

KING EDWARD VI SCHOOL SOUTHAMPTON

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2015

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KING EDWARD VI SCHOOL SOUTHAMPTON

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KING EDWARD VI SCHOOL SOUTHAMPTON

LEGAL AND ADMINISTRATIVE INFORMATION

Charity number: 1088030

Company number: 4238902

Address: King Edward VI School
Wilton Road
Southampton
Hampshire
SO15 5UQ

Telephone: 023 8070 4561
Fax: 023 8070 5937
Email: bursar@kes.hants.school.uk
Website: <http://www.kes.hants.sch.uk>

Professional advisors:

Auditors: Fiander Tovell LLP
Chartered Accountants
Registered Auditors
Stag Gates House
63/64 The Avenue
Southampton
SO17 1XS

Bankers: National Westminster Bank plc
12 High Street
Southampton
SO14 2BF

Investment advisors: Rathbone Investment Management Limited
Fiennes House
32 Southgate Street
Winchester
SO23 9EH

Solicitors: Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Paris Smith
Number One
London Road
Southampton
SO15 2AE

Insurance brokers: Marsh Brokers Limited
Capital House
1-5 Perrymount Road
Haywards Heath
RH16 3SY

Architects: Morse Webb
Black Burn
Upper Woolhampton
Reading
Berkshire
RG7 5TN

KING EDWARD VI SCHOOL SOUTHAMPTON

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

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|---|---|
| Structural engineers: | R J Watkinson and Partners Limited 12 High Street Lyndhurst SO43 7BD |
| Governors (who are also directors): | |
| Patron | The Lord Lieutenant for the County of Hampshire Dame M Fagan DVCO, JP (ceased 11 September 2014) Mr N Atkinson (appointed 12 September 2014) |
| Ex officio governors | The Incumbent of the Church of St Mary, Southampton Reverend Dr J E Davies MA, D.Phil (Oxon), MA (Cantab) |
| Nominative governors | Hampshire County Council Councillor R Perry BA Hampshire Chamber of Commerce Miss J C May The Old Edwardians' Association M J Rowles FCA (ceased 4 March 2015) Mr J Mist FCA (appointed 5 March 2015) The University of Oxford K St J Wiseman MA (Oxon) The Senate of the University of Southampton M H Mayes MA, MSc, MBA Southampton City Council Councillor C Chamberlain (appointed 17 March 2015) |
| Co-optative Governors | Dr Y Binge MB, ChB P W Brazier BSc, FCIOB (Vice-Chair) Dr R B Buchanan MBBS, FRCP, FRCR B E Gay BA (Chair) Mr J Mist FCA (co-optative position ceased 4 March 2015) A J Morgan MA (Oxon), FCA, ATII Mrs A Steele Arnett Cert Ed, PGDip, MBA Mrs C Pierce, DCH, DRCOG, MRCGP Alderman A Samuels BA (Cantab) (ceased 4 March 2015) Mrs S Mancey Mr B Richards Dr N J England MA, DPhil, DL Dr A L Thomas MA, PhD Mrs J L Wadsworth (appointed 1 July 2015) |
| Officers: | |
| Head Master | A J Thould MA (Oxon) |
| Bursar, Clerk to the Governors and Company Secretary | R V Maher BA Econ (Hons), ACA |

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 AUGUST 2015

The Governors of King Edward VI School Southampton present their annual report and consolidated audited accounts for the year ended 31 August 2015 and confirm that they comply with the requirements of the Charities Act 2011, the Charities SORP 2005 and the company's Articles of Association (updated 5 December 2012).

The School was founded on 4 June 1553. Since 1 September 2001 the School has operated as a charitable company limited by guarantee and not having a share capital.

STRATEGIC REPORT

On 25 May 2012 the charitable company acquired 100% of the share capital of Stroud School Limited, company registration number 00616684. Stroud is a successful preparatory and pre-preparatory school and for some years has been one of our principal feeder schools both at our 11 and 13 year old entry. Its acquisition was part of a long term strategy to extend our educational provision below the age of 11, providing greater security of entry for the future together with increased educational continuity from the early years until A level.

Our aims

The School is a charitable company and operates within its Articles of Association which include regulations for the appointment of trustees.

The object for which the Company is established is to advance education and training in or near Southampton and elsewhere, including the carrying on of a school or schools or other educational establishments and ancillary or incidental educational and other associated activities for the benefit of the community.

Our primary aim is to educate boys and girls through the running of an independent HMC co-educational day school. The aims of the Charity include:

- To maintain and extend academic excellence.
- To foster in every pupil a sense of personal worth and help each achieve his or her potential.
- To offer an extensive range of co-curricular activities.
- To encourage all students to become responsible members of society.
- To develop and sustain close links between the School and the community.

We promote the academic, moral and physical development of our students through our academic curriculum, pastoral care, sporting and ancillary activities. The Charity seeks to ensure that its students achieve the highest standards of excellence to enable them to operate effectively in a world marked by rapid change. They are taught to be flexible and adaptable. It prepares its students for the future, focusing on initiative, independence and responsibility, inculcating a desire to contribute to the wider community.

The Governing Body shares the common objective to keep King Edward's at the forefront of education, recognising the need for excellence and opportunity within the context of over 460 years of tradition.

Our latest Independent Schools' Inspectorate (ISI) Inspection report concluded that:

"... King Edward VI is a thriving and highly successful school at which pupils gain a rich and varied educational experience. The school meets its aims in full. Academic achievement is excellent at all levels for boys and girls, and this shows in the pupils' attainment in external examinations and in the standards they usually achieve in lessons. Wider achievement is excellent and is enabled by the extensive and vibrant enrichment programme provided by all departments and energetically supported by staff. Achievement in extra-curricular activities, including sport, music and drama is of a very high standard.

Governance is excellent, being suitably focused on educational development, with safeguarding given a very high priority, and financial guidance that is outstanding."

The full report may be found on our website.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The Governors believe that, as our main preparatory feeder school, Stroud has a natural synergy with King Edward's and this has proved to be the case with a seamless transition to a 3 to 18 culture. This is very evident at our Wellington Sports Ground facilities where students and parents across the age range meet on a regular basis. Children are valued as individuals and provided with a stimulating, caring and disciplined environment.

Stroud's aims, and success in delivering them, are made clear in its most recent ISI Inspection report which concluded that:

"From the EYFS onwards, pupils of all abilities are successful in their learning and personal development. The school fulfils its aim to provide an education of the highest quality in which children are challenged and encouraged to achieve their potential in all areas. Pupils' excellent achievement overall is supported by teaching of high quality within a broad curriculum which includes an excellent range of extracurricular activities. Throughout the school pupils develop strong literacy, numeracy and ICT skills and they are extremely well prepared for their future schools.

Pupils' excellent attitudes towards their work are a strong contributor to their success, together with their exemplary behaviour and positive relationships with their teachers."

Our objectives

Our objectives are set to reflect our educational aims and the ethos of the School. It is important to us that we maintain and enhance academic success. This objective is, however, set in the context of the broader goals we set for the Charity and its students.

In setting the objectives and planning activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit together with its supplementary public benefit guidance on advancing education and on fee-charging. The governors have revisited our objectives and future planned activities with due regard to the September 2013 Charity Commission guidance (PB1, PB2, PB3) in accordance with their responsibilities under the Charities Act 2011.

The public benefit narrative within this report is also set out taking account of PB3. The latest updated Charity Commission guidance for fee charging educational charities dated 22 October 2015 is also noted. Our historic and ongoing public benefit approach as evidenced in this report is wholly congruent with the increased emphasis, set out in this latest guidance, of sharing the Schools' facilities with our state sector partners. Also noted is the 2015 Charities SORP (FRS102) which will be applicable to our accounts from 2015/2016.

The key objectives for the year included:

- To recruit a high calibre Head for the preparatory school following the current Head's retirement on 31 August 2015.
- To recruit a high calibre Senior Deputy Head into this newly created role within the senior school senior management team.
- To sustain the highest standards of teaching and pastoral care through prioritising and increasing investment in staff development including a comprehensive review of HR, administrative and tutor support assisting across the school but in particular the work of the Assistant Head (Staff Development).
- To maintain our extensive programme of lesson observations and peer reviews to spread best practice.
- To continue to invest heavily in our ICT infrastructure ensuring a consistent exceptional platform, 3 to 18. In excess of £350,000 was set aside for this purpose.
- To work hard to maintain the current exceptional levels of co-curricular provision and participation. This includes moving our sailing based activities to Southampton Water Activities Centre as part of a long term partnership with the charity Active Nation (charity number 1047742).
- To establish a partnership with Hampshire County Cricket to run elite performance courses and matches from Wellington Sports Ground, obtaining assistance from their Head Groundsman in the development and maintenance of our 10 wicket square which was created in the previous year. We have also purchased additional scoreboards and cricket covers.
- To purchase 2 new minibuses to support our extensive co-curricular activities and reduce external hire costs at peak times.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

- To build 4 additional music practice rooms to cater for our highly successful extra-curricular music lessons. The music department had 25 GCSE students who achieved A* grades with the remaining 10 awarded grade A. We continue to promote excellence in this important area.
- To extend our highly popular fitness suite facility following the success of our recently created performance and fitness co-ordination role within the P.E. department.
- To relocate our examinations to the sports hall following the installation of upgraded low energy LED lighting in the previous year.
- To continue to reflect the feedback from students and parents in the school development plan both through regular liaison and formal surveys.
- To continue to expand community links consistent with our aims for mutual benefit.
- To continue to promote and develop the King Edward VI School Southampton Foundation to provide additional fee support, primarily from legacy funds, thus widening access over the long term.
- To ensure continued public benefit consistent with our overall aims.
- To continue to invest in the Stroud School site and implement significant car park works minimising delivery movements in pedestrian areas.
- To refurbish and extend the Hill Lane kitchens as part of a £300,000 kitchen refurbishment program.
- To purchase a new garage at Wellington Sports Campus releasing the ground floor of the pavilion for conversion into an additional hospitality area to accommodate our 3 to 18 fixtures.

Our ethos, strategy and policies

Our Governors are responsible for setting a strategy for achieving the objectives they have set. Its focus is on the development of our students, their continued high levels of academic and co-curricular achievement and to widen further the extensive access to the education our Schools provide. In taking forward our strategy we:

- Regularly review the academic syllabus, teaching practices and pastoral care.
- Invest in technology, related infrastructure and specialist staff with a high degree of expertise.
- Monitor the number and range of trips and activities. We also monitor levels of student participation and co-curricular staff hours in addition to benchmarking success in external awards.
- Monitor and benchmark our success in student retention, public examinations, university entrance and student destinations against their individual aims.
- Monitor current community links and the development of new opportunities consistent with our aims and the new Charity Commission guidance in October 2015, including co-operation and the sharing of resources with local state schools and groups promoting educational activities.
- Regularly conduct staff development reviews.
- Evaluate feedback from partners, staff and students. A parent, staff and student survey was undertaken in 2013 by an independent specialist company with the next due in 2016.
- Regularly review activities against the agreed Development Plan undertaking a zero based revision to the Plan in 2013. The next review will take place during 2015/2016.
- Continue to review and develop our methods and funding for awarding means tested fee assistance to ensure wider access to students from all backgrounds.

Our Ethos: a caring school serving our local community and society

King Edward's is a charity which seeks to benefit the public through the pursuit of its stated aims. Our fees are set at a level to ensure the financial viability of the educational provision offered and at a level that is consistent with our aim of providing a first class education to boys and girls.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Our Schools welcome students from all backgrounds. To admit a prospective student we need to be satisfied that our Schools will be able to educate and develop them to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken in the senior school to satisfy ourselves and parents that potential students can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, gender reassignment, ethnicity, race, religion, sexual orientation or disability do not form part of our assessment processes. We are an equal opportunity organisation and our policies are consistent with the Equality Act 2010. We are committed to a working environment that is free from any form of discrimination and for the avoidance of doubt regard all the protected categories listed above as equally valid with none taking precedence over the other. We seek to educate, creating an environment reflecting mutual respect, empathy and understanding and to that end encourage constructive dialogue offering differing perspectives from students and staff. We will make reasonable adjustments to meet the needs of staff or students who are or become disabled.

Our Schools are committed to safeguarding and promoting the welfare of our students and expect all staff and volunteers to share this commitment. All staff are subject to ongoing safeguarding training in accordance with DfE guidelines the last such training taking place in the autumn term 2013. New staff, since that date, have received child protection training as part of their induction training. All staff and governors involved in recruitment have been trained in a National College accredited safer recruitment course the most recent one taking place on 28 January 2015. Parents are given regular information about their children's social and academic progress through parent evenings in addition to the traditional end of term and year reports. We maintain regular contact with parents throughout the year both informally and through our e-bulletin. We also have a strong pastoral system which, as well as supporting the welfare of our students, also enforces our very rigorous anti-bullying policy.

The most recent ISI Inspection reports from both Schools demonstrate the impact of the ethos and pastoral care provided:

At King Edward's the "Pupils' personal development is excellent and fully meets the school's aim of developing self-confidence and independent young people who have a strong sense of community. The school's extensive range of extra-curricular and charitable activities makes a very significant contribution to the school's aim of encouraging pupils to become responsible and reflective. The school is meticulous in its approach to safeguarding and child protection and has all the necessary arrangements in place to manage the pupils' welfare, health and safety. The pastoral work of the staff is key to pupils' excellent personal development and to meeting their needs. Relationships both between pupils and with staff are very good and pupils are very positive about their time in school."

At Stroud School "Pupils' personal development is excellent and they are confident, articulate and proud of their achievements. Their spiritual awareness is very well developed. Pupils respect each other's views and have a strong moral code and mature sense of social responsibility. Their sense of well-being is supported by the school's committed pastoral care embedded in a family atmosphere, together with careful attention to their welfare, safeguarding, health and safety. Pupils are happy in school and appreciate that it fulfils its aim to accord them a safe environment in which they are confident and feel valued and respected."

Instilling an ethos of social responsibility is at the heart of our charitable educational aims. In the light of Charity Commission guidance, the aim to develop and sustain close links with the community may benefit from further clarification. This aim is fulfilled through educational and other associated activities carried out by the students and staff in the community delivering important educational and non-educational benefits to all involved.

Both of the above are recognised and appreciated by our community. The Governors are committed to developing and sustaining this important aspect of the Schools' ethos. As such, we continue to interpret the aim in its widest sense in accordance with our objects, resisting pressures to direct resources away from activity which results in non-educational benefits for those who do not attend the Schools. In practice this means that activities such as hospital visiting by students will continue to be encouraged.

Access policy

It is important to us that access to the education we offer is not restricted to those who can afford our fees. We believe our students benefit from learning within a diverse community. A great deal of learning occurs through social interaction, conversation and shared experiences which help our students develop an understanding of the perspectives of other people that will be vital in their adult lives.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Our bursary policy, together with our "Partnerships" programme and Foundation initiative contributes to a widening of access to the education we offer and the facilities we enjoy. There are no means tested bursaries currently operating at Stroud however the Governors introduced means tested scholarships from 1 September 2015. The Governors are committed to identifying ways to expand the current bursary opportunities across all age groups whilst recognising the need to maintain affordability for full fee paying parents. Discussions with a local trust have confirmed that they will consider requests to alleviate hardship from both Stroud and King Edward's on a case by case basis. Support up to £22,896 (£7,318) (*all figures in brackets relate to 2013/2014*) has been offered for 2015/2016.

Bursaries

The Governors view our bursary awards as important in helping to widen student access to ensure that a King Edward VI School education is provided to children from a broad spectrum of society, continuing the School's long tradition of providing public benefit.

We are a registered charity that is committed to providing significant public benefit. The Governors are aware of their obligations under the Charities Act 2011 and the Charity Commission's guidance and seek to adhere to the public benefit principles identified by the Charity Commission. This policy is normally reviewed on an annual basis to take into consideration the latest guidance from the Charity Commission. The Governors note the October 2015 revision encouraging the sharing of facilities with other state schools. We will continue to seek funds to increase our bursary awards whilst delivering our extensive programme of sharing our facilities with state and charitable organisations that share our aims the details of which are listed under the "Community Service" heading below.

King Edward's has a long history of providing financial assistance to students and their families and will continue to do so. While the costs of running the School require that those who can pay full fees must do so, in the current year the School has foregone 6.5% (6.7%) of gross fee income at the senior school in fee remissions. This figure is broken down into means tested bursary and studentship awards totalling 5.6% (5.8%); scholarships and other non means tested awards make up the balance.

Approximately 8% (8%) of the students at King Edward's at any one time benefit from means tested support with 36% (29%) being up to 100% of fees. The bursary awards can range from an 18% to 100% remission of fees and ranged from 20% to 100% in the current year (20% to 100%).

The School's limited bursary funding is primarily directed towards the parents of new students with the purpose of providing ongoing support during the time that their child is a pupil of the School up to the level of support required on entry into the School, subject to the parents' continuing compliance with the terms and conditions of the bursary award and the level of bursary funds available. The scheme is designed to assist prospective parents on low incomes who, for financial reasons, might otherwise be unable to send their child to the School. In cases of hardship where an existing student's education and future prospects would otherwise be at risk, in exceptional circumstances, consideration will be given to providing financial support including the funding of school trips. Applications to an external trust may be made for support in hardship cases or to cover additional items incurred by bursary candidates such as uniform costs, bus fares, lunches and school trips.

In assessing means we take a number of factors into consideration including family income, investments, equity, other assets and savings. We also take account of family circumstances, for example, dependent relatives and the number of siblings. However, King Edward's does not have a large endowment and in funding our awards we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

In 2007 the Governors established The King Edward VI School Southampton Foundation to work with the School and the Old Edwardians' Association with the primary aim of improving access to the School by providing a continuous and sustainable level of financial support for bursary development. The sum of £4,554 (£22,544) has been received during the year. Much of the work generates legacy support which we hope will bring important funding over the long term. We are thankful to the trustees of The EPA Cephalosporin Fund for agreeing in April 2012 to award £500,000 over the 5 years to 2017 in additional bursary funding of which £300,000 has been received to date. The Foundation continues to increase the number of Edwardians who have made provision for the School in their will. We are indebted to the generosity of our benefactors, many of whom benefitted from a free King Edward's education and are committed to helping others to do the same.

We view a socially diverse student population as a key component of a full and balanced education. The availability of bursaries is advertised locally and in line with the objects of the School. The focus of the advertising reflects the fact that we wish to make low income families aware that a King Edward's education can be accessible to those who cannot afford the fees. It also seeks to inform those involved in the current education of potential students who may be better placed to assess the benefit to the individual child thus encouraging families to look into the opportunities available for their child. Further details of our bursary policy and how to apply are available on our website.

Increased bursary provision

Following on from the significant increase in the number and quality of bursary candidates who joined in September 2010 (following the Governors' agreement to a 50% increase in awards for that year's intake only) a further increase is anticipated due to the increased EPA support referred to above. Bursary support over the last 6 years has risen year on year from £495,680 to £738,506. This represents a 49% increase over the period. We will continue to seek additional bursary funding to expand awards to younger students.

The success of our bursary scheme is explained in the review of activities and achievements section of the Trustees' Report. Details of bursary awards are also set out in Notes 20, 21 and 22 to the Accounts.

Partnerships initiative

Both Schools are part of a wider community and we are keen that our staff and students participate. King Edward's also offers resources to support a range of educational activities. This provides educational benefit not only to local children attending state schools but also other voluntary and non-profit making organisations. The appointment of a Partnerships Co-ordinator in 2006 was a tangible demonstration of the Governors' substantial commitment to our community in general and developing areas of mutual interest with local state schools in particular. The activities undertaken and the success of our 'Partnerships' programme are explained in the review of activities and achievements section of this report. One of those activities is the regular science club which takes place in our laboratories for students from a local school to experience mentoring and tuition from our staff and students. The aim of this particular partnership is to create enthusiasm and interest in science. We are passionate about the importance of this area of study and want to do all that we can to encourage the next generation of high calibre science scholars irrespective of where that enthusiasm is developed. The activities and achievements of the programme are detailed later in this report. The creation of a senior management post of Assistant Head (Co-Curricular) in September 2010 to work with the Partnerships Co-ordinator has resulted in the continued expansion of our community links. This has enjoyed renewed impetus from September 2013 with the appointment of our Director of Sport.

Financial planning policy

Timely financial planning is often the key for many parents who are hoping to send their children to King Edward's or Stroud. The Governors are aware of the many competitive products available from specialist third parties to finance school fees through monthly payments or other payment terms tailored to the fee payer. In the light of this and the strict financial regulations governing credit agreements, the Schools do not offer comparable products to new entrants.

In the event of financial hardship, such as redundancy, individual discussions may take place to consider varying the standard payment terms where this will assist the fee payer to overcome temporary financial difficulties; any agreed variation being in accordance with the relevant regulations.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Family discounts policy

Sibling discounts are awarded in both Schools without recourse to means testing. The Governors are aware that continuity is important for families, and currently believe that some recognition of the increased likelihood of financial difficulty in meeting the fees of more than one child is warranted. The policy for new entrants remains under ongoing review in the light of increasing pressures on bursary funding.

Promoting high academic standards - Scholarship policy

The purpose of our scholarship awards is to recognise and encourage exceptional ability. Our Co-ordinator of the Very Able, a role set up in 2008, tangibly reinforces our commitment to academic excellence, maximising the potential of all students including the most academically able. Awards may be subject to conditions imposed by the original donor.

Academic scholarships are awarded on the results of the Admissions Examination, taking into account the recommendations of Head Teachers. Awards made when progressing within the School are based on nominations by teaching staff and a shortlist is drawn up for consideration by the Academic Board.

Creative Arts scholarships are also available in music, art and drama. The successful candidates are expected, during the tenure of their award, to make an important and continuing contribution to the Creative Arts at the School.

Scholarships are awarded with a fixed remission of fees of between 5% and 25%. The level of remission awarded to a scholarship student has been reduced in recent years. Awards above 10% are only available in the Sixth Form and have been predominantly funded by historic donations given for that purpose. Where further assistance is required, scholarship awards may be supplemented by a means tested bursary. We advertise the availability of scholarship awards and further details of our scholarship policy are available on our website.

Stroud School also makes awards under the senior school Studentship criteria to Years 7 and 8 and these have become means tested from 1 September 2015 in accordance with Charity Commission guidance.

Promoting high academic standards - assistance for our staff

As part of our emphasis on attracting and retaining high calibre staff, we offer a discount scheme where staff members choose to educate their children at their School.

Our Finances

The School Roll at King Edward's for 2014/2015 averaged at 976 (969) whilst Stroud finished the year with 348 (349) students. An average fee increase of 5.5% at KES, plus a 2.1% overall rise in all other sources of income has resulted in a 5.1% (£0.9 million) increase in total income in the year. The number of trips and visits organised by the Schools has risen once again, resulting in a 24.9% (£168.5k) increase in self-financing activity income. King Edward's received a further £100,000 from the EPA Cephalosporin Fund and will continue to receive £100,000 per year for the next two years assisting the continuing improvement in access. Bank and other interest income has risen as a result of higher cash balances owing to lower capital expenditure this year in anticipation of the large capital projects planned for 2015/2016. Depreciation charges have increased 12.8% (£152.2k) as a result of the significant capital investment, particularly in Stroud, in the previous year. The loan balance for the Early Years Building at Stroud has reduced to £50,532 (£83,509). Interest is being charged at 1.2% over base rate.

We have continued to work hard to contain expenditure, which has risen more slowly than income, at 3.9% to £17.9 million. The cost of increased trips and visits have risen 21.8% within this. A 2.1% increase in staff costs has helped to ensure we retain and recruit the highest calibre of staff whilst maintaining a close eye on value.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The Governors continue to be proactive in monitoring the implementation of our longer term strategic aims, regularly reviewing the finances, budgets, expenditure variances and cash flow as part of the effective stewardship of the Schools. Our long term strategic approach to decision making together with the financial policies outlined in this report are necessary elements in the consistent delivery of our educational aims.

Future plans

The Governors intend to continue their current strategy of maintaining the Schools' position in a competitive market by investing, as required, to provide high quality education for our students. Achieving a high standard of academic results is a constant aim whilst maintaining the breadth and depth of the education provided.

The Head Master and senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our students' development, keeping a watching brief on university entrance requirements. This remains particularly relevant with the national changes to both stand alone AS level examinations and the staggered approach to A2 level subject curriculum changes.

We aim to achieve the highest standards of teaching and pastoral care through prioritising and further increasing our investment in staff development with a newly created role of Head of HR with full time dedicated HR support to assist the Assistant Head (Staff Development). Newly created roles of Initial Teacher Training Tutor, NQT Tutor and Assistant Head of PSHE over the coming year will reinforce our commitment to recruit and support high calibre staff and enhance the pastoral care and personal development of our pupils.

Our future plans are financed predominantly from fee income and from our reserves. The Governors need to maintain an equitable balance ensuring that our current students benefit whilst, at the same time, ensuring that a sound infrastructure and financial base are preserved for the next generation of students in the same way as our current students benefit today from the investment made in the past.

The current economic climate has had an impact on many preparatory schools and the Governors keep a watching brief on the threats and opportunities this poses. A healthy intake of students over the long term remains an important factor underpinning the Schools' development plans to maintain the high quality of educational provision.

It has been another busy year in which a large number of smaller projects have been completed while others have been planned for the near future.

King Edward's has continued to develop links internationally as well as in the City through the development of partnerships with UK and overseas schools, charitable activity in the UK and abroad, fund raising and community work such as hospital visiting and support for local projects.

The Governors view our bursary and scholarship awards as important in both promoting excellence and widening access to the education our School provides. The Governors regularly review our Bursary and Scholarship Awards policies to ensure that able children can accept offers of places at King Edward's through the availability of means-tested fee assistance. This includes reviewing earning thresholds applied to our bursary awards in the light of ongoing charity commission guidance. We believe our current policies and procedures are well designed and effective to target the limited resources where they are most needed. This is particularly the case with the introduction of means tested awards in our preparatory school in September 2015.

As set out earlier in this report, the success of the King Edward VI School Southampton Foundation initiative is critical to increasing the funds available for means tested awards in the long term. We hope that the commitment of our staff and in particular the dedicated role of Development Officer will help the difficult task of fund raising in the present climate. The emphasis is long term with much effort expended in relation to generating future legacy income.

The Governors intend to build on the success of the 'Partnerships' programme by extending our links and exchanges with the state sector. In developing our plans as we move forward, we will work closely with the Heads of the schools we partner ensuring that a positive contribution to our shared educational aims continues.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

A major extension and refurbishment to the Dobson Theatre, the Sixth Form Concourse and the art department has been granted planning permission and construction will commence in July 2016. Our aim is to create a larger theatre which will seat around 400 and add further working space to other areas. This will be a landmark project creating premium space for the 2016/2017 academic year.

In conjunction with the above landmark project, extensive refurbishments of surrounding roofs will take place together with the hall roof on the main building. This is part of a proactive programme which will see £300,000 expended on roof maintenance and repair over the coming year. The balcony area of the main hall will also be refurbished with new seating completing the upgrade of this important central space. We will also take the opportunity to reconfigure parking together with accommodation on the north perimeter of the site including plans for the school shop to go online in 2016. Removing cars from the south side will allow the creation of a recreational space for the students in front of the new theatre and art facilities.

In light of the centenary commemorations the Governors wish to erect a new memorial on the senior school site listing those Edwardians who lost their lives in WW1. This is part of a number of initiatives instigated by a staff committee tasked with marking the occasion appropriately. A memorial garden will be created in the coming year.

At Stroud, following the multi-million pound investment last year we are continuing to consider site wide improvements under the guidance of the newly appointed Head. Over the coming year further enhancements to car parking are expected to create additional spaces primarily through improved configuration and moving staff cars away from the front of the site. Having constructed an exceptional dining room with spectacular views overlooking our farm we will be rebuilding the utility room between the dining room and the main house to complete the upgrade of this important hospitality area. We remain committed to maintaining first class facilities to promote excellence on all sites and in all areas of the Schools' operation and will continue to do so with an awareness of the importance of long term sustainability.

A major revision of our strategic development plan in 2013 is being implemented with two Governors' strategic review days taking place over the last year. A further zero based review is planned over the coming year together with a Governor away day in March 2016. The self-evaluation process under the new ISI inspection arrangements requires ongoing reassessment, albeit in a revised format. Our students are known for their intellectual talents but King Edward's is far from being an academic hot house. The School maintains its friendly and welcoming character. The involvement of Edwardians and students from Stroud in the wider community as well as in sport, culture and charity work gives our students a strong social conscience. They are very keen to support the wider community and are the finest testament to the education they receive 3 to 18 as clearly shown in the most recent ISI reports for each School. The implementation of the Charity's strategic planning processes, coupled with the consistent high performance of its students, underpins our reputation as one of the UK's leading educational establishments.

Risks and risk management

The Governors are responsible for the overseeing of the risks faced by the Schools. The detailed consideration of risk is delegated to the senior management of the Schools. Risks are identified, assessed and controls established throughout the year. A formal review of the Charity's risk management processes is undertaken on an annual basis with a zero based revision of the risk register being last conducted in 2013. Risk is managed by reviewing 80 specific factors under the broad headings of governance, operational, financial, environmental, external, compliance and legal.

It is recognised that the failure to recruit and retain high calibre staff, particularly teachers, is a key risk to such a people dependent organisation and greater focus and resource has been placed on this area including staff training. Coupled with this we have seen the continued growth of compliance increasing the risk of a failure to meet regulatory requirements. Specific Governor training covering their responsibilities on compliance took place in March 2014. Also a new HR role was added to the management structure specifically directed at mitigating these risks and a high calibre appointment subsequently made in May 2014. Following the HR and Administration Review in 2015 further changes took place with the appointment of a Head of HR in November 2015 together with the recruitment of a full time HR Administrator who is expected to be in post early in January 2016.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

There are specific external risks for all educational organisations with sixth form students both in terms of ongoing poor external exam marking which continues to risk students losing their higher education places but also changes to the AS and A2 level curriculum. There will be less flexibility for students and varying increased costs across the sector as parallel programs are operated to manage the transition which is not synchronised across the different A2 subjects that individual students will be taking. As state sixth form colleges also face onerous financial restrictions these transitional risks may also represent an opportunity to differentiate our offer further, thereby increasing our added value to students.

The Governors are also mindful of the long term strategic benefits of taking opportunities for integration that will add value to the educational experience of the students; this is managed through main Governors meetings, strategic away days and the Development sub-committee which meets as required.

Through the risk management processes established for the Schools, the Governors are satisfied that the major risks identified have been eliminated, passed on or adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Strategic summary

The Governors are confident that the strategy set out above and related detailed objectives are a sound basis to maintain the exceptional educational experience for our students over the long term.

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

Student numbers and fees

Our educational activities are carried out through our senior and preparatory co-educational day schools; the former is located in Southampton and the latter near Romsey.

King Edward's

The School Roll for 2014/2015 averaged 976 (969) students, 61% boys and 39% girls. The Governing Body is not surprised at the healthy numbers in spite of the continued economic recession. The consistent outstanding performance of both students and staff continues to make this the school of choice for students living within commuting distance. This year has again seen outstanding results and new initiatives.

Our fees for the year before means tested and non-means tested deductions such as bursaries and scholarships were £13,815 (£13,095). This represents £4,605 per term (£4,365) representing an increase of £240 (£320) per term on the previous year.

As we are mindful of the on-going imperative to maintain excellent school facilities the significant capital expenditure over the last decade has been above the average for the independent day school sector. As trustees of an educational charity, the Governors seek to charge fees at the minimum level required to sustain the exceptional quality of education provided within a sound financial framework with appropriate investment and reserves.

Stroud

The school roll for 2014/2015 averaged 341 (344). The healthy numbers reflect the outstanding reputation of the school in the local area, recently enhanced by the benefits of formalising the link with King Edward's. The students' outstanding achievements in many areas of school life continue to enhance the school's reputation for excellence. Termly Fees for the year 2014/2015 were £4,925 (£4,690) for the Senior School, £4,470 (£4,215) for the Middle School, £3,020 (£2,860) for the Pre Prep.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The acquisition of Stroud School represented a major strategic change for King Edward's as the School expanded its reach to include children from the early years in a combined community of over 1300 students. The current year has seen the completion of the 3 to 18 support function reviews which have covered accounts, facilities, IT, administration and HR. The benefits delivered in combining with our main feeder school have increased efficiencies, allowing greater investment together with shared knowledge. A number of cross school initiatives have been a significant benefit to pupils in both schools. Mr Dodds retired as Head of Stroud after twenty-two years of distinguished service at the end of August 2015. The School has gone from strength to strength under his leadership and he has done a magnificent job in merging the culture of the two schools over the past three years. There is a natural synergy and the governors are delighted with the reputation and strength of both schools which continues to attract high quality candidates to key positions. Mr J Worrall took over as Head of Stroud on 1 September 2015.

Academic

The academic year 2014/2015 has seen a number of significant developments. King Edward's began the year with 978 students on the roll and the School continues to be full at every level. We have continued to invest in the School's fabric with an expanded fitness facility, new music practice rooms and a new hospitality suite and gallery at Wellington Sports Ground.

Our students have enjoyed another very good set of academic results with 83% of A2 grades at A*, A and B and 82% of all grades at IGCSE at A* and A with an impressive 55% at A*. We were pleased with our Oxbridge admissions results. Nine students have been offered places this year continuing the School's five year average of 10% of the year group going to these two universities. Over four-fifths of our students will proceed to universities in the Russell Group.

Co-curricular activities

Sport remains central to school life. Our philosophy is enjoyment and fitness for all, aiming for each student's personal best. We seek to inspire the less able to have an interest in a particular sport which suits them and encourage enjoyment of that sport at their level, hopefully on an on-going basis. The Schools are in favour of healthy competition but the ethos of "sport for all" underpins the Charity's programme.

Once again, the sporting life at King Edward's has flourished. The number of students involved in sport continues to grow and over two-thirds of all students were involved in fixtures at some stage of the year. In hockey our teams won six of the seven county tournaments and as a result qualified for regional heats. The U14 and U16 boys' teams progressed from these heats to reach play offs for regional finals but the lead performance was from the girls' 1st XI who reached the regional finals and were agonisingly close to qualifying for a national play off. This placed them in the top fifteen school teams in the country. In rugby, the U16 side won three quarters of their matches and the U13 side fared even better winning 80% of their fixtures. The U12 team also showed potential winning two-thirds of their matches. In the cup competitions the U16s won the county cup final and the U15 team also reached the cup final finishing as runners-up. The 1st XV reached the fourth round of the Nat West National Vase Competition but it was the U13 side that progressed furthest in the national cup as they reached a regional quarter-final placing them in the final thirty-two teams nationally.

The netball season was also a success as more girls represented the School than previously. All the A teams won over half of their matches against tough opposition. The highlight, however, was the outstanding performance of the 1st VII who won all of their matches. In cricket, the numbers of students involved continues to grow. Team performances were also very positive with the U13A winning 50%, the U14A winning 80%, the U15A winning two-thirds and the 1st XI winning 50% of their matches. The U15 team progressed to the regional semi-final of the Taverners Trophy placing them in the final sixteen of the national cup and the U14 team were successful in the county cup final against PGS and qualified for the national cup at U15 for summer 2016. Rounders was less affected by wet weather this year and there were some good results. The U15 team won 71% of their matches and the U14A won 60% but it was the U12 team that had the best season winning all but one of their games. In other sports our students have also flourished with success for our cross country runners, athletes, table tennis players and particularly rhythmic gymnasts, winning national titles in both individual and team classes.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The football team won three-quarters of the games in their league and played well in reaching the final. Swimming teams competed in two galas which provided an opportunity for a number of students, who had not previously had the chance, to represent the School. On an individual basis, students have produced outstanding performances at national and international level in cricket, hockey, athletics, tae kwon do, sailing, rowing, swimming, biathlon, archery and skiing.

The number of visits the School organises each year continues to grow and is a major part of our educational provision. This year King Edward's students have enjoyed visits to the USA, South Africa, Morocco, India, Spain, France, Austria, Italy and Germany. These trips have ranged from trekking in the Himalayas and skiing in Maine to playing rugby and hockey in Cape Town. Some of our students were even lucky enough to experience the total solar eclipse in the Faroe Islands. Closer to home, students have participated in language exchanges and study visits to Montpellier, Mutterstadt, Vienna, Florence, Salamanca and Santander and trips across the UK from regular theatre and music visits to London, to geography and biology field trips to Swansea and Dale Fort. Hundreds of our students make excellent use of the New Forest and our facility at Lovaton on Dartmoor for Duke of Edinburgh Award expeditions.

The arts have had a high profile with regular occasions such as the Carol Service at St Mary's Church and the Education Sunday service at Winchester Cathedral interspersed with a wide range of concerts with the highlight being two evening events at Turner Sims. Drama has been busy with a number of productions including 'Welcome to Thebes' and 'Gizmo' as well as numerous Junior Drama Club events. The biennial Arts Festival, including the annual Art Exhibition in the Big Top, was one of the most impressive we have seen.

Much of the above is linked into the community and charitable and community work has long had considerable prominence both at Stroud and King Edward's, details of which can be found elsewhere in this report.

Educational facilities

The School has a continued commitment to ensure that the facilities match the aspirations of our students; details can be found in the above Strategic Report under "Our objectives" and "Future plans".

Details of bursary and scholarship awards – policy into practice

Bursaries

This year the value of means tested bursaries and studentships awarded by King Edward's totalled £738,506 (£724,913) representing 5.6% (5.8%) of the School's gross fees. In total 8% (8%) of the students received means tested support. This represents 75 (80) of the students of which 27 (23) benefitted from a full remission of fees; the average award being 71% (69%).

An external trust accepts applications from us where appropriate to help students in receipt of bursaries to meet the cost of school trips, examination entrance fees and similar expenses as well as assisting cases of hardship. For the academic year 2014/2015 we received the sum of £7,318 (£14,491).

Scholarships

In addition, King Edward's awarded scholarships and music awards to 102 (98) students, based on their educational merit and potential, totalling £119,140 (£115,695) and representing 0.9% (0.9%) of our gross fees.

Scholarships are separated into three areas - Sixth Form, Upper and Lower School years. Awards are made by the Academic Board and relevant Faculty Heads based on assessments made at the start of these three periods. The progress of students receiving scholarships is reviewed at least annually to ensure that their progress is in line with their abilities.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Policy Review

In November 2012 the Governors carried out a detailed review of the Bursary, Studentship and Scholarship Awards policies to ensure that able children can accept offers of places at King Edward's through the availability of means tested fee assistance. Our policy is designed to widen access and direct resources to those in genuine need of assistance without which they would be unable to attend. These policies are regularly reviewed in the light of new developments to help to ensure that the objective of maintaining the current wide access continues to be achieved in the short term, and that there are increased access opportunities and means tested assistance over the long term. With this in mind the Governors agreed to apply means testing to Studentship awards at the Prep School from September 2015.

Advancing learning - including the local 'Partnerships' programme

On 16 September 2013, the Charity Commission published the long-awaited new public benefit guidance. The old guidance was withdrawn by the Charity Commission following a challenge by the Independent Schools Council in 2011, after a series of assessments by the Commission of fee-charging independent schools concluded that two of the schools failed to meet the public benefit test. The new guidance was intended to be consistent with the decision of the Upper Tribunal and was published following a period of consultation with the sector.

The new guidance is less prescriptive and makes it clear that it is for the Trustees, not the Commission or the Courts, to determine how best to meet the requirements. The new guidance therefore comes with an important shift in focus, with a far greater emphasis on the importance of Trustees reading and understanding the guidance and ensuring that it is taken into account when making decisions. On 22 October 2015 a further update was provided for fee-charging educational charities. This increased the emphasis within existing guidance on sharing facilities with state sector partners which has been a long standing feature of King Edward's as evidenced below. The School continues to make a significant contribution to the wider community and complies with the Charity Commission public benefit guidance including its latest update in October 2015.

We continue to see ourselves as a School embedded in the local community. This is central to our purpose and reflects our recent past as a state funded grammar school. We foster a number of links with local primary schools, preparatory schools, secondary schools and colleges.

Overall the resources invested in this area, identified by the value of time and support costs, are considerable. The vast majority of the work done by our students and staff is voluntary and, as a result, it is hard to audit with precision. The feedback from partners is regularly monitored and is highly positive although there is no formal impact assessment. The observation of the work at first hand, together with the feedback from our partners, leaves us in no doubt as to the extensive mutual benefits to all involved. The establishment of a system to quantify and highlight the extensive voluntary contribution has been considered but, at present, it is not felt that this would merit the considerable additional work required to achieve a meaningful assessment. It also runs the risk of discouraging staff and students with potentially adverse consequences for so much of the community work in which they so willingly participate.

Our thriving Partnerships' Programme seeks to widen access to our education resources bringing independent and state school communities together. The focus is on mutual benefit and we have identified areas where we have encouraged a shared educational experience in the arts, languages (modern and classical), outward bound activity, sports and sciences. This includes the students from both sectors working together in each other's schools. The programme has grown significantly and, with the appointment of a new Partnerships' Coordinator in January 2015, a number of new initiatives have been put in place.

The School wishes to sustain the current extensive programme but recognises that such provision is in effect a cross-subsidy and that, for a number of our parents on limited incomes, this is something that must be considered when setting the fees. It is worth noting that the direct annual saving on state sector education expenditure as a consequence of existing fees paid by our parents from after-tax personal income, on the nominal basis of £6,500 per secondary school pupil, is an estimated £6,340,000. The directly attributable financial costs of the programme in the year amounted to £3,817 (£5,589), excluding senior management and voluntary staff time.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Partnership Programme

We had close to 150 King Edward's pupils involved in the Partnerships programmes this year. The achievements of our Partnerships Scheme are many and varied and cover a wide spectrum of activities providing educational benefits, some of which are listed below:

- A well-established weekly reading scheme with Shirley Junior School and Wordsworth Primary provides an opportunity for students to read with members of our Fourth and Fifth Years, and Sixth Formers.
- Springhill RC Primary School pupils are involved in a science club which takes place in our laboratories and is organised and run by our staff and students.
- We have now for three years been running the Philosophy Shop with Highfield CE Primary School. These workshops involve a philosophy teacher training up a group of Third Year pupils in the week on a topic who then go out to the schools and discuss the topic with gifted and talented younger counterparts.
- We run a maths enrichment scheme twice-termly focused on developing the gifted and talented from five local state schools. There are then resources on our website for the pupils to attempt in between sessions.
- With Wordsworth Primary School and Springhill RC Primary School we run a weekly art club. This takes place in our art studios, being led by our teachers with our students helping.
- We ran taster sessions in our dance studio, once in each half term in rhythmic gym, dance and fencing with Springhill School.
- Every year we have a two-day partnerships initiative in July, as part of our 'Endeavour' programme. Over half of the Fourth Year spent the Thursday planning workshops, sporting activities and fun for over 200 children from our partnership schools. The topics included Art, Drama, Classics, Public Speaking, Science, Mathematics, and a sports competition at our Wellington Sports Ground.

There were various collaborations by our creative arts department over the year which included:

- A chamber Choir performance for the memorial service for Colin Dobson, a former headmaster
- A recital at Southampton Art Gallery for the general public
- Performances for the Music in the City event – Southampton
- The combined choirs led the singing at the traditional Carol Service at St Mary's Church and a retiring collection raised £700 for the Charities Commission, who donated the money to New Forest Nightstop.
- Pupils sang on two occasions in the year at Hampton Lodge Care Home
- Our Spring Concert was held at Turner Sims in March and showcased the School's advanced musicians in the Chamber Orchestra, Symphony Orchestra, Big Band and Chamber Choir.
- A further concert at Turner Sims with Southbank Sinfonia and pupils from our state schools partnerships programme
- The Education Sunday Service
- A joint concert with Hampshire County Youth Orchestra for the general public
- Performances at Winchester Cathedral Flower festival for the general public
- External musicians used the KES ABRSM centre for practical exams.
- Arts Festival Performances and workshops for 216 pupils from our state schools partnerships programme

The extremely positive feedback we continue to receive from all our partnership arrangements supports our view that they are highly successful. We believe the exchange of ideas and the opportunity for our students to mix, learn and work alongside others, particularly state school pupils, is mutually beneficial. This work also advances our broader educational aims and has an undoubted benefit when our students take their place in the working environment by developing their social and 'softer' skills. We will continue to liaise closely with the leadership teams of the local state schools and other organisations we work with to ensure that the activities continue to benefit those involved.

Other community outreach

- We have given academic support and pupil time to Rockbourne Roman Villa. One of our teachers is helping them to prepare classical resources to help in their continued running.
- We offer to Richard Taunton's College located nearby, the opportunity for their students to join the KETA bus scheme where spare capacity exists. We know that the Bursar at Richard Taunton's College is very grateful as it does influence parents in their decision to enrol. This year there are 19 students using the service to access education at this local state Sixth Form College.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Teacher Training and CPD

- We had one PGCE student from Southampton University on placement in 2014/2015 in Chemistry.
- We have hosted two TEACH FIRST placement students in English for a week each.
- We have hosted on two occasions a Maths Professor from Southampton University working on research for Secondary school resources
- We have sent 8 KES pupils to help Mathematics postgraduate research with Southampton University
- We also provide, upon request and where we can, short-term placements (one or two days) to those thinking of becoming teachers. In 2014/2015 we had 12 such visitors in the School.
- Heads and SMT teams from local state schools were invited to our parents' information evenings throughout the year, with topics such as eating disorders, managing stress and the risks of online behaviours.
- In June we ran a Mental Health First Aid course.
- We paid £900 for a full day's training for 7 KES staff, 2 Stroud staff and staff from other establishments predominantly from the state sector. These included Tauntons, Upper Shirley High, Woodlands, Shirley Juniors (2), Walhampton, and Twyford). We didn't charge any of the schools who attended.

Charity Projects

- Goedgedacht, South Africa: The School has underwritten £10,000 per annum for the last five years to guarantee funding for a youth worker to be employed in the new Pathway out of Poverty centre in Riebeek, South Africa. The funds are being raised by our students and KES PTA. We also send out a team of 16 students and two staff per year, in August, to work on the farm in Goedgedacht and with the children who benefit from the scheme.
- Summer Camp: We organise and run a holiday camp for one week in the school holidays in Swanage, Dorset, for youngsters (aged 8-12 years old) from the Southampton Young Carers Initiative. Due to problems at home, these children have to act as the responsible adult within their families. The Summer Camp is well established and runs every year giving them an opportunity to recapture some of their childhood and enjoy structured activities with similar children. There is no cost to any of the young carers involved as our students raise the money themselves, a total of £3,750.

KES Charities Commission

- The School's Charities Commission raised nearly £25,000 through the course of the year for charitable causes benefiting both local children and national and international charities. This included:
 - Carol Service Collection
 - Non-uniform day
 - Krispy Kreme donut sales
 - AIDS day fundraising
 - Advent Calendar sales
 - Filling 255 shoe boxes for Christmas that are sent to areas of poverty in Romania
 - Toy Appeal Fun Run
 - Battle of the Bands
 - Children in Need stalls
 - Christmas Stalls
 - Easter Egg Raffle
 - Football Tournament
 - Fun Run
 - Honey Sales from the KES bees
 - Goedgedacht Individual Fundraising
 - KES PTA Quiz Night
 - Race for Life
 - 24 hour Bikeathon
 - Sports Relief Noses
 - Summer Camp Disco
 - Burns' Night Supper
 - Valentine's Roses sales
 - Amnesty Group sending Christmas Cards to prisoners of conscience

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Our students are actively involved in finding out about and supporting charities through fund raising and volunteering. For 2014/2015 other donations, including a further £5,593 (£7,402) raised by Stroud pupils, were made to:

- Isaac's Gift
- Rainbow Trust
- Planets
- Naomi House
- Simon Says
- New Forest Night Stop
- Stubbington Ark
- Southampton Toy Appeal
- Summer Camp SVS
- Race for Life Cancer Research
- Comic Relief
- Teenage Cancer Trust
- Macmillan
- Crisis at Christmas
- Children in Need
- Mind
- Poppy Appeal
- MSF (Ebola)
- Water Aid
- Disasters Emergency Committee
- Street Kids Community Villages in India
- Railway Children, India
- Goedgedacht Trust
- Romanian Shoe Box Appeal 'Link to Hope'

Community Service

Students also take part in practical voluntary service in the local community and elsewhere. Through these opportunities to serve others our students also gain educationally through a meaningful interaction with those outside our School community.

- A regular programme of hospital visits is organised by our Head of RS.
- Students are trained in the use of first aid and employ these skills in a variety of activities within the School and elsewhere.
- Through an Edwardian working in Uganda, over fifty hats were knitted by KES pupils for the neonatal ward in the hospital she works in.
- Amnesty International: the school group engages in activities within School to raise awareness of human rights abuses around the world, including:
 - Letter writing, co-ordinated by Amnesty International, to ask questions of the UK Government with regard to human rights, humanitarian aid and arms control.
 - Letter writing, co-ordinated by Amnesty International, direct to prisoners of conscience and representatives of foreign Governments thought to be responsible for human rights abuses.
- We have long supported local charities, particularly at Christmas time, and will continue to do so.
- At any one time, we have up to 300 students enrolled in Duke of Edinburgh from Bronze to Gold (ages 14-18). As part of the Volunteering section of their Award, students involve themselves in clubs and partnerships which aid the local community, for example the Southampton Common DT Project; making signs in support of a local conservation project.

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The items above give a flavour of the variety and extent of the public benefit delivered through the important interaction of our students with the wider world and, in particular, our local community. Encouraging our students to understand different perspectives and cultures whilst assisting the learning and development of others is integral to our ethos.

In addition to direct involvement in charity work by students several King Edward's staff are also involved with the local community and charities. Although this work is entirely voluntary and outside of their job roles, the School seeks to support such commitments as they reinforce our ethos and links into the community. They are:

- The Head Master is a governor of Twyford School. He is also a Director of the Southampton Cultural Development Trust, an ISI inspector, Chair of HMC South Central, treasurer of the Forum for Independent Day Schools' national committee and a member of the HMC Finance committee.
- Mr Hall (Assistant Head – Staff Development) is a governor of Regent's Park School.
- The Bursar is Director and Chair of Trustees of Youth and Families Matter (YFM) (Charity No. 1128524). They help children and young people to deal with issues such as family breakdown, bullying, friendship concerns, self-harm, drink and drugs and anger management. YFM's schools and youth worker currently works in eight local schools and most of the children and young people seen are referred through the school. King Edward's provides resources for the Bursar to conduct his role as Director and Chair of Trustees.
- Mr Kent (PE) coaches rugby at Trojans Sports Club
- Revd. Poppleton (Chaplain) is supported by the School in his voluntary ministry in his home parish.
- Mr Havers (Head of Year - Sixth Form) is a Gold Duke of Edinburgh Award Supervisor and Assessor. He is also a Lymington Town Sailing Club Committee member, focusing on voluntary adult and youth training skills.
- Mr Baker (science) is a member of Bournemouth Shakespeare Players, who perform annually raising money for The Macmillan Unit, Christchurch and Christchurch Priory.
- Miss Ball (MFL) volunteers for Serve Direct UK (Charity No. 1138282), working on projects in Uganda.
- Mr Foyle (physics) is a counsellor for a Christian charity called The Oaks. He does up to 4 hours counselling a week for them on a Friday afternoon - the school arranges for his free periods to occur then so he can offer this. He is also a volunteer at his local church - Bransgore Community Church, helping in the crèche, is a regular member of the worship team, leading worship once a month or so, and helps at functions organised by his local Rotary group.
- Mr Rigg (Network Manager) is a governor of his children's former junior school. The School allows him time off to attend meetings.
- Mr Giles (Classics) is a magistrate and the School provides time for him to perform his official duties.
- Mr Piggott (art) volunteers for the Glepe Copse Trust - Highfield - small wood which is run as a bird sanctuary, and is the Chairman of ISADA Independent Schools Art and Design Association.
- Mr Powell (PE) is an attached coach to Trojans RFC and Chapel Triathlon Club
- Miss Yerbury (Biology) marshals for Triathlon events around the south of England
- Mr Tofts (Religious Studies) is a trustee of The Libra Foundation, working with English Schools, Colleges and Universities for the benefit and support of disadvantaged children in Romania.
- Dr Thomas (Chemistry) is governor of a primary school
- Mr Gilbert (Geography) is a member of Trojans Sports Club Hockey Club committee which has a membership of over 200 boys and girls aged 5 to 18 and is the U12 boys coach as well as a Hampshire Youth Hockey Coach.
- Mr Ayers (MFL) helps regularly with breakfast for the homeless during the holidays at the Above Bar Church.
- Mr Aellen (Head of Biology) runs the Hospitality and Bible Study group for international students at Christ's Church in Southampton, where he is also a trustee and an elder.
- Mr Allen helps with events at Hamble Sailing Club.
- Mrs Sheppard (Assistant Head Registrar) is the vice-chair of the parent-run Highfield After School Club and a governor of Highfield School.
- Mrs Cox (Nurse) helps out at her son's cub group.
- Miss Jordan (Careers) is a Senior Coach at Southampton Hockey Club and does this on a voluntary basis.
- Mrs Crane-Whatmore (Finance) is an Assistant Cub Scout Leader – Bishops Waltham and the Assistant District Commissioner Beavers and Cubs - Meon Valley.
- Mrs Besley (Nurse) is Treasurer of Orchard Junior School and Ballard School PTFA. She organises and cooks for a lunch club once a month for 40 elderly folk in the community and is also a PCC member at her church where she also teaches at Sunday School.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

- Mrs Burrows (Assistant Head) trains children and adults at Weston Sailing Club and Warsash Sailing Club in Sailing and Powerboating. She also volunteers for Hampshire Social Services promoting adoption, speaking to potential adopters and training approved adopters. She also does some training on dealing with difficult children.
- Mr Parsons (IT Support) ran fun runs to raise money for Southampton Hospitals.
- Mrs Henderson (Head of Year – Lower School) coaches the junior section of Swan Netball Club.
- Mr Davidson (IT support) is an officer in the Royal Air Force Air Training Corps (Air Cadets).

We see our School as a part of a wider community and where we can assist the community without detriment to advancing the education of our students we are delighted to do so.

- We loan equipment to Weston Sailing Club and Lymington Town Sailing Club.
- We donated 60 GCSE textbooks to Thornden School and A level textbooks to Totton College.
- Our sports facilities are used by:
 - Cadnam Sports Cricket Club
 - Calmore Sports Cricket Club
 - Dreams Netball Club
 - Eastleigh Football Club
 - England Netball
 - F C Central Football Club
 - Hampshire Hockey Club
 - Hampshire Netball Junior Academy
 - Hampshire Rugby Club
 - Havant Ladies Hockey Club
 - Marylebone Cricket Club
 - Sholing Football Club
 - Southampton Hockey Club
 - Swan Netball Club
 - Trojans Cricket Club
 - Trojans Hockey Club
 - Trojans Rugby Club
 - University of Southampton Ultimate Frisbee Club
 - Waterside Ladies Hockey Club
 - Weston Park Netball
 - Winchester Cricket
- Mentorn Media used our Main Hall to broadcast the "Big Questions" programme live on BBC1, conducting a series of moral, ethical and religious debates.
- Stagecoach use our theatre facilities every Saturday to provide a means for young people to develop their dramatic skills.
- The OE Lodge and the KES PTA use various facilities at King Edward's including the Music Recital Room, Hospitality Suite and Sports Hall.
- The Libra Foundation use our classrooms on occasion for meetings.
- England Netball use classrooms for meetings on various occasions during the year.
- St Nicholas' Church used Wellington Sports Ground car park free of charge.
- Eastleigh Football Club used Wellington Sports Ground Car Park free of charge.
- Associated Board of the Royal Schools of Music (ABRSM) used our facilities for their exams.
- We loaned a minibus for a residential conference in the Lake District to Above Bar Church in July 2015.
- Inner Wheel used our facilities for a District Meeting.
- As we do each year, we recycled computers by donating them to IT Schools Africa

We provide facilities to other local users who often use us for fundraising events but these are usually focused on the relief of poverty, rather than education and training.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Environmental Initiatives: Cutting our 'carbon footprint'

Mr S Barker, Chair of our Sustainability Committee is also a member of the national HMC sustainability group in recognition of the work he has done to promote environmental initiatives. Our eco teams have good reason to be proud of their success. The coveted Green Flag for both schools which was awarded again in September 2015 speaks volumes for the enthusiasm of our school community in recognising the importance of green initiatives. Particular developments at our preparatory school include the planting of more fruit trees in the orchard and increasing the compost facilities and the small farm created within the school grounds last year continues to grow in size and in the types of animals kept there. They continue to monitor waste recycling and other environmental issues with the successful installation of a green roof on the dining room building. Last year a Biomass boiler was installed and this year has seen the first full use of this facility, aimed at reducing our use of electricity and liquid petroleum gas, and consequently our carbon footprint.

Travel remains an important area to minimise our carbon footprint and 74.5% (73%) of senior school students use the KETA bus system.

We continue to use solar voltaic cells on the Steward's house at Wellington Sports Ground.

We continue to examine ways of reducing the consumption of energy on both refurbishment and new build projects proposed on all our sites 3 to 18.

The Edwardian Society

Support for the King Edward VI Foundation continues to grow. In 2014-2015 the Foundation received money via three methods. Cheque and cash donations totalled £1,235, donations made by the Virgin Moneygiving fundraising site totalled £2,654 and the School received a legacy of £665. The number of donors continues to increase and the William Capon Club now has 65 members in total. In the last academic year, the School received notification of a further two intended legacy bequests, each of £20,000. The Development Office has identified a direct debit donation management company and working with them will design a direct debit donation form that will be introduced early in the 2015/2016 academic year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is governed by its Articles of Association which were revised on 5 December 2012.

Governing Body

The Governors (who are also directors of the company for the purpose of the Companies Act 2006) of King Edward VI School Southampton during the year are disclosed in the Legal and Administrative Information pages of the Annual Report.

Nominative Governors are appointed in accordance with the practice of the appointing body. The name of each person appointed is notified to the Clerk to the Governors. Nominative Governors hold office for up to five years and can be re-appointed by the Governing Body.

Co-optative Governors are appointed by the Governing Body and hold office for up to three years and can be re-appointed by the Governing Body.

The Chair and Vice-Chair are elected to their respective posts annually by the Governing Body.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The Governors' Committees are as follows:

Stroud :

Chair of Governors, Mr B E Gay
Chair of the E&W Committee, Dr N J England
Chair of the Finance Committee, Mr A J Morgan
Mr B W Richards (Chair)
Dr Y Binge
Mrs S J Mancey
Mrs A Steele Arnett
Mrs J L Wadsworth

Buildings, Grounds and Sports (BG&S) :

Chair of Governors, Mr B E Gay
Vice Chair of Governors, Mr P W Brazier (Chair)
Mr J W J Mist
Miss J C May
Mr K St J Wiseman

Education and Welfare :

Chair of Governors, Mr B E Gay
Dr Y Binge
Dr N J England (Chair)
Mrs C A Pierce
Mrs A Steele Arnett
Dr A L Thomas
Councillor C Chamberlain

Finance :

Chair of Governors, Mr B E Gay
Chair of the BG&S Committee, Mr P W Brazier
Chair of the E&W Committee, Dr N J England
Chair of the Stroud Committee: Mr B W Richards
Mr M H Mayes
Mr A J Morgan (Chair)
Mr K St J Wiseman

Development :

Chair of Governors, Mr B E Gay (Chair)
Chair of the BG&S Committee, Mr P W Brazier
Chair of the E&W Committee, Dr N J England
Chair of the Finance Committee, Mr A J Morgan
Chair of the Stroud Committee: Mr B W Richards
Mr M H Mayes
Mr K St J Wiseman

Fee :

Chair of Governors, Mr B E Gay (Chair)
Chair of the BG&S Committee, Mr P W Brazier
Chair of the E&W Committee, Dr N J England
Chair of Finance Committee, Mr A J Morgan
Chair of the Stroud Committee: Mr B W Richards
Mr M H Mayes
Mr K St J Wiseman

Executive :

Chair of Governors, Mr B E Gay (Chair)
Vice Chair of Governors, Mr P W Brazier
Chair of E&W Committee, Dr N J England
Chair of Finance Committee, Mr A J Morgan
Chair of the Stroud Committee: Mr B W Richards

Salaries :

Chair of Governors, Mr B E Gay (Chair)
Vice Chair of Governors, Mr P W Brazier
Chair of E&W Committee, Dr N J England
Chair of Finance Committee, Mr A J Morgan
Chair of the Stroud Committee: Mr B W Richards

There have been two new appointments. Councillor C Chamberlain was appointed on 17 March 2015 as a nominative governor for Southampton City Council, joining our Education and Welfare Committee. CIPD qualified with an MA in Human Resources, Councillor Chamberlain also sits on the Southampton Health and Wellbeing Board. Mrs J L Wadsworth was appointed 1 July 2015 as a co-optative governor joining our Stroud Committee and brings a wealth of experience from her police career to Detective Superintendent, which includes safeguarding.

Mr M J Rowles left the Board on the 4 March 2015 after completing the maximum six year term of office as a nominative governor for the Old Edwardians' Association. Mr J Mist an existing co-optative governor took on this position on 5 March 2015. Alderman A Samuels left the Board on the 4 March 2015 after 16 years of dedicated service to the school.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

The Board agreed updated terms of reference for all Committees on 1 July 2015. The Educational and Academic Standards Committee was renamed the Education and Welfare Committee with an increased emphasis on the welfare of all staff. As part of this review, the Board continued its proactive focus on strategic long term governance matters, including skill mix and succession planning.

Governor Recruitment and Training

The Governing Body requires breadth and depth of experience to carry out its duties effectively and efficiently. New governors are appointed by the existing Board of Governors. When recruiting new trustees the important attribute is a passion for the work of our Schools and an understanding of education as a holistic and rounded experience of personal growth. We invite individuals to consider joining our Board where they possess these qualities and add to the breadth and quality of the existing experience and expertise. Where possible, the Governors consider that the skills and experience of the Board should comprise the following:

A governor with a legal background.

A governor with a financial/accounting background.

A governor with senior managerial or business experience.

A governor with experience of equal opportunities or disability needs.

Governors with education experience across the age range 3 to 18 and in higher education.

At least one female governor and at least one male governor.

One governor may have one or more of these skills. King Edward's is in the current fortunate position of fulfilling all these areas. Our Governors are a significant factor underpinning the exceptional record of success in recent years as recognised by the most recent ISI Inspection.

New governors are inducted into the workings of the Schools and Charity by other Governors, the Head Master and Clerk to the Governors and undertake external induction training as appropriate. As well as receiving regular training the Governors remain actively involved in the Schools. They have visited the rural studies centre in Lovaton twice since its renovation to gain a better appreciation of the converted facilities now available to students.

Department Heads give regular presentations directly to the Governors to aid their understanding of key aspects of the School. Since September 2014 this has included Mathematics, Science and Learning Support at the prep school together with Physics, Sport, Geography and Design and Technology at the senior school. The Board also received an external drugs presentation by Mr R Tait, who has assisted the senior school PSHE programme for many years. During the year we have arranged training courses in specific areas of interest for individual Governors organised by AGBIS and other leading providers to the sector. Governors are also provided with appropriate training materials including general guidance such as the Good Governance Guide produced by The National Hub of Expertise in Governance in addition to the AGBIS guidelines for Governors (updated March 2014). Particular care is taken to induct new Governors; however, we encourage all Governors to attend third party training courses as part of their continuing professional development.

In 2008 a Governors' intranet was established to provide online support and this has been updated in 2015 to facilitate easier secure governor access to relevant supporting documentation. This is an important source of training materials in addition to ensuring that all Governors receive timely information on governance issues affecting the Schools. Email updates on key issues and training opportunities are also circulated to all Governors on a regular basis. In July 2012 AGBIS conducted an external governance review and presented their findings to the Board, concluding that the Governors had a good overview of school life and were extremely well briefed from the documentation that had been reviewed which struck the right balance between summaries of key points and access to detail, as required. The papers showed that there was good debate on the important matters. A governance self-review is conducted annually in September and the 2015 summary has been discussed by the Board. The skills audit was redrafted in 2015 to simplify the returns highlighting the core competencies pertinent to running preparatory and senior day schools in a charity context. "Away days" take place as required the most recent being on 1 July 2015. Governance is a dynamic process and the most recent ISI Inspector's judgement that governance is "excellent" with "outstanding" financial guidance is not taken for granted. Proactively maintaining the Schools' strong governance is a key factor in the success of the Charity in delivering its aims. This is clearly evidenced in the 2015 review of the Governors' Committees and their terms of reference in ensuring the continued effective governance of the Schools.

KING EDWARD VI SCHOOL SOUTHAMPTON

REPORT OF THE GOVERNORS (Continued) FOR THE YEAR ENDED 31 AUGUST 2015

Organisational management

The Governors determine the general policy of the Schools. The Head Masters undertake the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the Governors which provide for only significant expenditure decisions and major capital projects to be referred to the Governors for prior approval. The Head Masters oversee the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching staff.

The Governors meet as a Board at least three times a year to determine the general policy of the Charity and review its overall management and control, for which they are legally responsible. The work of implementing the Board's policies is carried out by the relevant sub-committee, meeting three times a year and reporting to the Board. These regular meetings are attended by senior management. Detailed written reports are presented, together with verbal briefings on all governance items. Minutes set out agreed actions to be taken and are kept under review.

Clear policies are in place and the implementation of agreed objectives is monitored. The day to day running of the Schools is delegated to the Head Masters and the Bursar, supported by other teaching members of the senior management team. The Head Masters and Bursar are invited to attend all meetings of the Governing Body and all sub-committee meetings.

The Bursar, who is also the Clerk to the Governors and Company Secretary, is responsible for co-ordinating the work of the Governors and their committees, preparation of papers and management accounts and the review of matters arising.

All trustees give of their time freely and no remuneration was paid in the year. Expenses legitimately incurred on School business paid to Governors in the year totalled £548 (£111). No Governor or person connected with a Governor received any benefit from either means tested bursaries or scholarships awarded to our students.

Organisational structure and relationships

King Edward's is an active member of ISC, ISBA, Solent and Trinity Groups for the promotion and maintenance of school standards generally. The senior management team has been strengthened with an additional new position of Senior Deputy Head, Mr A Dellar in September 2015.

The Head Master of King Edward's, Mr Thould is a member of the Head Masters' and Mistresses' Conference which provides the opportunity to share expertise, knowledge and experience across the independent school sector. The Conference also permits appropriate representation to government and regulators of the views of the sector. Mr J Worrall took over as Head Master at Stroud School from Mr A Dodds from 1 September 2015. He is a member of IAPS, ensuring he keeps abreast of all matters relevant to the preparatory school, reporting to Mr Thould.

Investment powers, policy and performance

These are governed by the Articles of Association which permit funds not immediately required for the Schools' purposes to be invested as the Governors think fit. Investment activities are managed in line with the requirements of the Trustee Act 2000. Our investment policy is a moderate risk approach with in excess of 95% of non-cash investments held in M&G Charifund and Charibond. Investment income and capital movements are shown in the Statement of Financial Activities and Note 15 of the Accounts. Although the income receipts from investments have improved the environment continues to be difficult due to the low interest returns on cash. As a consequence the Governors anticipate low average returns for the coming year as current short and long term rates remain low. To mitigate the exceptional risks in the banking sector the Governors have reverted to holding cash across three banking groups although proportions may vary from time to time dependent on working capital needs and interest rates.

**REPORT OF THE GOVERNORS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Asset cover for funds

Note 19 to the accounts sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the Schools' obligations on a fund by fund basis. The Schools' tangible fixed assets are all held for use by the Schools. Investments (including Endowed Assets) are held to create income and capital growth pending utilisation.

Governors' responsibilities for the financial statements

The Governors (who are also directors of King Edward VI School Southampton for the purposes of company law) are responsible for preparing the Report of the Governors 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Governors are required to:

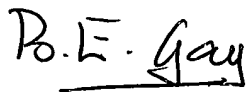
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures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

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

In so far as the Governors are aware:

- there is no relevant audit information of which the auditors are 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 auditors are aware of that information.

The above Strategic Report and Trustees' Report are approved by the Board on 9 December 2015 and signed on its behalf



B E GAY
Chair of Governors

KING EDWARD VI SCHOOL SOUTHAMPTON

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

We have audited the group and parent company financial statements (the 'financial statements') of King Edward VI School Southampton for the year ended 31 August 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 25), 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.

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

**INDEPENDENT AUDITORS' REPORT (Continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2015, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

.....
**Paul Meacher FCA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell LLP**



**Chartered Accountants
Registered Auditors**

15th Dec 2015

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

KING EDWARD VI SCHOOL SOUTHAMPTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2015

| | Notes | Unrestricted funds | | | | Restricted funds | Endowed funds | Total funds 2015 | Total funds 2014 |
|--|-------|--------------------|----------------------|-----------------------------|--------------------------------|------------------|---------------|-------------------|-------------------|
| | | Revenue fund £ | Capital reserve £ | Other designated funds £ | Self-financing activities £ | £ | £ | £ | £ |
| INCOMING RESOURCES | | | | | | | | | |
| Income from charitable activities | | | | | | | | | |
| | 3(a) | 16,853,818 | - | - | - | - | - | 16,853,818 | 15,963,716 |
| | | 97,535 | - | - | - | - | - | 97,535 | 134,536 |
| | | 562,049 | - | - | - | - | - | 562,049 | 583,796 |
| | | 722,710 | - | - | - | - | - | 722,710 | 693,691 |
| | 4 | 85,075 | - | - | - | - | - | 85,075 | 56,483 |
| Incoming resources from generated funds | | | | | | | | | |
| | 5 | - | - | - | - | 106,462 | - | 106,462 | 225,588 |
| Activities for generating funds: | | | | | | | | | |
| | | - | - | - | 845,496 | - | - | 845,496 | 676,991 |
| | | 41,265 | - | 9,833 | - | 1,035 | - | 52,133 | 52,935 |
| | | 64,929 | - | - | - | 4,315 | - | 69,244 | 65,821 |
| | | - | - | 6,418 | - | 128,762 | - | 135,180 | 131,481 |
| Total incoming resources | | 18,427,381 | - | 16,251 | 845,496 | 240,574 | - | 19,529,702 | 18,585,038 |
| RESOURCES EXPENDED | | | | | | | | | |
| Charitable activities | | | | | | | | | |
| | | 14,946,877 | - | - | - | - | - | 14,946,877 | 14,425,963 |
| | | 689,776 | - | - | - | - | - | 689,776 | 654,214 |
| | 3(b) | - | - | 738,327 | - | 139,067 | - | 877,394 | 858,837 |
| | | 385,541 | - | - | - | - | - | 385,541 | 421,502 |
| Governance costs | | 29,097 | - | - | - | - | - | 29,097 | 56,158 |
| Cost of Generating funds | | | | | | | | | |
| | | 95,502 | - | - | - | - | - | 95,502 | 78,694 |
| | | - | - | - | 844,712 | - | - | 844,712 | 693,278 |
| Other resources expended | | | | | | | | | |
| | 9 | (4,834) | - | - | - | - | - | (4,834) | - |
| Total resources expended | 10 | 16,141,959 | - | 738,327 | 844,712 | 139,067 | - | 17,864,065 | 17,188,646 |

KING EDWARD VI SCHOOL SOUTHAMPTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2015

| | Notes | Unrestricted funds | | | | Restricted funds | Endowed funds | Total funds 2015 | Total funds 2014 |
|--|-------|--------------------|----------------------|-----------------------------|--------------------------------|------------------|---------------|------------------|------------------|
| | | Revenue fund £ | Capital reserve £ | Other designated funds £ | Self-financing activities £ | £ | £ | £ | £ |
| Net incoming/(outgoing) resources before transfers | | 2,285,422 | - | (722,076) | 784 | 101,507 | - | 1,665,637 | 1,396,392 |
| Transfers between funds | 11 | (2,123,525) | 1,363,206 | 665,779 | - | 94,540 | - | - | - |
| Net incoming/(outgoing) resources before other recognised gains/(losses) | | 161,897 | 1,363,206 | (56,297) | 784 | 196,047 | - | 1,665,637 | 1,396,392 |
| Realised gains/(losses) on disposal of investment assets | | - | - | - | - | - | - | - | - |
| Net income/(expenditure) for the year | | 161,897 | 1,363,206 | (56,297) | 784 | 196,047 | - | 1,665,637 | 1,396,392 |
| Unrealised gains/(losses) on investment assets | | (8,808) | - | (6,059) | - | - | (100,754) | (115,621) | 191,602 |
| Net movement in funds for the year | | 153,089 | 1,363,206 | (62,356) | 784 | 196,047 | (100,754) | 1,550,016 | 1,587,994 |
| Balances at 1 September 2014 | | 6,824,843 | 16,850,961 | 755,532 | 20,125 | 1,915,424 | 2,643,677 | 29,010,562 | 27,422,568 |
| Balances at 31 August 2015 | | 6,977,932 | 18,214,167 | 693,176 | 20,909 | 2,111,471 | 2,542,923 | 30,560,578 | 29,010,562 |

All operations are continuing operations.

KING EDWARD VI SCHOOL SOUTHAMPTON

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2015

| | Notes | 2015 | 2014 |
|--|-------|--------------------------|--------------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 14 | 23,336,938 | 22,735,001 |
| Investments | 15 | 2,848,682 | 2,964,304 |
| | | <u>26,185,620</u> | <u>25,699,305</u> |
| Current Assets | | | |
| Debtors | 16 | 246,949 | 175,499 |
| Cash at bank and in hand | 13 | 5,479,641 | 4,995,430 |
| | | <u>5,726,590</u> | <u>5,170,929</u> |
| Creditors: amounts falling due within one year | 17 | <u>(1,137,386)</u> | <u>(1,614,979)</u> |
| Net current assets | | 4,589,204 | 3,555,950 |
| Total assets less current liabilities | | 30,774,824 | 29,255,255 |
| Creditors: amounts falling due after more than one year | 18 | (235,155) | (264,818) |
| Self-financing activities' net assets | | 20,909 | 20,125 |
| Net assets | | <u>30,560,578</u> | <u>29,010,562</u> |
| Funds | | | |
| Endowed funds | 20 | 2,542,923 | 2,643,677 |
| Restricted funds | 21 | 2,111,471 | 1,915,424 |
| Designated funds | 22 | 18,928,252 | 17,626,618 |
| Revenue fund: | 23 | | |
| Revaluation reserve | | 263,258 | 263,258 |
| Other funds | | 6,714,674 | 6,561,585 |
| | | <u>6,977,932</u> | <u>6,824,843</u> |
| | | <u>30,560,578</u> | <u>29,010,562</u> |

The financial statements were approved by the Governors on 9 December 2015.

B. E. Gay

B E Gay
Chairman of Governors

Company registration no.: 4238902

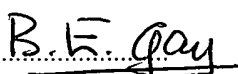
KING EDWARD VI SCHOOL SOUTHAMPTON

BALANCE SHEET - PARENT ONLY

AS AT 31 AUGUST 2015

| | Notes | 2015 | | 2014 | |
|--|-------|------------------|-------------------|--------------------|-------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 17,632,632 | | 17,746,989 |
| Investments | 15 | | 5,332,230 | | 5,447,852 |
| | | | <u>22,964,862</u> | | <u>23,194,841</u> |
| Current Assets | | | | | |
| Debtors | 16 | 6,531,106 | | 2,476,549 | |
| Cash at bank and in hand | | 1,905,470 | | 4,601,630 | |
| | | <u>8,436,576</u> | | <u>7,078,179</u> | |
| Creditors: amounts falling due within one year | 17 | <u>(635,910)</u> | | <u>(1,055,137)</u> | |
| Net current assets | | | 7,800,666 | | 6,023,042 |
| Total assets less current liabilities | | | <u>30,765,528</u> | | <u>29,217,883</u> |
| Creditors: amounts falling due after more than one year | 18 | | (164,135) | | (160,884) |
| Self-financing activities' net assets | | | 20,909 | | 20,125 |
| Net assets | | | <u>30,622,302</u> | | <u>29,077,124</u> |
| Funds | | | | | |
| Endowed funds | 20 | | 2,542,923 | | 2,643,677 |
| Restricted funds | 21 | | 2,111,471 | | 1,915,424 |
| Designated funds | 22 | | 18,928,252 | | 17,626,618 |
| Revenue fund | 23 | | 7,039,656 | | 6,891,405 |
| | | | <u>30,622,302</u> | | <u>29,077,124</u> |

The financial statements were approved by the Governors on 9 December 2015.


 B E Gay
 Chairman of Governors

Company registration no.: 4238902

KING EDWARD VI SCHOOL SOUTHAMPTON

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

| | Note | 2015 £ | £ | 2014 £ | £ |
|--|------|-------------|-------------|-------------|-------------|
| Net cash inflow from operating activities | 12 | | 2,255,533 | | 2,419,583 |
| Returns on investment and servicing of finance | | | | | |
| Investment income | | 204,424 | | 197,302 | |
| Interest paid | | (982) | | (1,871) | |
| | | | | | |
| Net cash inflow for returns on investments and servicing of finance | | | 203,442 | | 195,431 |
| Taxation | | | - | | - |
| Capital Expenditure and financial investment | | | | | |
| Payments to acquire tangible fixed assets | | (1,943,287) | | (2,912,361) | |
| Receipts from sale of tangible fixed assets | | 1,500 | | 3,332 | |
| | | | | | |
| Net cash outflow for capital expenditure and financial investment | | | (1,941,787) | | (2,909,029) |
| | | | | | |
| Net cash (outflow) / inflow before management of liquid resources and financing | | | 517,188 | | (294,015) |
| Financing | | | | | |
| Repayment of bank loans | | (32,977) | | (32,418) | |
| | | | | | |
| Net cash (outflow) / inflow from financing | | | (32,977) | | (32,418) |
| | | | | | |
| (Decrease) / Increase in cash in the year | 13 | | 484,211 | | (326,433) |

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and follow the Companies Act 2006 and also the recommendations in the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005, and its subsequent amendments.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

1.2 Basis of consolidation

These accounts incorporate the results of the Charity, King Edward VI School Southampton, and its subsidiary company, Stroud School Limited, on a line for line basis. The results of subsidiaries sold or acquired are included in the statement of financial activities up to or from the date control passes. All intra group transactions have been eliminated on consolidation.

1.3 Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by King Edward's and Stroud, but include contributions received from Restricted and Designated Funds for scholarships, bursaries and other grants. Amounts invoiced in advance are deferred and carried forward within creditors, whilst amounts due but not yet received in the year are shown within debtors.

1.4 Investments and investment income

Equity investments and government stocks are valued at market value at the balance sheet date. Gains or losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

Investments in subsidiary undertakings are stated at cost in the parent company's financial statements.

Investment income from listed investments is accounted for when received. Interest on deposits is accounted for on an accruals basis.

1.5 Donations

Donations received for the general purposes of King Edward's and Stroud are credited to the Revenue fund. Donations subject to specific wishes of the donors are carried to relevant restricted funds or to endowed funds where the amount is required to be held as permanent capital.

1.6 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities. The irrecoverable element of VAT is included with the item of expense to which it relates. Construction costs charged to King Edward's and Stroud that are capitalised are excluded from trading expenditure.

1.7 Fixed assets

Fixed assets of the parent company are included at valuation at 1 September 1979 or subsequent cost. Freehold land and buildings were valued by the Governors at that date for insurance purposes with the exception of land which was revalued at its estimated market value. The surplus arising on the valuation has been transferred to Capital Reserve.

The land and buildings of the subsidiary undertaking include assets shown at their fair value as at 21 May 2012.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting Policies (continued)

1.7 Fixed assets (continued)

In the financial statements of the subsidiary undertaking, land and buildings include a property valued at £325,000 in 1986. Prior to and including the financial year ended 31 December 1999, it was the company policy to revalue freehold properties. The company has adopted the transitional rules under FRS 15 "Tangible Fixed Assets" not to update the valuation.

Fully depreciated assets are written out of the financial statements at the end of their depreciation period.

Single items costing less than £1,000 are written off as an expense as acquired.

1.8 Depreciation

Depreciation is provided on all tangible fixed assets in use, other than freehold land and assets in the course of construction, at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected life as follows:

| | |
|---|--------------------|
| Freehold buildings | Over 50 years |
| General plant and equipment | Over 10 years |
| Furniture, fixtures and fittings | Over 5 or 10 years |
| Motor vehicles | Over 4 years |
| Computer and audio-visual equipment | Over 4 years |
| Sailing boats and equipment | Over 4 years |
| Portable computer equipment including laptops | Over 3 years |

1.9 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.10 Management of liquid resources

Liquid resources are defined as cash deposits requiring more than 24 hours' notice for their withdrawal if no penalty is to be incurred.

1.11 Self-financing activities

Receipts collected and payments made by King Edward's and Stroud in connection with self-financing activities are accounted for in the Statement of Financial Activities as the schools ultimately retain any surplus or deficit arising. These balances are a reflection of the large number of activities and trips which the pupils undertake.

1.12 Pension schemes

King Edward's is an admitted body to the superannuation scheme operated by the Hampshire County Council, and King Edward's and Stroud participate in the superannuation scheme operated by the Department for Children, Schools and Families. Both of these are multi-employer defined benefit pension schemes. The pension liability is the responsibility of those funds. As a result it is not possible to identify the assets and liabilities of the schemes that are attributable to King Edward's and Stroud. Accordingly, under FRS 17 the schemes are accounted for as if it were a defined contribution scheme.

All other pension arrangements are defined contribution schemes where the assets of the schemes are held separately from those of King Edward's and Stroud in an independently administered funds. The pension cost charge represents contributions payable by King Edward's and Stroud to the funds.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting Policies (continued)

1.13 Funds and reserves

The endowed funds represent donations to fund scholarships, bursaries, prizes and other awards from the income derived and which cannot be expended as revenue. The income from these funds, together with accumulated unspent income from prior years, is restricted.

Restricted funds are to be used for specific purposes as laid down by the donor.

The unrestricted funds can be used in accordance with the charitable objects at the discretion of the Governors and are held at a level considered practicable and achievable to cover the risks and uncertainties of operating as an independent educational establishment. Designated funds are set aside by the Governors out of unrestricted general funds for specific future projects.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

2 Subsidiary company

The Charity has an interest in one wholly owned subsidiary, Stroud School Limited, which provides education for 3 to 12 year olds. The results of this company for the year ended 31 August 2015 are included in the group financial statements as detailed below:

| | £ |
|--|---------------|
| Turnover | 3,721,369 |
| Rent receivable | 4,283 |
| Interest receivable | 46,005 |
| Other operating income | 29,329 |
| Operating expenses | (3,646,838) |
| Interest payable | (88,657) |
| Net profit/(loss) before taxation | 65,491 |
| Taxation credit | 4,834 |
| Net profit/(loss) after taxation | 70,325 |
| Donation to parent charity | (65,491) |
| Retained profit/(loss) for the year | 4,834 |

At 31 August 2015, the aggregate amount of net assets and reserves was as follows:

| | £ |
|---------------------------------------|------------------|
| Fixed assets | 5,209,264 |
| Current assets | 3,813,275 |
| Current liabilities | (7,024,731) |
| Liabilities due in more than one year | (71,020) |
| | 1,926,788 |

Represented by:

| | £ |
|---------------------|------------------|
| Share capital | 5,945 |
| Revaluation reserve | 263,258 |
| Other reserves | 1,657,585 |
| | 1,926,788 |

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

3 Fees receivable

(a) Fees receivable consist of:

| | 2015 £ | 2014 £ |
|---|-------------------|-------------|
| Gross fees | 17,534,091 | 16,613,790 |
| Less: total bursaries, grants and allowances | (1,537,718) | (1,490,682) |
| | 15,996,373 | 15,123,108 |
| Add back: scholarships, grants etc. paid from restricted and designated funds | 857,445 | 840,608 |
| | 16,853,818 | 15,963,716 |

(b) The total grants, awards and prizes paid for by Trust Funds consist of:

| | 2015 £ | 2014 £ |
|---|----------------|-----------|
| Scholarships, grants etc. paid from restricted and designated funds | 857,445 | 840,608 |
| Prizes and leaving awards | 19,949 | 18,229 |
| | 877,394 | 858,837 |

4 Other income

| | 2015 £ | 2014 £ |
|--------------------------------|---------------|-----------|
| Insurance commission | 15,888 | 18,867 |
| Entrance and registration fees | 19,535 | 22,858 |
| Other school income | 49,652 | 14,758 |
| | 85,075 | 56,483 |

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

| 5 | Donations | 2015 £ | 2014 £ |
|---|------------------------|----------------|----------------|
| | Restricted: | | |
| | EPA Cephalosporin Fund | 100,000 | 200,000 |
| | KES Foundation | 4,554 | 22,544 |
| | Other | 1,908 | 3,044 |
| | Designated: | | |
| | Other | - | - |
| | | <u>106,462</u> | <u>225,588</u> |

| 6 | Expenditure | 2015 £ | 2014 £ |
|---|--|-----------|-----------|
| | Total expenditure includes: | | |
| | Auditors' remuneration: | | |
| | - Fees payable for the audit of the parent and consolidated accounts | 9,552 | 9,360 |
| | Fees payable to the charitable company's auditor for other services: | | |
| | - Audit of the charitable company's subsidiary | 4,770 | 4,680 |
| | - Taxation compliance | 612 | 600 |
| | - Advisory and other services | 15,444 | 13,548 |
| | Operating lease rentals | | |
| | - Plant and machinery | 15,459 | 19,862 |
| | Interest payable on bank loans and overdrafts | 15,036 | 1,871 |
| | Governors' liability insurance | 2,061 | 1,997 |

| 7 | Employees | 2015 £ | 2014 £ |
|---|---------------------------|-------------------|-------------------|
| | Total staff costs: | | |
| | Wages and salaries | 8,651,910 | 8,465,226 |
| | Social security costs | 722,460 | 700,633 |
| | Pension contributions | 1,137,331 | 1,125,322 |
| | | <u>10,511,701</u> | <u>10,291,181</u> |
| | Private medical insurance | 63,757 | 70,807 |
| | | <u>10,575,458</u> | <u>10,361,988</u> |

The average monthly number of employees in the year was:

| | Total | | Full time equivalents | |
|--------------|----------------|----------------|-----------------------|----------------|
| | 2015 Number | 2014 Number | 2015 Number | 2014 Number |
| Teaching | 207 | 205 | 150 | 155 |
| Non-teaching | 91 | 97 | 65 | 75 |
| | <u>298</u> | <u>302</u> | <u>215</u> | <u>230</u> |

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

7 Employees (continued)

The number of employees whose emoluments exceeded £60,000 were:

| | 2015 Number | 2014 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 5 | 4 |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | 2 | 1 |
| £90,001 - £100,000 | 1 | 1 |
| £100,001 - £110,000 | - | - |
| £110,001 - £120,000 | - | - |
| £120,001 - £130,000 | - | - |
| £130,001 - £140,000 | - | 1 |
| £140,001-£150,000 | 1 | - |

There were 10 (2014 - 8) higher paid employees to whom retirement benefits were accruing under defined benefit pension schemes.

8 Governors

Neither the governors nor any other person connected with them received any remuneration. Three governors were reimbursed expenses of £548 (2014 - one governor, £111).

9 Taxation

| | 2015 £ | 2014 £ |
|--|----------------|-----------|
| Domestic current year tax | | |
| U.K. corporation tax | (4,834) | - |
| Total current tax | (4,834) | - |
| Factors affecting the tax (credit)/charge for the year | | |
| Profit/(loss) of subsidiary undertaking on ordinary activities before taxation | 65,491 | 367,806 |
| Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014 - 20%) | 13,098 | 73,561 |
| Effects of: | | |
| Capital allowances in excess of depreciation | 1,266 | (6,826) |
| Adjustments to previous periods | (4,834) | - |
| Other tax adjustments | (14,364) | (66,735) |
| | (17,932) | (73,561) |
| Current tax (credit)/charge for the year | (4,834) | - |

All taxable profits of the subsidiary undertaking are donated to the parent charity by way of a gift aid transfer. Therefore, no tax charge arises.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

10 Analysis of total resources expended

| | Staff costs 2015 £ | Depreciation 2015 £ | Other 2015 £ | Total 2015 £ |
|---|--------------------------|---------------------------|--------------------|--------------------|
| Charitable activities: | | | | |
| Bus costs | - | - | 689,776 | 689,776 |
| Teaching costs | 6,789,475 | 391,150 | 767,185 | 7,947,810 |
| Welfare costs | 68,149 | 39,000 | 650,524 | 757,673 |
| School premises | 312,596 | 574,233 | 623,943 | 1,510,772 |
| Other premises | 138,974 | 116,750 | 129,817 | 385,541 |
| Support costs | 743,177 | 25,712 | 315,360 | 1,084,249 |
| Bursaries, grants, awards and prizes | - | - | 877,394 | 877,394 |
| Costs relating to Stroud School Limited | 2,523,087 | 197,097 | 926,189 | 3,646,373 |
| | 10,575,458 | 1,343,942 | 4,980,188 | 16,899,588 |
| Governance costs | - | - | 29,097 | 29,097 |
| Costs of generating funds: | | | | |
| Marketing and publicity | - | - | 95,502 | 95,502 |
| Self-financing activities | - | - | 844,712 | 844,712 |
| | - | - | 940,214 | 940,214 |
| Other resources expended: | | | | |
| Taxation of subsidiary | - | - | (4,834) | (4,834) |
| Total resources expended | 10,575,458 | 1,343,942 | 5,944,665 | 17,864,065 |
| | Staff costs 2014 £ | Depreciation 2014 £ | Other 2014 £ | Total 2014 £ |
| Charitable activities: | | | | |
| Bus costs | - | - | 654,214 | 654,214 |
| Teaching costs | 6,778,152 | 427,701 | 730,700 | 7,936,553 |
| Welfare costs | 78,111 | 34,118 | 706,397 | 818,626 |
| School premises | 289,429 | 530,246 | 600,900 | 1,420,575 |
| Other premises | 126,674 | 115,652 | 179,176 | 421,502 |
| Support costs | 711,072 | 1,766 | 281,084 | 993,922 |
| Bursaries, grants, awards and prizes | - | - | 858,837 | 858,837 |
| Costs relating to Stroud School Limited | 2,378,550 | 82,207 | 795,530 | 3,256,287 |
| | 10,361,988 | 1,191,690 | 4,806,838 | 16,360,516 |
| Governance costs | - | - | 56,158 | 56,158 |
| Costs of generating funds: | | | | |
| Marketing and publicity | - | - | 78,694 | 78,694 |
| Self-financing activities | - | - | 693,278 | 693,278 |
| | - | - | 771,972 | 771,972 |
| Other resources expended: | | | | |
| Taxation of subsidiary | - | - | - | - |
| Total resources expended | 10,361,988 | 1,191,690 | 5,634,968 | 17,188,646 |

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

| 11 Transfers | 2015 | 2014 |
|---|------------------|------------------|
| | £ | £ |
| From Revenue fund to: | | |
| Capital reserve | 1,363,206 | 1,072,040 |
| Bursary grants and allowances | 665,779 | 650,803 |
| Net transfers from Revenue fund | <u>2,028,985</u> | <u>1,722,843</u> |
| From designated to restricted funds: | | |
| School contribution to bursaries paid from restricted funds | <u>94,540</u> | <u>64,998</u> |

12 Reconciliation of net incoming resources to net cash inflow from operating activities

| | 2015 | 2014 |
|--|------------------|------------------|
| | £ | £ |
| Net incoming resources | 1,665,637 | 1,396,392 |
| Investment income | (204,424) | (197,302) |
| Interest paid | 982 | 1,871 |
| Depreciation | 1,343,942 | 1,191,690 |
| Loss/(Profit) on disposal on tangible assets | (4,091) | 7,033 |
| Decrease/(increase) in debtors | (71,450) | 55,970 |
| (Decrease)/increase in creditors | (474,279) | (52,358) |
| Decrease/(increase) in self financing activities' net assets | (784) | 16,287 |
| | <u>2,255,533</u> | <u>2,419,583</u> |

13 Analysis of changes in net funds

| | As at 1 September 2014 £ | Cash Flow £ | Other Non-cash change £ | As at 31 August 2015 £ |
|--|---|----------------------------|--|---|
| Net cash: | | | | |
| Cash at bank and in hand | 4,995,430 | 484,211 | - | 5,479,641 |
| | <u>4,995,430</u> | <u>484,211</u> | <u>-</u> | <u>5,479,641</u> |
| Debt: | | | | |
| Debts falling due within one year | (31,200) | - | - | (31,200) |
| Debts falling due after more than one year | (52,309) | 32,977 | - | (19,332) |
| | <u>(83,509)</u> | <u>32,977</u> | <u>-</u> | <u>(50,532)</u> |
| | <u>4,911,921</u> | <u>517,188</u> | <u>-</u> | <u>5,429,109</u> |

KING EDWARD VI SCHOOL SOUTHAMPTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

14 Tangible fixed assets

| Group: | Assets in the course of construction £ | Freehold land and buildings £ | Furniture and fittings £ | Ground equipment £ | Motor vehicles £ | Computer and a-v equipment £ | Sailing boats and equipment £ | Total £ |
|---|---|--|-----------------------------------|--------------------------|------------------------|---------------------------------------|--|-------------------|
| Cost or valuation | | | | | | | | |
| At 1 September 2014 | 2,368,192 | 20,430,416 | 6,345,587 | 849,635 | 175,177 | 2,306,883 | 38,032 | 32,513,922 |
| Additions | 1,393,948 | 38,400 | 178,807 | 11,400 | 31,954 | 288,778 | - | 1,943,287 |
| Asset transfers | (3,390,422) | 2,189,545 | 1,044,663 | 82,660 | - | 73,554 | - | - |
| Reclassification | - | 674,298 | (140,307) | (19,037) | - | (127,052) | - | 387,902 |
| Disposals | - | - | - | - | - | - | (1,800) | (1,800) |
| At 31 August 2015 | 371,718 | 23,332,659 | 7,428,750 | 924,658 | 207,131 | 2,542,163 | 36,232 | 34,843,311 |
| Depreciation | | | | | | | | |
| At 1 September 2014 | - | 4,348,224 | 3,143,723 | 255,564 | 118,121 | 1,893,245 | 20,044 | 9,778,921 |
| Charge for the year | - | 345,903 | 597,670 | 87,604 | 16,145 | 290,450 | 6,170 | 1,343,942 |
| Reclassification | - | (210,440) | 521,863 | 202,448 | - | (125,969) | - | 387,902 |
| Prior year adjustment | - | - | - | - | - | (2,592) | - | (2,592) |
| Disposals | - | - | - | - | - | - | (1,800) | (1,800) |
| At 31 August 2015 | - | 4,483,687 | 4,263,256 | 545,616 | 134,266 | 2,055,134 | 24,414 | 11,506,373 |
| Net book value at 31 August 2015 | 371,718 | 18,848,972 | 3,165,494 | 379,042 | 72,865 | 487,029 | 11,818 | 23,336,938 |
| Net book value at 31 August 2014 | 2,368,192 | 16,082,192 | 3,201,864 | 594,071 | 57,056 | 413,638 | 17,988 | 22,735,001 |

Freehold land and buildings includes land at estimated market value on 1 September 1979 of £435,000. Buildings include assets valued by the Governors as at 1 September 1979 at £2,400,000 for insurance purposes. The assets of the subsidiary undertaking include a property valued at £325,000 in 1986, which had a historic cost of £61,742. The group has adopted transitional rules under FRS 15 not to update the valuation. No depreciation has been charged on land and buildings of £2,674,234 (2014 - £2,674,234).

The adjustment of £387,902 to cost and accumulated depreciation in the year relates to the grossing up of asset values which had previously been incorrectly included in cost at the NBV and the reclassification of asset types to correctly identify assets in their appropriate column.

KING EDWARD VI SCHOOL SOUTHAMPTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

14 Tangible fixed assets (continued)

| Parent: | Assets in the course of construction £ | Freehold land and buildings £ | Furniture and fittings £ | Ground equipment £ | Motor vehicles £ | Computer and a-v equipment £ | Sailing boats and equipment £ | Total £ |
|---|---|--|-----------------------------------|--------------------------|------------------------|---------------------------------------|--|-------------------|
| Cost or valuation | | | | | | | | |
| At 1 September 2014 | 441,550 | 17,654,245 | 6,085,748 | 849,635 | 149,350 | 2,136,604 | 38,032 | 27,355,164 |
| Additions | 741,958 | - | 71,147 | 11,400 | 31,954 | 188,915 | - | 1,045,374 |
| Asset transfer | (854,011) | 275,006 | 434,818 | 82,660 | - | 61,527 | - | - |
| Reclassification | - | 674,298 | (140,307) | (19,037) | - | (127,052) | - | 387,902 |
| Disposals | - | - | - | - | - | - | (1,800) | (1,800) |
| At 31 August 2015 | 329,497 | 18,603,549 | 6,451,406 | 924,658 | 181,304 | 2,259,994 | 36,232 | 28,786,640 |
| Depreciation | | | | | | | | |
| At 1 September 2014 | - | 4,318,559 | 3,093,007 | 255,564 | 114,677 | 1,806,324 | 20,044 | 9,608,175 |
| Charge for the year | - | 339,610 | 503,102 | 87,604 | 10,979 | 214,858 | 6,170 | 1,162,323 |
| Reclassification | - | (205,383) | 516,806 | 202,448 | - | (125,969) | - | 387,902 |
| Prior year adjustment | - | - | - | - | - | (2,592) | - | (2,592) |
| Disposals | - | - | - | - | - | - | (1,800) | (1,800) |
| At 31 August 2015 | - | 4,452,786 | 4,112,915 | 545,616 | 125,656 | 1,892,621 | 24,414 | 11,154,008 |
| Net book value at 31 August 2015 | 329,497 | 14,150,763 | 2,338,491 | 379,042 | 55,648 | 367,373 | 11,818 | 17,632,632 |
| Net book value at 31 August 2014 | 441,550 | 13,335,686 | 2,992,741 | 594,071 | 34,673 | 330,280 | 17,988 | 17,746,989 |

Freehold land and buildings includes land at estimated market value on 1 September 1979 of £435,000. Buildings include assets valued by the Governors as at 1 September 1979 at £2,400,000 for insurance purposes. Included within land and buildings is land of £1,384,234 (2014 - £1,384,234), which is not being depreciated.

The adjustment of £387,902 to cost and accumulated depreciation in the year relates to the grossing up of asset values which had previously been incorrectly included, in cost at the NBV and the reclassification of asset types to correctly identify assets in their appropriate column.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

15 Investments

Group:

| | Government stocks | Managed funds | Other listed investments | Shares in group undertakings | Total 2015 | Total 2014 |
|------------------------|----------------------|------------------|-----------------------------|------------------------------------|------------------|---------------|
| | £ | £ | £ | £ | £ | £ |
| Market value | | | | | | |
| At 1 September 2014 | 1 | 2,918,106 | 46,197 | - | 2,964,304 | 2,772,701 |
| Disposal | (1) | - | - | - | (1) | - |
| Additions | - | - | - | - | - | - |
| Change in market value | - | (114,651) | (970) | - | (115,621) | 191,603 |
| At 31 August 2015 | - | 2,803,455 | 45,227 | - | 2,848,682 | 2,964,304 |
| Historical cost | - | 2,251,434 | 210 | - | 2,251,644 | 2,251,645 |

Company:

| | Government stocks | Managed funds | Other listed investments | Shares in group undertakings | Total 2015 | Total 2014 |
|------------------------|----------------------|------------------|-----------------------------|------------------------------------|------------------|---------------|
| | £ | £ | £ | £ | £ | £ |
| Market value | | | | | | |
| At 1 September 2014 | 1 | 2,918,106 | 46,197 | 2,483,548 | 5,447,852 | 5,256,249 |
| Disposal | (1) | - | - | - | (1) | - |
| Additions | - | - | - | - | - | - |
| Change in market value | - | (114,651) | (970) | - | (115,621) | 191,603 |
| At 31 August 2015 | - | 2,803,455 | 45,227 | 2,483,548 | 5,332,230 | 5,447,852 |
| Historical cost | - | 2,251,434 | 210 | 2,483,548 | 4,735,192 | 4,735,193 |

Holdings of more than 20%

The charitable company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Principal activity | Class | Shares held % |
|--------------------------------|---|-----------------------|----------|------------------|
| Subsidiary undertakings | | | | |
| Stroud School Limited | England & Wales | School | Ordinary | 100 |

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

16 Debtors

| | Group | | Parent | |
|------------------------------------|----------------|----------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Fees | 30,980 | 49,562 | 864 | 9,018 |
| Other debtors | 29,970 | 21,075 | 14,490 | 5,639 |
| Amounts owed by group undertakings | - | - | 6,396,654 | 2,384,795 |
| Prepayments | 184,693 | 103,754 | 117,792 | 75,989 |
| Accrued interest receivable | 1,306 | 1,108 | 1,306 | 1,108 |
| | 246,949 | 175,499 | 6,531,106 | 2,476,549 |

17 Creditors: amounts falling due within one year

| | Group | | Parent | |
|------------------------------|------------------|------------------|----------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Amounts owing to suppliers | 83,819 | 64,917 | 37,493 | 17,700 |
| Bank loan | 31,200 | 31,200 | - | - |
| Fees in advance | 713,823 | 650,005 | 370,515 | 349,918 |
| Taxation and social security | 16,242 | 368,139 | 13,336 | 292,155 |
| Other creditors and accruals | 292,302 | 500,718 | 214,566 | 395,364 |
| | 1,137,386 | 1,614,979 | 635,910 | 1,055,137 |
| Debt due in one year or less | 31,200 | 31,200 | - | - |

The group had a bank loan of £31,200 at the year end (2014: £31,200), which is secured over freehold land and buildings owned by the group. The loan is repayable by February 2017 and interest is chargeable at a variable rate at 1.2% over the bank base rate.

Fees in advance comprise the following:

| | Group | | Parent | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| At 1 September 2014 | 650,006 | 700,908 | 349,918 | 432,111 |
| Amount released to incoming resources | (650,006) | (700,908) | (349,918) | (432,111) |
| Amount deferred in the year | 713,823 | 650,005 | 370,515 | 349,918 |
| At 31 August 2015 | 713,823 | 650,005 | 370,515 | 349,918 |

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FOR THE YEAR ENDED 31 AUGUST 2015

18 Creditors: amounts falling due after more than one year

| | Group | | Parent | |
|-----------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Bank loan | 19,332 | 52,309 | - | - |
| Other creditors | 215,823 | 212,509 | 164,135 | 160,884 |
| | 235,155 | 264,818 | 164,135 | 160,884 |

Analysis of Loans

| | | | | |
|---|---------------|---------------|----------|----------|
| Wholly repayable by instalments in five years | 50,532 | 83,509 | - | - |
| Included within current liabilities | (31,200) | (31,200) | - | - |
| | 19,332 | 52,309 | - | - |

Loan maturity analysis

| | | | | |
|---|--------|--------|---------|---------|
| In more than one year but not more than two years | 19,332 | 31,200 | 164,135 | 160,884 |
| In more than two years but not more than five years | - | 21,109 | - | - |
| In more than five years | - | - | - | - |

The group had a bank loan of £19,332 at the period end (2014: £52,309), which is secured over freehold land and buildings owned by the group. The loan is repayable by February 2017 and interest is chargeable at a variable rate at 1.2% over the bank base rate.

Included in other creditors due after more than one year are the following balances which are due after more than five years:

| | Group | | Parent | |
|---------------------|--------|--------|--------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Returnable deposits | 45,845 | 42,852 | 39,020 | 37,602 |

KING EDWARD VI SCHOOL SOUTHAMPTON

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19 Allocation of net assets

| Group: | Fixed assets 2015 £ | Investments 2015 £ | Other net assets 2015 £ | Total 2015 £ |
|--------------------|------------------------------|--------------------------|----------------------------------|--------------------|
| Endowed funds | - | 2,542,923 | - | 2,542,923 |
| Restricted funds | - | - | 2,111,471 | 2,111,471 |
| Unrestricted funds | 23,336,938 | 305,759 | 2,263,487 | 25,906,184 |
| | 23,336,938 | 2,848,682 | 4,374,958 | 30,560,578 |

| | Fixed assets 2014 £ | Investments 2014 £ | Other net assets 2014 £ | Total 2014 £ |
|--------------------|------------------------------|--------------------------|----------------------------------|--------------------|
| Endowed funds | - | 2,643,677 | - | 2,643,677 |
| Restricted funds | - | - | 1,915,424 | 1,915,424 |
| Unrestricted funds | 22,735,001 | 320,627 | 1,395,833 | 24,451,461 |
| | 22,735,001 | 2,964,304 | 3,311,257 | 29,010,562 |

| Parent: | Fixed assets 2015 £ | Investments 2015 £ | Other net assets 2015 £ | Total 2015 £ |
|--------------------|------------------------------|--------------------------|----------------------------------|--------------------|
| Endowed funds | - | 2,542,923 | - | 2,542,923 |
| Restricted funds | - | - | 2,111,471 | 2,111,471 |
| Unrestricted funds | 17,632,632 | 2,789,307 | 5,545,969 | 25,967,908 |
| | 17,632,632 | 5,332,230 | 7,657,440 | 30,622,302 |

| | Fixed assets 2014 £ | Investments 2014 £ | Other net assets 2014 £ | Total 2014 £ |
|--------------------|------------------------------|--------------------------|----------------------------------|--------------------|
| Endowed funds | - | 2,643,677 | - | 2,643,677 |
| Restricted funds | - | - | 1,915,424 | 1,915,424 |
| Unrestricted funds | 17,746,989 | 2,804,175 | 3,966,859 | 24,518,023 |
| | 17,746,989 | 5,447,852 | 5,882,283 | 29,077,124 |

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FOR THE YEAR ENDED 31 AUGUST 2015

20 Endowed funds

| Group and parent | Scholarships & bursaries £ | Prizes and other funds £ | Total £ |
|---------------------------|----------------------------------|--------------------------------|------------|
| At 1 September 2014 | 2,622,869 | 20,808 | 2,643,677 |
| Investment gains/(losses) | (100,754) | - | (100,754) |
| Resources expended | - | - | - |
| At 31 August 2015 | 2,522,115 | 20,808 | 2,542,923 |

These funds were set up by individual donors. Each fund is allocated its proportion of the investment income and bears its own expenses.

21 Restricted funds

| Group and parent | KES Foundation £ | Scholarships & bursaries £ | Prizes and other funds £ | Total £ |
|---------------------|------------------------|----------------------------------|--------------------------------|------------|
| At 1 September 2014 | 420,362 | 1,092,479 | 402,583 | 1,915,424 |
| Incoming resources | 16,553 | 202,429 | 21,592 | 240,574 |
| Resources expended | - | (132,368) | (6,699) | (139,067) |
| Transfers | - | 94,540 | - | 94,540 |
| At 31 August 2015 | 436,915 | 1,257,080 | 417,476 | 2,111,471 |

The King Edward VI School Foundation is a restricted income fund to provide additional fee support over the long term primarily from legacy funds. In accordance with the terms of the Foundation its administration costs are met by the School.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

22 Designated funds

| Group and parent: | Foundation scholarships & bursaries £ | Capital reserve £ | Self- financing activities £ | Total £ |
|-----------------------------|--|-------------------------|---------------------------------------|-------------|
| At 1 September 2014 | 755,532 | 16,850,961 | 20,125 | 17,626,618 |
| Incoming resources | 16,251 | - | 845,496 | 861,747 |
| Resources expended | (738,327) | - | (844,712) | (1,583,039) |
| Transfers in | 665,779 | 1,363,206 | - | 2,028,985 |
| Investment gains and losses | (6,059) | - | - | (6,059) |
| At 31 August 2015 | 693,176 | 18,214,167 | 20,909 | 18,928,252 |

Transfers into the Foundation Scholarships and Bursaries Fund represent 5.2% (2014 - 5.5%) of the previous year's fees which the Governors have voluntarily set aside for scholarships and bursaries.

Transfers into the Capital Reserve represent £163,206 (2014 - £272,040) in respect of fixed asset replacements and £1,200,000 (2014 - £800,000) in respect of the continuing development programme. This programme will be maintained at this higher level to reflect foreseeable investment in the Wellington Sports Ground and Stroud School sites.

23 Revenue fund

| | Group £ | Parent £ |
|----------------------------|-------------|-------------|
| At 1 September 2014 | 6,824,843 | 6,891,405 |
| Net incoming resources | 2,285,422 | 2,280,584 |
| Net transfers | (2,123,525) | (2,123,525) |
| Investment gains/ (losses) | (8,808) | (8,808) |
| At 31 August 2015 | 6,977,932 | 7,039,656 |

24 Financial commitments

At 31 August 2015, the group and charity were committed to making the following payments under non-cancellable operating leases in the year to 31 August 2016:

| | Group other 2015 £ | 2014 £ | Parent other 2015 £ | 2014 £ |
|-----------------|--------------------------|-----------|---------------------------|-----------|
| Within one year | - | 9,573 | - | 4,403 |
| | - | 9,573 | - | 4,403 |

KING EDWARD VI SCHOOL SOUTHAMPTON

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FOR THE YEAR ENDED 31 AUGUST 2015

25 Pension commitments

King Edward's is an admitted body to the superannuation scheme operated by the Hampshire County Council, and King Edward's and Stroud participate in the superannuation scheme operated by the Department for Children, Schools and Families. Both of these schemes are defined benefit pension schemes. The pension liability is the responsibility of those funds. As a result it is not possible to identify the assets and liabilities of the schemes that are attributable to King Edward's and Stroud. Accordingly, under FRS 17 the schemes are accounted for as if they were a defined contribution scheme.

(a) Hampshire County Council Superannuation Scheme

The Local Government Pension Scheme Regulations require a full actuarial valuation every third year. This is to establish that the Hampshire Pension Fund can meet its liabilities to past and present contributors, and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed at 31 March 2013 by Aon Hewitt Limited. The valuation at 31 March 2013 showed that the Fund's financial position had improved since the previous valuation at 31 March 2010 in relation to benefits promised for membership before the valuation date. The value of the Fund's assets was sufficient to cover 80% of the value of the benefits earned to date (£4.536 billion) by the Fund's members (that is, an 80% funding level).

The actuarial valuation determined that as an admitted body the School's employer contribution rate would increase from 20.2% for the year commencing 1 April 2014 to 20.9% for the year ending 31 March 2017.

The next actuarial valuation is due to take place as at 31 March 2016, which will determine employer contributions for the three years commencing 1 April 2017. The aim is to continue to meet the cost of future benefit promises and also restore the funding level to 100% over an appropriate recovery period.

(b) Government's Teachers Pension Defined Benefits Scheme

King Edward's and Stroud participate in the Teachers Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed that the employer contribution rate for the TPS will increase from 14.1% to 16.4% although, recognising that teaching establishments work on an academic and not financial year, the Government has deferred the implementation of this increase to 1 September 2015. Employers will in addition from 1 September 2015 pay a scheme administration levy of 0.08% of the employers' salary costs which will increase the total employer payment rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

KING EDWARD VI SCHOOL SOUTHAMPTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

25 Pension commitments (continued)

The pension charge for the year includes contributions payable to the schemes, details of which can be found in note 7. There were pension contributions outstanding at the year-end of £515 (2014: £72,687).

26 Surplus for the financial year

The parent charity has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and paragraph 397 of the 2005 Statement of Recommended Practice "Accounting and Reporting by Charities" and has not presented its own Statement of Financial Activities.

The net movement in funds of the parent charity for the year was a surplus of £1,545,178 (2014: £1,588,000).

The parent charity's gross income for the year was £15,881,881 (2014: £15,296,726).

27 Capital and other financial commitments

The group had no capital or other financial commitments at 31 August 2015 (2014: £333,480).

28 Contingent liabilities

There were no contingent liabilities at 31 August 2015 or 31 August 2014.