Premises	271,462	838,256	-	203,593	1,313,311	1,179,016
Support costs	365,835	285,492	-	-	651,327	742,379
Schools & education	6,198,684	2,542,342	-	406,266	9,147,292	8,891,988
Trips & activities	-	112,038	-	-	112,038	306,540
Interest	-	-	119,098	-	119,098	149,042
	6,198,684	2,654,380	119,098	406,266	9,378,428	9,347,570
Governance costs	9,392	22,566	-	-	31,958	30,795
Total resources expended	6,315,341	2,689,604	119,098	406,266	9,530,309	9,490,266

9 Support costs

	2021	2020
	£	£
Wages and salaries	365,835	428,506
Legal and professional fees	46,567	121,420
Insurance	85,939	54,998
Advertising and marketing	32,113	43,801
Health and safety	12,049	448
Telephone	23,809	22,744
Printing, postage and stationery	10,921	10,157
Computer expenses	41,668	4,741
Bank charges	31,821	24,244
Miscellaneous	605	31,320
	651,327	742,379

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Interest

	2021	2020
	£	£
Bank loans for the purchase of property	109,213	126,697
Fees in advance agreements	9,885	22,345
	<u>119,098</u>	<u>149,042</u>

11 Net incoming resources

Net income is presented after charging the following:

	2021	2020
	£	£
Depreciation of tangible fixed assets	<u>406,266</u>	<u>370,056</u>
Operating lease rentals		
- Land and buildings	361,047	303,850
- Equipment	<u>112,940</u>	<u>102,541</u>
Auditors' remuneration		
- Audit services	19,320	18,840
- Non-audit services	<u>10,214</u>	<u>24,600</u>

12 Tangible fixed assets

Group	Freehold land and buildings	Short leasehold buildings	Long leasehold buildings	Fixtures, fittings, equipment and vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2020	4,497,447	808,791	3,774,361	1,640,662	10,721,261
Additions	136,285	53,647	29,249	194,165	413,346
Disposals	-	-	-	(15,000)	(15,000)
Adjustment	-	-	-	9,960	9,960
At 31 July 2021	<u>4,633,732</u>	<u>862,438</u>	<u>3,803,610</u>	<u>1,829,787</u>	<u>11,129,567</u>
Depreciation					
At 1 August 2020	70,733	378,507	1,133,365	855,571	2,438,176
Charge for the year	50,929	33,537	119,129	202,671	406,266
On disposals	-	-	-	(15,000)	(15,000)
Adjustment	-	-	-	9,960	9,960
At 31 July 2021	<u>121,662</u>	<u>412,044</u>	<u>1,252,494</u>	<u>1,053,202</u>	<u>2,839,402</u>
Net book value					
At 31 July 2020	<u>4,426,714</u>	<u>430,284</u>	<u>2,640,996</u>	<u>785,091</u>	<u>8,283,085</u>
At 31 July 2021	<u>4,512,070</u>	<u>450,394</u>	<u>2,551,116</u>	<u>776,585</u>	<u>8,290,165</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Tangible fixed assets

<i>School</i>	Freehold land and buildings	Short leasehold buildings	Long leasehold buildings	Fixtures, fittings, equipment and vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2020	4,497,447	808,996	3,774,361	1,369,931	10,450,735
Additions	136,285	53,647	29,249	194,165	413,346
Disposals	-	-	-	(15,000)	(15,000)
Adjustment	-	-	-	9,960	9,960
At 31 July 2021	4,633,732	862,643	3,803,610	1,559,056	10,859,041
Depreciation					
At 1 August 2020	70,733	378,712	1,133,365	823,183	2,405,993
Charge for the year	50,929	33,537	119,129	169,932	373,527
On disposals	-	-	-	(15,000)	(15,000)
Adjustment	-	-	-	9,960	9,960
At 31 July 2021	121,662	412,249	1,252,494	988,075	2,774,480
Net book value					
At 31 July 2020	4,426,714	430,284	2,640,996	546,748	8,044,742
At 31 July 2021	4,512,070	450,394	2,551,116	570,981	8,084,561

The adjustment to fixed assets of £9,960, corrects a small historic difference between cost and accumulated depreciation. The overall effect on fixed assets is £Nil.

13 Fixed asset investments

	Philpotts educational charity £	Music bursary fund £	Bursary fund £	2021 Total £
Market value				
At 1 August 2020	532,225	403,360	310,183	1,245,768
Additions	130,140	28,234	69,608	227,982
Disposals	(83,095)	(42,221)	(47,986)	(173,302)
Gains / (losses)	103,498	62,587	59,384	225,469
Movement in cash	(42,726)	4,098	(20,504)	(59,132)
At 31 July 2021	640,042	456,058	370,685	1,466,785
Split as				
Investments held	625,309	430,922	361,339	1,417,570
Cash and pending settlements	14,733	25,136	9,346	49,215
At 31 July 2021	640,042	456,058	370,685	1,466,785
Investment in subsidiary				2
Total investments held				1,466,787

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Debtors

	Group 2021 £	Group 2020 £	School 2021 £	School 2020 £
School fees	161,310	253,201	161,310	253,201
School fee extras	57,811	7,608	57,811	7,608
Other debtors	15,039	1,267	15,039	1,267
Prepayments and accrued income	58,949	215,767	58,949	215,767
Amounts owed by subsidiary	-	-	263,309	263,519
	293,109	477,843	556,418	741,362

School fees are stated after impairment provisions totalling £150,000 (2020: £150,000).

15 Creditors Amounts falling due within one year

Group and School

	2021 £	2020 £
Instalments due on bank loans	396,410	233,349
Trade creditors	214,857	73,938
Taxation and social security	112,615	113,548
Other creditors	43,873	128,985
Accruals	330,842	405,537
Deferred income	216,304	348,420
Fees in advance	129,024	122,390
Registration deposits	160,667	126,105
	1,604,592	1,552,272

Deferred income

	2021 £
Balance brought forward	348,420
Amounts received during the year	216,304
Amounts utilised in the payment of fees	(348,240)
Balance carried forward	216,304

Deferred income comprises of overseas tuition fees paid in advance of the start of term.

16 Creditors Amounts falling after more than one year

Group and School

	2021 £	2020 £
Instalments due on bank loans	2,923,796	2,316,262
Fees in advance	228,110	482,121
	3,151,906	2,798,383

Maturity of bank loans

	2021 £	2020 £
Due within one year	396,410	233,349
Due between one and two years	466,383	246,380
Due between two and five years	842,291	447,559
Due after five years	1,615,122	1,622,323
	3,320,206	2,549,611

- a. Bank loans are being repaid by instalments as follows:
 - 12 monthly instalments with interest at a fixed rate of 6.99% per annum. The loan matures on 31st December 2024.
 - 12 monthly instalments with interest at a fixed rate of 4.99% per annum. The loan matures on 31st August 2023.
 - 12 monthly instalments with interest at a variable rate. The loan matures on 7th August 2023.
 - 12 monthly instalments at a fixed rate of 4.34% per annum, after an initial interest-only period which ended in July 2020. The loan matures on 30th June 2044.
 - 60 monthly instalments with interest at a current rate of 2.11%. The loan matures in October 2026.
- b. Bank loans are being repaid by instalments as follows:
 - The bank loans are secured by first legal charges over Nos. 28 and 31 Castle Street, St. David's Hall Hereford, Quay House & Wilmot House.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Advance fee payments

Group and School

	2021	2020
	£	£
Within one year	129,024	122,390
Between one and two years	109,178	250,527
Between two and five years	118,932	112,405
After more than 5 years	-	119,189
	<u>357,134</u>	<u>604,511</u>
Balance at 1 August 2020	604,511	
Amount received in the year	14,444	
Amount utilised in the payment of fees	(204,264)	
Capital repaid	(57,557)	
Balance at 31 July 2021	<u>357,134</u>	

18 Analysis of net assets between funds

	Permanent endowment fund £	Restricted funds £	Unrestricted funds £	Designated funds £	Total £
Group					
Tangible fixed assets	-	-	8,290,165	-	8,290,165
Investments	640,041	826,744	-	-	1,466,785
Net current assets	(24,098)	403,217	(292,294)	68,003	154,828
Net long term liabilities	-	-	(3,151,906)	-	(3,151,906)
	<u>615,943</u>	<u>1,229,961</u>	<u>4,845,965</u>	<u>68,003</u>	<u>6,759,872</u>
School					
Tangible fixed assets	-	-	8,084,561	-	8,084,561
Investments	640,041	826,744	2	-	1,466,787
Net current (liabilities) / assets	(24,098)	403,217	(28,966)	68,003	418,156
Net long term (liabilities)	-	-	(3,151,906)	-	(3,151,906)
	<u>615,943</u>	<u>1,229,961</u>	<u>4,903,691</u>	<u>68,003</u>	<u>6,817,598</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Restricted funds

	Balance at 1 August 2020	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2021
	£	£	£	£	£
Old Herefordian Bursary Fund	-	154,239	(154,239)	-	-
Charitable Bursary Fund	493,057	32,918	(3,332)	59,384	582,027
Music Bursary Fund	402,372	8,414	(18,303)	48,427	440,910
Friends Bursary Fund	124,456	12,377	-	-	136,833
Other Bursary Funds	70,994	57,119	(59,227)	-	68,886
Rowing Fund	1,305	-	-	-	1,305
	1,092,184	265,067	(235,101)	107,811	1,229,961

The income on restricted funds comprised donations received during the current academic year.

- The Old Herefordian Bursary Fund includes donations of £142,239 from The Old Herefordian Fund which contribute to the costs of scholarships and bursaries.
- The source of the Charitable Bursary Fund is the donation of bursary fund contributions paid by parents when their child starts at Hereford Cathedral School. The purpose of the Charitable Bursary Fund is to make the School accessible to pupils who would not otherwise be able to access education at an independent school. The governors consider that giving access in this way fits with the ethos of the School, and is appropriate to a school which has close links to the church.
- In 2011 the School was given a £325,000 legacy from the estates of two generous benefactors. The legacy stipulated that it should be used for a musical purpose. The governors decided that the legacy would be used to provide assistance for musically gifted children who would not otherwise be in a position to attend the School.
- A Friends Bursary Fund has been set up which is intended to support the development of bursaries for talented pupils from families who would not be able to afford the fees. Funds are received in the form of donations made by friends of the School.
- Other bursary funds are other small donations restricted for use towards school bursaries.
- The rowing fund is used to support the rowing activities of the School.

20 Permanent endowment funds

	Balance at 1 August 2020	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2021
	£	£	£	£	£
Philpotts Educational Charity					
Preserved value	154,417	-	-	-	154,417
Unapplied total return	358,028	9,501	(5,183)	99,180	461,526
	512,445	9,501	(5,183)	99,180	615,943

The Philpotts Educational Charity was originally established as a Scholarship Fund but under a Ministry of Education Order of 1947, the Scheme was varied to allow income to be used for the benefit of the School generally. The School operates a policy of total return on its Endowment Funds and the School extracts the dividend income and investment management fees each year. This totals £4,318 and can be seen as a transfer on the Statement of Financial Activities from Endowment Funds to Unrestricted Funds.

21 Designated funds

	Balance at 1 August 2020	Income	Expenditure	Transfers, investment gain	Balance at 31 July 2021
	£	£	£	£	£
SAS Support fund	-	29,651	-	-	29,651
Marches 7's	-	5,729	(4,422)	-	1,307
Outreach music	-	51,899	(19,536)	-	32,363
Cantabile	-	4,682	-	-	4,682
	-	91,961	(23,958)	-	68,003

Designated funds have been created in the year, to better reflect the School's intention to set aside unrestricted funds for specific purposes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 Unrestricted funds

<i>Group</i>	Balance at 1 August 2020 £	Income £	Expenditure £	Transfers, investment gain £	Balance at 31 July 2021 £
General fund	4,233,028	9,860,526	(9,266,067)	18,478	4,845,965
	4,233,028	9,860,526	(9,266,067)	18,478	4,845,965

<i>School</i>	Balance at 1 August 2020 £	Income £	Expenditure £	Transfers, investment gain £	Balance at 31 July 2021 £
General fund	4,258,205	9,719,900	(9,092,892)	18,478	4,903,691
	4,258,205	9,719,900	(9,092,892)	18,478	4,903,691

23 Related party transactions

During the year governors made donations to the School towards bursary funds of £55 (2020: £300). A number of governors have, or did have, children who are educated at the School. All fees are paid under normal terms. 2 governors also have spouses employed by the school, under normal contractual terms.

The Old Herefordian Fund (charity number: 504119) is a charity in which J Sheldon, a governor at the School, is also a trustee. During the course of the year the School paid rent to and received restricted donations from the Old Herefordian Fund, details of which can be found in note 2 of these accounts.

24 Financial instruments

Group

	2021 £	2020 £
a. Financial assets measured at amortised cost	1,700,471	549,461
b. Financial assets measured at fair value	1,466,784	1,245,769
c. Financial liabilities measured at amortised cost	(4,070,446)	(3,284,178)
	(903,191)	(1,488,948)

School

	2021 £	2020 £
a. Financial assets measured at amortised cost	1,700,792	549,461
b. Financial assets measured at fair value	1,466,786	1,245,769
c. Financial liabilities measured at amortised cost	(4,070,446)	(3,284,178)
	(902,868)	(1,488,948)

- 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 loans, fee deposits, trade creditors, other creditors and accruals.

25 Operating leases

<i>Group and School</i>	Land and buildings £	Equipment £	Total 2021 £	Land and buildings £	Equipment £	Total 2020 £
Within 1 year	311,384	33,172	344,556	303,850	109,404	413,254
Within 2 to 5 years	1,212,656	22,763	1,235,419	1,138,520	55,936	1,194,456
After 5 years	10,108,477	-	10,108,477	9,964,275	-	9,964,275
	11,632,517	55,935	11,688,452	11,406,645	165,340	11,571,985

26 Prior year adjustment

The accounts were adjusted to correct the gross up of trip income and expenditure in the year to 31 July 2020. This adjustment, between ancillary trading income and school trips and activities expenditure, has no impact on the previously reported surplus of £100,463.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 Analysis of net assets between funds – prior year

	Unrestricted funds	Restricted funds	Permanent endowment fund	Total
	£	£	£	£
Group				
Tangible fixed assets	-	-	8,283,085	8,283,085
Investments	532,226	713,542	-	1,245,768
Net current (liabilities) / assets	(19,781)	378,642	(1,251,674)	(892,813)
Net long term (liabilities) / assets	-	-	(2,798,383)	(2,798,383)
	512,445	1,092,184	4,233,028	5,837,657

28 Statement of Financial Activities for the year ended 31 July 2020 (restated)

	Unrestricted funds	Restricted funds	Permanent endowment fund	Total funds 2020	Total funds 2019
	£	£	£	£	£
INCOME & ENDOWMENTS FROM					
Charitable activities					
<i>School fees receivable</i>	8,153,700	-	-	8,153,700	8,146,252
<i>Ancillary trading income</i>	704,210	-	-	704,210	1,109,238
<i>Other educational income</i>	7,225	-	-	7,225	6,300
Voluntary sources					
<i>Donations and legacies</i>	-	256,340	-	256,340	64,380
Investments					
<i>Income from investments</i>	1,996	17,316	11,177	30,489	30,323
Other trading activities					
<i>Non-ancillary trading income</i>	521,325	-	-	521,325	128,278
TOTAL INCOMING RESOURCES	9,388,456	273,656	11,177	9,673,289	9,484,771
EXPENDITURE ON					
Raising funds					
	100,724	6,634	4,543	111,901	134,428
Charitable activities					
<i>Schools and educations</i>	8,738,523	184,260	-	8,922,783	8,616,972
<i>School trips and activities</i>	306,540	-	-	306,540	552,784
	9,145,787	190,894	4,543	9,341,224	9,304,184
Financing costs					
<i>Interest</i>	149,042	-	-	149,042	125,973
TOTAL EXPENDITURE	9,294,829	190,894	4,543	9,490,266	9,430,157
Net income from operations before investment (losses)/ gains	93,627	82,762	6,634	183,023	54,614
Net (losses) / gains on investments	-	(49,440)	(33,120)	(82,560)	44,612
Transfers between funds	6,785	-	(6,785)	-	-
NET MOVEMENT IN FUNDS	100,412	33,322	(33,271)	100,463	99,226
Total funds brought forward	4,132,616	1,058,862	545,716	5,737,194	5,637,968
Total funds carried forward	4,233,028	1,092,184	512,445	5,837,657	5,737,194