



EX CORDE VITA

King Alfred School Society
A Company having no share capital and limited
by guarantee

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31st July 2016

The King Alfred School, North End Road,
London NW11 7HY



King Alfred School Society

A Company having no share capital and limited by guarantee

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EX CORDE VITA

REFERENCE AND ADMINISTRATIVE DETAILS

PRESIDENT

Kara Conti

CHAIR

Vaughan Thomas

TREASURER

Sarah Phillips

HEAD

Robert Lobatto
BA Hons (Oxon),
PGCE, NPQH (London)

BURSAR AND SECRETARY

Alan Dinham
BSc Hons (Wales)
PhD, Dip FM

OTHER COUNCIL MEMBERS

Annabel Cody, Nick Friedlos (*appointed 4th March 2016*), Fiona Hackett, Areta Hautman, Andrew Hirsch (*resigned 9th February 2016*), Lisa Keane, Ian Laming, Ruth Leeney, Ian Levene, Vicky Marshall (*resigned 9th February 2016*), Georgia Masters, Stephen Morrall, Nancy Pagani (*resigned 5th July 2016*), Christine Prowse (*appointed 4th March 2016*), Sophie Ricard, Andrew Senior, Susan Spaul (*resigned 5th July 2016*), Philip Whale

REGISTERED ADDRESS

Manor Wood, 149 North End Road, London NW11 7HY

AUDITORS

Kingston Smith LLP, Chartered Accountants, Devonshire House,
 60 Goswell Road, London EC1M 7AD

BANKERS

Barclays Bank Plc, PO Box 12820, London N20 0WE

SOLICITORS

Harrison Clarke Rickerbys, Ellenborough House, Wellington Street,
 Cheltenham, Gloucestershire GL50 1YD

STATEMENT BY THE CHAIR OF COUNCIL

The Revised Code of Education enacted in 1862 introduced selective entry to schools, a curriculum based on rote learning of facts, and performance pay for teaching staff linked to examination results. In reaction to this, the seven founding members of our Society developed an alternative vision of non-selective mixed gender education based on rational psychological methods tailored to individual children. This radical approach became a reality with the establishment of the Society's first school in 1898. The aims and work of these forward-thinking founders seem as relevant today as they were then. Their philosophy is the foundation for King Alfred School's pupils today: i.e. to help pupils to develop into rounded human beings who function well in society because they are confident, self-disciplined, and inquisitive with an awareness of social issues and a wide range of knowledge.

2015/2016 was a year of new beginnings for the Society and the school. The year started with Robert Lobatto arriving as our new school Head. Robert initiated a wide consultation process seeking views from every staff member, parents, and pupils, from which the Senior Leadership Team (SLT) developed and agreed with Council a set of immediate priorities. The second six months of the year has seen these priorities change into a set of longer-term priorities including the development of a KAS 2020 vision and action plan. Council has continued its efforts to improve governance of the school and with help from Robert and the SLT, has made significant progress on implementation of the changes discussed in last year's statement.

Following the Kids Company collapse and parliamentary report in January, Council considered carefully all of the charity governance recommendations in the report. A number of improvements to governance of your society were made, including a complete review of the reserves policy. This is set out in the Trustees report. Like all employers with defined benefits pension schemes Council needs to continually examine in detail the impact of the support staff pensions arrangements on the Society. This year, changes to employer and employee contributions as well as changes to employee benefits were proposed, consulted on, and adopted in response to the latest pension valuation. These changes combine to ensure that both your Society is stronger, and that its employees have greater security.

Council has also implemented a process of self-review, for Council as a whole, based on best practices in the UK Charity sector. This included review comments by members of the SLT and elected staff representatives. Individual Council members also did a review of their own performance, and Council members did an evaluation of the performance of the Chair. Each of these reviews has led to opportunities for improvement in the performance of individuals and Council as a whole. In particular, Council now has an action plan of improvements, which serve as its objectives for the next twelve months.

On Council we bid farewell to Andrew Hirsch, Vicky Marshall, Nancy Pagani, and Sue Spaul. Each of them made a significant contribution to Council, they will all be missed, and we thank them for their support.

The John Brown Media group have once again provided us with free design and advice services for publications of the school and Society, including this Annual Report. In addition they pass on all services contracted by themselves on behalf of KAS at cost. This means that KAS also benefits from substantial discounts arising through their purchasing power.

Last year we could not have achieved so much without the continued support of the school staff, and parents. Council offers our heartfelt thanks to every one of you for being a vital part of the Society. Your support ensures that we are able to continue the careful development and delivery of our vision for the education of our children.

VAUGHAN THOMAS

Chair of Council

TRUSTEES' REPORT BY COUNCIL *For the year ended 31st July 2016*

The King Alfred School Society is established as a charitable company. All Council members are volunteers and come from a wide range of professions and occupations. Council members are elected by the Members of the Society to act as Trustees of the Society and Directors of the Company. They therefore have the ultimate responsibility for good governance of the Society and all of its activities. Council operates as the board of charitable trustees and as the company's board of directors. Its membership is entirely non-executive.

The most visible activity of the Society is operating the King Alfred School in London. In this regard, Council members also act as the school's governors and work alongside the senior leadership team of the school, which is responsible for execution of policy and management of the day-to-day operation of the school.

At its heart, the Society believes that a good education provides the opportunity for each young person to achieve their potential and to contribute to society in whatever way best suits their talents. This means that exam results are an outcome of a good education, and not the driver of a good education. The Society therefore considers its school's exam performance using a nationally recognised value added method which evaluates whether or not the school has supported pupils to achieve outcomes above their predicted grades in public examinations. The academic year ended July 2016 was the second year that The King Alfred School's value added has been independently evaluated. In both years, on this measure, the school was ranked amongst the top 10% of schools nationally.

In the report below, Council as trustees of the Society sets out the aims of the Society, its charitable objects, which include public benefit as required of all charities, and how they have been delivered.

1. AIMS OF THE KING ALFRED SCHOOL SOCIETY

The objects of the Society are set out in our Articles of Association. These include:

- Establishing and running schools based on the principles of the King Alfred School Society which takes account of the work of educational thinkers and reformers
- Promoting the advancement of Educational Science
- Making available the understanding of the King Alfred School Society and influencing the wider education debate

The King Alfred School Society was established in 1898 by a group of parents with a specific vision that education should be based on rational, scientific principles focused on what is best for the individual development of the child as a whole person. The founders were influenced by reformers such as Pestalozzi, Herbart and Froebel and they set out principles of the Society by which schools were to be operated. The principles have been developed but not materially changed in the years since, they include:

- Being co-educational with a mixed ability intake
- Encouraging parental involvement
- Creating a trusting collaborative relationship between teachers and pupils
- Developing each individual's talents fully without the pressure of competitive testing

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

- Valuing learning for its own sake rather than the attainment of awards
- Encouraging a spirit of enquiry and developing habits of work and self-reliance
- Being free from any religious or political organisation
- Maintaining the value of play and a minimum of rules

The core values at the heart of these principles are set out in the booklet "*The King Alfred School Society Framework*", first published in 2012 (available free as a PDF on the School's Web Site).

2. PUBLIC BENEFIT

Council members confirm that they have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission, including the guidance "Public Benefit: running a charity" (PB2).

Activities which fall within the category of public benefit include:

- The work of the King Alfred School Society in conducting educational research, holding conferences to promulgate best educational practice and commissioning reports and publications, as detailed below
- Making the King Alfred School educational experience more widely available by providing bursaries
- Activities of the King Alfred School

2.1. Wider aims of the Society

During the course of 2015/16 a number of projects were conducted in support of the wider aims of the Society.

The Society has continued to pursue the very successful programme of conferences on topics related to the type of education which it promotes. Topics to date have been "Should Education Make You Happy" (2007), "What Does It Mean to be Well Educated" (2010), "What Motivates Children" (2012), and "Homework" (2014). In October 2015, the theme was "Children's learning in a time of unprecedented change" and shortly after the period of this report in 2016 "Breaking the Mould – progressive ideas in practice", both conferences chaired by KAS Head, Robert Lobatto. These conferences have been very well attended, drawing audiences from across the education spectrum with representatives from other schools and related organisations together with KAS parents and staff. It is a testament to the reputation of the Society that the conferences featured local and international speakers who are leading authorities and researchers in their own fields, and that feedback received from both attendees and speakers has been overwhelmingly positive, with many reporting that it has influenced their practice.

During 2013/14 a research project was undertaken by the Society to examine all published evidence on the value of homework, in preparation for the conference, and in 2014 a booklet was published by the Society setting out the results of this research. The Society also instigated a survey of views on homework from the KAS community of parents, pupils and staff. Thereafter members of the school's teaching staff examined the outcomes of the conference

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

and research and agreed a series of beneficial adjustments to homework practice in Lower School, including the re-titling of homework as independent learning.

The Society also promotes research carried out by individual staff members by offering financial assistance with their projects.

In 2012/13, after a gap of 20 years, the senior leadership team trialed a second Village project for year 8s'. This project required children to establish a self-sufficient community in the school grounds, build their own dwellings, design governance of their society, prepare their own food, and live together for a period of five days. This was designed to allow pupils to live and breathe the core values as set out in the KASS Framework i.e. those of mutual respect, self-reliance, and social responsibility. Pupils debated leadership styles, designed community rules, examined the role of specific communication to resolve conflict, became decision makers, took risks, and were creative. They developed a deeper understanding of independent learning and responsible individualism. This time, the project was designed from the outset to be able to be repeated each year, resolving a number of complexities that had made it hard to repeat before. Since 2013/14, the project has been repeated on an annual basis and we are pleased to report that our education team now has a sustainable model for the Village project that works, and can be undertaken each year.

In addition, a research programme has been undertaken to test the impact that this learning experience has on participants over the short and long term. In 2015/16, this was developed significantly, and the Society commissioned Professor Bill Lucas, well-renowned author and Director of the Centre for Real-World Learning at the University of Winchester to produce a more extensive report on the strengths and development areas for the project, and what could be learnt from it in terms of developing a progressive educational model. Professor Lucas's interest had been sparked when he took part in our Conference in October 2015, and he also facilitated the visit of colleagues from other schools in order to share our practice more widely. His research will make an important contribution to the development of the Village project itself, the development of progressive education within KAS, and potentially to the development of progressive education within the broader educational community.

The Society has commissioned a book on The Village to be written by Stephen de Brett, the creator of the project 20 years ago. This will not only explain the philosophy behind the Village but act as a manual enabling other schools to run their own projects.

2.2. Provision of Bursaries

Two means-tested bursaries are awarded in year 7 each year which, subject to financial review, remain in place throughout the school career of the child concerned. At least two means-tested bursaries are also awarded for children wishing to join the Sixth Form. In addition, temporary hardship relief is provided on a means tested basis for children whose circumstances have changed.

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

In 2015/16, 22 (2014/15: 18) bursaries were in operation with a value of £358,342 (2014/15: £252,328).

(Anyone interested in either bursaries or hardship awards should in the first instance contact our Bursar Alan Dinham who can explain the process and criteria.)

2.3. Activities of the King Alfred School

Charitable activities through the operation of the King Alfred School include:

- Educating over 640 children
 - Operating a non-denominational school where no enquiry is made into the religion or otherwise of parents and where education in philosophies replaces the specific religious instruction found in other schools
 - Operating a mixed-ability admissions policy allowing substantial provision for children with special educational support needs, including behavioural issues, and medical needs
 - Providing teaching in Music, Arts and Drama and conducting enrichment activities
 - Sharing links and activities with maintained and specialist schools including providing regular support in their lessons to pupils at a complex needs school in Barnet in Art, Geography, Games and Music
 - Supporting schools in Sri Lanka and Namibia, contributing skills, support visits, and also funds each year
 - Providing support and running art lessons to pupils in a maintained school with specialist autistic provision
-

3. STRATEGIC REPORT

3.1. Achievements and Performance

3.1.1. Achievements and Performance of the Society

See section 2.1

3.1.2. Achievements and Performance of the School

The Trustees responsibilities are extensive. They are legally required to do three things in particular in regard to the School. These are set out in detail on the Department of Education and the National Governors Association websites.

They are:

- Setting the school's vision, ethos and strategic direction
- Holding the Head to account for the educational performance of the school and its pupils
- Overseeing the financial performance of the school (discussed in section 3.2.)

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

Vision, ethos, and strategic direction

Council and senior leadership worked together during 2015/16 on the strategic direction of the school. This was informed by input from students, staff, and parents and pulled together at a special conference in June. This thinking will lead into the KAS 2020 document which outlines the development of the school over the next four years. The Strategy Committee of Council is overseeing the developments in this area.

In addition, we have now established a pattern of one year action plans for both the Lower and Upper Schools, which outline the priorities for the year ahead. These are divided into four sections: Teaching and Learning, Personal development and Well-being, Curriculum and Achievement, and Leadership. Like the longer term plans, there is input into these from staff so that there is an ethos of shared ownership. The Senior Team works to these priorities, and progress is reported back to Council through a termly Head's report.

The priorities at the moment can be summarised as building 'the spine' of the school. KAS has always had a very large 'heart', which draws people to the school and which develops deep bonds of affection and belonging. However, the systems and structures have been less developed, and this is now being addressed. It is very much envisaged that the spine will in no way diminish the heart. On the contrary, it is envisaged that the spine will enable the heart to flourish.

As an illustration, we are currently putting in place appraisal for all staff. This means all colleagues will have a structured opportunity to reflect and receive feedback on their performance in their roles. They will have their achievements acknowledged and support put in place for their development areas. We will be able to structure a professional development programme that meets individual needs, and which takes the school forward in a way which is consistent with our agreed priorities and vision. Rather than constraining autonomy or freedom, this approach should enable all staff to develop, reach their potential, and express themselves in their role.

Educational performance of the school

In a world where most independent and some state schools are highly selective, KAS remains steadfastly non-selective. Independent evidence continues to show that mixed ability teaching can achieve a better outcome for all ability groups. Our experience at KAS continues to support this.

The KAS senior leadership team has done considerable work in the last few years to test the school's performance by way of reference to each individual pupil's potential. The newly formed Education Committee considers the school's academic results in detail, and particularly focuses on progress. A measure of the "value added" for each child has been developed and is calculated for the senior leadership to use in evaluating both overall performance, and departmental performance in delivering an education that allows each individual to reach their full potential. On these measures we are pleased to report that GCSE results met the schools value-added target of adding on average one grade level above each pupil's predicted result.

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

At A level, pupils at all abilities performed significantly above their predicted grades; KAS A2 students achieved in the top 10% nationally in terms of their 'value-added scores' as calculated by ALPs, which is a very well-respected national assessment that works with over 1,500 schools. This year almost all A level pupils went onto higher education with all of them achieving the university of their first or second choice.

As with all performance discussions, there are always areas that offer potential for improvement. Following the review of educational performance, the senior leadership team has developed a programme of improvements and developments and agreed this with Council.

Most independent schools are typically ranked on simple league-table positions. In the view of Council this is simplistic and does not tell the whole story. Even though we do not regard these as primary measures, they are the measures that appear in the public domain.

On these measures the school's results are:

- GCSE scores for KAS are significantly better than the all schools average, at all grades from A* to C. Against the independent schools average, most of which are selective, KAS has performed well, although slightly below average
- A Level results show KAS doing particularly well at the higher grades against the all schools national schools average, and well overall. Against independent schools KAS performed well, although slightly below the national average

In January 2014, the school was subjected to an inspection, the full report is available on the school website. Overall the school was rated as "good". Areas rated as "excellent" are all demonstrable results of the education philosophy of the Society and included:

- care given by all staff, teaching and non-teaching, to the pupils
- relationships between all members of the community
- good behaviour
- positive pupil attitudes
- personal development of pupils

This included comments on them being confident, articulate and mature for their ages, as well as noting that "their social development from the youngest ages is extremely strong".

Music, Drama, Design and Technology, and Art, as well as the provision for those with additional needs, were all highlighted as areas of particular strength.

There were three main recommendations for the school. These were:

- greater sharing of best practice teaching methods across the school, aiming particularly to suitably challenge the more able pupils
- more rigour in the quality of planning, teaching, and learning to ensure consistency within and between subjects
- greater alignment of the Lower and Upper School timetables

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

All of these are addressed by actions proposed by the KAS senior leadership team and adopted by Council.

The Inspection regime has undergone significant change since 2015. As a result, our next Inspection will be a 'compliance' inspection, which solely judges whether we meet the legal regulations for the running of a school. Schools can only achieve a pass or fail. We will be due for such an Inspection from January 2017 onwards. The ISI (Independent Schools Inspectorate) has also introduced a 'Quality' inspection. This is currently being piloted but we are unlikely to receive such an inspection for at least three years.

3.2. Review of the Annual Accounts

These accounts are the first to adopt the requirements of Financial Reporting Standard 102 (FRS102) and so reflect transitional adjustments. The details of these adjustments are set out in note 22 on page 43. The two most significant areas are:

- the inclusion of an assessment of the liability in respect of the pension fund deficit on the defined benefit scheme previously offered to administrative staff
- a revaluation of the school's freehold land

As a society running an independent school, we are dependent entirely on current fee income to meet current expenditure. There are no endowment funds, or other investments from which developments at the school or bursaries can be funded. Against this background, the accounts can be considered in two parts:

- The Income and Expenditure account for the year
- The Balance Sheet at the end of the year

The Income and Expenditure statement for the year

– set out on page 19

Total income of the Society amounted to £10,936,169 for the year compared to £10,157,605 for 2014/2015. This arose mostly from the education activities at the school. Over 94% of the income for the year was either school fees or the charges for school trips, camps, and textbooks.

This is very similar to last year and has remained largely constant over many years. The remaining 6% of our income arises from school meals, activities of the trading company (explained below), and donations. Some donations are made to the Society for specific purposes, and can only be used for those purposes. These appear as "restricted funds" in our income and expenditure statement.

The 2015/16 net result for the year is distorted by an adjustment to reflect a valuation of the deficit on the Pensions Trust – Independent Schools Pension Scheme. For 2015/16, the net income for the year before the pension fund adjustment was £414,059 compared with £83,263 for 2014/15. This surplus reflected higher pupil numbers than expected and stringent cost control. During the year, the pension fund deficit reduction scheme was changed to take

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

account of the 30th September 2014 valuation, for further information see note 18 to the accounts. The balance sheet provision takes account of this revised valuation and the net income for the year is charged with an additional £618,000. The outcome for the year is therefore a deficit of £203,941 compared with a restated surplus for 2014/15 of £110,263.

The expenses of the Society amounting to £10,552,110 (2014/15: £10,074,342) before pension fund adjustments either relate to running the school or are costs associated with generating income e.g. the costs of providing school meals. A full 70% of all expenditure is on teaching costs, and a further 14% represents the cost of operating the school site, with insurance, maintenance and the like. Support costs including the bursary, secretarial support, the registrar, information technology, and other activities that are not direct teaching costs add a further 11%. This means that a full 95% of the costs are accounted for by a small number of items that relate directly to providing the school for its pupils.

Historically the school has budgeted conservatively, and did not seek to make a "profit", rather the budget was set to generate a small surplus each year, which was used to fund development of the site, and to repay a loan originally used to buy the Ivy Wood site. During 2016, Council considered this approach, particularly in the light of the collapse of Kids Company and the investigation of its financial affairs. It was agreed to build the reserves of the Society gradually over the next 10 years.

Trading Company

The King Alfred Trading Company Limited was set up in November 2011. It manages after-school, weekend and holiday lettings of the grounds and buildings. In addition, it runs the coffee kiosk. It is a wholly owned subsidiary of the Society and its profits are gift aided to the school. The results of its trading activities are set out on page 32 in note 9, and are consolidated into the financial results.

The Balance Sheet as at 31st July 2016

The Balance Sheet reflects the way the Society has developed over its life. All funds received and earned have been either spent providing education to pupils, or re-invested in the infrastructure of the school. Occasional large donations towards building projects have also been invested into the infrastructure. Apart from the land and buildings there are no investments or other significant assets.

Current assets show debtors, which are outstanding school fees at the year end, and these are collected in the normal termly cycle. Cash is the only other current asset. The school manages its cash flow using an overdraft facility to allow for the significant swings caused by regular monthly costs, and termly income.

Current liabilities include normal trade creditors, national insurance payments and the annual loan repayment, all of which fall due after the year end. The overdraft balance is also included in current liabilities.

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

Longer term liabilities are the fee deposits paid by parents.

Overall, the balance sheet is healthy with a small commercial loan, and the vast majority of the assets funded by historic donations and the accumulated surpluses over many years.

Reserves Policy

The Society's land and buildings have a net book value, as at 31st July 2016 of £33,354,636 (2015: £33,010,277 after re-valuation) (see note 7 on page 31). This represents the majority of the Society's reserves. Policy for future investment means that this is likely to continue to be the case.

Total reserves of £28,972,653 are shown on the Balance Sheet at 31st July 2016. Total restricted funds, which are part of the reserves, amounted to £218,443, these are detailed in notes 14 and 15 of the Financial Statements. Deducting fixed assets, restricted funds within net current assets and designated funds, and adding back long term creditors, gives a deficiency of free reserves of £591,980 (2015: £1,360,203). This deficiency does not restrict the operation of the school for three main reasons. The school operates a fee deposit system whereby a deposit equivalent to a term's fees, at current fee levels, is held for each pupil at the school. Deposits repaid when pupils leave the school are replaced by deposits for new pupils so, in a steady state, the amount shown as repayable within one year is repaid out of receipts from new pupils rather than existing current assets. School fees are payable at the start of each term so, except at the end of each term, there is a significant balance of deferred income which funds current expenditure. The Society has an arranged bank overdraft facility that allows up to £1,000,000 to be drawn normally and a further £500,000 can be drawn by agreement.

The Society's short term target is to build cash balances to eliminate dependency on the bank overdraft facility. This year, following a detailed review of the reserves policy, Council has set its policy to build free reserves to the value of 30% of annual fee income over the next 10 years.

3.3. Plans for 2016/17 and beyond

Most of the planning for the education elements of the school are set out above. Other aspects of the Society's work are also set out above. What remains is the on-going development of the school site and infrastructure. The Grounds & Buildings Committee of Council maintains a 10 year rolling development plan to prioritise developments and ongoing maintenance. This is currently being reviewed and a number of possible development sites are being explored. Whilst planning facilities for the future, Council is also very aware of the loss of Squirrel Hall, the first new building at Manor Wood, and the need to provide a space to fill the functional and emotional void that has been left.

3.4. Review of Structure and Governance

The King Alfred School Society is established as a charitable company. Council members, as Directors and Trustees, have the ultimate responsibility for good governance of the Society and all of its activities. As such it operates in much the same way as any other board and is the

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

highest decision making body. All Council members are volunteers. They work alongside the senior leadership team of the school who are responsible for execution of policy and management of the day-to-day operation of the school.

Council can be between seven and 21 members. Council members are elected by the Society members, most in a general election, for a three-year term. The Treasurer and ex officio President are elected annually by members at the Annual General Meeting. Council elects its own Chair annually following the Annual General Meeting.

Over recent years the governance standards required have been increasing for all companies and charities. There have been numerous reviews and reports into governance, as well as changes to the Charities and Companies Acts. Over the last two years Council has examined a number of areas of governance and compared itself to good and best practice. One result of these activities was the update of the Memorandum and Articles of Association to bring them into line with modern governance and the requirements of the Charities Commission. This update was approved by the Society on the 8th December 2015. In addition, Council has revised the committee structure to reflect the responsibilities of a school governing body more closely.

The role of Council member is a demanding one, and regular training is necessary. All new members of Council undergo induction training and meet with the Bursar and Chair shortly after appointment. Training sessions are included in the three annual Council training days, and Council members regularly attend appropriate external courses.

In 2013/14 the Independent Schools Inspectorate awarded the school a "sound" rating for governance. The main reason for this rating was their view that the Society's Council needed representation from senior educators. Council is unanimous that a "sound" rating is disappointing and has started to develop a plan to achieve an excellent rating at the next inspection. Part of this has been to respond to the need for senior educators to support Council by the appointment of suitable individuals to the newly formed Education Committee of Council.

3.5. Remuneration of Key Management

Key management personnel comprises the Head, the Deputy Heads, and the Bursar. Their remuneration is reviewed on a three-yearly cycle by members of the Finance Committee of Council, together with the Head, where appropriate. The review takes account of school survey data, published information from comparable schools, the maintained school leadership scale, and general commercial knowledge.

3.6. Conflicts of Interest

Council takes the management of potential conflicts of interest very seriously and the new Articles of Association, adopted in December 2015, brought the provision in this area up to current best practice. Council members receive a briefing note describing their responsibilities in this area and giving guidance on managing conflicts. In addition, the Chair

TRUSTEES' REPORT BY COUNCIL

for the year ended 31st July 2016, continued

of Council and the Chair of the Governance Committee are particularly available to help Council members to identify conflicts and to deal with them appropriately, which may include making a declaration to Council or withdrawing from discussions and/or decisions.

3.7. Principle Risks and Uncertainties

Achievement of the objectives of the Society and running a school involve taking and accepting some risks. The trustees are satisfied that appropriate internal control mechanisms and management processes are in place. The Finance Committee reviews risk and internal control on an annual basis and recommends the risk register to Council for approval. The senior leadership team review key risks on a regular basis. They consider progress on mitigating actions. The most significant risks associated with the Society are to do with the safeguarding of children, health and safety, reputation, and income generation.

Council is satisfied that the major risks the Society and school are exposed to have been reviewed, and that there are systems and procedures in place to manage those risks. The key elements of our risk register is set out in the summary below. Each of the identified risk areas has a detailed risk control process identifying the level of risk, what the control is, who is responsible, how frequently the risk should be monitored, and any further action required.

TABLE OF RISKS:

STRATEGIC RISKS

- Erosion of the King Alfred School ethos
- Council and Head not exercising proper strategic control
- Inability to respond to needs due to lack of planning

FINANCIAL RISKS

- Failure to maintain income
- Failure in financial and cash control
- Fraud

ASSET RISKS

- Building failure
- IT failure due to accident or malicious intent
- Malicious damage or theft

OPERATIONAL RISKS

- Failure to maintain the pupil numbers necessary to sustain the school
- Short term closure
- Major incident involving the school
- Accident causing fatality, injury or property damage leading to civil or criminal liability
- Negligence claim arising out of alleged failure to meet individual educational needs
- Abuse of a child whilst in the care of the school

COMPLIANCE RISKS

- Penalties incurred due to non-compliance
- Challenge to charitable status

HUMAN RESOURCE RISKS

- Failure to recruit and retain good personnel
- Loss or absence of key people - staff, senior leadership team, Council
- Employee dispute
- Industrial action

RISKS SPECIFIC TO THE KING ALFRED SCHOOL TRADING COMPANY LTD

- Failure in financial and cash control
- Health and safety risks relating to operation of facilities and catering practices

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Council Members (who are also directors of King Alfred School for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires Council Members to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Council Members are required to:

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

The Council Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council Members are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

In so far as the Council Members are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Council Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, Kingston Smith LLP, have signified their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

The Council's Report is approved by the Council Members of King Alfred School Society. The Strategic Report, which forms part of the Annual Report, is approved by Council in their capacity as Directors in company law of the King Alfred School Society.

Registered office and official address:

The King Alfred School Society Limited
Manor Wood
North End Road
London NW11 7HY

BY ORDER OF THE COUNCIL

.....
Treasurer: Sarah Phillips
29th November 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KING ALFRED SCHOOL SOCIETY

We have audited the financial statements of King Alfred School Society for the year ended 31st July 2016 which comprise the Statement of Financial Activities including the Summary Income and Expenditure Account, the Balance Sheet, the 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) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

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

Respective responsibilities of Council members and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the 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. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KING ALFRED SCHOOL SOCIETY, *continued*

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st July 2016 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures or governors' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

.....
Shivani Kothari,
Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor
6th January 2017

Devonshire House
60 Goswell Road
London EC1M 7AD

KING ALFRED SCHOOL SOCIETY

(A company having no share capital and limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure account) for the year ended 31st July 2016

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
INCOME						
Income from charitable activities						
School fees	2	9,880,047	-	-	9,880,047	9,085,454
Other educational income	3	556,466	190	-	556,656	585,136
Other ancillary income	3	322,552	-	-	322,552	315,439
Donations and Legacies	4	71,683	84	827	72,594	81,239
Income from investments						
Rents and lettings		49,230	-	-	49,230	37,197
Trading Income		38,588	-	-	38,588	38,389
Investment Income		1,933	-	-	1,933	1,207
KASS membership	15	-	14,569	-	14,569	13,544
Total Income		10,920,499	14,843	827	10,936,169	10,157,605
EXPENDITURE						
Charitable Activities:						
School operating costs		10,436,996	1,789	7,164	10,445,949	10,006,165
Pension provision	18	618,000	-	-	618,000	(27,000)
Raising funds						
Fundraising for voluntary income		-	-	-	-	6,570
School financing costs		7,580	-	-	7,580	8,602
Lettings Expenses		9,720	-	-	9,720	10,256
Trading Expenses		29,851	-	-	29,851	28,683
KASS Expenses		-	29,010	-	29,010	14,066
Total expenditure	5	11,102,147	30,799	7,164	11,140,110	10,047,342
Net Income/(Expenditure)		(181,648)	(15,956)	(6,337)	(203,941)	110,263
Transfers between funds	14	(5,970)	2,243	3,727	-	-
NET INCOME		(187,618)	(13,713)	(2,610)	(203,941)	110,263
Total funds at 1st August 2015		28,925,615	29,926	221,053	29,176,594	29,066,331
Total funds at 31st July 2016	15	28,737,997	16,213	218,443	28,972,653	29,176,594

CONTINUING OPERATIONS

None of the Society's activities were acquired or discontinued during the above two financial periods.

TOTAL RECOGNISED GAINS AND LOSSES

The Society has no recognised gains or losses other than those shown in the above two financial periods.

The notes on pages 23 to 44 form part of these financial statements.

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

CONSOLIDATED BALANCE SHEET

for the year ended 31st July 2016

	Notes	The Group		The Society	
		2016 £	2015 £	2016 £	2015 £
TANGIBLE FIXED ASSETS					
School land, buildings and equipment	7	33,894,827	33,867,946	33,894,827	33,867,946
Investments	8	-	-	2	2
		<u>33,894,827</u>	<u>33,867,946</u>	<u>33,894,829</u>	<u>33,867,948</u>
CURRENT ASSETS					
Debtors	10	438,048	480,601	523,082	521,529
Cash		581,070	78,409	491,672	33,230
		<u>1,019,118</u>	<u>559,010</u>	<u>1,014,754</u>	<u>554,759</u>
CREDITORS: Due within one year	11	<u>(1,376,442)</u>	<u>(1,668,234)</u>	<u>(1,372,080)</u>	<u>(1,663,985)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(357,324)</u>	<u>(1,109,224)</u>	<u>(357,326)</u>	<u>(1,109,226)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,537,503</u>	<u>32,758,722</u>	<u>33,537,503</u>	<u>32,758,722</u>
CREDITORS: due after more than one year	12	<u>(3,253,850)</u>	<u>(2,889,128)</u>	<u>(3,253,850)</u>	<u>(2,889,128)</u>
PROVISIONS for liabilities and charges	13	<u>(1,311,000)</u>	<u>(693,000)</u>	<u>(1,311,000)</u>	<u>(693,000)</u>
		<u>28,972,653</u>	<u>29,176,594</u>	<u>28,972,653</u>	<u>29,176,594</u>
UNRESTRICTED FUNDS – General	14 & 15	5,955,110	6,156,441	5,955,110	6,156,441
UNRESTRICTED FUNDS – Revaluation Reserve		22,799,100	22,799,100	22,799,100	22,799,100
RESTRICTED FUNDS	14 & 15	218,443	221,053	218,443	221,053
		<u>28,972,653</u>	<u>29,176,594</u>	<u>28,972,653</u>	<u>29,176,594</u>

Approved by Council on 29th November 2016
and signed on its behalf by

.....
Chair: Vaughan Thomas

.....
Treasurer: Sarah Phillips

Company Registration No 57854

The notes on pages 23 to 44 form part of these financial statements.

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st July 2016

	Notes	2016 £	2015 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	I	847,436	813,529
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,933	1,207
Interest paid		(7,580)	(8,602)
CAPITAL ALLOWANCES			
Purchase of tangible fixed assets		(479,091)	(733,823)
NET CASH INFLOW BEFORE FINANCING		<u>362,698</u>	<u>72,311</u>
FINANCING			
Net receipts from new deposits and deposit increases less deposits refunded		368,203	113,714
Net receipts from new advance fees less advances utilised		218,191	(21,630)
INCREASE IN CASH	II	<u><u>949,092</u></u>	<u><u>164,395</u></u>

The notes on page 22 form part of this cash flow statement.

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *for the year ended 31st July 2016*

I. RECONCILIATION OF NET INCOMING RESOURCES BEFORE INVESTMENT GAINS/(LOSSES) TO NET INFLOW FROM OPERATIONS

	Notes	2016 £	2015 £
Operating (deficit)/surplus	IV	(198,294)	90,658
Depreciation charges		452,210	382,180
Decrease/(increase) in debtors		42,553	67,367
Increase/(decrease) in creditors		550,967	273,324
Net cash inflow from operations		<u>847,436</u>	<u>813,529</u>

II. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (Note III)

	2016 £	2015 £
Increase/(decrease) in cash in the year	949,092	164,395
Change in net debt	949,092	164,395
Net debt at 1st August 2015	(479,884)	(644,279)
Net debt at 31st July 2016	<u>469,208</u>	<u>(479,884)</u>

III. ANALYSIS OF CHANGES IN NET DEBT

	At 31st July 2016 £	Cash Flows £	At 31st July 2015 £
Cash at bank and in hand	581,070	502,661	78,409
Bank overdraft	(11,237)	346,431	(357,668)
Bank loan	(100,625)	100,000	(200,625)
	<u>469,208</u>	<u>949,092</u>	<u>(479,884)</u>

IV. OPERATING SURPLUS

	2016 £	2015 £
Net (expenditure)/income	(203,941)	83,263
Interest received	(1,933)	(1,207)
Interest paid	7,580	8,602
Operating (deficit)/surplus	<u>(198,294)</u>	<u>90,658</u>

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016

1. ACCOUNTING POLICIES

Company Information

King Alfred School Society is a limited company domiciled and incorporated in England and Wales. The registered office is 149 North End Road, London NW11 7HY.

Accounting Convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the new Statement of Recommended Practice (SORP) “Accounting and Reporting by charities: Statement of Recommended Practice” and the requirements of the Companies Act 2006. This is the first set of financial statements prepared under FRS 102. The date of transition to FRS 102 is 1st August 2014. An explanation of the impact of first time adoption is given in note 22.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified by the recognition of certain investments, investment properties, and financial assets and liabilities measured at fair value. The principal accounting policies adopted are set out below.

Going Concern

These financial statements are prepared on the going concern basis. The Council has a reasonable expectation that the charitable company will continue in operational existence for the foreseeable future. They are not aware of any material uncertainties which may cause doubt on the charitable company’s ability to continue as a going concern.

Group Financial Statements

These financial statements consolidate the results of the Society and its wholly owned subsidiary King Alfred School Trading Company Ltd on a line-by-line basis. Transactions and balances between the Society and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the Society’s balance sheet. A separate statement of financial activities, or income and expenditure account for the Society itself is not presented because the Society has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

Fund Accounting

Unrestricted funds are available for use at the discretion of Council in furtherance of the general objectives of the Society.

Designated funds are unrestricted funds earmarked by Council for particular purposes. Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

which the service is provided. Fees Receivable are stated after deducting allowances granted by the School but include contributions from Restricted Funds for bursaries. Fees received for education to be provided in future years are carried forward as deferred income.

Donations

Donations receivable for the general purposes of the Society are credited to Unrestricted Funds. Donations restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Council Members.

Expenditure

Expenditure is accounted for on an accruals basis and recognised when there is a constructive or legal obligation to pay for expenditure. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. These estimates are based on staff time or on floor area as appropriate.

Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Items costing less than £2,000 are written off as an expense as acquired unless part of a larger project.

Depreciation is provided on the original cost of all tangible fixed assets, except freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as:

Freehold buildings	2% on cost or valuation
Furniture and Equipment	20% on cost
Motor vehicles	25% on cost

Assets under course of construction are not depreciated until completed. No depreciation is charged on freehold land.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in expenditure.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxes

Under Section 505 of the Income and Corporation Taxes Act 1988 the Company is exempt from certain taxes. Full account is taken of tax credits attaching to covenants and dividends.

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

Funds held by the school are either:

Unrestricted General Funds:

These are funds which can be used in accordance with the charitable objects at the discretion of Council.

Designated Funds:

These are funds set aside by Council out of unrestricted general funds for specific future purposes or projects.

Restricted Funds:

These are funds held for specific purposes as specified by the donor.

Operating Leases

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

Pension schemes

The School contributes to the Teachers Superannuation Scheme operated by the Teachers' Pension Agency and the Independent Schools Pension Scheme for non-teaching staff, a defined benefit scheme administered by The Pensions Trust. Under the provisions of FRS 17 as applied to multi-employer defined benefits schemes, both schemes are treated as defined contribution schemes and costs are charged as incurred.

Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, Council is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The school has taken advantage of the transitional option within FRS 102 which allows the school's land to be valued at fair value on the date of transition (1 August 2014) and then used as the deemed cost of land from that date onwards. The valuation of the land was carried out by a governor of the school who is a partner in a property management company responsible for estate management and a portfolio amounting to several billion Euros across the UK and Europe.

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

The valuation was primarily based upon the sale of a similar but smaller piece of land for charitable, educational uses in the immediate vicinity, taking account of the independent professional valuation carried out by an independent third party expert agent prior to its sale but also having regard to the relative size, restrictions and desirability of the sold plot compared to the school's land. The school has also taken account of any significant fluctuation in land values occurring between the transition date and the timing of the sale of the similar piece of land to which comparison has been made in order to arrive at the school's land valuation.

Council is satisfied that the value of the school's land at 1st August 2014 is £25 million and hence that the adjustment at the transition date as disclosed in note 22 is true and fair.

The charitable company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

The annual depreciation charge for property, plant, and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property, plant, and equipment and note 1 for the useful economic lives for each class of asset.

The charitable company makes an estimate of the likely timing of repayment of deposits to establish which are due for repayment within one year. The timing of deposits being repaid is not certain as only a proportion of pupils continue from year 11 to sixth form each year.

2. SCHOOL FEES

	2016 £	2015 £
Fees receivable comprise:		
Gross fees	10,517,139	9,623,090
Less: Total bursaries, grants and allowances	<u>(637,092)</u>	<u>(537,636)</u>
	<u>9,880,047</u>	<u>9,085,454</u>

Bursaries above include the Sir William Alan Wood Bursary.

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

3. OTHER INCOME

	2016 £	2015 £
Other educational income:		
School trips and camps (notes 1 & 5)	267,431	272,095
Textbooks and other extras (notes 1 & 5)	199,097	187,830
Visit and registration fees	28,674	25,289
Statemented children	1,573	27,642
Teacher training	-	2,045
Fees deposits released	55,023	69,475
Other educational income	2,883	-
Interest on late fees	1,975	760
	<u>556,656</u>	<u>585,136</u>
Other ancillary activities income comprises:		
School meals	313,190	306,031
Supplier rebates, royalties, and other income	9,362	9,408
	<u>322,552</u>	<u>315,439</u>

4. DONATIONS AND LEGACIES

	2016 £	2015 £
Voluntary Contributions	66,977	63,659
Other Donations	5,617	17,580
	<u>72,594</u>	<u>81,239</u>

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

5. EXPENDITURE

Year ended 31st July 2016	Staff costs £	Other costs £	Depreciation £	Total £
Charitable Activities				
Teaching	6,191,767	1,014,610	173,354	7,379,731
Catering	213,145	185,059	4,057	402,261
Premises	384,413	828,787	259,135	1,472,335
Support costs of schooling	680,898	495,060	15,664	1,191,622
School operating costs	7,470,223	2,523,516	452,210	10,445,949
Pension provision movement (note 18)	618,000	-	-	618,000
	8,088,223	2,523,516	452,210	11,063,949
Raising funds				
Fundraising for voluntary income	-	-	-	-
School financing costs	-	7,580	-	7,580
Lettings expenses	-	9,720	-	9,720
Trading expenses	-	29,851	-	29,851
KASS Expenses	-	29,010	-	29,010
	-	76,161	-	76,161
Total expenditure	8,088,223	2,599,677	452,210	11,140,110

Governance costs of £40,332 (2015: £33,358) include auditors remuneration of £19,585 (2015: £15,323) which is included within support costs of schooling allocated to charitable activities

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

5. EXPENDITURE – continued

Year ended 31st July 2015	Staff costs £	Other costs £	Depreciation £	Total £
Charitable Activities				
Teaching	5,860,791	944,625	146,508	6,951,924
Catering	200,878	187,974	3,429	392,281
Premises	370,129	865,445	219,005	1,454,579
Support costs of schooling	652,806	541,337	13,238	1,207,381
School operating costs	7,084,604	2,539,381	382,180	10,006,165
Pension provision movement (note 18)	(27,000)	-	-	(27,000)
	7,057,604	2,539,381	382,180	9,979,165
Raising funds				
Fundraising for voluntary income	-	6,570	-	6,570
School financing costs	-	8,602	-	8,602
Lettings expenses	-	10,256	-	10,256
Trading expenses	-	28,683	-	28,683
KASS Expenses	-	14,066	-	14,066
	-	68,177	-	68,177
Total expenditure	7,057,604	2,607,558	382,180	10,047,342

6. STAFF COSTS

	2016 £	2015 £
Salaries and Wages	6,048,057	5,854,302
Social security contributions	548,187	480,305
Pension contributions	867,565	743,906
Pensions paid to former employees	6,415	6,091
	7,470,224	7,084,604
Pension provision movement (note 18)	618,000	(27,000)
	8,088,224	7,057,604

(a) The average number of employees during the year was:

	2016	2015
Teaching staff	115	117
Non-teaching staff	62	62
	177	179

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

6. STAFF COSTS – *continued*

(b) The remuneration of the highest paid employees fell within the following bands:

	2016	2015
£60,000 - £70,000	-	1
£70,000 - £80,000	3	2
£110,000 - £120,000	-	1
£130,000 - £140,000	1	-
	4	4

(c) Trustees' Remuneration

No Trustees were paid any remuneration during the year.

Expenses were reimbursed to 0 (2015: 0) trustees in the year for £nil (2015: £nil)

Trustees Indemnity Insurance is held by the school on behalf of the Trustees.

(d) Key Management Personnel

Key management personnel comprises the Head, Head of Upper School, Head of Lower School and the Bursar. The total remuneration for these individuals was £460,038 (2015: £402,554).

7. TANGIBLE FIXED ASSETS – GROUP AND SOCIETY

	Freehold Land £	School Buildings £	Assets not in use £	Furniture & Equipment £	Motor Vehicles £	TOTAL £
COST						
1st August 2015	25,000,000	11,168,877	506,533	3,829,497	63,800	40,568,707
Transfer	-	405,940	(506,533)	100,593	-	-
Additions	-	173,081	165,994	129,816	10,200	479,091
31st July 2016	25,000,000	11,747,898	165,994	4,059,906	74,000	41,047,798
DEPRECIATION						
1st August 2015	-	3,158,600	-	3,478,361	63,800	6,700,761
Charge for year	-	234,662	-	214,999	2,549	452,210
31st July 2016	-	3,393,262	-	3,693,360	66,349	7,152,971
NET BOOK VALUE						
31st July 2016	25,000,000	8,354,636	165,994	366,546	7,651	33,894,827
31st July 2015	25,000,000	8,010,277	506,533	351,136	-	33,867,946

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

7. TANGIBLE FIXED ASSETS – GROUP AND SOCIETY

– continued

(a) The opening cost of assets under the course of construction are transferred to the relevant asset heading on completion.

(b) The valuation of school land and buildings was made by the Council of management on 31st July 1976. Since this date the valuation has increased by the cost of projects undertaken. The current insurance value of the land and buildings is £24 million.

(c) On 3rd July 2002, the school purchased a plot of land with accompanying buildings known as the 'Ivy House' estate for £5 million. A lease was then granted to the London Jewish Cultural Centre Limited for a period of 125 years for an initial £3 million consideration and an annual peppercorn rental (if demanded). The lease agreement provides for breaks after periods of 40 and 80 years, being 3rd July 2042 and 3rd July 2082. Should the landlord use the right to break the lease, then compensation is payable to the tenant being the open market value of the lease subject to a minimum of £3 million (the original premium paid).

(d) At the transition date (1st August 2014) the freehold land was revalued to deemed cost by a Governor who is also a partner in a real estate investment management firm. Further details are included in notes 1 and 22.

e) The carrying amount of freehold land that would have been recognised under the historic cost model is £2,200,900.

8. INVESTMENTS

The Society holds two shares of £1 each in its wholly owned trading subsidiary company King Alfred School Trading Company Ltd, which was incorporated on 28th November 2011 in the United Kingdom. The activities and results of this company is summarised in note 9.

9. SUBSIDIARY UNDERTAKING

The Society owns the whole of the issued ordinary share capital of King Alfred School Trading Company Limited (No.7863431), a company registered in England. The subsidiary operates a coffee bar and manages the lettings of the school facilities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the Society. A summary of the results of the subsidiary is shown below.

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

9. SUBSIDIARY UNDERTAKING – *continued*

	2016	2015
	£	£
Turnover	87,818	75,586
Cost of Sales	(39,571)	(38,940)
Gross Profit	48,247	36,646
Administrative Expenses	(6,953)	(8,853)
Operating Profit	41,294	27,793
Interest payable	-	-
Profit on ordinary activities	41,294	27,793
Gift Aid to parent undertaking	(41,294)	(27,793)
Profit/(loss) for the financial year	-	-

The aggregate of the assets, liabilities and funds was:

	2016	2015
	£	£
Assets	99,783	69,816
Liabilities	(99,781)	(69,814)
Funds	2	2

10. DEBTORS

	The Group		The Society	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	323,194	392,824	312,689	363,527
Bad debt provision	(118,392)	(122,932)	(118,272)	(118,272)
Other debtors	13,330	17,909	13,330	17,909
Amounts due from subsidiary	-	-	95,419	65,565
Prepayments	183,884	178,348	183,884	178,348
Accrued income	36,032	14,452	36,032	14,452
	438,048	480,601	523,082	521,529

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Society	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	111,862	457,668	111,862	457,668
Trade creditors	198,811	321,567	198,811	321,567
Taxation and social security	163,886	148,982	163,886	148,982
Accruals	123,737	103,471	119,375	100,057
Deferred income	243,553	85,442	243,553	84,607
Other creditors	62,105	142,062	62,105	142,062
Fee deposits	472,488	409,042	472,488	409,042
	<u>1,376,442</u>	<u>1,668,234</u>	<u>1,372,080</u>	<u>1,663,985</u>

The bank overdraft is secured over the freehold property and is the amount currently drawn down on a standing facility of £1 million repayable on demand.

	The Group		The Society	
	2016	2015	2016	2015
	£	£	£	£
Deferred income brought forward	85,442	90,811	84,607	90,321
Released in year	(85,442)	(90,811)	(84,607)	(90,321)
New provision added	243,553	85,442	243,553	84,607
Deferred income carried forward	<u>243,553</u>	<u>85,442</u>	<u>243,553</u>	<u>84,607</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Bank loan	100,625	200,625
Advance fees	279,919	61,728
Fee deposits	<u>3,553,049</u>	<u>3,184,846</u>
	3,933,593	3,447,199
Less: amounts due within one year (note 12.2. and 12.3.)	(679,743)	(558,071)
	<u>3,253,850</u>	<u>2,889,128</u>

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

12.1. BANK LOAN

	2016	2015
	£	£
The bank loan is repayable by instalments		
due within one year	100,625	100,000
due within one to two years	-	-
due within two to five years	-	-
due after five years	-	100,625
	<u>100,625</u>	<u>200,625</u>

The bank loan is secured over the freehold properties and the balance is repayable by July 2021 and bears interest at 1% over the bank base lending rate. The loan was repaid in September 2016 and has been shown accordingly within short term creditors.

12.2. ADVANCE FEES

	2016	2015
	£	£
due within one year	106,630	49,029
due within one to two years	43,990	12,699
due within two to five years	129,299	-
	<u>279,919</u>	<u>61,728</u>

12.3. FEE DEPOSITS

	2016	2015
	£	£
due within one year	472,488	409,042
due within one to two years	467,033	395,744
due within two to five years	996,336	868,203
due after five years	1,617,192	1,511,857
	<u>3,553,049</u>	<u>3,184,846</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2016	2015
	£	£
Pension provision		
At 1st August 2015	693,000	720,000
Incurred/(utilised) in the year	618,000	(27,000)
At July 2016	<u>1,311,000</u>	<u>693,000</u>

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

13. PROVISIONS FOR LIABILITIES AND CHARGES – *continued*

The pension provision reflects the movement in the Pension Trust Pension provision disclosed in note 18.

14. RECONCILIATION OF SOCIETY FUNDS

Year ended 31st July 2016	Balance 1st August 2015 £	Movement in Resources		Transfers £	Balance 31st July 2016 £
		Incoming £	Outgoing £		
Restricted Funds					
Bursary Fund	97,046	-	-	-	97,046
Music Technology Fund	31,298	227	(2,004)	-	29,521
The Squirrel Hall Fund	2,000	-	-	-	2,000
Kinniya King Alfred Fund	473	600	(4,800)	3,727	-
Courts Renovation Fund	2,980	-	-	-	2,980
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Bursary	6,226	-	(360)	-	5,866
	221,053	827	(7,164)	3,727	218,443
Unrestricted Funds					
General Funds	6,126,515	10,920,499	(11,102,147)	(5,970)	5,938,897
Revaluation	22,799,100	-	-	-	22,799,100
	28,925,615	10,920,499	(11,102,147)	(5,970)	28,737,997
Designated Funds					
The Hardship Fund	38	-	-	-	38
Little Orchard	677	-	(211)	-	466
History & Archives Fund	285	84	-	-	369
Lower School Camp Fund	3,787	-	-	-	3,787
Future Problem Solving Fund	(855)	190	(1,578)	2,243	-
KASS Subscriptions	25,994	14,569	(29,010)	-	11,553
	29,926	14,843	(30,799)	2,243	16,213
Total Funds	29,176,594	10,936,169	(11,140,110)	-	28,972,653

KING ALFRED SCHOOL SOCIETY
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

14. RECONCILIATION OF SOCIETY FUNDS – *continued*

Year ended 31st July 2015	Balance 1st August 2014 £	Movement in Resources		Transfers £	Balance 31st July 2015 £
		Incoming £	Outgoing £		
Restricted Funds					
Bursary Fund	97,046	-	-	-	97,046
Music Technology Fund	33,751	-	(2,453)	-	31,298
The Squirrel Hall Fund	2,000	-	-	-	2,000
Kinniya King Alfred Fund	3,611	1,900	(5,038)	-	473.00
Courts Renovation Fund	2,980	-	-	-	2,980
Upper School Building Fund	81,878	-	(848)	-	81,030
Sophie Coleman Music Bursary	6,346	-	(120)	-	6,226
	227,612	1,900	(8,459)	-	221,053
Unrestricted Funds					
General Funds	6,008,740	10,154,295	(10,036,520)	-	6,126,515
Revaluation	22,799,100	-	-	-	22,799,100
	28,807,840	10,154,295	(10,036,520)	-	28,925,615
Designated Funds					
The Hardship Fund	38	-	-	-	38
Little Orchard	336	406	(65)	-	677
History & Archives Fund	205	80	-	-	285
Lower School Camp Fund	3,787	-	-	-	3,787
Future Problem Solving Fund	-	14,380	(15,235)	-	(855)
KASS Subscriptions	26,513	13,544	(14,063)	-	25,994
	30,879	28,410	(29,363)	-	29,926
Total Funds	29,066,331	10,184,605	(10,074,342)	-	29,176,594

Restricted Funds

Restricted funds are for the following purposes:

The Bursary Fund is designated to provide financial support to pupils whose parents are experiencing financial difficulties in meeting the school's fees. All funds raised are put towards fees.

The Music Technology Fund was initially applied to the acquisition of equipment and to the funding of a music technology teacher and now to the provision of music bursaries. The assets acquired under the Music Technology Fund have been brought into use and are being depreciated over 50 years for the construction and five years for the equipment. The donors have given permission for the excess funds raised to be released to general funds and hence the fund value has been reduced to nil.

The 'Squirrel Hall Fund' will be applied to the refurbishment of Squirrel Hall.

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

Restricted Funds – continued

The Kinniya King Alfred fund was used for the purpose of maintaining a school in Sri Lanka.

The Courts Renovation Fund has been used for the resurfacing of the Lower Courts. The balance remaining will be used for replacing sports equipment in the Studio.

The Upper School Building Fund will be applied to future building in the Upper School.

The Sophie Coleman Music Bursary was set up from donations in memory of the former pupil to fund a violin music bursary.

Unrestricted Funds

General Fund: the ‘free reserves’ after allowing for all designated funds.

Designated funds:

- a) The Hardship Fund for assisting pupils with the financial costs of school trips
- b) Little Orchard for the maintenance of the School’s “pets’ corner”
- c) History & Archives Fund for the maintenance of the School’s archives
- d) Lower School Camp Fund for the replacement of tents and camping equipment
- e) KASS subscriptions for the purpose of promoting the advancement of educational science by the diffusion of knowledge relating thereto and is typically spent within 12 months of receipt
- f) Future Solving Fund has been spent during the year

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Year ended 31st July 2016	Tangible Fixed Assets £	Net Current Assets /(Liabilities) £	Total £
Restricted Funds			
Bursary Fund	-	97,046	97,046
Music Technology Fund	-	29,521	29,521
The Squirrel Hall Fund	-	2,000	2,000
Kinniya King Alfred Fund	-	-	-
Courts Renovation Fund	-	2,980	2,980
Upper School Building Fund	-	81,030	81,030
Sophie Coleman Music Bursary	-	5,866	5,866
	-	218,443	218,443
Designated Funds	-	16,213	16,213
Unrestricted Funds	33,894,827	(5,156,830)	28,737,997
	33,894,827	(4,922,174)	28,972,653

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

16. OPERATING LEASES

At 31st July 2016, the school has total commitments under non-cancellable leases as follows:

	2016	2015
	Equipment	Equipment
	£	£
Within 1 year	10,484	10,484
2 - 5 years	18,348	28,832
	<u>28,832</u>	<u>39,316</u>

17. CAPITAL COMMITMENTS

At 31st July 2016, the Society was not committed to any capital contracts relating to general development of the School (2015: £290,000).

18. PENSION SCHEMES

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (the TPS) for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £168,863 (2015: £184,096) and at the year-end £24,032 (2015: £86,164) was accrued in respect of contributions to this scheme.

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's Department. The latest actuarial valuation of the TPS was prepared as at 31st March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1st September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31st March 2016, with any resulting changes to the employer rate expected to take effect from 1st April 2019. 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.

The Pensions Trust – Independent Schools' Pension Scheme

The company participates in the scheme, a multi-employer scheme that provides benefits to some 52 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

18. PENSION SCHEMES – *continued*

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30th September 2011. This valuation showed assets of £119.4 million, liabilities of £161.2 million, and a deficit of £41.8 million. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1st September 2013 to 31st August 2016:	£3,467,000 per annum (payable monthly)
From 1st September 2016 to 31st August 2026:	£3,340,000 per annum (payable monthly)

A full actuarial valuation for the scheme was carried out at 30th September 2014. This valuation showed assets of £110.0 million, liabilities of £147.4 million, and a deficit of £37.4 million. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 September 2016 to 31 August 2029	£2,341,000 per annum (payable monthly and increasing by 3% on each 1st September)
---	--

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

18. PENSION SCHEMES – *continued*

Present value of provision

	31st July 2016 £000s	31st July 2015 £000s	31st July 2014 £000s
Present value of provision	1,311	693	720

Reconciliation of opening and closing provisions

	Period Ended 31st July 2016 £000s	Period Ended 31st July 2015 £000s
Provision at start of period	693	720
Unwinding of the discount factor (interest expense)	17	22
Deficit contribution paid	(71)	(71)
Re-measurements – impact of any change in assumptions	79	22
Re-measurements – amendments to the contribution schedule	595	-
Rounding adjustment	(2)	-
Provision at end of period	1,311	693

Income and expenditure impact

	Period Ended 31st July 2016 £000s	Period Ended 31st July 2015 £000s
Interest expense	17	22
Re-measurements – impact of any change in assumptions	79	22
Re-measurements – amendments to the contribution schedule	595	-
Contributions paid in respect of future service*	-	-
Cost (surpluses) recognised in income and expenditure account	618	(27)

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31st July 2016 % per annum	31st July 2015 % per annum	31st July 2014 % per annum
Rate of discount	1.58	2.53	3.17

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

18. PENSION SCHEMES – *continued*

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit contributions schedule

Year ending	31st July 2016 £000s	31st July 2015 £000s	31st July 2014 £000s
Year 1	91	71	71
Year 2	96	71	71
Year 3	98	71	71
Year 4	101	71	71
Year 5	104	71	71
Year 6	108	71	71
Year 7	111	71	71
Year 8	114	71	71
Year 9	118	71	71
Year 10	121	71	71
Year 11	125	71	71
Year 12	128	6	71
Year 13	132	-	6
Year 14	11	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The defined benefit scheme was open to support (non-teaching) staff and benefits accrued at the rate of 1/60th of annual salary per annum. Because of concerns about increasing deficit costs, the scheme was closed to new members and a defined contributions scheme opened for them. Existing members of the 1/60th scheme were moved into a 1/80th defined benefits scheme.

19. FINANCIAL INSTRUMENTS

	The Group		The Society	
	2016 £	2015 £	2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	254,164	302,253	339,198	343,181
Carrying amount of financial liabilities				
Measured at amortised cost	4,222,853	4,322,938	4,218,491	4,319,524

KING ALFRED SCHOOL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

20. RELATED PARTY TRANSACTIONS

The Society has taken the exemption under FRS 8 not to disclose any related party transactions with its subsidiary on the basis full consolidated accounts are prepared.

A payment of £2,000 (2015: £5,383) was made for printing costs through an organisation for which an ex-member of Council, Andrew Hirsh, is the CEO. The payment was made to a sub-contractor and the organisation which facilitated the printing received no benefit itself from the transaction.

21. PARENT COMPANY TRADING SURPLUS

The deficit in the accounts of £173,941 (2015: surplus £110,260) relates to the parent company.

22. TRANSITION TO FRS 102

This is the first year that the Charity has prepared financial statements under FRS 102. The previous financial statements were prepared under UK GAAP. A reconciliation of the amounts presented under the previous UK GAAP and FRS 102 is set out below, together with an explanation of changes in accounting policies on transition.

Reconciliation of total funds	Unrestricted funds at 1st August 2014	Restricted funds at 1st August 2014	Total funds at 1st August 2014
	£	£	£
Total funds under previous UK GAAP	6,759,619	227,612	6,987,231
Pension deficit reduction liability	(720,000)	-	(720,000)
One off revaluation of land	22,799,100	-	22,799,100
Total funds restated under FRS 102	28,838,719	227,612	29,066,331

Reconciliation of net income	Unrestricted funds at 31st July 2015	Restricted funds at 31st July 2015	Total funds at 31st July 2015
	£	£	£
Net income under previous UK GAAP	89,822	(6,559)	83,263
Decrease in Pension Trust deficit reduction liability	27,000	-	27,000
Net income restated under FRS 102	116,822	(6,559)	110,263

Reconciliation of total funds	Unrestricted funds at 31st July 2015	Restricted funds at 31st July 2015	Total funds at 31st July 2015
	£	£	£
Total funds under previous UK GAAP	6,849,441	221,053	7,070,494
Pension deficit reduction liability	(693,000)	-	(693,000)
One off revaluation of land	22,799,100	-	22,799,100
Total funds restated under FRS 102	28,955,541	221,053	29,176,594

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2016, continued

22. TRANSITION TO FRS 102 – *continued*

Revaluation of tangible fixed assets

The school has decided to take advantage of transitional provisions within FRS 102 to elect to measure the fair value of land and for that fair value to be used as the deemed cost of the item going forward from the date of transition (1st August 2014). This has increased the value of the fixed assets by £19,799,100 at 31st July 2014. There is no increase in the annual depreciation charge as land is not depreciated in accordance with the accounting policy disclosed in note 1.

Pension deficit reduction liability

The school is now required to recognise a liability in respect of the Pension Trust scheme for the present value of the future payments required to meet the deficit reduction liability notified by the pension scheme to the school. Further details are disclosed in note 18.

Other transitional adjustments and changes

Governance costs were previously shown separately in the Statement of Financial Activities but are now required to be shown within support costs of schooling and have now been accordingly reclassified in the current and comparative years to comply with FRS 102 and the new SORP.



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King Alfred School Society
A Company having no share capital and limited
by guarantee