



THE SCHOOLS OF KING EDWARD VI IN BIRMINGHAM



In pursuit of educational excellence for all

REPORT AND ACCOUNTS

Year ended 31 August 2018

Registered Charity No. 529051

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Chair's statement

This has been another exciting year for The Schools of King Edward VI in Birmingham (The Foundation).

Handsworth Wood Girls' Academy (HWGA) joined the King Edward VI Academy Trust (The Academy Trust) at midnight on 31 August 2018, becoming the tenth school of the Foundation. It is our second non-selective school and will form part of the emerging "northern cluster", working closely with Aston, Handsworth and Handsworth Grammar.

Indeed, there is a growing appetite for collaboration between our schools that will develop our overall capacity. This is vital if we are to take on an inadequate school in the future. We are working to ensure that our teachers can share practice, maintain a broad curriculum and seek to reduce their workload. I expect such collaborative approaches to develop over the coming years.

There are several other areas where we are developing ways in which we can achieve more by working together, including fundraising, procurement and recruitment. All of these developments are part of the modernisation of the Foundation Office. This year saw the introduction of cloud-based finance, HR and governance systems, while, for the Academy Trust, there are now a number of peripatetic specialist staff in place to ensure that better services are available quickly and on site.

We have also worked hard to protect the value of the Foundation's endowment in a difficult climate, especially for the retail property market. Our listed securities continue to outperform the benchmarks that we have set, although we recognise that there will be challenges ahead for which we must be prepared.

However, we must also invest in the schools. We have recently completed several new capital developments, notably a new Sports Hall at King Edward's School and a shared Sixth Form block on the Camp Hill site. Both of these were only possible because of the Foundation's financial support.

We are also edging closer to what we hope will be a major development of the Aston site. This would see the creation of a multi-use games area and a new car park, freeing up space on the current site to build a catering facility and (in the future) a new sixth-form block. This development would enable the school to grow and thrive: Aston is the only long-standing school in the Foundation that remains on its original 1883 site. However, as a charity rooted in Birmingham, it is right that we have some schools at the heart of the city. Aston – and the growing cluster of schools in Handsworth – demonstrates our commitment to urban education.

Of course, all of this is only relevant in support of the education that we are able to provide to the children of Birmingham. The Governors' Report demonstrates the quality and range of achievements at our two independent schools. I am delighted that they remain among the best educational institutions in the country – and look forward to their continuing development in the future.



Mr P Burns
Chairman

Mission, Principles and Objectives

Charitable Objects

The objects of the Foundation are set out in the 1900 Act as amended by a scheme agreed with the Charity Commission on 7 March 2012 and relate to the advancement of education for the public benefit principally through the activities of the eight Schools.

Mission

The Foundation's overarching mission is to make Birmingham the best place to be educated in the UK.

Principles

The following principles are fundamental to the Foundation and its schools:

- Education has the power to raise aspirations, to transform the lives of young people and to enhance the well-being of individuals and the community.
- The central purpose of education is to give young people the chance to live rich, fulfilled lives and to contribute to society.
- The pursuit of excellence is central to enable children to fulfil their potential. In particular, the Foundation has a belief that the academic selection of pupils can be a very effective way for schools to bring together and challenge the best pupils.
- Education does not merely involve the teaching of knowledge and skills. There are other elements which are of equal importance:
 - ◆ The development of curiosity, independence of mind, a love of learning, creativity, imagination and the capacity to communicate;
 - ◆ The chance to participate in a wide range of activities, for example, sport, music, drama, outdoor pursuits and involvement in the wider community;
 - ◆ The development of character and relationships, a sense of morality, care and respect for others; and
 - ◆ The development of a sense of responsibility for and contribution to the community.
- The schools of the Foundation should be rooted in the communities that they serve and be responsive to the nature of those communities. In particular, all of the schools are committed to making themselves as accessible as possible to all pupils, whatever their background or circumstances; and
- The provision of a variety of education, including independent and state-funded, single-sex and mixed, selective and non-selective.

Objectives

The following objectives underpin the Foundation's overall mission:

1. To maintain, protect and utilise the Foundation's various assets as appropriate and to grow the capital endowment in real terms.
2. Work with our schools on the delivery of increasingly efficient and effective support services which generate economies of scale.
3. Develop an admissions strategy across our selective and independent schools which enables the Foundation's resources to be better targeted at furthering our charitable purpose.
4. Run and grow a multi-school Academy Trust which furthers the Foundation's charitable purpose.
5. Raise the profile of the Foundation so that we are a voice that is listened to on key educational issues.
6. Play a proactive and tangible role in the education of Birmingham children who do not attend one of our schools.

Activities undertaken to deliver Objectives and Public Benefit

Under the Charities Act 2011, a charity must be established for charitable purposes only. A charitable purpose is a purpose that falls within section 3 (1) of the 2011 Act and which is for public benefit. The list in section 3(1) includes the advancement of education.

The Governors recognise their responsibilities as charity trustees. In 2017/18, the principle activities carried out to further the charitable purposes of the Foundation for the public benefit and to meet the objectives set out above include:

- The Foundation gifting, under the terms of licences, private land and buildings to the Academy Trust (Objectives 1, 2 and 4). This provides the schools within the Academy Trust with the land and buildings they need to provide education to their pupils, up to 25% of whom are eligible for pupil premium funding;
- The Foundation continuing to support the means-tested Assisted Places scheme at the Independent Schools. Both Independent Schools have also raised funds aimed at providing further means-tested assistance to lower income families (Objective 3). This greatly enhances the accessibility of King Edward's School and King Edward VI High School for Girls to a range of pupils, irrespective of background;

Mission, Principles and Objectives *(continued)*

- The Foundation providing back office support services to the Academy Trust in the form of donated services (Objectives 2 and 4). These services include strategic support, finance, human resources, payroll, governance, estates, marketing and communications and, for the selective schools within the Academy Trust, an admissions service. This pro bono support enables the Academies to focus their resources and management time on the education of their pupils, up to 25% of whom are eligible for pupil premium funding;
- The Foundation playing an active role as a patron of the Greater Birmingham Chamber of Commerce, providing a platform for being a voice that is listened to on key educational issues (Objectives 3 and 5). We are already nationally recognised for our work in ensuring that our selective schools are accessible to all. We want to take this work further, by maintaining and enhancing the Assisted Places scheme at the Independent Schools and redesigning the Academy Trust admissions strategy to increase the percentage of disadvantaged children attending the selective schools, ensuring those schools are rooted in the communities they serve.
- King Edward's School and King Edward VI High School for Girls providing a wide range of activities and facilities for the benefit of neighbouring schools and community groups (Objective 6). Examples include;
 - King Edward's School Outreach Programme – The KES Outreach Programme provides a range of free masterclasses, workshops, competitions and concerts for local primary schools. Over 13,000 children from more than 200 schools across Birmingham and the wider region take part in our Outreach Programme each year. The aim of the Outreach Programme is to engage with children under the age of 11 across the city and to raise their aspirations. Teachers and boys from KES are involved in the delivery of the Programme, which is constantly added to as new ideas for activities are put into practice. There are lots of activities for schools to get involved in, from chess tournaments and science workshops to maths competitions and music concerts. KES do not charge for any of these activities, except for the professional development training programmes where costs are spread equally between all participating schools. In total the KES Outreach programme has come into contact with 160 different schools and approximately 10,000 pupils. The activities involved 50 KES pupils and 13 KES staff members over the year.

Some of the activities have included:

- Friday Afternoons have seen a host of activities taking place with many KES pupils visiting local primary schools to deliver a variety of workshops including: debating, science and concert parties. Some 20 boys from Personal Service Group have visited schools for a variety of activities including reading helpers and healthy living mentors. KES has hosted two maths competitions (Year 4 and Year 5) with heats running every Friday. KES has also hosted winter and summer chess competitions.
- There have been opportunities for local children to enjoy the arts with invitations to the Junior Production Matinee as well as the chance to attend Christmas and summer swing band tours.
- Approximately 210 primary school children have benefitted from KES's swimming coaching on Monday and Friday mornings. KES hosted a very popular prep school swimming gala in the Spring.
- KES's summer school was well-attended and a huge amount of fun for the KES pupils and teachers as well as the primary school participants.
- KES ran two well-attended Primary School Teacher CPD courses in 2017: Shakespeare in the classroom; and Physics with the Ogden Trust
- KES also co-ordinated the use of the KES facilities by Sport Birmingham for their School Games finals. The school games is a national program run by Sport England to encourage sport at a school, regional and county level. KES's input as a partner is very much appreciated and with the Commonwealth Games coming to Birmingham and its resulting 'legacy' commitments it will be a positive way to engage with community.
- KEHS has been successful in bidding for additional DFE funding to support our collaborative work with schools in the primary sector as part of the Foundation's 'Widening access' programme. All these events not only contribute to the school's public benefit strategy but also serve to familiarise pupils with the School and encourage them to consider applying for a place here. The Outreach programme plays an important role in developing KEHS girls' leadership skills and, in many ways, it also helps to enhance their own intellectual development. The Sixth Form girls, for example, mentor junior students during Friday afternoon lessons. In the Physics Roadshow, a team of Sixth Form physicists delivers a 60 minute interactive Science session to more than 100 year 6 pupils; the sessions always receive outstanding praise from primary school teachers. The Year 8 "RS Ambassadors" also play a crucial role in guiding and mentoring primary school students in the newly introduced Values Workshop run in conjunction with RE Today.

The Outreach programme comprises a range of activities:

- Friday afternoon sessions are offered to 72 pupils from 10 different schools in a range of subjects including English, Maths, Science, French and Spanish.
- The Physics Roadshow is offered to 100 pupils in school and has been offered to 800 pupils across the East and West Midlands.
- Lessons in Greek and Latin were delivered in 2014/15 to primary pupils in Year 4 by a member of KEHS's staff.
- Each year, KEHS offer a Maths Challenge day, a creative writing workshop, a public speaking and debating workshop, a film making workshop, an RS Respect and Values' workshop and a Summer Challenge day, featuring lessons in Maths, Science and Spanish.
- In addition, KEHS host a regular Shakespeare Festival, which attracts over 100 pupils.
- Maths colleagues have delivered several innovative and highly successful 'Maths in Magic' workshops to Year 5 primary school pupils and their teachers.
- Since 2017, KEHS has hosted two Oxford Modern Languages Conference aimed at secondary school pupils from the maintained sector to promote the study of Languages at Oxford.

Governors' report

Reference and Administrative Information

The Governors of the Schools of King Edward VI in Birmingham is a corporate body established by Royal Charter in 1552 and is regulated by the Birmingham (King Edward the Sixth) Schools Act 1900 together with subsequent Schemes of the Board of Education and Charity Commissioners. The Schools of King Edward VI in Birmingham is a registered charity, number 529051. It is VAT registered, number 487399769.

Registered Office and
Principal Address of Charity:

Foundation Office
Edgbaston Park Road
BIRMINGHAM
B15 2UD

The Foundation is comprised of:

Independent Schools

King Edward's School
King Edward VI High School for Girls

The Foundation also sponsors the King Edward VI Academy Trust, Birmingham. Although this is a separate legal entity with its own accounts, the Trust's schools are all required to be formally designated as part of the Foundation in line with the provisions of the Birmingham (King Edward VI Schools) Act 1900, as amended. These schools are considered, therefore, to be part of the Foundation and may be referred to as such in the Governors' Report.

Academies

King Edward VI Aston School Boys
King Edward VI Camp Hill School for Boys
King Edward VI Camp Hill School for Girls
King Edward VI Five Ways School
King Edward VI Handsworth Girls' School
King Edward VI Handsworth Grammar School for Boys
King Edward VI Sheldon Heath Academy

Governors' report

The Governors, who are also trustees of the charity, were in office at the date of approval of the accounts and served on the Board throughout the period are set out below, together with their membership of Committees:

	Membership of Committees				
	Policy & Strategy Committee	Independent Schools' Governing Body	Finance & Investment Committee	Nominations Committee	Audit Committee
Co-opted Governors					
Mr P Burns BA (Chairman)	*	*	*	*	
Mr G Chahal BSc, PGDipPharm	*		*		
Mr T Clarke MA (Deputy Chairman)	*	*	*	*	
Mrs G Ball OBE, FCCA	*	*		*	*
Mr F Kinkhabwala MA					*
Mr G Marsh TD, DL, FICE		*	*		
Mr B J Matthews BSc, FCA	*	*	*	*	
Mr G P Thomas BSc, FRICS	*	*	*	*	
Professor H Thomas BA, Med, PhD	*	*		*	
Dr N Shastri-Hurst B M edSci, B M B S, MRCS		*			
Mr D J Wheeldon B Ed, BA, M Sc, Ad Dip Ed Man, FRSA					
Professor B Lenon MA		*			
Nominated Governors					
Dr B J Adab BA, MPhil, PhD, FHEA <i>(Aston University)</i>		*			
Ms E Conway BA, ACA <i>(University of Birmingham)</i>					*
Dr J Sherwood MA, D Phil <i>(Oxford University)</i>		*			
Mr I Metcalfe <i>(Chamber of Commerce)</i>		*	*		
Mr P A Christopher MA (Cantab), FRSA <i>(Grammar Schools' Teachers)</i>					
Mrs J Hundle LLB <i>(Independent Schools' Parents)</i>	*	*			
Mr G Andronov <i>(Independent Schools' Teachers)</i>		*			
Mrs S Roberts BSc, FCA, FCIS <i>(Grammar Schools' Parents)</i>	*		*		*
Councillor R Alden <i>(Birmingham City Council)</i>					

Co-opted Governors are appointed by the Board and serve for a term of five years. Nominated Governors are appointed by the organisation indicated in italics and serve for a term of five years.

In addition to the above, the Independent Schools' Governing Body has appointed four Non-Board Governors who are not Trustees of the Foundation. They are – Mr S M Southall MA, FIA; Mrs A Tonks (resigned June 2018); Ms L C Pearson (resigned Dec 2018), Dr I Yunus, Professor Shearer West FRHists, FRSA, FHEA and Mrs Geraldine Brodie PhD, FCA, CTA, SFHEA. The Audit Committee has appointed one Non-Board Governor: Mrs A East BA (Law) (resigned Oct 2018).

Governors' report

Officers and Advisers

Executive Director:	Mr Heath Monk BA, PGCE
Director of Finance:	Mr Robert J Church BA (Hons), FCA (<i>left, 10 August 2018</i>) The Schools of King Edward VI in Birmingham Foundation Office Edgbaston Park Road BIRMINGHAM B15 2UD
Banker:	Lloyds Bank plc PO Box 908 125 Colmore Row BIRMINGHAM B3 2DS
Legal Advisor:	Veale Wasbrough Vizards LLP 3 Brindley Place BIRMINGHAM B1 2JB
Auditors:	BDO LLP 2 Snowhill Birmingham B4 6GA
Property Advisor:	GVA 3 Brindley Place BIRMINGHAM B1 2JB
Investment Manager:	Barclays Wealth 1 Churchill Place London E14 5HP
Website:	www.schoolsofkingedwardvi.co.uk

Key Management Personnel

Chief Master:	Dr Mark Fenton MA, MSc (<i>left, 31 August 2018</i>)
Principal:	Mrs Ann Clark MA, PGCE, NPQH
Executive Director:	Mr Heath Monk BA, PGCE
Director of Finance:	Mr Robert Church BA (Hons), FCA (<i>left, 10 August 2018</i>)
School Bursar:	Mrs Zoe Robinson BSC, ACA

Governors' report

Structure, Governance and Management

Organisation

The Governors, guided by the reports of various Committees, determine the general policy of the Foundation and are responsible for the governance of the two Independent Schools. The Foundation, as a Member of the Academy Trust, appoints a number of Trustees to the Academy Trust Board. The management of the Independent Schools is delegated to the Chief Master and Principal, and management of the Foundation to the Executive Director.

Mr P Burns is the current Chairman of the Board and Mr T Clarke is the current Deputy Chairman of the Board

Mrs S Roberts and Mr B Matthews held office as Bailiff and Deputy Bailiff respectively for the year to 31 August 2018.

The Board of Governors meets at least six times per year and receives reports from the following Committees, membership of which is determined annually by the Governors;

The **Policy and Strategy Committee** (PSC) considers matters of general policy concerning the Foundation, including educational policy. This Committee is responsible for recommending to the Board the allocation and distribution of the Foundation's resources. The Foundation also has an Education Advisory Group (EAG) comprised of the Heads of the Independent Schools and Academies under the Chairmanship of Dr M A Fenton (Headmaster of the Foundation – left 31 August 2018). The Group advises and submits recommendations to PSC on matters of educational policy.

The **Independent Schools' Governing Body** (ISGB) deals with matters relating to the two Independent Schools, known as King Edward's School (KES) and King Edward VI High School for Girls (KEHS). The ISGB has a number of sub-committees which report into it, including those relating to Buildings, Finance, Remuneration, and Risk and Compliance.

The **Finance and Investment Committee** deals with matters relating to the finances of the Foundation including budgets, pensions and investments (including stocks and shares, investment property, lands, and hereditaments of the Foundation).

The **Audit Committee** deals with financial reporting, internal control, risk management and internal and external audit.

The **Nominations Committee** makes recommendations about the membership of the Foundation Board and its Standing Committees.

The Chairmen and Deputy Chairmen of Committees during the period were as follows;

Committee	Chairman	Deputy Chairman
Policy and Strategy Committee	Mr P Burns	Mr G Chahal
Independent Schools' Governing Body	Mr T Clarke	Mrs J Hundle
Finance & Investment Committee	Mr G P Thomas	Mr B J Matthews
Nominations Committee	Mr P Burns	Mr T Clarke
Audit Committee	Mrs G Ball	Mrs A East*

*A East resigned October 2018

All Governors give of their time freely and there is no remuneration policy for Governors. Governors are able to claim travel expenses. No Governor or person connected with a Governor received any benefit from either means-tested Assisted Places or scholarships awarded to our pupils.

Procedure for Recruitment, Induction and Training of Trustees

The Foundation Board currently comprises twelve Governors appointed by the Foundation (the maximum is 12) and nine Governors nominated by the following external bodies: University of Birmingham (1), Aston University (1), University of Oxford (1), Birmingham City Council (1), Greater Birmingham Chambers of Commerce (1), Grammar Schools' Parents (1), Grammar Schools' Teachers (1), Independent Schools' Parents (1), Independent Schools' Teachers (1). Regard is given to the skills mix of the Governors to ensure that the Foundation Board has all the necessary skills required to contribute to the objects of the Charity. The Nominations Committee oversees recruitment.

The term of office for any Governor is five years. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected. The Governors who were in office at the date of approval of the accounts and served throughout the period, except where shown, are listed on page 5. During the period under review the Foundation Board held 6 meetings.

The induction and training of Governors is important to the Foundation. Specific steps are taken as follows:

1. The majority of Governors are appointed by external bodies but advice is offered to guide them. Appointments of co-opted Governors are guided by the fullest possible consideration of a Nominations Committee which meets regularly to consider the skills, attributes, and balance of Members. All appointment procedures are formal, rigorous and transparent.
2. All Governors receive a welcome pack and personal briefing.
3. Documents relating to current developments are circulated to Governors together with DfE guidance and Charity Commission documents. At meetings Governors have the benefit of specialist advice.
4. Periodic conferences and focussed training sessions are organised.
5. Subscriptions are made to appropriate organisations and publications.

Governors' report

Foundation Office

The Foundation Office provides a central bursarial function supplying financial, human resources and administrative services to the Independent Schools and the Academy Trust. This enables the Schools to reduce their cost base and concentrate more resources and management time on teaching and learning. It also enables the Independent Schools to keep fees as low as possible.

Employment

The Foundation is an equal opportunities employer and is committed to regular communication with all staff. Staff promotions are based on merit.

Arrangements for setting pay and remuneration of Key Management Personnel

Salaries of the key management personnel in the Schools are reviewed by the Remuneration Sub-Committee of the Independent Schools Governing Body (ISGB). Salaries of key management personnel at the Foundation are reviewed by the Remuneration Sub-Committee of the Policy and Strategy Committee. Salaries are based on a review of annual performance and with reference to local employment market.

Charity Governance Code

The Foundation welcomes the new Charities Governance Code for larger charities and has undertaken a self-assessment in the year.

Areas identified for improvement will be incorporated into the Finance team plans.

Fundraising

The Foundation in its own right does not carry out fundraising activities. The cost of fundraising activities is charged to the School's Fund but the activities are carried out on behalf of King Edward's School Birmingham Trust (the KES Trust) and King Edward VI High School for Girls Birmingham Trust (the KEHS Trust). The KES Trust and The KEHS Trust exist separately to the Foundation to support the advancement of education at each school, and particularly to raise funds for Assisted Places to widen access to the Schools for all those with the talent to make the most of a King Edward's education.

A Development Director reports to each group of Trustees on a termly basis, to ensure activities are properly monitored. Each Trust is registered by a member of the Fundraising Regulator. Only one suppression request has been received and this was actioned immediately. Neither Trusts have received complaints regarding their activities.

Both Trusts adopted new Privacy Statements in preparation for GDPR in May 2018. The Trusts are also members of the Institute of Fundraising, the Council for Advancement and Support of Education, and the Institute of Development Professionals in Education, and so keep apprised of updates and developments in the sector. The Trustees continue to review the financial and strategic risks to which each Trust is exposed and are satisfied that systems and controls are in place to minimise risk.

Public Benefit

Where practical, the Governors have indicated the financial value of the public benefit in this report. The Governors' continue to review relevant guidance produced by the Charity Commission. The Governors' have therefore complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Grants

The Foundation allocates annual grants from the expected income of the Endowment – Income Fund to the Independent School. In order to widen accessibility to the Schools by funding means – tested assisted places, merit-based scholarships and a staff remission scheme. The grant for Assisted Places is paid from the Foundation to the Independent Schools, who in turn then award the grants to individuals.

Assisted Places – means - tested bursaries

The Independent Schools offer assistance to a significant number of pupils, in the form of means-tested assisted places and scholarships which are funded primarily by the income from the Foundation's capital endowment fund.

Both means-tested assisted places and scholarships are awarded on the basis of academic ability, assessed as part of the admissions process at 11+ and 16+. The funding for assistance is made by the Governors on the recommendations of the Chief Master and Principal of the Schools.

Independent Schools	2018	2017
Number of AP holders	322	313
Number of pupils in receipt of assistance	318	303
As a % of total pupils at the Schools	22.3%	21.3%
% of pupils receiving an AP covering 90% of the fees	58.8%	59.7%
Pupils receiving a 90% or over AP	187	181
Pupils receiving a 100% AP	148	142
Annual cost of AP/Benefit to Parents	£3.3m	£3.1m
Annual cost to the Schools (Note 3)	£2.1m	£2.6m
Grant to the Schools from the Foundation	£2.64m	£2.6m
King Edward VI Birmingham Trust	£645,195	£579,798
King Edward 's High School for Girls Trust	£90,991	£33,178

Around 79% of the support to Pupils is funded by the Foundation, with the majority of the balance coming from the King Edward VI Birmingham Trusts.

A further 230 pupils received scholarships, 15 pupils received a sibling discount (for being the third child) and 27 pupils benefited from the staff concession scheme; the cost of which was £1,127,892 to the schools.

Therefore, the full benefit provided by the Governors' means-tested Assisted Places, hardship payments, scholarships, sibling discounts and staff concession for both schools, as shown in Note 3, for the year was £3,282,226 representing 18% of gross fees. Further information on fees assistance is provided by each school in their respective reports.

In comparison with other independent schools (both locally and nationally), fees are relatively low.

Further details of the activities and educational achievements of the schools can be found on pages 14 to 20.

"Opening Doors" for bright, disadvantaged children

The Foundation has continued its "Opening Doors" campaign which offers opportunities for bright children from disadvantaged backgrounds to attend the selective schools.

The Foundation is now investing in a targeted online "Familiarisation" programme in order to address issues that primary schools were having with transport and staffing. Getting the right children to our sessions has been difficult but we are now working closely with our Admissions department in order to deliver "Familiarisation" sessions to the appropriate high attaining children who fulfil the Free School Meal/Pupil Premium criteria. Our six grammar schools will continue to offer enrichment opportunities for primary schools across the city as we continue to develop our positive relationships with the primary school sector.

Governors' report

Financial Review

Financial Results

The Foundation had funds at 31 August 2018 of £155,096,207 (2017: £154,418,560) representing a 0.43% increase of £677,647. The funds comprise £3,412,292 (2017: £2,717,659) of Unrestricted Funds, a Permanent and Expendable Endowment Fund of £10,307,966 (2017: £10,261,832), Restricted Funds of £1,643,855 (2017: £1,707,821) and the Endowment Fund – Capital of £139,732,094 (2017: £139,731,248).

The total net income (before transfers) and other recognised gains and losses of all funds of the Foundation amounted to a surplus of £169,647 (2017: Surplus £6,585,983).

Overall, total income across all Funds increased by £1,460,467 to £21,866,957. This was due to an increase in fee income. Total expenditure increased during the year by £1,844,412 to £24,090,412. Net gains on investments reduced by £6,032,391 to £2,393,102. This decrease was due to a reduction in market value on the property portfolio.

Independent Schools' Fund – School fee income (net of assisted places and scholarships) increased by £1,376,202 (9.9%) and continues to perform well.

Fees increased by 2.91% (King Edward's School) and 2.99% (King Edward VI High School for Girls) for the academic year 2017/18. Expenditure at the Schools was £1,045,523, 5.7% higher than the previous year. Teaching costs (including the staffing costs of the Teachers and Educational Support staff, curriculum expenditure, exam fees etc) across both Schools is the largest area of expenditure for the Foundation and increased during the year by £325,170 to £13,391,096. Premises costs across both Schools increased by £308,859 to £3,681,592. The administration costs across the Schools increased by £388,002 with the majority of this relating to KEHS. The Schools overall had a combined surplus of £406,324 which is an increase of £542,743 on 2016/17 deficit of £136,419. Grants were received from the Endowment Fund - Income of £2,618,520 and were spent primarily on Assisted Places. The Schools had a net balance on their School Fund of £1,472,813.

The **Designated Fund** increased by £50,000 to £793,101. Funds were transferred from the Schools to the Fund (totalling £50,000) and will be used to fund future capital expenditure.

Income in the **Endowment Fund - Income** increased by 7.3% to £4,602,503 during the year with rental income performing strongly. Investment income performed in line with Governors' expectations and is evidenced by the Foundation's Total Return Investment Strategy.

Overall expenditure (excluding grants) increased by £805,996 (26.9%) compared to the previous year. After transfers to the School Funds for grants for Assisted Places and other transfers to and from the Endowment Fund – Capital (note 14), the net movement on the fund was a surplus of £238,309. This leaves a balance on the Endowment Fund – Income of £1,146,378.

Governors received the FRS 102 pension report on the Governors' Defined Benefit Pension Scheme which showed a decrease in the pension liability from £4,195,000 to £3,490,000 following the FRS 102 pension calculations. This decrease is a result of the higher discount rate that was applied to the Scheme at 31 August 2018 compared to the rate at 31 August 2017. A reduced deficit of £162,000 arose as a result of the FRS 102 adjustment. The full amount of the FRS 102 actuarial pension surplus was £508,000 which was charged to the Endowment Fund – Income with a corresponding transfer of £188,854 then made from Endowment Fund – Capital to cover the deficit.

The **Endowment Fund – Capital** received the proceeds from the sale of freehold properties owned by the Foundation and realised a loss of £682,606. Following the valuation there was an unrealised net loss of £2,811,608 from the investment portfolio. In terms of the listed investment portfolio, overall gains of £5,105,523 were secured. In total, overall

investment gains in the Endowment Fund – Capital amounted to £2,293,915.

The gains were offset by investments costs, depreciation charged to the Fund and the FRS 102 pension deficit.

The **Permanent and Expendable Endowment** Fund increased by £46,134 during the year. This was predominantly due to unrealised net gains on investments. Funds at the end of the period amounted to £10,307,966.

The **Restricted Fund** decreased by £63,966 during the year.

Pensions

The teaching staff of the Independent Schools are eligible to join the Teachers' Pension Scheme (TPS) to which the Governors contributed 16.48% of salaries. This is an unfunded scheme open to the teaching profession. It is not managed by the Governors.

Non-teaching staff of the Independent Schools and the Foundation Office have previously been eligible to join a pension scheme operated by the Governors. This is known as the Schools of King Edward VI in Birmingham Retirement Benefits Scheme (the Defined Benefit Scheme). As detailed in Note 21 to the accounts, this Defined Benefit Scheme was closed to new members from April 2010, and a new defined contribution scheme became operational.

The last triennial actuarial valuation of the DB Scheme liability was as at 31 March 2018 and has been considered by Governors. Since 2012 Governors have made additional contributions as part of a pension recovery plan. During 2017/18 this amounted to £385,854 of additional pension contributions to the DB Scheme, with the aim to reduce the pension deficit to a more acceptable level. The results from the latest valuation demonstrate that the funding position has improved.

The Scheme liability calculated at 31 August 2018, when measured in accordance with Financial Reporting Standard 102, had a deficit of £3,490,000 (a reduction of £705,000 against the previous year).

Governors' report

Risk Management Policy and Systems

The objectives of the Foundation's Risk Management Policy are to:

1. Manage risk in accordance with best practice;
2. Anticipate and respond to changing social, environmental and legislative requirements;
3. Prevent loss, disruption, damage, injury and reduce the cost of risk (thereby maximising resources);
4. Inform policy and operational decisions by identifying risks and their likely impact;
5. Raise awareness of the need for risk management;
6. Integrate risk management into the culture of the Foundation.

Separate risk registers are maintained for the Foundation and each of the two Independent Schools. These risk registers are presented to and discussed at the Foundation Audit Committee on a regular basis.

During 2017/18, the Foundation implemented the education sector-focused GRC-ONE online risk management system. GRC-ONE includes a range of pre-populated core risks and associated threats drawn from the legislative environment that educational providers operate in. These risks and threats can be amended, enhanced or added to in order to create a bespoke risk register for the organisation. The risks and threats are given a nominated owner from the relevant part of the organisation and are assigned a pre-mitigation and residual risk score. The system includes a wide range of reporting functionality to ensure that staff and Governors can be provided with an appropriate level of detailed information and analysis.

Governors' report

The Foundation's core risks and associated plans and strategies for managing those risks are as follows:

Core Risk	Description	Plans and strategies for managing the risk
The Foundation's operations are poorly managed or ineffective	Poor management can cause organisations to perform poorly or ultimately fail. Poor leadership results in high turnover of employees and low morale and the cost of recruitment and training becomes prohibitive, which can impact a business's ability to continue operations.	The Foundation has recognised the need to enhance capacity and capability in how its operations are managed. Following the creation of Director of Operations and Head of Special Projects posts in 2016/17, additional Operations team posts have been recruited to, including a Head of Systems Transformation, an IT Desktop Support Technician and a Collaboration Manager. An organisation-wide performance management system has been introduced to ensure that staff set individual and team objectives, with line management and regular one-to-one arrangements in place to ensure that progress and performance are closely monitored. Several new systems have been introduced to ensure that the Foundation's operations are as effective as possible, and this roll-out of new systems will continue in future years. This includes risk management, HR and finance systems. All personnel and systems changes are approved and overseen by Governors to ensure that robust business cases and effective implementation plans are in place to fully realise the stated benefits.
There are insufficient funds to deliver the Foundation's services to the appropriate level	Poor management of finances may lead to the budget being overextended in comparison with revenues or contributions received. Without sufficient business reserves it may not be able to absorb consistent losses, and the organisation can fail	Several actions have been taken to strengthen the management of the Foundation's finances and build on the established finance policies and procedures already in place. The Foundation Finance function has been restructured and strengthened, with the previous Director of Finance and Director of Operations posts being combined into a single Director of Finance and Operations role. This will ensure that the Foundation's finances and operations are fully integrated. A Head of Finance post has also been created to oversee the day-to-day running of the Foundation's finance function, and additional financial and management accounting capacity and capability has been added. A project to replace the Foundation's Sage 200 finance system with the PS Financials cloud system is underway. This will provide greater functionality and the ability to generate a multitude of financial reports to assist with financial planning, management and budgetary control. The Finance and Investment and Audit Committees continue to oversee the management of the Foundation's finances, reporting regularly to the Foundation Board to ensure that performance and progress are monitored and risks identified and managed.
The Foundation fails in its compliance responsibilities	Failure to comply with these compliance requirements can have serious consequences for both organisations and individuals. Sanctions can include letters for improvement, fines, prosecution, imprisonment and disqualification from continuing to transact business or practice.	The Foundation has enhanced its capacity and capabilities to ensure that compliance responsibilities are being met. A Company Secretary and Assistant to the Company Secretary have been appointed, with the former also acting as the Foundation's Data Protection Officer. Compliance policies have been reviewed and augmented and are available for FO staff to access via the Access HR system. The Foundation Board and its Committees consider and review compliance procedures, issues and risks on a regular basis. The GRC-One risk management system has been introduced which provides the Foundation with a set of pre-populated risks based on the legislative and compliance environment in which providers of education operate.
The Foundation suffers from a significant or prolonged governance failure	Poor governance can affect the ability of the organisation to achieve its objectives, manage its finances and operations, meet its compliance responsibilities and protect its reputation.	2017/18 saw planning begin for a Governors conference to take place in autumn 2018. This will provide Foundation Governors with a forum to discuss key issues, including reviewing the effectiveness of current governance arrangements – for example, it is expected that a joint strategy committee will be introduced covering both the Foundation and the Academy Trust. The Foundation is an ongoing member of the National Governance Association, which provides access to best practice, training and thought leadership.
The Foundation fails to adequately protect its reputation	Risk to reputation is caused by a misalignment of values; the organisation failing in some way to meet stakeholder expectations, delivering significantly below expectation. As reputation is a relational concept this failure can manifest itself in a number of different ways.	The Foundation has recently introduced greater clarity in relation to its overarching mission, principles and objectives. Robust governance arrangements are in place - these are reviewed on an ongoing basis and amended and enhanced when necessary. Recent investment in personnel and systems has increased capacity and capability, contributing to the overall effectiveness of the Foundation's operations and providing greater alignment between strategic direction and the operational actions required to deliver this strategy. The Foundation also has a Marketing and Communications team who oversee reputational considerations – this team has recently been bolstered by the appointment of a Marketing and Communications Officer to support the Director of Marketing and Communications. The GRC-One risk management system provides an important platform for identifying and managing reputational risks.

Governors' report

Reserves Policy

Governors recognise that the Foundation's endowment cannot be regarded as entirely free funds given the degree of dependence upon the income from it. Governors seek to maximise the return from this endowment within the context of acceptable risk to capital and apply a total return approach in the strategic management of the investment portfolio.

Governors endeavour as a minimum to maintain, in real terms, a constant income in perpetuity and to spend this income upon the charitable objects in the year of receipt or subsequently. This entails holding appropriate reserves. Where the income standards above can be exceeded, Governors balance the desirability and value of immediate expenditure with the alternative of increasing the Endowment Fund and future long-term sustainable income. Where the income standards above cannot be met, Governors will seek to reduce expenditure. They seldom envisage spending the capital endowment fund and will do so only in exceptional circumstances (and in line with the total return approach to managing investments).

In short, the Governor's policy is to generate sufficient income to provide support for the Schools and the Foundation Office whilst maintaining the real value of the capital endowment fund for the long term. Governors recognise that over the short to medium term, as the Foundation delivers its strategic objectives on widening accessibility and continues to focus on reducing the DB Pension Scheme deficit, additional financial resources will be required.

The Foundation has set a primary target for annual expenditure to be no more than 4% of the value of the endowment. In addition, a long-term 'stretch' target of 3.5% has been set. The current level of expenditure is slightly above the primary target, and the current 10-year financial forecast shows annual expenditure remaining consistently above both the 3.5% and 4% target levels. Given the level of capital expenditure that the Foundation expects to incur in the next 12 months the primary and stretch targets remain aspirational at the current time. Cost reduction initiatives are being considered in order to improve financial performance and ensure a positive direction of travel towards these aspirational targets.

The Governors calculate that the free reserves available to the Foundation, comprising the Unrestricted Funds and the Endowment Fund – Capital, amount to £143,144,386 (2017: £142,448,907), although in practice the Capital Endowment Fund is managed as if it is a Permanently Endowed Fund with all spending from the Fund carefully considered. The amount of funding that could be realised by disposing of tangible fixed assets is £27,653,218 (2017: £24,752,139).

Governors expect the reserves in the Capital Endowment Fund to have increased by the rate of annual inflation, and by the end of the next 4 years to have increased to over £145 million. It is possible that in the short term, as withdrawals are made from capital, the value of the property and listed investment portfolio will not keep pace with inflation.

Within the total of free reserves is a Designated Fund of £793,101 (2017: £743,101). This represents funds that have been set aside in previous accounting periods. Within this balance, only the funds set aside within the Widening Access Fund (£259,083) will be committed over the next year. The timing of when commitments will be required in relation to other elements of the Designated Fund is to be determined.

The amount of funds that are held by the Foundation which are restricted and not available for the general purposes of the charity are those funds held within the Permanent and Expendable Endowment Fund and the Restricted Fund of £11,951,821 (2017: £11,969,653).

As set out in note 20 there were capital commitments of £1,236,000 (2017: nil) in the year.

Investment Powers and Policy

Investment Powers are governed by the 1900 Act as amended by the Scheme of 2012 and the Trustee Act 2000. The investments comprise the landed estate and narrow and wide range quoted investments.

The policy of the Foundation is to manage the Foundation assets in accordance with statutory constraints, with a view to achieving an income that will allow it to further its educational objectives immediately, whilst at the same time bearing in mind that the assets must be invested in such a manner that they produce appropriate future income. The Foundation has delegated the day-to-day management of the listed investment portfolio to Barclays Wealth.

The investments have continued to be managed in line with the Governors' policy and instructions. Portfolio performance is measured regularly against a custom benchmark, comprising an appropriate market index selected for each asset class as agreed between the Investment Managers and the Governors. The overall total return performance achieved on the main portfolio for the year to 31 August 2018 was 9.47% (2017: 10.18%) net of fees, against a composite benchmark of 6.23%.

Ethical Investment Policy

The Foundation's overarching responsibility is to maximise returns on its investments in order to pursue its charitable objectives. Specific investments are made in properties and listed investments in accordance with an overall strategic investment asset allocation policy approved by the Finance and Investment Committee. This Committee regularly reviews the investments and engages in pragmatic dialogue with the Foundation's Investment Manager and Property Advisor about any areas of ethical concern which they have identified.

The Foundation will, after a full evaluation of the known facts, consider disinvesting or refraining from investing in specific securities, assets or businesses that are associated with activities perceived to be unethical. The Foundation believes that this ethical investment policy will not result in any significant financial detriment, with the balance of all impartial research indicating that an ethical investment policy neither adds to nor detracts from investment performance.

Auditors

BDO LLP are the external auditors for the 2017/18 financial year.

The Governors are not aware of any relevant audit information of which the auditors are unaware. The Governors have taken all steps they consider necessary to make themselves aware of any relevant information and to establish the auditors are aware of that information.

Future Plans

In order to meet their aims and objectives, Governors have planned the following activities:

- Reviewing the overall investment strategy for the Foundations' endowment - Governors will continue to keep a close watch on the financial markets and wider economic climate to ensure that they maximise opportunities for growth of the current portfolio and income. In particular, Governors will develop their response to the declining values of High Street property.
- Renewing capital investment in the existing schools - Governors have agreed to a significant expansion of the site at King Edward VI Aston (subject to land acquisition). Other plans would see a new Design and Technology centre at King Edward VI High School for Girls and a new Foundation Office.
- Further growth of the Academy Trust - Governors will work with the Trustees of the Academy Trust to increase the number of children in Birmingham that can benefit from an education supported by the Foundation. An overarching principle will be that such growth is manageable and targeted at more disadvantaged areas of the city.
- Deepening our outreach work so that we have a coherent and consistent approach to admissions and are supporting hard-to-reach groups to have the skills and confidence to apply for and be successful at our selective schools.
- Developing an approach to school improvement that can harness the best talent already working in our schools. To enable this, we will develop a programme of collaborative activities that will benefit staff and students and begin to identify areas of strength across the Foundation's schools.
- Considering whether new centralised services for fundraising, procurement and recruitment could provide benefits and utilise resources better across the Foundation's schools.

Governors' report

Schools Information: Independent Schools

King Edward's School, Birmingham

2018	A Level / IB / UCAS tariff points	National Average A Level	GCSE	National Average GCSE
Examination Results	IB Score 37.9	IB Score 29.76 *	A* 57.6% A*/A 84.67% A*- C 99.8%	A* 7.2% A*/A 22.1% A*-C 67.3%

*The maximum possible score of 45 was achieved by 259 out of 163,173 students globally in 2018, including three from King Edward's School.

Aims and Ethos

King Edward's School educates boys between the ages of 11 and 18. In the academic year 2017-18 the school had, on average, 860 boys on its roll. The school's overarching aim is 'to educate and inspire boys from our region so that they can take on the challenges of the world and lead lives of significant contribution and fulfilment'. This aim is aligned with the objects of the charity as set out in the 1900 Act and with the current aims of the Foundation. In order to realise our aim, we make a commitment to inspire our boys to achieve more than they imagined possible through the quality of the ethos, learning and care we provide. Our vision is to be a school at the forefront of international education, enabling bright boys from any background to become inspirational young men for Birmingham and the world. As a school community we seek to challenge each other to think beyond the conventional and create the best environment for our boys to develop the qualities they need, so that they can become:

- **Inspiring** – energising influencers, who are active and creative, and help others to become more confident.
- **Curious** – true learners, who have a love of learning for its own sake, ask the right questions, and are thoughtful and reflective.
- **Adaptable** – future leaders, who understand how the world is changing, excel in any situation and are resourceful and resilient.
- **Generous** – gentlemen, who value other people's contributions, and are open and respectful.

We believe that our boys will develop these qualities through being part of a community that values;

- **Optimism** – we believe in best intentions and always act in each boy's best interests, helping him grow in the best way for him. We are forward looking and encourage each other to strive for and expect best outcomes.
- **Courage** – we are brave in thought and action, and learn from both success and failure. We capitalise on imaginative and innovative approaches.
- **Trust** – we are committed to honesty and mutual respect and understand that our success depends on positive contributions from all members of our community.

Every individual in the school community can make a contribution to helping our boys develop into inspirational young men for Birmingham and the world. We recognise the key importance of:

- **Leaders** who ensure that the School is ambitious and at the forefront of educational thinking, and who understand how to secure its future.
- **Staff** who find the true potential in every boy, encourage the boys and each other to go further, and are open and honest in words and actions.
- **Boys** who love to learn, question and take part, want to make a difference, and value friendship and kindness.
- **Parents** who encourage their son to develop his skills, to try new things and broaden his vision, provide a positive environment for learning, and support the school's ethos.

Achievements and Performance

1- Admissions and Assisted Places at 11+

Candidates	2018	2017	2016	2015	2014
Registered for Examination	925	902	666	782	822
Took examination	888	882	635	752	796
Asked for fee remission	62%	57%	61%	62%	70%
Did not ask for fee remission (%)	38%	43%	39%	38%	30%

Source of pupils	2018	2017	2016	2015	2014
Birmingham Local Education Authority	54%	53%	50%	53%	52%
Birmingham Independent Schools	16%	18%	19%	18%	17%
Outside Birmingham LA	22%	21%	21%	22%	22%
Outside Birmingham Independent Schools	7%	8%	9%	8%	8%
Other	0.5%	1%	1%	0.3%	0.3%

2 - The total number of pupils in the school in the academic year 2017/2018 who received a means-tested Assisted Place was 190. Of these, 78 had full fee remission and a further 20 received remission in excess of 90%. In total, the Foundation and The King Edward's School Birmingham Trust spent £1.89m on the provision of Assisted Places. The Development Office serves the needs of the alumni and engages in major fund-raising activities. That office now works in collaboration with KEHS and it has a team of five people. The King Edward's School Birmingham Trust was set up as a separate charity to receive donations on behalf of the School. In the calendar year 2018 the Trust raised £479k and since its inception it has raised £13.8m of which £12.7m is for the funding of Assisted Places. By September 2018, there were 66 boys in the School funded by alumni giving. The sliding scale according to which funds are distributed can be downloaded from the school's website.

3 - Academic Results

i) International Baccalaureate Diploma

The School enjoyed outstanding success in the IB Diploma in July 2018, with an average points score of 37.9 and over 50% of the boys achieving 40 points or more. These results made us the best-performing 100% IB school in this country and one of the best in the world. The table below shows the result for the last five years during which the School has done the IB Diploma.

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	2014	2015	2016	2017	2018
Candidates	102	104	111	95	111
Points per candidate	36.7	39.3	39.3	39.1	37.9
Average points per subject	5.8	6.3	6.3	6.2	6
% of Higher Level 7's	30	47	49	39.7	38.74
% of Higher Level 7's and 6's	74	83	86	81	74
Number of boys with 45 points	2	3	5	2	3
Number of boys with 44 or 45 points	5	9	11	6	5
Number of boys with more than 40 points	29	54	61	47	50
% of boys with 1st choice offer from UCAS	70	82	91	85	77

ii) GCSE

At GCSE, the percentage of A*s was 57.6% (2017 69.57%), the percentage of A*/A's was 84% (2017 90.42%). 10 boys out of a cohort of 139 scored 11 A*s, 16 boys scored 10 A*s and 25 boys scored 11, 10 or 9 A*s.

The table below shows the substantial academic progress the school has made in the last decade through presenting the three-year average.

	2008-10	2011-13	2014-16	2017-18
A* percentage	52.7	61.3	66.5	57.6
A*/A percentage	85.4	86.1	89.3	84.67
Number of boys with 10 A*s **	16.3	22.7	30.3	26
Number of boys with 9 or 10 A*s **	28	36	50	51

** 2017/18 includes number of boys with 11 A*s within the 10A* figure

iii) - Extra-curricular activities

The School prides itself on the range and quality of extra-curricular activities in which boys take an active part. Such activities form a fundamental part of the development of the boys as confident, resilient and independent young men. The School offers 19 different sports with a vast range of opportunities for boys to take part. There is a very healthy balance struck between breadth of participation and top level performance. Several junior cricket and hockey teams enjoyed conspicuous success in county and regional competitions. The new £5m Andrew Brode Sports Centre was opened for use in January 2019. Music and Drama were also pursued to an extremely high level during 2017/18, among the highlights being the Senior Production of Oh What a Lovely War and musical performances at the Ruddock Performing Arts Centre, The Barber Institute and Birmingham Cathedral. Friday afternoons are entirely set aside for such activities such as the Combined Cadet Force, the Leadership programme and a wide range of outreach activities such as music and sports coaching. Teams from the School continued to enjoy great success in local and national competitions such as the Biology, Physics and Chemistry Olympiads and the Senior Maths Challenge. Public speaking and debating were also pursued by a large number of boys.

Links with the Community

Facilities

The School has a wide variety of different links with the community. It works with major institutions in Birmingham and beyond, including the University of Birmingham, the Asian Business Chamber of Commerce and Warwickshire County Cricket Club. The School makes its facilities available, often at no or low cost, to a range of organisations: for example, Warwickshire County Cricket Club played a number of junior representative matches and District Cricket Festivals here during the year and also used the School's indoor facilities; Edgbaston Hockey Club used the school's new astro pitch for senior and junior games; the School swimming pool and Sports Hall and the Ruddock Performing Arts Centre are all frequently used by a wide range of outside organisations: The World War 1 Exhibition was also opened to the public and was visited by a number of organisations

Outreach

KES Outreach during 2017-18 was very busy and well attended by local schools. We had a change of personnel to include Debbie McMillan as Director of Outreach and Emma Bunting as a part-time administrator. As well as carrying on with many of the successful projects of the past few years, we sought to re-define our goals for Outreach by writing a strategy document highlighting some of the areas to target in the coming academic year. We also developed our own branding to include the front of the school to aid recognition. A further change is trying to track the junior school boys we come in contact with and any ongoing interaction they may have with KES or the Foundation at 11+. This is somewhat hampered by GDPR rules but we are making some headway.

In total the KES Outreach program came into contact with 160 different schools and approximately 10,000 pupils. Our activities involved 50 KES pupils and 13 KES staff members over the year.

Some of the activities have included:

Friday Afternoons have seen a host of activities taking place with many of our boys visiting local primary schools to deliver a variety of workshops including: debating, science and concert parties. Some 20 boys from Personal Service Group have visited schools for a variety of activities including reading helpers and healthy living mentors. We have hosted two maths competitions (Year 4 and Year 5) with heats running every Friday in Big School and winter and summer chess competitions.

There has been ample opportunity for local children to enjoy the arts with invitations to the Junior Production Matinee as well as the chance to attend Christmas and Summer swing band tours.

A little disappointingly, sport has been rather more difficult to cultivate this year due mainly to the transport costs for the primary schools. That said our pool was well used in the summer and approximately 210 benefitted from our sports coaching on Monday and Friday mornings. We hosted a very amiable prep school swimming gala in the Spring.

In its final year Living History remained a popular part of our program, with visits to 45 local schools.

Our summer school was well-attended and a huge amount of fun for the KES pupils and teachers as well as the primary school participants. We have written to all of the participants from the last two years to invite them to KES Open Days with some success.

We ran two well-attended Primary School Teacher CPD courses in 2017-18: Shakespeare in the Classroom and Physics with the Ogden Trust

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We also co-ordinate the use of the KES and KEHS facilities by Sport England for their School Games finals. The school games is a national program run by Sport England to encourage sport at a school, regional and county level. Our input as a partner is very much appreciated and with the Commonwealth Games coming to Birmingham and its resulting 'legacy' commitments it will be a positive way to engage with community.

Future Plans

The School intends to strengthen its commitment to excellence and accessibility in the future. Plans for 2018/19 include:

- The re-launch of a The Assisted Places Fund.
- The construction of a crossing over the Bristol Road to improve pupil safety.
- Refreshed approach to outreach aimed at targeting the most disadvantaged.
- The refurbishment, thanks to a generous donation from a former pupil, of the school's sports facilities, including the old sports hall.

Governors' report

King Edward VI High School for Girls, Birmingham

2018	A Level / IB / UCAS tariff points	National Average A Level	GCSE	National Average GCSE
Examination Results	A* 32.94% A*/A 76.47% A*/A/B 90.98% A Level UCAS points New Style 162	A* 8% A*/A 26.4% A*/A/B 53%	A* 76.3% A*/A 93.2% A*- C 99.4%	A* 7.2% A*/A 22.1% A*- C 67.3%

Aims and Ethos

King Edward VI High School for Girls educates girls from 11-18 and its aims are as follows:

- to offer girls a distinctive, academic education in a friendly, nurturing environment
- to help girls to achieve academic success, inspiring a love of learning for its own sake
- to give girls the confidence to aim high and pursue their ambitions
- to encourage girls to achieve a productive and healthy work / life balance
- to develop independent, resilient young women
- to encourage girls to broaden their horizons and to think nationally and globally
- to be accessible to able girls from all backgrounds
- to encourage respect for others and a sense of collective responsibility
- to provide a wide range of extra-curricular activities

Objectives

The new School Development Plan (2016-19) has taken as its theme: Inspiring the young women of the future and supporting them to fulfil their potential. It is organised under three headings: Teaching and Learning, Well-being and Pastoral Care, and Leadership and Management.

Our principal objectives are practical and pupil-focussed. The first two aims should be considered together as our commitment to offering an outstanding education in the broadest sense, balancing academic success with a love of learning, and offering girls a supportive environment to enable them to grow in confidence and flourish. The third and final objective focuses on systems which support the School and on forward planning.

1. Teaching and Learning: *Teachers have consistently high expectations in terms of attainment and attitudes to learning. At the same time, we seek to develop curious, interested and engaged learners who enjoy lessons, are willing to take risks and are resilient in the face of failure, viewing it as a springboard to learning.*

We aim to inspire the young women of the future by:

- Providing a broad and balanced curriculum
- Offering challenge and support
- Using formative assessment to ensure all girls make good progress
- Encouraging independent learning and a love of learning

2. Well-being and Pastoral Care: *We seek to focus on the 'whole girl', so that she makes the most of her time at school, maintaining a healthy lifestyle, learning key skills, building confidence and resilience, preparing for the next stage (whether in Further Education or employment) and preparing for adult life. We also aim to intervene pro-actively for those with persistent problems, which often reflect the pressures on high performing girls in today's society.*

We aim to support the young women of the future by:

- Promoting positive mental health
- Offering quality enrichment
- Offering support and guidance
- Promoting positive behaviour through a clear approach to Rewards and Sanctions
- Developing social, spiritual, moral and cultural awareness

3. Leadership and Management: *The role of leaders in all contexts and at all levels is to create a positive culture with high expectations in terms of academic attainment, behaviour and attitudes. The activities for the future include:*

Managing Staff

- Developing clear roles and responsibilities, ensuring accountability through line management (governors, SL, ML, support staff structures)
- Developing clear Quality Assurance processes (Performance Management / appraisal, lesson observation, work scrutiny)
- Offering excellent training across school (INSET, CPD, courses, mentoring)
- Promoting staff well-being; offering support, nurturing talent, providing opportunities

External relations

- Maintaining and developing links with the local community: universities, schools, business
- Ensuring excellent communication with parents, other stakeholders and the outside world: for example through reports, the website, newsletters, advertising, other forms of PR
- Ensuring we meet our charitable objectives through accessibility and Outreach initiatives

Securing the future

- Ensuring excellent financial planning with a 5-year budget plan
- Reviewing our marketing strategy
- Reviewing our Admissions strategy
- Reviewing the role of the Development Office

Compliance, Premises and Resources

- Ensuring robust systems are in place for safeguarding and Health and Safety
- Ensuring key policies are up to date
- Producing a 3 year site development plan (including accessibility)
- Ensuring the school's IT provision is future-proofed and supports all members of the school community

Governors' report

Ethos and policies

The School aim to create a positive learning environment, where girls are encouraged to work hard, to fulfil their potential and to develop a range of skills to prepare them for the challenges of the future in higher education and the working world. Excellent relationships between staff and girls and between girls themselves are important to the School in creating a safe and happy environment in which girls can thrive. The School also seek to establish and maintain with parents as we work together to support their girls in every aspect of school life.

The School want to offer an academic education in the broadest sense of the word, inspiring a love of learning and helping girls increasingly to become independent learners, to go beyond the confines of the examination specification and pursue their own passions. Aware of the myriad pressures on young people, we also want to nurture the girls, prioritise their wellbeing and promote positive mental health.

Diversity is recognised and celebrated in all its forms; the School promote an atmosphere where all members of the school community are valued and show respect, consideration and an appreciation of others as individuals, regardless of race, gender, religion or disability.

Social and moral issues are discussed with girls in many contexts and the importance of individual responsibility is stressed. Girls are encouraged to think beyond the sphere of their own families and social context, to be aware of national and global issues and think about service to others. Charity events and fund-raising are key parts of the school calendar and all sixth formers involved in community service.

Review of Activities

1 - Admissions

Applications	2018	2017	2016	2015	2014
Registered for Examination	706	676	513	493	502
Took examination	675	652	500	471	480
Asked for fee remission	360	320	262	333	302
Did not ask for fee remission	346*	356	251	159	200
Source of pupils	2018	2017	2016	2015	2014
Birmingham Local Education Authority	396	392	293	328	360
Birmingham Independent Schools	81	98	78	95	108
Outside Birmingham LA	150**	135	85	38	23
Outside Birmingham Independent Schor	75	46	51	30	9
Abroad	3	2	2	1	0
Home Educated	1	3	4	1	2

*Did not ask for fee remission. This figure includes all those who requested and were sent an application form for an Assisted Place, but did not return it. This may be because once they have received the information, they realise they do not qualify, or just human error.

**This includes schools in Solihull and Sutton Coldfield. Applications were received from as far afield as Derby, Halesowen, Lichfield, Droitwich and Worcester.

Other Admissions: during the year 2017/18, 11 girls sat entrance examinations for mid-year entry. 5 girls received offers to join the Lower Fourth, all of which were accepted; 2 offers were declined and 4 girls did not receive offers.

Sixth Form: 41 applications were received. Following the 40 academic interviews conducted, 24 conditional offers were made, including 3 AP offers. On GCSE results day, we received a few late applications from students, one of whom received and accepted an offer. There were a number of other suitable candidates who required AP funding to whom we were unable to make offers. A total of eleven girls commenced A level studies in September 2018. The 14 conditional offers declined were as a result of either required GCSE grades not being met or girls deciding they wished to remain in their current school.

2 – Assisted places and the King Edward VI School for Girls Birmingham Trust (KEHS Trust)

The School is committed to offering places to able girls regardless of their parental background. The School advertises the availability of Assisted Places through its website. Through information sent to every primary school in the Birmingham area, through a direct mailing to girls who have registered in the press and theatre programmes, through the prospectus, at open occasions and through the very successful Outreach programme.

Scholarships are awarded to recognise academic potential, and are given as a fixed remission of fees, ranging from 10% to 50%.

The Development Office has worked with alumnae and was pleased to be able to fund a further 4 girls for the September 2018 entry. £1.85 million has been raised since its inception (including the transfer of over £750,000 from the Old Edwardians); we hope to fund a further 3 girls from September 2019.

In total, there were 133 girls in School with Assisted Places in 2017/18, equal to £1.36 million. 51 of these girls received 100% remission, and a further 19 received fee remission in excess of 90%.

3 - Academic results

Attainment in public examinations continues to be excellent and the School regularly ranks amongst the top performing independent schools in the country. A Level results were outstanding with 33% grades at A*, 75% A*/A and 91% A*-B; 13 students out of 75 achieved 3 or more A*. These exceptional results placed the School in 21st place in the Daily Telegraph league tables, ranked by A*/A, for all independent schools.

GCSE results were also excellent with 93% grades both A*/A and 7-9: over one in five grades were A* or Grade 9, 56% grades were at Grade 9 and 80% at Grade 8-9. 13 students achieved all A* and/or Grade 9s. an outstanding achievement. These very pleasing results placed the School in 13th place in The Times League tables nationally based on students' performance at 7-9.

4 - University destinations

In 2018, fifteen students took up places at Oxford and Cambridge in a range of subjects from PPE, to architecture to Modern Languages. A high proportion of girls gained places at Russell Group Universities, and against a backdrop of very small numbers of women opting for courses in STEM subjects, 58% students will study STEM subjects including medicine, dentistry and engineering: 12 students gained places to study medicine, two to study dentistry, two to study optometry and four to study engineering. More impressive for me however, is the range of different courses selected by the girls, demonstrating their strength in pursuing their own particular passions, from International Relations to Fashion Design, alongside more mainstream choices such as History, English and Modern Languages.

5 - Extra-Curricular Activities

The School is committed to developing the 'whole' pupil, giving girls access to plentiful, wide ranging and high quality enrichment opportunities outside the classroom. Extra-curricular activities are valued and enjoyed by girls and staff; there are well over 70 clubs and societies available, some of which are long established (for example, Astronomy, Camera Club, Mandarin, Performance Poetry, and Philosophy Society), while others are more recent to this year. Ethics Club, Amnesty International, Law Society and Psychology Society fall into this category and exemplify a growing number of clubs established by and led by pupils, in particular Sixth Formers, offering outstanding leadership opportunities for those students involved.

Our extra-curricular provision also directly complements pupils' learning; many societies help extend and enrich pupils' intellectual experiences: examples of such 'co-curricular' activities include Spanish Club, History film club, Physics Club and Economics Society.

Music, sport and drama clubs are wide-ranging and popular, and the girls demonstrate incredibly high standards in these areas. Highlights for the academic year 2017/18 include:

Drama: In January 2018, Oh What a Lovely War, our Senior Production, involved a joint company supported by musicians from both KES and KEHS in this famous piece of theatre commemorating WW1. Over 100 students from both schools were involved in this moving and historically important show. The Junior Production saw the Ruddock Hall transformed into a Bedouin tent to tell the story of Arabian Nights with a joint cast of

Governors' report

around 80 students from KES and KEHS. In March, we also staged a Middle School Production of *Blue Stockings* where a joint cast told the story of the first females to graduate with a degree. This production took place over two nights in the Ruddock Studio Theatre.

Sport: We have a number of outstanding sportswomen, many of whom play at county and some at national level. Sports available at school include hockey, netball, athletics, badminton, cheerleading, cross country, gymnastics, rowing, rounders, swimming and tennis. During the academic year 2017/18, two teams qualified for the hockey regionals, three teams qualified for the netball regionals, a team qualified for the National Milano Gymnastics Competition after winning regionals, we won the Birmingham School Games in rowing and badminton and became National Rounders Champions.

Music: Many girls are outstanding musicians, achieving great success in Associated Board and Trinity examinations, and taking advantage of the vast array of orchestras, choirs, bands and ensembles on offer in school, with weekly rehearsals for regular concerts in the Ruddock Hall and Symphony Hall. Girls excel in a wide range of music competitions and we were delighted that one of our many pupils won BBC Young Musician 2018. Many of our musicians are successful in gaining places in local and national orchestras such as the National Youth Orchestra, the National Children's Orchestra, the National Children's Choir and Ex Cathedra.

The School's **Outdoor Education** provision has been expanded in the last two years, and the *Duke of Edinburgh Award Scheme*, managed by committed volunteer staff, is the pinnacle of this provision. The Award promotes independence, resilience, leadership and team work, and is greatly enjoyed by the many girls that take part each year. In 2017/18, 35 girls were successful at Bronze level, 16 at Silver and 15 at Gold.

These are just a small selection of the girls' many and varied successes. We announce and celebrate these successes with the whole school community and in a variety of ways. While this document highlights some of the pupils' achievements at a very high standard, we do believe that there is something in our extra-curricular provision for each pupil at the School. Our provision is regularly reviewed and updated; further information about our extra-curricular programme and girls' successes can be found on the school website.

Achievements against objectives set for the year

The new A Level and GCSE specifications continued to be the principal focus for departments in the academic year 2017/18 as they prepared for new courses, many being examined for the first time in Summer 2018, whilst in a minority of subjects, legacy specifications were still being taught and examined.

A bespoke Sixth Form Enrichment course was introduced following the demise of General Studies as an examination subject.

An options process for creative subjects was introduced for Year 9 students (any two subjects from Art, Drama, Digital Learning, and Music), enabling them to focus in more detail on those subjects they enjoy.

All staff continued to work with girls to promote their wellbeing, improve their resilience and to give them the skills they need for their future in further education and employment. We introduced *Salus* (wellbeing) Week in January 2018, comprising a whole host of extra-curricular activities and workshops, from making healthy smoothies and art therapy, to discussion of mindsets and how to combat perfectionism. This initiative was received positively by students and parents and has become an annual event.

This year, mindfulness days were staged for Lower Fourth and Upper Fourth, giving the pupils undisturbed time to reflect calmly on their own inner wellbeing, and to practise strategies that might form part of their personal toolkit for navigating the inevitable challenges of life.

We engaged a range of professionals to offer staff training in Pastoral Care and wellbeing during our January INSET days in 2018, with colleagues selecting two pastoral workshops: themes included supporting bereaved children, basic counselling skills, misuse of drugs and substances, transgender awareness.

The majority of our pastoral leaders obtained the 'Youth Mental Health First Aider' qualification this summer; two further colleagues will be trained in 2018/19.

The Development Office continues to engage former pupils to support the work of the School in a range of ways including fund-raising, mentoring and careers talks.

Other developments and activities during the year

- A new Matron, Mrs Kent and a new School Doctor, Dr Darvill were appointed for September 2017
- Mrs Quigley joined us in September 2017 as our new Careers Advisor
- The new website was launched in October 2017
- The Head of Biology retired and was replaced in September 2018
- A new teacher of Food Studies was also appointed and started in September 2018
- A new Facilities Manager (shared with KES) was appointed for September 2018
- A new post with oversight of the Level 2 and 3 Project and academic scholarship was introduced in September 2018
- Two new graduate PE Assistants were appointed
- A part-time Mental Health Nurse was appointed for September 2018 (one morning per week)
- Substantial improvements were made to the fabric of the building, including:-
- the refurbishment of all the History and English classrooms

Links with the Community

The School remains committed to supporting others in the local community and abroad and in the last academic year has raised over £8,000 for local and national charities.

All Sixth Form girls take part in Community Service weekly, and engage in a range of tasks, including work in Primary schools, at Elderly Care Homes and in charity shops. Sixth formers hold a Christmas party for the elderly, and small groups visit Care Homes for carol singing. Sixth formers also organise an annual trip to a farm for children from an inner city primary school.

Facilities

The School has a wide variety of different links with the community. It makes its facilities available, often at no or low cost, to a range of organisations, such as Edgbaston Hockey Club. The Sainsbury's School Games took place at both KEHS and KES over two days with over one thousand participants; the school swimming pool and Sports Hall and the Ruddock Performing Arts Centre are all frequently used by a wide range of outside organisations such as the City of Birmingham Symphony Orchestra and Choir.

Outreach

In 2017-2018, we continued to develop beneficial partnerships with local state primary and secondary schools even extending our provision on Friday afternoon lessons where our staff delivered over 160 hours' worth of Maths, English, Spanish, French and Science lessons. At the very heart of our partnership programme was a focus on delivering gifted and talented lessons, which potentially had a direct impact on teaching and learning strategies. The comment below from Wilkes Green Primary School highlights the longer term impact of some of our sessions. "We attended your Creative Writing Workshop last year and we have used the 'What if' strategy with our Year 6 classes. It helped those children who initially struggle to start a piece of writing. We have used this approach on numerous occasions since attending your workshop."

In addition, all teachers attending our annual Autumn Challenge Workshop were provided with a copy of the book, *Maths Resources for Able and Gifted Mathematicians* written by a former head of Mathematics at KEHS. In short, this approach has allowed us to share teaching expertise and generate targeted, innovative resources for local state secondary schools through our Maths Masterclass Programme as well as our focus on assisting schools with Oxbridge and university preparation.

As well as the overall academic influence of our work, another key impact for state schools has been the way in which it has raised the aspirations of pupils and their parents, encouraging some of the pupils to sit competitive entrance examinations for local state grammar schools as well as local independent schools including KEHS.

Governors' Report

The most meaningful partnerships are those that are mutually beneficial; at KEHS 53 of our students have participated in our primary outreach programme. The majority of them were Sixth Form students, however, four Lower Fourth students participated in and helped to deliver the 'RE Workshop: Respect for All' in their new role as Religious Studies Ambassadors. All of this work has been beneficial in helping to nurture and develop our girls' mentoring and coaching abilities.

In our role as a Teaching School, we have helped to facilitate partnership involvement in nationally accredited leadership qualifications. We have also continued to act as an Appropriate Body for NQTs.

Future Plans

The School plans to build on its success both in terms of its academic reputation and the extensive range of outstanding extra-curricular activities on offer. Plans for 2018/19 will include:

- A continuing review of the impact of the significant changes to GCSE and A Level examinations
- Planning to create a space for Design Technology in the School
- A revised approach to reviewing girls' progress and wellbeing
- The continuation of the Delyvere campaign to offer Assisted Places to five new pupils each year
- Continue to offer an outreach programme of the highest quality and maintain strong partnership links with the wider community
- The continued upgrading of existing facilities, replacing windows and refurbishing a further suite of classrooms



Mr P Burns
Chairman



Mr B Matthews
Bailliff

Statement of Financial Activities For the Year ended 31 August 2018

	Note	Unrestricted Funds			Endowment	Permanent &	Restricted	Total Funds	Total Funds
		Schools	Designated	Endowment	Fund Capital	Expendable	Fund	Year 2018	Year 2017
		Fund	Fund	Fund		Endowment			
				Income		Fund			
		£	£	£	£	£	£	£	£
INCOME AND									
ENDOWMENTS FROM:									
Donations and legacies		-	-	-	-	2,075	24,893	26,968	16,652
Charitable activities									
Fees receivable	3	15,181,791	-	-	-	-	-	15,181,791	13,805,589
Ancillary trading income									
Catering income		805,308	-	-	-	-	-	805,308	792,373
Extra-curricular activities		795,196	-	-	-	-	-	795,196	1,065,882
Registration fees		28,424	-	-	-	-	-	28,424	35,980
Other ancillary income		105,947	-	-	-	-	-	105,947	86,728
Non-ancillary trading income									
Lettings		218,576	-	-	-	-	-	218,576	200,698
Investments									
Rental income		-	-	2,968,443	-	105	-	2,968,548	3,034,190
Investment income		-	-	1,037,986	-	88,037	7,592	1,133,615	985,294
Bank and other interest		174	-	21,068	-	6,097	239	27,578	23,057
Other income		-	-	<u>575,006</u>	-	-	-	<u>575,006</u>	<u>360,047</u>
Total		<u>17,135,416</u>	-	<u>4,602,503</u>	-	<u>96,314</u>	<u>32,724</u>	<u>21,866,957</u>	<u>20,406,490</u>
Expenditure on:									
Raising funds									
Investment management		-	-	165,545	165,545	-	-	331,090	317,176
Estate management		-	-	<u>206,087</u>	-	-	-	<u>206,087</u>	<u>180,211</u>
		-	-	<u>371,632</u>	<u>165,545</u>	-	-	<u>537,177</u>	<u>497,387</u>
Charitable activities									
Education		19,347,612	-	2,157,782	538,851	115,564	130,493	22,290,302	21,023,613
Grant-making		-	-	<u>1,262,933</u>	-	-	-	<u>1,262,933</u>	<u>725,000</u>
		<u>19,347,612</u>	-	<u>3,420,715</u>	<u>538,851</u>	<u>115,564</u>	<u>130,493</u>	<u>23,553,235</u>	<u>21,748,613</u>
Total	4	<u>19,347,612</u>	-	<u>3,792,347</u>	<u>704,396</u>	<u>115,564</u>	<u>130,493</u>	<u>24,090,412</u>	<u>22,246,000</u>
Net gains on investments		-	-	-	5,105,523	65,384	33,803	5,204,710	6,206,845
Net (losses)/gains on investment properties		-	-	-	<u>(2,811,608)</u>	-	-	<u>(2,811,608)</u>	<u>2,218,648</u>
Net (Expenditure)/Income		<u>(2,212,196)</u>	-	<u>810,156</u>	<u>1,589,519</u>	<u>46,134</u>	<u>(63,966)</u>	<u>169,647</u>	<u>6,585,983</u>
Transfers between funds	17	2,618,520	50,000	(1,079,847)	(1,588,673)	-	-	-	-
Actuarial gains on defined benefit pension	21	-	-	<u>508,000</u>	-	-	-	<u>508,000</u>	<u>557,000</u>
Net Movement in Funds		<u>406,324</u>	<u>50,000</u>	<u>283,309</u>	<u>846</u>	<u>46,134</u>	<u>(63,966)</u>	<u>677,647</u>	<u>7,142,983</u>
Reconciliation of funds									
Fund balances at 1 September 2017		<u>1,066,489</u>	<u>743,101</u>	<u>908,069</u>	<u>139,731,248</u>	<u>10,261,832</u>	<u>1,707,821</u>	<u>154,418,560</u>	<u>147,275,577</u>
Fund balances at 31 August 2018		<u>1,472,813</u>	<u>793,101</u>	<u>1,146,378</u>	<u>139,732,094</u>	<u>10,307,966</u>	<u>1,643,855</u>	<u>155,096,207</u>	<u>154,418,560</u>

All activities arise from continuing operations

Balance Sheet

At 31 August 2018

	Note	£	31 August 2018 £	£	31 August 2017 £
Fixed Assets					
Tangible assets	6		27,653,218		24,752,139
Investment property	7		56,815,326		61,843,926
Investments	8		<u>76,476,792</u>		<u>71,596,460</u>
			160,945,336		158,192,525
Current Assets					
Debtors	9	1,237,945		2,216,503	
Short term deposits		919,844		914,841	
Cash at bank and in hand		<u>1,868,145</u>		<u>3,056,975</u>	
		4,025,934		6,188,319	
Liabilities					
Creditors: amount falling due within one year	10	<u>(5,284,893)</u>		<u>(4,659,612)</u>	
Net Current Assets			<u>(1,258,959)</u>		<u>1,528,707</u>
Total Net Assets less current liabilities					
Creditors: Amounts falling due after more than one year	10		<u>(1,100,170)</u>		<u>(1,107,672)</u>
Total Net Assets before pension deficit			158,586,207		158,613,560
Pension scheme funding deficit	21		<u>(3,490,000)</u>		<u>(4,195,000)</u>
Net Assets			<u>155,096,207</u>		<u>154,418,560</u>
Represented by:					
Unrestricted funds					
Designated fund	12		793,101		743,101
Schools' fund	13		1,472,813		1,066,489
Endowment fund – Income	14	4,636,378		5,103,069	
Less FRS 102 Pension Deficit	14	<u>(3,490,000)</u>		<u>(4,195,000)</u>	
			<u>1,146,378</u>		<u>908,069</u>
			3,412,292		2,717,659
Permanent and Expendable Endowment fund	15		10,307,966		10,261,832
Endowment fund – Capital	14		139,732,094		139,731,248
Restricted fund	16		<u>1,643,855</u>		<u>1,707,821</u>
Total Funds	11		<u>155,096,207</u>		<u>154,418,560</u>

The financial statements on pages 21 to 48 were approved by the Board on 27 March 2019, and authorised for issue on its behalf by:



Mr P Burns
Chairman



Mr B Matthews
Bailliff

Statement of Cash Flows

For the Year ended 31 August 2018

	31 August 2018 £	31 August 2017 £
Cashflow from operating activities		
Net cash utilised by operating activities	<u>(3,213,534)</u>	<u>(5,207,785)</u>
Cash flows from investing activities		
Interest received	27,578	23,057
Rent received from investment properties	2,968,548	3,034,190
Proceeds from the sale of investment properties	2,250,394	1,282,802
Payments to acquire tangible fixed assets	(3,541,191)	(448,282)
Sale of investments in shares	27,378,115	32,275,278
Purchase of investments in shares	(26,128,729)	(28,801,129)
Purchase of investment properties	-	(5,123,730)
Movement in cash awaiting investment in shares	<u>(925,008)</u>	<u>2,909,105</u>
Net Cash provided by investing activities	<u>2,029,707</u>	<u>5,151,291</u>
Change in cash and cash equivalents in the reporting period	(1,183,827)	(56,494)
Cash and cash equivalents at the start of the period	<u>3,971,816</u>	<u>4,028,310</u>
Cash and cash equivalents at the end of the period	<u>2,787,989</u>	<u>3,971,816</u>
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period	169,647	6,585,983
Adjustment for:		
Net gains on investments	(2,426,504)	(8,425,493)
Depreciation of tangible fixed assets	640,112	635,492
Retirement Benefits Scheme costs less contributions paid (note 21)	(197,000)	(173,000)
Interest received	(27,578)	(23,057)
Rent received from investment property	(2,968,548)	(3,034,190)
Decrease in debtors	978,558	(779,725)
Increase in creditors	<u>617,779</u>	<u>6,205</u>
Net cash (outflow) from operating activities	<u>(3,213,534)</u>	<u>(5,207,785)</u>
Analysis of cash and cash equivalents		
Cash in hand	1,868,145	3,056,975
Short term deposits	<u>919,844</u>	<u>914,841</u>
Total cash and cash equivalents	<u>2,787,989</u>	<u>3,971,816</u>

Notes to the Accounts

1 - Statement of Accounting Policies

Accounting policies

The Schools of King Edward VI in Birmingham (the "Foundation") is a charitable trust. The address of its registered office and principal place of business is given on page 4 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, are set out below.

Basis of accounting

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 (Charities SORP FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Foundation meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Foundation.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the accounting policy.

Monetary amounts shown in these financial statements are rounded to the nearest £1.

Income recognition

Fees and Similar Income

Fees receivable and charges for the use of premises and facilities are accounted for in the year in which the service is provided. Fees receivable are stated after deducting bursaries, scholarships and other remissions allowed by the Schools. Provisions are made for fees that are considered difficult to recover.

Rents and Letting income

Rental and Letting income is recognised as received or receivable in respect of the financial year.

Lease Incentives

Lease incentives, such as up-front cash payments, received from the lessee are treated as deferred income and are released on a straight line basis over the life of the lease.

Sales of interest in land

Sales of interests in land are recognised as income in the year of receipt and credited to the Endowment Fund – Capital. The receipts are amortised over the length of the lease and transfers made to the Endowment Fund – Income.

Investment Income

Income, in the form of fixed interest and equity dividends, is earned from investments held during the year, and recognised when receivable.

Donations and legacies

Donations and legacies are accounted for on a receivable basis when receipt is probable and the amount can be reliably measured.

Expenditure recognition

Liabilities are recognised when either a constructive or legal obligation exists. Expenditure is accounted for on an accruals basis. The irrecoverable element of VAT is included within the item of expense to which it relates.

Raising funds

The cost of generating funds consists of management costs and certain legal fees.

Grant making

Grant making costs shown on the Statement of Financial Activities include the costs associated with the activity and the support costs of the Foundation Office and are charged to the Endowment - Income Fund.

The Foundation provides annual grants to the two Independent Schools from the Endowment Fund – Income and small annual widening accessibility grants to all seven schools where sufficient funds are available.

Grants awarded to the Independent Schools are shown as a transfer from the Endowment – Income Fund to the School's Fund on the Statement of Financial Activities.

Costs of the Foundation Office (both governance and grant making) are not allocated to any other fund.

Operating lease costs are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Tangible fixed assets

Land, buildings, equipment and donated assets are capitalised as tangible fixed assets at historic cost, and accounted for in the Endowment Fund - Capital. Assets with a cost below £20,000 are not capitalised.

No depreciation is provided on freehold land, but other assets are depreciated on a straight line basis over their useful economic life, and charged to the Endowment – Capital Fund or Permanent & Expendable Endowment Fund.

Buildings - new 50 years

Buildings - refurbished: 10 years

Plant - 10 years

Vehicles - 5 years

Leasehold property - Length of lease

Assets in the course of construction are transferred to the above categories on completion and depreciated from the date the asset comes into use.

Historic assets have been excluded from the balance sheet as reliable cost information is not available and the historic cost is not believed to be material to the accounts.

Notes to the Accounts

1 - Statement of Accounting Policies *(continued)*

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date stated at closing mid-market value. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

The Charity does not acquire put options, derivatives or other complex financial instruments.

Investment properties are initially measured at cost and subsequently measured at fair value. The investment properties are valued every five years by the Land Agents to the Governors. A desktop revaluation is carried out on an annual basis.

No depreciation is charged on investment properties.

Impairments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. All impairment losses are recognised in the Statement of Financial Activities.

Debtors

Fees and other debtors which are receivable within one year are initially recognised at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Cash and bank balances

Cash and bank balances includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition.

Trade creditors and other liabilities

Trade creditors and other liabilities payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension schemes

Teaching staff are eligible to join the Teachers' Pension Scheme administered by the Department for Education. Eligible non-teaching staff may join the Defined Contribution Scheme. Contributions to the Teachers' Pension Scheme and the Defined Contribution Scheme are charged to the Statement of Financial Activities in the year they become payable.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Governors' Defined Benefit scheme

The Governors' Defined Benefit Pension Scheme, which was closed to new members in 2010, is valued every three years by a professionally qualified independent actuary, who determines the rates of contribution payable. The pension charge in the accounts represents the regular charge adjusted by amortisation of the pension scheme surplus or deficit.

The net gain/loss on the net defined benefit liability is recognised in the Statement of Financial Activities. The difference between the scheme liabilities and the scheme assets is recognised in the unrestricted fund.

Funds

Schools' Fund - An unrestricted fund which comprises the surpluses arising from the activities of the two Independent Schools - King Edward's School, and King Edward VI High School for Girls.

Designated Fund - The Governors exercise their discretion to make provision for future expenditure on specific projects of a non-recurring nature from which the Designated Fund is constituted.

Endowment Fund - This fund is used at the discretion of the Governors in furtherance of the objectives of the Foundation.

The fund comprises two elements. Capital, being the accumulation of capital gains derived from its investments, and Income, being the surplus arising from the income generated by its investments, after deduction of management costs and grant distributions to the schools.

On an annual basis, and in line with levels of realised and unrealised capital growth in the Endowment Fund Capital the Governors will approve a transfer if necessary to maintain a surplus balance on the Endowment fund Income. The fund is not restricted as a permanent endowment.

Notes to the Accounts

1 - Statement of Accounting Policies (*continued*)

Expendable Endowment Fund - The fund has been established by the receipt of donated funds, and has been used by Governors to part-finance the construction of a Performing Arts Centre for the benefit of King Edward VI High School for Girls and King Edward's School and for a new classroom block in King Edward's School.

Restricted Fund - This fund is a consolidation of a number of individual funds, all of which have restrictions placed on them regarding the expending of capital and/or income.

The policy on the fund's reserves can be found in the Governors' Report.

Operating Leases

Lessor - Rental income from operating leases is credited to the Statement of financial activities on a straight line basis over the term of the relevant lease. Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

Lessee - Rental paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Critical Accounting Estimates and Areas of Judgement

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

All significant estimates and assumptions are included in the relevant accounting policy.

The present value of the Governors' Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Foundation has included an estimated value of the cost of services (as disclosed in note 4) donated to the King Edward VI Academies. The value of services received by the Academies should be the value of the price that the Academy estimates it would pay in the open market. As it is not practical to measure the value of the services using an open market (fair value basis), SORP 2015 permits donated services received to be measured on the basis of the cost of the gift to the Academy from the Foundation. The cost has therefore been calculated based on an individual estimate of time spent by Foundation staff providing services to the school allocated across the salary costs (including provision for pension and national insurance), but excluding any provision for overheads. Support costs at the Foundation have therefore been allocated between educational support and grant making.

The investment property portfolio is externally valued once every five years, with an interim valuation each year. Property valuations are derived from the rental income received on the land or property owned together with the length of the lease. Further information is disclosed in note 7. Other property transactions, such as lease incentives are treated in accordance with the relevant accounting policy.

Going Concern

The Governors assess whether the use of the going concern basis for preparing the financial statements is appropriate and whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Governors have made this assessment in respect of a period of one year from the date of approval of the financial statements.

Notes to the Accounts

2 - Comparative information - Statement of Financial Activities

	Notes	Unrestricted Funds			Endowment	Permanent &	Restricted Fund	Total Funds
		Schools	Designated	Endowment	Fund Capital	Expendable		Year 2017
		Fund	Fund	Fund		Endowment		Year 2017
		£	£	£	£	£	£	
INCOME AND ENDOWMENTS FROM:								
Donations and legacies		14,617	-	-	-	2,035	16,652	
Charitable activities								
Fees receivable	3	13,805,589	-	-	-	-	13,805,589	
Ancillary trading income								
Catering income		792,373	-	-	-	-	792,373	
Extra-curricular activities		1,065,882	-	-	-	-	1,065,882	
Registration fees		35,980	-	-	-	-	35,980	
Other ancillary income		86,728	-	-	-	-	86,728	
Non-ancillary trading income								
Lettings		200,698	-	-	-	-	200,698	
Investments								
Rental income		-	-	3,034,085	-	105	3,034,190	
Investment income		-	-	905,820	-	49,111	985,294	
Bank and other interest		858	-	17,844	-	-	23,057	
Other income		<u>27,822</u>	<u>-</u>	<u>332,225</u>	<u>-</u>	<u>-</u>	<u>360,047</u>	
Total		<u>16,030,547</u>	<u>-</u>	<u>4,289,974</u>	<u>-</u>	<u>51,251</u>	<u>20,406,490</u>	
Expenditure on:								
Raising funds								
Investment management		-	-	158,588	158,588	-	317,176	
Estate management		-	-	180,211	-	-	180,211	
		<u>-</u>	<u>-</u>	<u>338,799</u>	<u>158,588</u>	<u>-</u>	<u>497,387</u>	
Charitable activities								
Education		18,335,101	10,538	1,922,552	534,231	124,388	21,023,613	
Grant-making		-	-	725,000	-	-	725,000	
		<u>18,335,101</u>	<u>10,538</u>	<u>2,647,552</u>	<u>534,231</u>	<u>124,388</u>	<u>21,748,613</u>	
Total		<u>18,335,101</u>	<u>10,538</u>	<u>2,986,351</u>	<u>692,819</u>	<u>124,388</u>	<u>22,246,000</u>	
Net gains on investments		-	-	-	5,769,830	353,850	6,206,845	
Net gains on investment properties		-	-	-	2,218,648	-	2,218,648	
Net (Expenditure)/Income		<u>(2,304,554)</u>	<u>(10,538)</u>	<u>1,303,623</u>	<u>7,295,659</u>	<u>280,713</u>	<u>6,585,983</u>	
Transfers between funds	17	2,168,135	50,000	(1,694,249)	(523,886)	(433,829)	-	
Other recognised gains/(losses):								
Actuarial gains/(losses) on defined benefit pension	21	-	-	557,000	-	-	557,000	
Net Movement in Funds		<u>(136,419)</u>	<u>39,462</u>	<u>166,374</u>	<u>6,771,773</u>	<u>(153,116)</u>	<u>7,142,983</u>	
Fund balances at 1 September 2016		1,202,908	703,639	741,695	132,959,475	10,414,948	147,275,577	
Fund balances at 31 August 2017		<u>1,066,489</u>	<u>743,101</u>	<u>908,069</u>	<u>139,731,248</u>	<u>10,261,832</u>	<u>154,418,560</u>	

Notes to the Accounts

3 - Fees Receivable

	2018 £	2017 £
Fees receivable comprise:		
Gross school fees (net of bad debts)	18,464,017	17,433,632
Less:		
Governors' Assisted Places Scheme	(2,154,334)	(2,607,000)
Scholarships, Remission & Staff Concessions	<u>(1,127,892)</u>	<u>(1,021,043)</u>
	<u>15,181,791</u>	<u>13,805,589</u>

Scholarships, bursaries and other awards were made to 566 pupils (2017: 543). Within this means tested bursaries totalling £2,154,334 were paid to 127 pupils (2017: £2,889,194 to 126 pupils)

4 – Analysis of total expenditure

(a) Total expenditure

	Staff cost	Depreciation	Other	Total 2018	Total 2017
Costs of generating funds					
Investment management	-	-	331,090	331,090	317,176
Estates management	<u>-</u>	<u>-</u>	<u>206,087</u>	<u>206,087</u>	<u>180,211</u>
Total costs of generating funds	<u>-</u>	<u>-</u>	<u>537,177</u>	<u>537,177</u>	<u>497,387</u>
Charitable expenditure					
Education and grant making					
Teaching	9,905,145	-	3,506,680	13,411,825	13,065,926
Welfare	477,106	-	494,604	971,710	778,575
Premises	965,594	640,112	2,075,886	3,681,592	3,372,733
Support costs and governance	3,354,289	-	744,625	4,098,914	3,710,912
Grants, awards and prizes	<u>-</u>	<u>-</u>	<u>126,261</u>	<u>126,261</u>	<u>95,467</u>
	<u>14,702,134</u>	<u>640,112</u>	<u>6,948,056</u>	<u>22,290,302</u>	<u>21,023,613</u>
Grant making					
Revenue grants to Academies	-	-	526,587	526,587	-
Donated services to Academies	666,346	-	-	666,346	660,000
Other	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>	<u>65,000</u>
	<u>666,346</u>	<u>-</u>	<u>596,587</u>	<u>1,262,933</u>	<u>725,000</u>
Total charitable expenditure	<u>15,368,480</u>	<u>640,112</u>	<u>7,544,643</u>	<u>23,553,235</u>	<u>21,748,613</u>
Total expended	<u>15,368,480</u>	<u>640,112</u>	<u>8,081,820</u>	<u>24,090,412</u>	<u>22,246,000</u>

(b) Governance included in support costs

	2018 £	2017 £
Remuneration paid to auditor for auditor services	35,580	31,440
Remuneration paid to auditor for other services	6,100	8,040
Reimbursement of expenses to Governors	<u>1,553</u>	<u>3,522</u>
	<u>43,233</u>	<u>43,002</u>

Travel expenses were paid to 4 (2017:10) Governors during the year.

Notes to the Accounts

5 – Staff costs

	Year 2018 £	Year 2017 £
Staff costs for the year are:		
Wages and salaries	12,229,596	11,617,077
Social security costs	1,288,665	1,148,786
Pension contributions – defined benefits	1,672,645	1,492,202
defined contribution	175,871	269,705
Pension payments to former staff	<u>1,703</u>	<u>1,704</u>
	<u>15,368,480</u>	<u>14,529,474</u>

The emoluments (excluding employer pension contributions) of full-time employees earning over £60,000 fell within the following bands:	2018 No.	2017 No.
£60,001 - £70,000	7	3
£70,001 - £80,000	6	6
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£100,001 - £110,000	-	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
£180,001 - £190,000	1	1

The total employee benefit including pension contributions payable to key management personnel of the charity was £843,105 (2017: £725,886).

Average head count (number of staff employed by the Charity) was as follows:

	Year 2018		Year 2017	
	Full-time	Part-time	Full-time	Part-time
Teaching	133	35	124	38
Education support	13	31	13	32
Maintenance, cleaning, catering and grounds	21	59	24	51
Administration	<u>43</u>	<u>26</u>	<u>42</u>	<u>25</u>
	<u>210</u>	<u>151</u>	<u>203</u>	<u>146</u>

Notes to the Accounts

6 - Tangible fixed assets

	Freehold Sites	Buildings	Asset in the course of construction	Plant and equipment	Total
	£	£	£	£	£
Cost at 1 September 2017	359,466	33,490,451	608,287	402,032	34,860,236
Additions	-	4,000	3,537,191	-	3,541,191
At 31 August 2018	<u>359,466</u>	<u>33,494,451</u>	<u>4,145,478</u>	<u>402,032</u>	<u>38,401,427</u>
Depreciation at 1 September 2017	-	9,768,361	-	339,736	10,108,097
Charge for the year	-	626,170	-	13,942	640,112
At 31 August 2018	-	<u>10,394,531</u>	-	<u>353,678</u>	<u>10,748,209</u>
Net book values					
At 31 August 2018	<u>359,466</u>	<u>23,099,920</u>	<u>4,145,478</u>	<u>48,354</u>	<u>27,653,218</u>
Net book values At 31 August 2017	359,466	23,722,090	608,287	62,296	24,752,139

7 - Investment property

Governors have agreed that a formal valuation will be carried out at least every five years, with desktop reviews in interim years. A desktop valuation was carried out at 31 August 2018 by GVA Grimley, acting as the Property Advisors to the Governors, with the investment portfolio valued at £56,815,326, based on open market value. The valuation was carried out in accordance with the guidelines set out by the Royal Institute of Chartered Surveyors.

	31 August 2018	31 August 2017
	£	£
Market value at 1 September 2017	61,843,926	55,784,350
Additions at cost	-	5,123,730
Net (losses)/gains on revaluation at 31 August 2018	(2,095,600)	1,310,746
Disposals of property during the year	<u>(2,933,000)</u>	<u>(374,900)</u>
Market value at 31 August 2018	<u>56,815,326</u>	<u>61,843,926</u>

It is not possible to provide an accurate historical cost of the property portfolio. A significant part of the portfolio was given as charter land at no cost, and costs are not available for acquisitions made some considerable time ago.

Notes to the Accounts

8 - Listed investments

Barclays Wealth is responsible for the day to day management of the listed investment portfolio.

Market Value	2018	2017
	£	£
Market value at 1 September 2017	71,126,935	68,394,239
Additions at cost	26,128,729	28,801,129
Disposal	(27,378,115)	(32,275,278)
Net gains on revaluation at 31 August 2018	<u>5,204,710</u>	<u>6,206,845</u>
	75,082,259	71,126,935
Cash at bank awaiting investment	<u>1,394,533</u>	<u>469,525</u>
Market value at 31 August 2018	<u>76,476,792</u>	<u>71,596,460</u>

Analysis of capital and income By type of investment

	Capital Market Value as at 31 August 18	Market Value as at 31 August 17
United Kingdom		
Fixed Interest	4,216,981	5,834,638
Overseas	<u>2,462,245</u>	<u>2,108,004</u>
	6,679,226	7,942,642
Overseas Equities	39,116,856	36,503,917
Overseas Bonds	6,472,933	9,867,682
Global Fund	7,053,064	7,129,664
Commodities	2,306,665	3,071,522
Hedge Funds	<u>13,453,515</u>	<u>6,611,508</u>
Sub total	75,082,259	71,126,935
Cash at bank awaiting Investment	<u>1,394,533</u>	<u>469,525</u>
Total investments at market value	<u>76,476,792</u>	<u>71,596,460</u>
Total investments (excl. cash) at cost	<u>50,518,556</u>	<u>57,994,180</u>

Notes to the Accounts

9 – Debtors

	31 August 2018 £	31 August 2017 £
Fees net of provision	237,252	269,273
Rents	115,995	187,713
Investment income	-	68,372
King Edward VI Sheldon Heath Academy	-	996,746
Prepayments and accrued income	<u>884,698</u>	<u>694,399</u>
	<u>1,237,945</u>	<u>2,216,503</u>

10 - Creditors: amounts falling due within one year

	31 August 2018 £	Restated 31 August 2017 £
Trade creditors	955,628	938,228
Other creditors	765,880	717,663
Accruals and deferred income	2,008,913	1,510,151
Pensions	269,219	278,185
Taxation and Social Security	524,679	427,498
Funds held on behalf of King Edward VI Academy Trust Birmingham	<u>760,574</u>	<u>787,887</u>
	<u>5,284,893</u>	<u>4,659,612</u>

	31 August 2018 £	31 August 2017 £
Amounts falling due within more than one year:		
Deferred Income	<u>1,100,170</u>	<u>1,107,672</u>

	31 August 2018 £	31 August 2017 £
Deferred Income		
Deferred Income at 1 September 2017	2,150,379	1,993,986
Resources deferred in the year	1,451,122	1,035,201
Amounts released from previous years	<u>(1,042,705)</u>	<u>(878,808)</u>
Deferred Income at 31 August 2018	<u>2,558,796</u>	<u>2,150,379</u>

Amounts deferred at 31 August 2018 and 31 August 2017 relate to fees received in advance of £967,153 (2017: £755,748), rents received in advance of £221,352 (2017: £205,854), trip income received in advance from parents of £262,618 (2017: £73,598) and upfront lease receipts of £1,107,674 (2017: £1,115,179) which are being released over the life of the lease of 150 years.

Notes to the Accounts

11 - Analysis of net assets between funds

	Schools	Designated	Endowment Income/Capital	Permanent and Expendable Endowment	Restricted	Total 31 August 2018
	£	£	£	£	£	£
Tangible fixed assets	-	-	20,253,159	7,400,059	-	27,653,218
Investment property	-	-	56,639,426	175,900	-	56,815,326
Investments	-	-	71,921,101	2,998,317	1,557,374	76,476,792
Net current assets	1,472,813	793,101	(3,345,044)	(266,310)	86,481	(1,258,959)
Long term creditors	-	-	(1,100,170)	-	-	(1,100,170)
Pension Scheme funding deficit	-	-	(3,490,000)	-	-	(3,490,000)
	<u>1,472,813</u>	<u>793,101</u>	<u>140,878,472</u>	<u>10,307,966</u>	<u>1,643,855</u>	<u>155,096,207</u>

	Schools	Designated	Endowment Income/Capital	Permanent and Expendable Endowment	Restricted	Total 31 August 2017
	£	£	£	£	£	£
Tangible fixed assets	-	-	17,128,346	7,623,793	-	24,752,139
Investment property	-	-	61,668,926	175,000	-	61,843,926
Investments	-	-	67,149,334	3,567,467	879,659	71,596,460
Net current assets	1,066,489	743,101	(4,617)	(1,104,428)	828,162	1,528,707
Long term creditors	-	-	(1,107,672)	-	-	(1,107,672)
Pension Scheme funding deficit	-	-	(4,195,000)	-	-	(4,195,000)
	<u>1,066,489</u>	<u>743,101</u>	<u>140,639,317</u>	<u>10,261,832</u>	<u>1,707,821</u>	<u>154,418,560</u>

12 - Designated fund

	2018 £	2017 £
Balance at 1 September 2017	743,101	703,639
Transfer of Funds designated for specific purposes:		
Schools – Minor works (note 17)	50,000	50,000
Funds paid or payable during the year:		
Performing Arts Centre expenditure	-	(10,538)
Balance at 31 August 2018	<u>793,101</u>	<u>743,101</u>

The balance in the Designated Fund at 31 August 2018 includes £456,993 (2017: £406,993) designated for School minor works; £259,083 (2017: £259,083) designated to support the seven Schools in Widening Accessibility and £77,025 (2017: £77,025) as an equipment and furniture replacement fund for the Performing Arts Centre.

Notes to the Accounts

13 - Schools' fund

	King Edward's School		King Edward VI High School For Girls		Total	Total
	Year 2018 £	Year 2017 £	Year 2018 £	Year 2017 £	Year 2018 £	Year 2017 £
Balance at 1 September 2017	<u>29,897</u>	<u>110,616</u>	<u>1,036,593</u>	<u>1,092,293</u>	<u>1,066,490</u>	<u>1,202,909</u>
Income	10,745,939	9,915,655	6,389,477	6,114,892	17,135,416	16,030,547
Expenditure	<u>(11,770,180)</u>	<u>(11,086,082)</u>	<u>(7,577,433)</u>	<u>(7,249,019)</u>	<u>(19,347,612)</u>	<u>(18,335,101)</u>
Net resources	(1,024,241)	(1,170,427)	(1,187,956)	(1,134,127)	(2,212,196)	(2,304,554)
Transfers between funds (note 17):						
Grants from the Foundation	1,473,733	1,441,254	1,194,787	1,193,149	2,668,520	2,634,403
Utilised for tangible fixed assets	-	(336,546)	-	(79,722)	-	(416,268)
To designated fund – as per note 12	<u>(15,000)</u>	<u>(15,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total transfers	<u>1,458,733</u>	<u>1,089,708</u>	<u>1,159,787</u>	<u>1,078,427</u>	<u>2,618,520</u>	<u>2,168,135</u>
Net movement	434,492	(80,719)	(28,169)	(55,700)	406,324	(136,419)
Balance at 31 August 2018	<u>464,389</u>	<u>29,897</u>	<u>1,008,424</u>	<u>1,036,593</u>	<u>1,472,813</u>	<u>1,066,490</u>

Notes to the Accounts

14 - Endowment fund

	Income £	Capital £	2018 £
Balance at 1 September 2017	<u>908,069</u>	<u>139,731,248</u>	<u>140,639,317</u>
Income	4,602,503	-	4,606,410
Expenditure	<u>(3,792,347)</u>	<u>(704,396)</u>	<u>(4,496,743)</u>
	<u>810,156</u>	<u>(704,396)</u>	<u>109,667</u>
Transfers:			
between other funds	(2,668,520)	-	(2,668,520)
within fund	<u>1,588,673</u>	<u>(1,588,673)</u>	<u>-</u>
	<u>(1,079,847)</u>	<u>(1,588,673)</u>	<u>(2,668,520)</u>
Investment gains	-	2,293,915	2,293,915
Actuarial gain/(loss) on defined benefit pension	<u>508,000</u>	<u>-</u>	<u>508,000</u>
Net movement in fund	<u>238,309</u>	<u>846</u>	<u>243,062</u>
Balance at 31 August 2018	<u>1,146,378</u>	<u>139,732,094</u>	<u>140,882,379</u>
	Income £	Capital £	2017 £
Balance at 1 September 2016	<u>741,695</u>	<u>132,959,475</u>	<u>133,701,170</u>
Income	4,289,974	-	4,289,974
Expenditure	<u>(2,986,351)</u>	<u>(692,819)</u>	<u>(3,679,170)</u>
	<u>1,303,623</u>	<u>(692,819)</u>	<u>610,804</u>
Transfers:			
between other funds	(2,989,787)	771,652	(2,218,135)
within fund	<u>1,295,538</u>	<u>(1,295,538)</u>	<u>-</u>
	<u>(1,694,249)</u>	<u>(523,886)</u>	<u>(2,218,135)</u>
Investment gains	-	7,988,478	7,988,478
Actuarial gain/(loss) on defined benefit pension	<u>557,000</u>	<u>-</u>	<u>557,000</u>
Net movement in fund	166,374	6,771,773	6,938,147
Balance at 31 August 2017	<u>908,069</u>	<u>139,731,248</u>	<u>140,639,317</u>

Notes to the Accounts

15 - Permanent and Expendable Endowment fund

	Performing Arts Centre	Other Donations	2018
	£	£	£
Balance at 1 September 2017	4,551,997	5,709,835	10,261,832
Funds received during the year			
Investment Income	-	94,239	94,239
Donations received	-	2,075	2,075
Expenditure during the year			
Depreciation	(101,261)	-	(101,261)
Teaching and Grants	-	(14,303)	(14,303)
Transfers	-	-	-
Investment gains	-	65,384	65,384
Balance at 31 August 2018	<u>4,450,736</u>	<u>5,857,230</u>	<u>10,307,966</u>
	Performing Arts Centre	Other Donations	2017
	£	£	£
Balance at 1 September 2016	4,653,258	5,761,690	10,414,948
Funds received during the year			
Investment Income	-	49,216	49,216
Donations received	-	2,035	2,035
Expenditure during the year			
Depreciation	(101,261)	-	(101,261)
Teaching and Grants	-	(23,127)	(23,127)
Transfer			
Reclassification of Restricted Funds	-	(433,829)	(433,829)
Investment gains	-	353,850	353,850
Balance at 31 August 2017	<u>4,551,997</u>	<u>5,709,835</u>	<u>10,261,832</u>

The Performing Arts Centre Expendable Endowment Fund is a separately identifiable fund set up as part of the terms of the donation to the Independent Schools.

The transfer in the prior year represents the reclassification of Permanently Endowed Funds to Restricted Funds following a review of funds.

Notes to the Accounts

16 - Restricted fund

	Funds brought forward at 1 September 2017	Income	Expenditure	Transfers (note 17)	Realised and Unrealised Gains	Funds carried forward at 31 August 2018
	£	£	£	£	£	£
Benjamin Cowie	481,244	9,236	(16,376)	-	9,922	484,026
The Webster Bequest	433,472	8,332	-	-	8,953	450,757
Special Funds	<u>793,105</u>	<u>15,156</u>	<u>(114,117)</u>	<u>-</u>	<u>14,928</u>	<u>709,072</u>
	<u>1,707,821</u>	<u>32,724</u>	<u>(130,493)</u>	<u>-</u>	<u>33,803</u>	<u>1,643,855</u>

Special funds are the following:

The Albion Trust Funds	33,367	-	-	-	-	33,367
The Margaret Davis Fund	214,983	-	(35,789)	-	-	179,194
Old Edwardian Association bursaries	95,423	-	-	-	-	95,423
Lee Childs fund	-	15,611	-	-	-	15,611
Other small funds	<u>449,332</u>	<u>(455)</u>	<u>(78,328)</u>	<u>-</u>	<u>14,928</u>	<u>385,477</u>
	<u>793,105</u>	<u>15,156</u>	<u>(114,117)</u>	<u>-</u>	<u>14,928</u>	<u>709,072</u>

	Funds brought forward at 1 September 2016	Income	Expenditure	Transfers (note 17)	Realised and Unrealised Gains	Funds carried forward at 31 August 2017
	£	£	£	£	£	£
Benjamin Cowie	429,570	7,953	-	-	43,721	481,244
The Webster Bequest	386,855	7,173	-	-	39,444	433,472
Special Funds	<u>436,487</u>	<u>19,592</u>	<u>(96,803)</u>	<u>433,829</u>	<u>-</u>	<u>793,105</u>
	<u>1,252,912</u>	<u>34,718</u>	<u>(96,803)</u>	<u>433,829</u>	<u>83,165</u>	<u>1,707,821</u>

Special funds are the following:

The Albion Trust Funds	97,405	12,887	(76,925)	-	-	33,367
The Margaret Davis Fund	228,366	1,248	(14,631)	-	-	214,983
Old Edwardian Association bursaries	95,423	-	-	-	-	95,423
Other small funds	<u>15,293</u>	<u>5,457</u>	<u>(5,247)</u>	<u>433,829</u>	<u>-</u>	<u>449,332</u>
	<u>436,487</u>	<u>19,592</u>	<u>(96,803)</u>	<u>433,829</u>	<u>-</u>	<u>793,105</u>

Notes to the Accounts

Benjamin Cowie	The bequest, received in 1982, is used to support pupils in financial need, subsidise activities, and meet leadership training costs for both masters and boys at King Edward's School.
The Webster Bequest	The fund was bequeathed to King Edward's School in 2000 and is used for the purpose of funding scholarships in the school.
Special Funds	This comprises of over 300 individual funds, providing prizes, grants and scholarships to pupils at the schools of the Foundation. They include the following;
The Albion Trust	The fund is to encourage students from inner city Birmingham to apply to King Edward VI Aston School for their compulsory or sixth form education. Income received after 1 September 2013 is shown within the financial statements of King Edward VI Aston School.
The Margaret Davis Funds	The fund was bequeathed to the Foundation to support an archiving project.
Old Edwardian Association bursaries	This is funds to private bursaries for pupils of King Edward's School.
Lee Child's Fund	This was a donation to be used to purchase books.

Notes to the Accounts

17 – Transfers to/(from funds)

	Schools Fund	Designated Fund	Endowment Fund Income	Endowment Fund Capital	Permanent & Expendable	Restricted Fund
	£	£	£	£	£	£
Revenue grant to the Schools from Endowment income fund	2,648,520	-	(2,648,520)	-	-	-
Contribution from Endowment Fund towards widening access programme	20,000	-	(20,000)	-	-	-
Funds set aside for specific projects	(50,000)	50,000	-	-	-	-
Amortisation of the capital receipts arising from sales of interests in land	-	-	209,536	(209,536)	-	-
Annual transfer as per accounting policy	-	-	<u>1,379,137</u>	<u>(1,379,137)</u>	-	-
Total transfers	<u>2,618,520</u>	<u>50,000</u>	<u>(1,079,847)</u>	<u>(1,588,673)</u>	-	-

	Schools Fund	Designated Fund	Endowment Fund Income	Endowment Fund Capital	Permanent & Expendable	Restricted Fund
	£	£	£	£	£	£
Revenue grant to the Schools from Endowment income fund	2,634,403	-	(2,634,403)	-	-	-
Funds set aside for specific projects	(466,268)	50,000	-	416,268	-	-
Amortisation of the capital receipts arising from sales of interests in land	-	-	209,538	(209,538)	-	-
Increase in pension liability	-	-	(355,384)	355,384	-	-
Annual transfer as per accountancy policy	-	-	1,086,000	(1,086,000)	-	-
Reclassification of special funds (note 15)	-	-	-	-	<u>(433,829)</u>	<u>433,829</u>
Year to 31 August 2017	<u>2,168,135</u>	<u>50,000</u>	<u>(1,694,249)</u>	<u>(523,886)</u>	<u>(433,829)</u>	<u>433,829</u>

Notes to the Accounts

18 - Related Party Transactions

The Foundation considers itself related to the King Edward VI Academy Trust Birmingham (Co. no.10654935). The Trust consists of eight academies of which five were initially established as Voluntary Aided Grammar Schools by the foundation. The Trust is considered a related party by virtue of the fact that the Foundation office provides finance, accounting, payroll and personnel, admissions support and governance services to the academies and the Foundation owns the land and buildings at the academies. There is a licence to occupy the land and buildings between the Foundation and the academies rent free. There is no charge made for the services provided by the Foundation but a small contribution was received during the year of £225,000 (2017: £50,000).

Transactions with the Trust during the year include:

	2018 £	2017 £
Income		
Costs incurred by Foundation and reimbursed by the Trust	175,939	449,825
Payroll costs incurred by Foundation and reimbursed	-	5,767,065
Contributions to the Foundation for services	225,000	50,000
Expenditure		
Grants paid/payable	596,587	50,000
Fees paid for KES Teachers training at KEC	5,820	11,200
Costs incurred by the Trust and reimbursed by the Foundation	-	62,329
Payments from restricted funds	31,169	44,419
Other income received and passed over to Trust	16,710	24,580

At the year end there were the following balances held in the balance sheet:

	2018 £	2017 £
Debtor at year end	-	194,121
Creditor at year end	(1,160,574)	(861,423)

The creditor balances include the sum of £760,574 (2017: £787,887) which relates to restricted funds held on behalf of the Trust.

(Note that the 2017 figures relate to the total transactions of the academies pre the consolidation into the Trust on 1 September 2017. In the 2017 accounts the Foundation considered these academies to be related parties for the same reason they consider the Trust to be this year)

The Chief Master (to 31 August 2018) and a Co-Opted Governor are also trustees of King Edward's School Birmingham Trust (Charity no: 1129776). The Trust provides King Edward's School with funding for Assisted Places. During the year the Foundation charged the Trust £684,478 (2017: £632,262). The Trust paid the Foundation £684,478 (2017: £579,798).

The Principal and two Governors are also trustees of The King Edward VI High School for Girls Birmingham Trust (Charity no: 1159413). The Trust was set up during 2014/15 to provide King Edward VI High School for Girls with funding for Assisted Places. During the year the Foundation charged the Trust £169,868 (2017: £45,753). The Trust paid the Foundation £185,900 (2017: £45,753).

Development Funding and Finance services are also provided by King Edward's School to the two Trusts. No charge is made for the services provided. The cost of the Development Team for the year at King Edward's School was £95,743 (2017: £94,970) and £120,072 (2017: £71,400) at King Edward VI High School for Girls.

Dr B Henley is a Director of Service Birmingham Limited. During the year £156 (2017: £193) was paid to the organisation. There were no amounts outstanding at the end of the year (2017: £nil).

Notes to the Accounts

19 – Operating leases

The total future minimum lease payments under non-cancellable operating leases are set out below:

	31 August 2018 £	31 August 2017 £
Within one year	55,207	92,018
Between two and five years	92,186	69,066
Over five years	<u>-</u>	<u>2,507</u>
	<u>147,393</u>	<u>163,591</u>

The costs during the year included in charitable expenditure was £72,497 (2017: £31,321).

The total future minimum lease income from investment property rent under non-cancellable operating leases are set out below:

	31 August 2018 £	31 August 2017 £
Within one year	2,187,485	2,261,965
Between two and five years	7,576,012	8,254,576
Over five years	<u>173,293,716</u>	<u>183,481,392</u>
	<u>183,057,213</u>	<u>193,997,933</u>

The amount of rental income recognised in the year is £2,968,548 (2017: £3,034,085).

20 – Capital commitments

	31 August 2018 £	31 August 2017 £
At the year end capital commitments were:		
Contracted but not provided for	<u>1,236,000</u>	<u>-</u>

21 – Pension and similar obligations

Employees belong to two principal defined benefit pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and The Schools of King Edward the Sixth Retirement Benefit Scheme ("the Scheme") for non-teaching staff. Both are multi-employer benefit schemes. A further defined contribution pension scheme is in operation for non-teaching staff since April 2010.

Notes to the Accounts

21 – Pension and similar obligations (*continued*)

In addition to the aforementioned Schemes, the Governors provide discretionary unfunded pensions out of general income. These amounted to £1,704 in the year ended 31 August 2018 (2017: £2,328).

Defined contribution scheme

New staff, or those staff who had been eligible but had not joined the defined benefits scheme are eligible to participate in a defined contribution scheme, administered by Scottish Widows. By 31 August 2018, 99 members of staff had joined (2017: 79). The employer contributions for the defined benefit contribution scheme totalled £175,871 (2017: £269,705) based on rates of up to 8%. At year end £54,645 (2017: £22,667) was payable to the scheme and included within creditors.

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 £1,212,621 (2017: £1,161,713) and at the year end £164,769 (2017: 158,926) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2019 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate from the TPS of 16.4% from 1 September 2015. Employers are also currently 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 completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department of Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Action 2013 mean public sector workers will be improved pension benefits for employment over the period April 2018 to March 2023.

The Schools of King Edward VI in Birmingham Retirement Benefit Scheme

Other staff of the Independent Schools and Foundation Office have been eligible to join a defined benefits Scheme operated by the Governors of the Foundation. In March 2010 the Governors took the decision to close the Governors' Pension Scheme to new members.

The actuarial valuation of the Scheme as at 31 March 2018 showed a funding shortfall. The funding shortfall is expected to be eliminated in 4.3 years after the date this recovery plan commenced i.e. by 31 December 2022.

Notes to the Accounts

21 – Pension and similar obligations (*continued*)

Period	Foundation Contributions towards the shortfall
1 January 2019 to 31 December 2019	£30,000 per month
1 January 2020 to 31 December 2020	£30,900 per month
1 January 2021 to 31 December 2021	£31,830 per month
1 January 2022 to 31 December 2022	£32,780 per month

From 1 April 2019, as a result of the 2018 valuation, the employer contributions rate was set at 18% with Scheme expenses being paid by the Foundation and not the Scheme Fund.

The Scheme is known as the Schools of King Edward VI in Birmingham Retirement Benefits Scheme (the Scheme). The Scheme provides benefits based on salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined benefit schemes operated by the Foundation.

The Scheme is subject to the Statutory funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Foundation must agree with the Trustees of the Scheme the contributions to be paid to meet any shortfall against the Statutory Funding Objective and to pay for the future accrual of benefits.

The Foundation expects to contribute £577,000 to the Scheme during the year to 31 August 2019.

The Scheme is managed by a board of Trustees appointed in part by the Foundation and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

There were no plan amendments, curtailments or settlements during the period.

Notes to the Accounts

21 – Pension and similar obligations *(continued)*

The principal assumptions used to calculate Scheme liabilities include:

	31 August 2018	31 August 2017
Discount rate	2.75%	2.60%
Inflation assumption (RPI)	3.10%	3.20%
Inflation assumption (CPI)	2.30%	2.40%
Salary increases	3.00%	3.00%
Pension increase (RPI capped at 5% pa)	3.10%	3.20%
Pension increase (CPI capped at 5% pa)	2.30%	2.40%
Post retirement mortality assumption	S2NA table with CMI 2017 year of birth projections and long term rate of improvement of 1% pa	S2NA tables with CMI 2016 year of birth projections and long term rate of improvement of 1% pa
Early retirements	40% of active members who joined pre 2007 are assumed to retire at age 60, remainder at age 65	40% of active members who joined pre 2007 are assumed to retire at age 60, remainder at age 65
Tax free cash	80% of members are assumed to take 25% of their pension as tax free cash	80% of members are assumed to take 25% of their pension as tax free cash

Notes to the Accounts

21 – Pension and similar obligations (*continued*)

Under the adopted mortality tables, the future life expectancy at 65 is as follows:

	31 August 2018	31 August 2017
Male currently aged 45	88.1	88.2
Female currently aged 45	87.0	87.1
Male currently aged 65	90.2	90.3
Female currently aged 65	89.0	89.1

The School's share of the assets in the scheme:

Asset category	31 August 2018	31 August 2017
	£,000	£,000
Equities and other growth assets	6,890	6,143
Gilts & Bonds	5,039	5,098
Cash	<u>541</u>	<u>751</u>
Total	<u>12,470</u>	<u>11,992</u>

The actual return on the Scheme's assets net of expenses over the period to the Review Date was £265,000 (2017: £840,000) i.e. + 2% of the asset value (2017: + 7% of the asset value). The assets do not include any investments linked to the Foundation.

Notes to the Accounts

21 – Pension and similar obligations (*continued*)

Amounts recognised in the Balance Sheet at 31 August 2018

Asset category	Value at 31 August 2018 £	Value at 31 August 2017 £
Fair Value of assets	12,470,000	11,992,000
Present value of Scheme Liabilities	<u>(15,960,000)</u>	<u>(16,187,000)</u>
Deficit	<u>(3,490,000)</u>	<u>(4,195,000)</u>

Amounts recognised in the Statement of financial activities over the year

	Value at 31 August 2018 £	Value at 31 August 2017 £
Current service cost	263,000	280,000
Net interest cost	101,000	102,000
Administration costs	-	-
Past Service cost	<u>-</u>	<u>-</u>
Total	<u>364,000</u>	<u>382,000</u>

Notes to the Accounts

21 – Pension and similar obligations *(continued)*

Reconciliation of Assets and Defined Benefit Obligation

	Value at 31 August 2018 £	Value at 31 August 2017 £
The change in the assets over the period was:		
The movement in assets over the period was:		
Fair value of assets at the beginning of the period	11,992,000	11,755,000
Interest on assets	315,000	260,000
Foundation contributions	561,000	555,000
Contributions by Scheme participants	60,000	67,000
Benefits paid (including expenses)	(408,000)	(482,000)
Return on plan assets	<u>(50,000)</u>	<u>(163,000)</u>
Fair value on assets at the end of the period	<u>12,470,000</u>	<u>11,992,000</u>
The change in the Defined Benefit Obligation over the period was:		
Defined Benefit Obligation at the beginning of the period	16,187,000	16,680,000
Current service cost	263,000	280,000
Contributions by Scheme participants	60,000	67,000
Interest cost on liabilities	416,000	362,000
Benefits paid	(408,000)	(482,000)
Actuarial (gain)/loss on defined benefit obligation	<u>(558,000)</u>	<u>(720,000)</u>
Defined Benefit Obligation at the end of the period	<u>15,960,000</u>	<u>16,187,000</u>

Notes to the Accounts

22 – Financial Instruments

	Value at 31 August 2018 £	Value at 31 August 2017 £
Financial assets		
Debt instruments measured at amortised cost	4,677,196	5,963,445
Equity instruments measured at fair value through the profit & loss	<u>75,082,259</u>	<u>71,126,935</u>
	<u>79,810,043</u>	<u>77,090,380</u>
Financial liabilities:		
Debt instruments measured at amortised cost	<u>3,290,069</u>	<u>3,189,409</u>
	<u>3,290,069</u>	<u>3,189,409</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, fee debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, and funds held on behalf of King Edward Academy VI Trust Birmingham.

Note: the prior comparatives have been restated to correct presentation.

The Foundations income, expense, gains and losses in respect of financial instruments are summarised below:

	Value at 31 August 2018 £	Value at 31 August 2017 £
Total investment income for financial assets measure at fair value through income and expenditure	1,157,417	985,294
Net gains on financial assets measured at fair value through income and expenditure	5,204,710	6,206,845
Impairment losses on financial assets measured at amortised cost	<u>27,760</u>	<u>13,415</u>

Statement of Governors' Responsibilities

The Governors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Governors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity Law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 charity will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Governors on 27 March 2019, and signed on its behalf by:



Mr P Burns
Chairman



Mr B Matthews
Bailiff

Independent auditor's report to the Governors of the Schools of King Edward VI in Birmingham

Opinion

We have audited the financial statements of The Schools of King Edward VI in Birmingham for the year ended 31 August 2018 which comprise the statement of financial activities, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2018 and of incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements 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 related 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 Charity'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.

Other Information

The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: Chairman's Statement, Statement of Values, Governors' Report and Statement of Governors' Responsibilities. 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.

Independent auditor's report to the Governors of the Schools of King Edward VI in Birmingham

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Governors' Responsibilities, the Trustees 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 determines 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 Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to the Governors of the Schools of King Edward VI in Birmingham

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
Date 4 April 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).