



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 2017

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



EX CORDE VITA.

King Alfred School Society

A company having no share capital and limited by guarantee

CONTENTS

REFERENCE AND ADMINISTRATIVE DETAILS	p. 3
INTRODUCTION FROM THE CHAIR	p. 4
TRUSTEES' REPORT BY COUNCIL	p. 6
1. OBJECTIVES, ETHOS STRATEGIES AND ACTIVITIES	p. 6
1.1 Aims and objectives of the King Alfred School Society	
1.2 Ethos	
1.3 Strategies for Achieving Objectives	
1.4 Access Policy	
1.5 Public Benefit	
2. REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR	p. 9
2.1 The King Alfred School	
2.2 Educational research and dissemination	
3. FINANCIAL REVIEW AND RESULTS FOR THE YEAR	p. 11
3.1 Income and Expenditure	
3.2 The Trading Company	
3.3 The Balance Sheet	
4. POLICIES	p. 13
4.1 Reserves Policy	
4.2 Conflicts of Interest	
4.3 Investment Policy	
5. PLANS FOR FUTURE PERIODS	p. 14
5.1 Improving the Educational Experience	
5.2 Articulating our Vision and Communicating our Successes	
5.3 Strengthening our Financial Results and Investing in the Future	
6. STRUCTURE, GOVERNANCE AND MANAGEMENT	p. 15
6.1 Governance and Organisation	
6.2 Appointment, Induction and Review of Performance of Members of Council	
6.3 Remuneration of Key Management	
6.4 Risk Management	
STATEMENT OF TRUSTEES' RESPONSIBILITIES	p. 17
INDEPENDENT AUDITORS' REPORT	p. 18
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	p. 21
CONSOLIDATED BALANCE SHEET	p. 22
CONSOLIDATED CASH FLOW STATEMENT	p. 23
NOTES TO THE FINANCIAL STATEMENTS	p. 24



EX CORDE VITA.

REFERENCE AND ADMINISTRATIVE DETAILS

PRESIDENT

Kara Conti

CHAIR

Annabel Cody

TREASURER

Sarah Phillips

HEAD

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

DIRECTOR: FINANCE & OPERATIONS

Julie Saunders
MA Hons (Cantab),
MBA, MSc, ACMA

OTHER COUNCIL MEMBERS

Polly Bennett (appointed 7th February 2017),
Sandra Denicke-Polcher (appointed 7th February 2017),
Stacey Eden (appointed 7th February 2017), Nick Friedlos, Fiona Hackett,
Areta Hautman, Sam Jukes-Adams (appointed 7th February 2017),
Lisa Keane (resigned 7th February 2017), Ian Laming,
Ruth Leeney (resigned 7th February 2017),
Ian Levene (resigned 7th February 2017),
Georgia Masters (resigned 7th February 2017),
Alistair McConville (appointed 7th February 2017),
Stephen Morrall (resigned 7th February 2017),
John Nevin (appointed 7th February 2017), Christine Prowse, Sophie Ricard,
Andrew Senior (resigned 7th February 2017),
Sophie Silocchi (appointed 7th February 2017), Vaughan Thomas, 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

INTRODUCTION BY THE CHAIR OF COUNCIL

King Alfred School (the School) was established in 1898 to provide a new model of education. Reacting to the selective and exam-focused Victorian school system, the founders of the Society established a school whose purpose was to educate the whole child. Learning would take place in a non-selective, co-educational environment without any religious affiliation; staff would work collaboratively with pupils using teaching based on the latest scientific methods in an environment free from unnecessary pressures. The work of these forward-thinking founders is as relevant today as it was when the School first opened. King Alfred School aims to provide a rounded education which enables its pupils to function well in society because they are confident, self-disciplined and inquisitive with a wide range of knowledge and awareness of social issues.

The year 2016-2017 was one of significant change and substantial growth.

Following extensive consultation with staff and parents in his first year, Robert Lobatto began his second year as head, having adjusted and restructured elements of the School's infrastructure and leadership team. During the year, Robert, Council and the Senior Leadership Team have continued to focus on the future development of the school, working together on a set of agreed long term priorities and resulting action plans.

Despite the current turbulent economic conditions, the School has maintained a healthy financial position. Careful planning and close attention to costs have resulted in our largest surplus to date, providing an invaluable resource for future investment in the School and its pupils.

Council has continued its work to improve the governance of the School. The committee structure has gone from strength to strength, enriching the wider decision-making process with informed discussion and debate. In order to improve Council's ability to meet its strategic objectives, two external governors were appointed to the new Education Committee, Alistair McConville and Polly Bennett. Alistair is the current Deputy Head Academic at Bedales and an eminent authority on progressive education. Polly, an Old Alfredian, is a primary school head in the state sector who has taught in and led schools both internationally and in the UK. She is a specialist in safeguarding and most recently she has been engaged in leading

schools requiring significant improvement. Polly and Alistair bring fresh insights and experience to the Education Committee and Council as a whole.

Council has also repeated its process of self-review, based on best practices in the UK charity sector, leading to opportunities for improvements in the performances of individuals and Council as a whole.

As we look back at the past year, it is important to review the broader charitable objectives of our Society as set out in our Articles of Association, which include:

- Promoting the advancement of educational science and
- Making available the understanding of the King Alfred School Society and influencing the wider education debate.

These objectives are being fulfilled in a number of different ways. Our annual educational conference, organised by the King Alfred School Society Committee under its president, Kara Conti, provides a stimulating public forum for new educational ideas and discussion. The 2016 conference, 'Breaking the Mould: progressive ideas in practice', attracted delegates from a wide range of schools as well as significant numbers of parents and teachers from the School. 2017's conference, 'The Adolescent and the Phone', brought together a wide range of speakers and sparked intense debate. In preparation for the conference, the School had undertaken its own research on mobile phone use, canvassing opinion from pupils, parents and teachers. The results of this work were presented during the conference and are being used to develop a new mobile phone policy for the School.

The Village Project, developed by Stephen de Brett, former head of design technology at the School, is not only a unique educational experience for students but also provides a rich opportunity for educational research. Professor Bill Lucas, Director for the Centre for Real-World Learning at the University of Winchester and an acknowledged thought-leader in education, was commissioned by the Society to write a research paper on 2016's Village project. Professor Lucas's findings are being used to inform the future development of this flagship project.

INTRODUCTION BY THE CHAIR OF COUNCIL

The Society has also commissioned a book on the Village Project, written by Stephen de Brett. The publication will cover the 'what, why and how' of the Village, describing the history and inherent philosophy behind it, whilst also providing a handbook for other schools so that they can replicate this extraordinary outdoor experiment.

In addition, the Society approved a grant to history teacher Emma Sevitt for a research trip to the USA in order to develop the civil rights module of the new A Level curriculum. It is hoped that, as well as informing teaching at the School, Emma will be able to share her first hand experiences with other interested schools.

This year on Council, we said farewell to Lisa Keane, Ruth Leeney, Ian Levene, Georgia Masters, Stephen Morrall and Andrew Senior (deceased November 2017). I would like to thank them for their collected years of service and substantial contribution in a huge variety of ways to the life and governance of the School.

The bulk of this financial year was presided over by Vaughan Thomas who stepped down as Chair of Council in July after three years. I would like to take this opportunity to thank Vaughan for his leadership and the significant contribution he has made to the School during his chairmanship and nine years as a Council member.

With Robert now fully established and in his third year of headship, we have turned our sights to the future. The strategic development of the School, in line with the Society's principles, is a priority. Our aim is to provide the best academic, social, emotional and physical development for our pupils as they navigate the challenges of the modern world.

Last year we could not have achieved so much without the continued support of the School, staff and parents. Council offers its heartfelt thanks to every one of you for being a vital part of the Society.

ANNABEL CODY,
Chair of King Alfred School Society Council

TRUSTEES' REPORT BY COUNCIL *for the year ended 31st July 2017*

The King Alfred School Society (the Society) is a company and registered charity. The Members of the Society, of whom the majority are King Alfred School parents, elect Council members to act as charity trustees, company directors and governors of King Alfred School (the School). Council members are all volunteers and come from a wide range of professions and occupations.

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

Other activities of the Society include developing and disseminating educational knowledge through conferences, research, links with maintained and special schools, and supporting schools in Africa and Asia.

In the report below, Council as trustees of the Society sets out the aims of the Society, its charitable objects, and how the Society has delivered public benefit.

1. OBJECTIVES, ETHOS, STRATEGIES & ACTIVITIES

1.1. Aims and Objectives of the King Alfred School Society

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

- To establish and carry on Schools which take account of the work of educational reformers, are prepared to initiate or co-operate in educational research, and encourage the fullest development of whatever talents their members possess without resort to pressures which might upset the proper balance of the physical, the emotional and the intellectual aspects of the individual.
- Promoting the advancement of Educational Science in all or any of its branches by the diffusion of knowledge relating thereto.

1.2. Ethos

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
- Valuing learning for its own sake rather than the attainment of awards

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

- 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 King Alfred School Society Framework”, first published in 2012 (available free as a PDF on the School’s website), illuminates these principles and how they are put into practice.

1.3. Strategies for Achieving Objectives

1.3.1. The School

Today, the King Alfred School educates over 640 children aged 4 to 18 with the School divided into two main educational blocks; Lower School (4-11) and Upper School (11-18), with the Sixth form - comprising approximately 100 students - representing an important part of the Upper School.

Council and the Senior Leadership Team have worked together over the past 18 months to develop the strategic direction of the School. This work, informed by input from students, staff and parents, and overseen by the Strategy Committee of Council, has led to the development of a four year strategic plan which is divided into five main areas:

- the student experience
- the staff experience
- the extended King Alfred School community
- growth and innovation
- enablers and foundations

To support these strategic priorities, both the Lower and Upper Schools identify the priorities for the year ahead with input from staff ensuring that there is shared ownership. The resulting action plans are divided into four sections: Teaching and Learning; Personal development and Well-being; Curriculum and Achievement; and Leadership. The Senior Team works to these priorities, and progress is reported back to Council through the Education Committee and Head’s reports to Council.

The developmental priority for 2016/17 was to build ‘the spine’ of the School and the Society, putting in place structures and systems which allow for future growth. The School has always had a very large ‘heart’, which draws people and which develops deep bonds of affection and belonging. However, processes have been, in recent years, less developed. It is envisaged that developing the spine will enable the heart to flourish.

The developmental priority for 2017/18 is to create a strong shared understanding of the purpose, vision, values and principles of the Society amongst all stakeholders. This work, building on the School’s history including the 2012 Framework, philosophical and psychological thinking, and staff, parent and Council inputs will help us to better understand what we already do, develop further what we do, and communicate this to both internal and external audiences.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

1.3.2. Educational research and dissemination

The Society has continued to pursue the very successful programme of conferences. Topics to date have been "Should Education Make You Happy?" (2007), "What Does It Mean to be Well Educated?" (2010), "What Motivates Children?" (2012), "Homework!" (2014), "Children's learning in a time of unprecedented change" (2015) and "Breaking the Mould – progressive ideas in practice" (2016). The 2017 Conference considered "The Adolescent and the Mobile Phone".

The Society also promotes research both externally and from individual staff members who can be offered financial assistance with their projects. Professor Bill Lucas's research paper on 2016's Village project and Stephen de Brett's book will be published in 2018. It is hoped that these publications will make an important contribution to the development of the Village Project itself, the development of progressive education within the School and to the development of progressive education within the broader educational community.

The School is a participant in the internationally recognised SCAMP project (Study of Cognition, Adolescents and Mobile Phones).

1.4. Access Policy

The Trustees continue to believe that it is important that access to the King Alfred School education is not restricted to those who can afford our fees. Each year, two means-tested bursaries are awarded to children entering Year 7 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.

In 2016/17, 24 (2015/16: 22) bursaries were in operation with a value of £385,194 (2015/16: £358,342).

Our bursary policy, together with links with local state schools, contribute to widening of access to the education we offer and the facilities we enjoy.

1.5. 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:

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

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

- Partnerships with schools in the maintained sector, including The Tudor Park Education Trust and Oak Lodge special school.
-

2. REVIEW OF ACHIEVEMENTS AND PERFORMANCE

2.1. The King Alfred School

In 2016/17, 643 pupils were educated within the King Alfred School, of which 53 received education at subsidised rates or free of charge.

The School has a holistic vision of educational performance and is committed to the notion of a 'Broad definition of success.' During the year much work has been done to further define what it is we mean by this and we have developed, for the School, a list of attributes and objectives.

Measuring success is a complex area as the development of attributes does not lend itself easily to metrics and measurement. However, now that we are able to articulate our goals and objectives, Council and the Senior Leadership Team will explore how best to evaluate and demonstrate our broader impact.

In the meantime, the area that can be measured is public examination results and progression routes after leaving the School. The 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.

At A level, pupils at all abilities performed significantly above their predicted grades; A2 students, in particular, achieved very well 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. The school is in the top 10% of schools nationally for its value-added over the three years 2015-17.

In terms of progression routes, 90% of A level pupils went onto their first or second choice higher education institution, and all students who wished to go on to University achieved a place. This compares very well to other institutions in the independent sector.

As with all performance discussions, there are always areas that offer potential for improvement. The one year plans address these areas.

Most independent schools are typically ranked on league-table positions which are based on raw scores rather than value-added. As the ability of cohorts will be very different between

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

schools (especially selective and mixed-ability) these measures gives little indication of the quality of education provided by a school. It is understood however that they have a currency within the wider community.

On these measures the School's results are:

- GCSE scores are significantly better than the all schools average, at all grades from A* to C. 56% of grades were A /A* and 72% were A* to B. Against the independent schools average, many of which are selective, the School has performed well.
- A Level results show the School doing particularly well at the higher grades against the all schools national schools average, and well overall. 39% of grades were A/A* and 73% were A* to B. Against independent schools average, many of which are selective, the School has performed well.

In January 2014, the School was subjected to an inspection. 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.

The report commented on the fact that pupils were 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.

Since 2014, we have made significant progress in implementing the three main recommendations from the inspection which were to provide:

- greater sharing of best practice teaching methods across the school
- more rigour in planning, teaching, and learning to ensure consistency within and between subjects
- better alignment of the Lower and Upper school timetables.

We have addressed the first two bullet points, through both the Strategic plan and one year action plans. For example, we have put in place appraisals for all staff. This means all colleagues have a structured opportunity to reflect and receive feedback on their performance in their roles. They have their achievements acknowledged and support put in place for their development areas. The School has also reviewed its timetable to ensure it fully reflects its commitment to creating a coherent educational journey from 4 to 18.

The Inspection regime has undergone significant change since 2015. As a result, our next Inspection - which is now due - will be a 'compliance' inspection, which judges whether we meet the legal regulations for the running of a school. The School can only achieve a pass or fail.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

The ISI (Independent Schools Inspectorate) has also introduced a 'Quality' inspection. This will follow within three years of the Compliance Inspection.

2.2. Educational Research and Dissemination

The 2016 annual educational conference 'Breaking the Mould: progressive ideas in practice,' attracted delegates from a wide range of schools as well as significant numbers of parents and teachers from the School. Feedback received from both attendees and speakers has been overwhelmingly positive, with many reporting that it has significantly influenced their practice.

During the year, the Village Project was run once again with Year 8 students establishing a self-sufficient community in the School grounds, building their own dwellings, governing their society, preparing their own food, and living together for five days.

The Society approved a grant to History teacher, Emma Sevitt, for a research trip to the USA in order to develop the civil rights module of the new A Level curriculum.

The school continues to work in partnership with Oak Lodge School and Tudor Park Education Trust and to participate in the internationally recognized SCAMP project (Study of Cognition, Adolescents and Mobile Phones). A member of the SCAMP team reported to the 2017 King Alfred School Society Conference on progress so far, and we await the results of the programme in 2019.

3. FINANCIAL REVIEW AND RESULTS

3.1. Income and Expenditure

In 2016/17, the Society generated a financial surplus of £582,875 (-£203,941 in 2015/16), in line with the strategy to build reserves and enable investment in improving the buildings and facilities of the School. The 2016/17 surplus reflected higher pupil numbers and careful management of costs. The 2015/16 figure was artificially low due to a one-off pension fund adjustment of £618,000.

Total income of the Society amounted to £11,517,549 for the year compared to £11,037,959 for 2015/16, representing an increase of 4.3%. As in previous years, by far the largest single income generating activity of the Society was the School, with 94% of the Society's income representing educational activities for the School.

The remaining 6% of our income arose from school meals, activities of the trading company 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.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

Expenses of the Society excluding pension provision movement, amounted to £11,015,674 (£10,623,900 in 2015/16), and were mostly directly or indirectly costs of running the School (96%). 70% of expenditure was teaching costs, a further 14% represented the cost of operating the School site, including investing in the infrastructure, insurance, maintenance and repairs. Support costs including the Bursary, secretarial support, the registrar, information technology added a further 12%. There was a reduction in the pension provision of £81,000 in 2016/17 (£618,000 increase in 2015/16).

In accordance with FRS 102, Council made an adjustment to reflect accrued holiday pay at year-end (31st July), estimating that 75% of the holiday taken by teaching staff in August 2017 was earned during the 2016/17 financial year. This has been shown in the accounts as a prior year adjustment. The effect on the current year was to increase costs by £20,327.

3.2. The 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 Society. The results of its trading activities are set out in note 5 and are consolidated into the financial results. Overall, the trading company gift aided £52,423 of profits up to the Society.

3.3. The Balance Sheet

At 31st July 2017, net assets of the Society totalled £29,184,646. The most significant asset of the Society is the land and buildings of the School which had a net book value of £33,278,575 at the end of the year (2016: £33,354,636). Other fixed assets totalled £675,812.

Unrestricted funds of the Society totalled £28,975,148 with £13,813 of these funds designated for specific purposes including the hardship fund. Restricted funds totalled £209,498 including a bursary fund of £97,046.

Net current liabilities on 31st July 2017 were £118,967. Debtors of £643,466 were primarily outstanding school fees at year-end to be collected as part of the normal termly cycle. Cash, the other current asset, was £931,300 at year-end, sufficient to meet the ongoing cash needs of the Society without having to draw on the overdraft facility.

Current liabilities, at £1,693,733, included deposits, tax and national insurance payments and normal trade creditors. The one-off FRS102 adjustment to reflect holiday accrued during the year but not yet taken, led to a £391,209 increase in current creditors. During the year, the school paid the last instalment of a long-term debt, an amount of £100,625.

Long-term creditors, at £3,420,774, comprised mostly fee deposits and advance fee payments of students in the early years of their studies.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

4. POLICIES

4.1. Reserves Policy

Council regularly reviews the level and nature of the cash and reserve funds of the School.

In 2016/17 Council set itself both short and long-term strategies for developing its cash and "free reserves", with free reserves defined as unrestricted funds plus long term creditors minus fixed assets.

4.1.1. Cash

The Society has an arranged bank overdraft facility that allows up to £1,000,000 to be drawn normally and a further £500,000 by agreement. The short-term cash target of Council, set in 2016/17, was to eliminate dependency on the bank overdraft facility. In this respect, the school has made significant progress during the year; the overdraft facility was used only once, in December 2016, for a few weeks. In 2017/18, the School is expected to remain cash positive throughout, without recourse to overdraft funds.

4.1.2. Free reserves

The longer term aim of Council is that each year the operations of the School should gradually increase the free reserves. The rate of increase achievable will vary year to year. However, as a realistic target, Council believes that operations should be run such that, over a 10 year period, they generate free reserves approximately equal to one term's fees.

As they accumulate, these free reserves create financial flexibility and can be used for: working capital; funding of minor capital projects that maintain, improve and develop the School's buildings and facilities; and for emergencies and unforeseen events.

Actual free reserves at 31 July 2017 amounted to a deficit of £328,465 (2016: deficit of £575,768). However, without the one-off adjustment, in accordance with FRS102, of £391,209 for holiday pay accrual, free reserves would have been in surplus at £62,744.

Overall, the current negative level of free reserves is viewed by Council as a temporary position and Council is encouraged that, with income exceeding expenses on a year by year basis, the School will, in 2017/18 further strengthen its financial position and generate positive free reserves.

4.2. 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 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.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

4.3 Investment Policy

The School holds the cash it needs to meet its day-to-day requirements in its current account. Excess cash is invested in interest-bearing deposits.

5. PLANS FOR FUTURE PERIODS

During 2017/18, Council and the Senior Leadership Team will take forward the work started in 2016/17 in order to:

- Continue to improve the educational experience of the students and further develop the “spine” of the School.
- Build on our Vision for the Society, creating a framework for measuring and documenting our achievements and communicating our successes to a wider audience.
- Strengthen the Society’s financial results, developing plans and strategies for future investment in buildings and infrastructure.

5.1 Improving the Educational Experience

Council and the Senior Leadership Team will continue to develop the School throughout 2017/18, focusing, in particular on:

- Strengthening the sixth form provision.
- Continuing to innovate in educational provision, incorporating inputs from external educational specialists and paying close attention to value-added for students at all levels.
- Creating greater accountability whilst leaving space for experimentation and taking risks.
- Compliance and safeguarding.
- Further developing the systems and processes that support the teachers in delivering excellence, including staff appraisals.

5.2 Articulating our Vision and Communicating our Successes

Articulating how the Society’s ethos applies to the School has been historically challenging to pin down. During 2016/17 we made significant progress in formulating our vision and the outcomes we are looking for. Looking ahead to the new financial year, we will work with internal and external stakeholders to communicate our vision and to further develop our strategies for achieving this vision.

Although a controversial and complex area, in line with the Society’s broader objectives of contributing to educational research and debate, we plan to develop a framework for capturing the progress pupils of the King Alfred School make in each of the areas identified in our vision. This is a difficult task as the development of attributes does not lend itself easily to metrics and measurement. However, it is also understood that we need to use our creativity and resourcefulness to report on progress in these areas in order to evaluate and demonstrate our impact.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

5.3 Strengthening our Financial Results and Investing in the Future

During 2017/18, we plan to generate a financial surplus which will enable us to build our free reserves and to maintain and improve the School site and infrastructure. The Grounds & Buildings Committee of Council will implement the first year of a 10 year rolling development plan which prioritises both preventative maintenance and ongoing developments. Further work will be done at both the operational and strategic level to review our costs and ensure value for money, ensuring that all expenditures are contributing towards our charitable objectives.

To help achieve our vision for the School and its community Council recognises that we need more space and better facilities. Today, with nearly 650 students our school community has outgrown many of its current buildings. In particular, our main hall, built in the 1920s, needs renovation or replacement. Elsewhere on the site, we would like more space to showcase the work of our students and fully support the ambitious educational journey that the School offers. In line with the ambitions of Council and the Senior Leadership Team, the School is exploring a number of possible development options.

Whilst planning facilities for the future, Council is 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.

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

6.1 Governance and Organisation

The King Alfred School Society is a company limited by guarantee governed by its Articles of Association which were last updated on 8 December 2015. The King Alfred School Society is registered as a charity with the Charity Commission.

Council members, as Directors and Trustees, have the ultimate responsibility for good governance of the Society and all of its activities and is the highest decision making body. Council members oversee the work of 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. On 31st July 2017 there were 18 Council members.

6.2 Appointment, Induction and Review of Members of Council

Council can be between 7 and 21 members. Council members are elected by the Society members, most in a general election, for a three-year term. The Treasurer and President are elected annually by members at the Annual General Meeting. Council elects its own Chair annually following the Annual General Meeting.

In 2016/17 Council has continued to strengthen its composition, committee structure and processes of operation. New governors appointed to the Education Committee brought specialist skills in education and safeguarding, providing fresh insights and experience, enriching the work of the Education Committee and Council as a whole.

TRUSTEES' REPORT

for the year ended 31st July 2017, continued

Council has also repeated its process of self-review, based on best practice in the UK charity sector, leading to opportunities for improvements in the performances of individuals and Council as a whole. In particular, Council now has an action plan of improvements, which gives objectives for the next twelve months.

All new members of Council undergo induction training and meet with the Director: Finance and Operations and Chair shortly after appointment. Ongoing training is provided to all Council members through three annual Council training days, and other appropriate external courses.

6.3. Remuneration of Key Management

Key management personnel comprises the Head, the Deputy Heads and the Director of Finance and Operations. Their remuneration is reviewed on a three-yearly cycle by the 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.

6.4. Risk Management

Council is satisfied that the major risks to which the Society and School are exposed have been reviewed, and that there are systems and procedures in place to manage those risks. The Governance Committee oversees the Society's risk management processes with individual risks delegated to relevant Council committees.

Council has identified a number of critical risk areas and defined for each of these risk areas, detailed risk control processes identifying the level of risk, what the control is, who is responsible, how frequently the risk should be monitored, and any further action required.

Risks are grouped into seven areas which are:

- Strategic Risks
- Operational Risks
- Financial Risks
- Compliance Risks
- Human Resource Risks
- Asset Risks
- Risks specific to the King Alfred School Trading Company Ltd.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

for the year ended 31st July 2017

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
Date: 5 December 2017

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

We have audited the financial statements of King Alfred School Society ('the company') for the year ended 31 July 2017 which comprise the Statement of Financial Activities including the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 31 July 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for and on behalf of Kingston Smith LLP, Statutory Auditor:



Shivani Kothari (Senior Statutory Auditor)

Date: 10 January 2018

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 the income and expenditure account for the year ended 31st July 2017*

	Notes	Unrestricted Funds 2017 £	Designated Funds 2017 £	Restricted Funds 2017 £	Total 2017 £	Restated Total 2016 £
INCOME FROM:						
Charitable Activities	1					
School fees		11,318,663	-	-	11,318,663	10,861,045
KASS membership		-	21,866	-	21,866	14,569
Trading activities	1					
Trading income		36,243	-	-	36,243	38,588
Investments	1					
Investment income		392	-	-	392	1,933
Rents and lettings		67,319	-	-	67,319	49,230
Voluntary sources	1					
Grants and donations		71,933	32	1,101	73,066	72,594
Total income		11,494,550	21,898	1,101	11,517,549	11,037,959
EXPENDITURE ON:						
Charitable activities	2					
Education		10,929,591	320	10,646	10,940,557	10,555,319
Pension provision		(81,000)	-	-	(81,000)	618,000
KASS expenses		-	23,978	-	23,978	29,010
Raising funds	2					
Lettings expenses		11,038	-	-	11,038	9,720
Trading expenses		40,101	-	-	40,101	29,851
Total Expenditure		10,899,730	24,298	10,646	10,934,674	11,241,900
Net income/(expenditure)		594,820	(2,400)	(9,545)	582,875	(203,941)
Transfer between funds		(600)	-	600	-	-
Net Movement in Funds		594,220	(2,400)	(8,945)	582,875	(203,941)
Fund balances brought forward at 1 August 2016 (restated)		28,367,115	16,213	218,443	28,601,771	28,805,712
Fund balances carried forward at 31 July 2017	11,12	28,961,335	13,813	209,498	29,184,646	28,601,771

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.

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

CONSOLIDATED BALANCE SHEET

for the year ended 31st July 2017

	Notes	The Group		The Society	
		2017	Restated 2016	2017	Restated 2016
		£	£	£	£
TANGIBLE FIXED ASSETS					
School land, buildings and equipment	4	33,954,387	33,894,827	33,954,387	33,894,827
Investments	5	-	-	2	2
		33,954,387	33,894,827	33,954,389	33,894,829
CURRENT ASSETS					
Debtors	6	643,466	438,048	740,065	523,082
Cash	17	931,300	581,070	833,999	491,672
		1,574,766	1,019,118	1,574,064	1,014,754
CREDITORS: Due within one year	7	(1,693,733)	(1,747,324)	(1,693,033)	(1,742,962)
NET CURRENT LIABILITIES		(118,967)	(728,206)	(118,969)	(728,208)
TOTAL ASSETS LESS CURRENT LIABILITIES		33,835,420	33,166,621	33,835,420	33,166,621
CREDITORS: due after more than one year	8	(3,420,774)	(3,253,850)	(3,420,774)	(3,253,850)
PROVISIONS for liabilities and charges	9	(1,230,000)	(1,311,000)	(1,230,000)	(1,311,000)
		29,184,646	28,601,771	29,184,646	28,601,771
FUNDS					
Unrestricted – General	11 & 12	6,162,235	5,568,015	6,162,235	5,568,015
Unrestricted – Revaluation Reserve	11 & 12	22,799,100	22,799,100	22,799,100	22,799,100
Unrestricted – Designated	11 & 12	13,813	16,213	13,813	16,213
Restricted	11 & 12	209,498	218,443	209,498	218,443
		29,184,646	28,601,771	29,184,646	28,601,771

Approved and authorised for issue by the Board of Governors on 5 December 2017

and signed on its behalf by:



Chair: Annabel Cody



Treasurer: Sarah Phillips

Company Registration No 00057854

The notes on pages 24 to 42 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 2017

	Notes	2017 £	Restated 2016 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	682,288	847,436
CASH FLOWS FROM INVESTING ACTIVITIES:			
Bank interest received		392	1,933
Interest payable		(16,368)	(7,580)
Proceeds from sale of fixed assets		340	-
Payments to acquire fixed assets		(490,117)	(479,091)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(505,753)	(484,738)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net receipts from new deposits and deposit increases less deposits refunded		237,524	368,203
Net receipts from new advance fees less advances utilised		35,757	218,191
NET CASH INFLOW FROM FINANCING ACTIVITIES		273,281	586,394
INCREASE IN CASH		449,816	949,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD		469,208	(479,884)
CASH AND CASH EQUIVALENTS AT THE END OF REPORTING PERIOD		919,024	469,208

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 2017

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 Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities: Statement of Recommended Practice” and the requirements of the Companies Act 2006.

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. 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 in accordance with the FRS 102 SORP.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees Receivable are stated after deducting allowances 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.

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 2017, continued

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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently 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.

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 2017, continued

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 debtors 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 creditors 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 creditors 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 creditors 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.

Fund Accounting

- 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.

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 2017, continued

Operating Leases

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

Pensions

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 102 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 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 6 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 4 for the carrying amount of the property, plant, and equipment and refer to the accounting policies 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.

The charitable company makes an estimate of the value of work carried out by teachers in August that relate to the forthcoming financial year and deducts this from the holiday pay accrual otherwise provided as part of accruals within short term creditors as disclosed in note 7 in relation to the cost of holiday taken in August which is earned during the current financial year.

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 2017, continued

1. INCOME

1.1. Fee Income

The school's activities are carried out within the UK.

	2017	Restated 2016
	£	£
The school's fee income comprised:		
School Fees		
Gross fees	10,991,243	10,517,139
Less: Total bursaries, grants and allowances	(706,376)	(637,092)
	10,284,867	9,880,047
Other educational income		
School trips and camps	331,008	267,431
Textbooks and other extras	175,592	199,097
Visit and registration fees	42,520	28,674
Statemented children	73,973	103,363
Fee deposits released	96,753	55,023
Other educational income	5,680	2,883
Interest on late fees	2,085	1,975
	727,611	658,446
Ancillary income		
School meals	305,763	313,190
Supplier rebates, royalties and other income	422	9,362
	306,185	322,552
Total Fee Income	11,318,663	10,861,045

1.2 Investment Income

Interest receivable	392	1,933
Rents and lettings	67,319	49,230
	67,711	51,163

1.3 Voluntary Income

	Unrestricted		Designated		Restricted		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£	£	£	£	£	£	£	£
Donations and gifts	71,933	71,683	32	84	1,101	827	73,066	72,594

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 2017, continued

2. EXPENDITURE

Year ended 31st July 2017	Staff costs £	Other costs £	Depreciation £	Total 2017 £
Charitable activities				
Teaching	6,337,662	1,137,346	165,053	7,640,061
Catering	232,584	192,093	3,863	428,540
Premises	362,998	918,974	246,728	1,528,700
Support costs of schooling	840,306	488,037	14,913	1,343,256
Total Education	7,773,550	2,736,450	430,557	10,940,557
KASS Expenses	-	23,978	-	23,978
Pension provision movement (note 15)	(81,000)	-	-	(81,000)
	7,692,550	2,760,428	430,557	10,883,535
Raising funds				
Lettings expenses	9,822	1,216	-	11,038
Trading expenses	19,050	21,051	-	40,101
	28,872	22,267	-	51,139
Total expenditure	7,721,422	2,782,695	430,557	10,934,674

Governance costs of £36,723 (2016: £40,332) include auditors remuneration of £18,035 (2016: £20,516) and are included within support costs of schooling.

Year ended 31st July 2016	Staff costs £	Other costs £	Depreciation £	Restated Total 2016 £
Charitable activities				
Teaching	6,191,767	1,116,400	173,354	7,481,521
Catering	213,145	185,059	4,057	402,261
Premises	384,413	828,787	259,135	1,472,335
Support costs of schooling	655,942	527,596	15,664	1,199,202
	7,445,267	2,657,842	452,210	10,555,319
KASS Expenses	-	29,010	-	29,010
Pension provision movement (note 15)	618,000	-	-	618,000
	8,063,267	2,686,852	452,210	11,202,329
Raising funds				
Lettings expenses	9,720	-	-	9,720
Trading expenses	15,236	14,615	-	29,851
	24,956	14,615	-	39,571
Total expenditure	8,088,223	2,701,467	452,210	11,241,900

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 2017, continued

3. STAFF COSTS

	2017 £	2016 £
Salaries and Wages	6,210,845	6,048,056
Social security contributions	643,708	548,187
Pensions	947,869	873,980
Pension provision movement	(81,000)	618,000
	<u>7,721,422</u>	<u>8,088,223</u>

(a) The number of employees on a full time equivalent basis during the year was:

	2017	2016
Teaching staff	100	99
Non-teaching staff	49	47
	<u>149</u>	<u>146</u>

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

	2017	2016
£70,000 - £80,000	3	3
£130,000 - £140,000	-	1
£140,000 - £150,000	1	-
	<u>4</u>	<u>4</u>

(c) Council Remuneration

No members of Council were paid any remuneration during the year.

Expenses were reimbursed to 0 (2016: 0) trustees in the year for £nil (2016: £nil)

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

(d) Key Management Personnel

Key management personnel during the year comprised the Head, Head of Upper School, Head of Lower School and the Bursar. The total remuneration for these individuals was £469,481 (2016: £460,038).

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 2017, continued

4. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Freehold Land £	School Buildings £	Assets not in use £	Furniture & Equipment £	Motor Vehicles £	TOTAL £
COST						
1st August 2016	25,000,000	11,747,898	165,994	4,059,906	74,000	41,047,798
Transfer	-	51,971	(165,994)	114,023	-	-
Additions	-	106,779	176,054	207,284	-	490,117
Disposals	-	-	-	-	(8,500)	(8,500)
31st July 2017	25,000,000	11,906,648	176,054	4,381,213	65,500	41,529,415
DEPRECIATION						
1st August 2016	-	3,393,262	-	3,693,360	66,349	7,152,971
Charge for year	-	234,811	-	193,196	2,550	430,557
Disposals	-	-	-	-	(8,500)	(8,500)
31st July 2017	-	3,628,073	-	3,886,556	60,399	7,575,028
NET BOOK VALUE						
31st July 2017	25,000,000	8,278,575	176,054	494,657	5,101	33,954,387
31st July 2016	25,000,000	8,354,636	165,994	366,546	7,651	33,894,827

- The opening cost of assets under the course of construction are transferred to the relevant asset heading on completion.
- 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).
- On adoption of FRS 102 and the new SORP the freehold land was revalued to deemed cost at the transition date (1st August 2014) by Council on the advice of a Governor who is also a partner in a real estate investment management firm.
- The carrying amount of freehold land that would have been recognised under the historic cost model is £2,200,900.

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 2017, continued

5. INVESTMENT IN SUBSIDIARY

The Society holds two shares of £1 each, the whole of the issued ordinary share capital of King Alfred School Trading Company Limited (No.7863431). The subsidiary was incorporated on 28th November 2011 and 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.

	2017	2016
	£	£
Turnover	103,562	87,818
Cost of Sales	(45,676)	(39,571)
Gross Profit	<u>57,886</u>	<u>48,247</u>
Administrative Expenses	(5,463)	(6,953)
Operating Profit	<u>52,423</u>	<u>41,294</u>
Profit on ordinary activities	52,423	41,294
Gift Aid to parent undertaking	(52,423)	(41,294)
Profit/(loss) for the financial year	<u><u>-</u></u>	<u><u>-</u></u>

The aggregate of the assets, liabilities and funds was:

	2017	2016
	£	£
Assets	136,491	99,783
Liabilities	(136,489)	(99,781)
Funds	<u><u>2</u></u>	<u><u>2</u></u>
Representing share capital (2 ordinary shares at £1 each)	<u><u>2</u></u>	<u><u>2</u></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 2017, continued***6. DEBTORS**

	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Fees and extras	433,106	323,194	393,916	312,689
Less provision for doubtful debts	(78,842)	(118,392)	(78,842)	(118,272)
Other debtors	24,716	13,330	24,716	13,330
Prepayments	234,864	183,884	234,864	183,884
Accrued income	29,622	36,032	29,622	36,032
Amount due from group undertaking	-	-	135,789	95,419
	643,466	438,048	740,065	523,082

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Society	
	2017 £	Restated 2016 £	2017 £	Restated 2016 £
Bank overdraft	12,276	11,237	12,276	11,237
Bank loan	-	100,625	-	100,625
Advance fees	106,112	106,630	106,112	106,630
Trade creditors	136,666	198,811	136,666	198,811
Taxation and social security costs	169,465	163,886	169,465	163,886
Deferred income	65,107	136,923	64,407	136,923
Other creditors	148,919	62,105	148,919	62,105
Accruals	475,825	494,619	475,825	490,257
Fee deposits	579,363	472,488	579,363	472,488
	1,693,733	1,747,324	1,693,033	1,742,962

Deferred income (including advance fees):

	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Deferred income brought forward	243,553	85,442	243,553	84,607
Received in year	171,219	243,553	170,519	243,553
Released in year	(243,553)	(85,442)	(243,553)	(84,607)
Deferred income carried forward	171,219	243,553	170,519	243,553

- 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 bank loan was secured over the freehold properties and the balance was repayable by July 2021 and bore interest at 1% over the bank base lending rate. The loan was repaid in September 2016.

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 2017, continued***8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Advance fees	209,564	173,289	209,564	173,289
Fee deposits	3,211,210	3,080,561	3,211,210	3,080,561
	3,420,774	3,253,850	3,420,774	3,253,850

8.1 Advance Fees

	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Due within one year	106,112	106,630	106,112	106,630
Due within one and two years	54,101	43,990	54,101	43,990
Due within two to five years	108,000	129,299	108,000	129,299
Due after five years	47,463	-	47,463	-
	315,676	279,919	315,676	279,919

8.2 Fee deposits

	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Due within one year	579,363	472,488	579,363	472,488
Due within one and two years	499,889	467,033	499,889	467,033
Due within two to five years	903,747	996,336	903,747	996,336
Due after five years	1,807,574	1,617,192	1,807,574	1,617,192
	3,790,573	3,553,049	3,790,573	3,553,049

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 2017, continued***9. PROVISIONS FOR LIABILITIES AND CHARGES**

Pension provision	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Brought forward	1,311,000	693,000	1,311,000	693,000
Incurred/(utilised) in the year	(81,000)	618,000	(81,000)	618,000
Carried forward	1,230,000	1,311,000	1,230,000	1,311,000

The pension provision reflects the movement in the Pension Trust Pension provision disclosed in note 15.

10. FINANCIAL INSTRUMENTS

	The Group		The Society	
	2017 £	2016 £	2017 £	2016 £
Carrying amount of financial assets				
Debt instruments at amortised cost	408,602	254,164	369,411	339,198
Carrying amount of financial liabilities				
Measured at amortised cost	773,686	867,397	773,686	863,035

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 2017, continued

11. RECONCILIATION OF SOCIETY FUNDS

Year ending 31st July 2017

	Restated Balance 1st August 2016 £	Movement in Resources		Transfers £	Balance 31st July 2017 £
		Incoming £	Outgoing £		
UNRESTRICTED GENERAL FUNDS					
General reserve	5,568,015	11,494,550	(10,899,730)	(600)	6,162,235
Revaluation reserve	22,799,100	-	-	-	22,799,100
	28,367,115	11,494,550	(10,899,730)	(600)	28,961,335
UNRESTRICTED DESIGNATED FUNDS					
The Hardship Fund	38	-	-	-	38
Little Orchard	466	-	(320)	-	146
History & Archives Fund	369	32	-	-	401
Lower School Camp Fund	3,787	-	-	-	3,787
KASS Subscriptions	11,553	21,866	(23,978)	-	9,441
	16,213	21,898	(24,298)	-	13,813
RESTRICTED FUNDS					
Bursary Fund	97,046	-	-	-	97,046
Music Fund	29,521	101	(8,686)	-	20,936
The Squirrel Hall Fund	2,000	-	-	-	2,000
Kinniya King Alfred Fund	-	1,000	(1,600)	600	-
Courts Renovation Fund	2,980	-	-	-	2,980
Upper School Building Fund	81,030	-	-	-	81,030
Sophie Coleman Music Fund	5,866	-	(360)	-	5,506
	218,443	1,101	(10,646)	600	209,498
TOTAL FUNDS	28,601,771	11,517,549	(10,934,674)	-	29,184,646

Designated funds for years ending 31st July 2016 and 31st July 2017

- The Hardship Fund is for assisting pupils with the financial costs of school trips.
- Little Orchard for the maintenance of the School's "pets' corner."
- History & Archives Fund for the maintenance of the School's archives.
- Lower School Camp Fund for the replacement of tents and camping equipment.
- 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.

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 2017, continued

11. RECONCILIATION OF SOCIETY FUNDS - continued

Year ending 31st July 2016

	Restated Balance 1st August £	Movement in Incoming Resources £	Movement in Outgoing Resources £	Transfers £	Restated Balance 31st July 2016 £
UNRESTRICTED GENERAL FUNDS					
General reserve	5,755,637	11,022,289	(11,203,937)	(5,970)	5,568,015
Revaluation reserve	22,799,100	-	-	-	22,799,100
	28,554,733	11,022,289	(11,203,937)	(5,970)	28,367,115
UNRESTRICTED 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
KASS Subscriptions	25,994	14,569	(29,010)	-	11,553
Future Solving Fund	(855)	190	(1,578)	2,243	-
	29,926	14,843	(30,799)	2,243	16,213
RESTRICTED FUNDS					
Bursary Fund	97,046	-	-	-	97,046
Music 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 Fund	6,226	-	(360)	-	5,866
	221,053	827	(7,164)	3,727	218,443
TOTAL FUNDS	28,805,712	11,037,959	(11,241,900)	-	28,601,771

Restricted funds for years ending 31st July 2016 and 31st July 2017

- The Bursary Fund is 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 and extras.
- The Music Fund, originally applied to the acquisition of equipment and to the funding of a music technology teacher, is now being used for music bursaries. The assets acquired under the Music Fund are being depreciated over 50 years for the construction and five years for the equipment.
- The 'Squirrel Hall Fund' will be applied to the refurbishment of Squirrel Hall.
- 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 a former pupil to fund violin lessons.

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 2017, continued

12. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

As at 31st July 2017

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	33,954,387	-	-	33,954,387
Current assets	1,351,455	13,813	209,498	1,574,766
Current liabilities	(1,693,733)	-	-	(1,693,733)
Long term liabilities	(3,420,774)	-	-	(3,420,774)
Provisions	(1,230,000)	-	-	(1,230,000)
Total Net Assets	28,961,335	13,813	209,498	29,184,646

As at 31st July 2016

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	33,894,827	-	-	33,894,827
Current assets	784,462	16,213	218,443	1,019,118
Current liabilities	(1,747,324)	-	-	(1,747,324)
Long term liabilities	(3,253,850)	-	-	(3,253,850)
Provisions	(1,311,000)	-	-	(1,311,000)
Total Net Assets	28,367,115	16,213	218,443	28,601,771

13. OPERATING LEASES

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

	2017 Office Equipment £	2016 Office Equipment £
Within 1 year	7,863	10,484
2 - 5 years	-	18,348
	7,863	28,832

14. 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.

In the previous year, a payment of £2,000 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.

No Trustees were paid any remuneration or expenses during the current or previous year. Trustees Indemnity Insurance is held by the School on behalf of the Trustees.

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 2017, continued

15. 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 £714,832 (2016: £692,515) and at the year-end £96,017 (2016: £86,110) 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 66 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.

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 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:

From 1st September 2016 to 31st 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
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2017, continued

15. PENSION SCHEMES – *continued*

Present value of provision

	31st July 2017 £000s	31st July 2016 £000s	31st July 2015 £000s
Present value of provision	1,230	1,311	693

Reconciliation of opening and closing provisions

	Period Ended 31st July 2017 £000s	Period Ended 31st July 2016 £000s
Provision at start of period	1,311	693
Unwinding of the discount factor (interest expense)	20	17
Deficit contribution paid	(91)	(71)
Re-measurements – impact of any change in assumptions	(10)	79
Re-measurements – amendments to the contribution schedule	-	593
Provision at end of period	1,230	1,311

Income and expenditure impact

	Period Ended 31st July 2017 £000s	Period Ended 31st July 2016 £000s
Interest expense	20	17
Re-measurements – impact of any change in assumptions	(10)	79
Re-measurements – amendments to the contribution schedule	-	593
Contributions paid in respect of future service*	*	*
Cost (surpluses) recognised in income and expenditure account	*	*

*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 2017 % per annum	31st July 2016 % per annum	31st July 2015 % per annum	31st July 2014 % per annum
Rate of discount	1.71	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
(A company having no share capital and limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st July 2017, continued

15. 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 2017 (£000s)	31st July 2016 (£000s)	31st July 2015 (£000s)	31st July 2014 (£000s)
Year 1	96	91	71	71
Year 2	98	96	71	71
Year 3	101	98	71	71
Year 4	104	101	71	71
Year 5	108	104	71	71
Year 6	111	108	71	71
Year 7	114	111	71	71
Year 8	118	114	71	71
Year 9	121	118	71	71
Year 10	125	121	71	71
Year 11	128	125	71	71
Year 12	132	128	6	71
Year 13	11	132	-	6
Year 14	-	11	-	-
Year 15	-	-	-	-
Year 16	-	-	-	-
Year 17	-	-	-	-
Year 18	-	-	-	-
Year 19	-	-	-	-
Year 20	-	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

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 instead. Existing members of the 1/60th scheme were moved into a 1/80th defined benefits scheme.

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 2017, continued

16. PRIOR YEAR ADJUSTMENTS

The school has reviewed the treatment of holiday pay and it believes it is appropriate to accrue for the cost of holiday taken in August but earned during the financial year which amounts to £370,882 as at 31st July 2015. Accruals brought forward at that date have been restated to include these accruals. There is no impact on the prior year deficit as the accrual at 31st July 2016 is materially similar to the accrual at 31st July 2015.

The school has identified costs relating to educational provision for statemented children of £101,790 that were previously incorrectly netted off against other educational income. These costs have now been shown gross and hence prior year income and expenditure have accordingly been increased to reflect the correct position. There is no impact on the prior year deficit as the adjustment has no net effect on the results for the previous year.

17. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating result to net cash inflow from operating activities

	2017 £	2016 £
Net movement in funds	582,875	(203,941)
Depreciation	430,557	452,210
Bank interest received	(392)	(1,933)
Interest payable	16,368	7,580
Profit on sale of fixed assets	(340)	-
(Increase)/decrease in debtors	(205,418)	42,553
(Decrease)/increase in creditors and provisions	(141,362)	550,967
	<u>682,288</u>	<u>847,436</u>

Analysis of Changes in Net Debt

	At 1st August £	Cash Flows £	At 31st July 2017 £
Cash at bank and in hand	581,070	350,230	931,300
Bank overdraft	(11,237)	(1,039)	(12,276)
Bank Loan	(100,625)	100,625	-
	<u>469,208</u>	<u>449,816</u>	<u>919,024</u>



EX CORDE VITA.

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