



**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:
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.

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 "Knpton Music Scholar" thanks to the generosity of the benefactors: Miss Barbara Knpton 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.

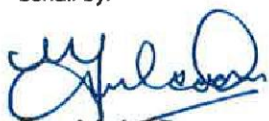
A range of five-year scenarios were modelled and refined, with varying degrees of stress on pupil numbers, fee recovery, debt, operational costs and a range of other factors. Performance against budget has been steady, and the School is emerging from the pandemic anticipating a period of strong growth 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

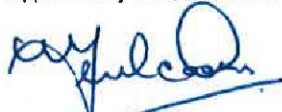
The Governors (who are also the directors of the charity for purposes of company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

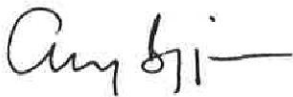
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of fee extras, donations, other income, CJRS income, and the override of controls by management. Our audit procedures to respond to these risks 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				
Dividend income		22,784	22,366	
Investment income receipts		1,841	1,811	
Interest on bank loans		(120,438)	(109,213)	
		(95,813)	(85,036)	
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets		(731,901)	(413,346)	
Payments to acquire fixed assets investments		5,091	4,453	
		(726,810)	(408,893)	
		707,014	761,478	
FINANCING				
Advance fees scheme				
- Receipts from new contracts		610,197	14,443	
- Utilised during the year		(328,098)	(261,821)	
New loans		-	1,000,000	
Capital element of bank loans repaid		(395,409)	(229,405)	
		(113,310)	523,217	
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		593,704	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				
Net incoming resources		408,103	922,215	
Returns on investments and servicing of finance		95,813	85,036	
Loss / (gain) on investments		101,671	(225,469)	
Operating surplus		605,587	781,782	
Depreciation		479,028	406,266	
Decrease in debtors		73,050	184,734	
Increase / (Decrease) in creditors		371,972	(117,375)	
		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
Cash at bank and in hand	1,466,311	593,704	-	2,060,015
Debt due within one year	(396,410)	396,410	(462,563)	(462,563)
Debt due after more than one year	(2,923,796)	(1,001)	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	(1,259,378)	(1,368,874)
	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	11,925	7,737
Ancillary trading income		
Meals	303,940	210,791
School trips, activities, tuition and transport	806,259	501,447
	<u>1,110,199</u>	<u>712,238</u>

4 Investment Income

	2022 £	2021 £
Bank deposit account interest	1,841	1,811
Dividend income	22,784	22,366
	<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	7,471	24,693
	<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
	6,618,015	6,315,341

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
	211	211

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
	135,389	119,098

11 Net incoming resources

Net income is presented after charging the following:

	2022	2021
	£	£
Depreciation of tangible fixed assets	479,028	406,266
Operating lease rentals		
- Land and buildings	315,552	361,047
- Equipment	119,859	112,940
Auditors' remuneration		
- Audit services	20,286	19,320
- Non-audit services	3,333	10,214

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	4,961,173	900,255	3,874,033	2,072,917	11,808,378
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	177,990	449,362	1,378,666	1,259,322	3,265,340
Net book value					
At 31 July 2021	4,512,070	450,394	2,551,116	776,585	8,290,165
At 31 July 2022	4,783,183	450,893	2,495,367	813,595	8,543,038

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 2022	Group 2021	School 2022	School 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

	2022	2021
	£	£
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
	<u>4,845,965</u>	<u>10,866,076</u>	<u>(10,441,233)</u>	<u>(10,252)</u>	<u>5,260,555</u>
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
	<u>4,903,691</u>	<u>10,679,366</u>	<u>(10,223,052)</u>	<u>(10,252)</u>	<u>5,349,753</u>

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)
	<u>(223,368)</u>	<u>(903,191)</u>

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)
	<u>(223,413)</u>	<u>(902,868)</u>

- 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 £ As restated
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
	<u>10,884,934</u>	<u>22,763</u>	<u>10,907,697</u>	<u>11,287,318</u>	<u>55,935</u>	<u>11,343,253</u>

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						
School fees receivable	8,772,037	-	-	-	8,772,037	8,153,700
Ancillary trading income	649,928	-	-	62,310	712,238	704,210
Other educational income	7,737	-	-	-	7,737	7,225
Voluntary sources						
Donations and legacies	8,633	240,202	-	29,651	278,486	256,340
Investments						
Income from investments	1,811	12,865	9,501	-	24,177	30,489
Other trading activities						
Non-ancillary trading income	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						
Schools and educations	8,963,624	215,626	-	-	9,179,250	8,922,783
School trips and activities	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						
Interest	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

