

King Edward VI Handsworth School
Financial statements
for the year ending 31 March 2010

DCSF No. 330/5404

King Edward VI Handsworth School
REPORT OF THE GOVERNORS: YEAR ENDED 31 MARCH 2010

1. INTRODUCTION

The Governors of King Edward VI Handsworth School present their Annual Report on the School's finances together with the audited financial statements and the external auditors' report for the year ended 31 March 2010.

Although there is no formal requirement to produce audited financial statements, the Governors believe that this is a good discipline which helps them to fulfill their responsibilities.

2. PRINCIPAL ACTIVITY AND STATUS OF THE SCHOOL

The principal activity is the provision of secondary education.

The School (DCSF number 330/5404), is a selective voluntary-aided single-sex school for girls aged 11 - 18. The total number of pupils on roll in January 2010 was 906 (907 in 2009, 908 in 2008).

3. MEMBERSHIP OF THE GOVERNING BODY

The following Governors have held office in the year to 31 March 2010:

<u>Governor</u>	<u>Term of Office</u> <u>Expires/Expired</u>
Mr R A Mansell (Chairman of Governors)	31 March 2011
Mrs C Hitchings (Vice-Chairman Foundation Governor)	24 September 2010
Mr P Cotterill (Foundation Governor)	31 July 2011
Dr L G Earwaker (Foundation Governor)	31 July 2011
Mrs S Grant (Foundation Governor)	23 September 2012
Professor W T Norris (Foundation Governor)	28 July 2012
Mr G P Thomas (Foundation Governor)	28 July 2012
Mr D Gidden (Foundation Appointed Parent Governor)	29 May 2011
Mr P Roberts (Foundation Appointed Parent Governor)	27 November 2011
Mrs S Roberts (Foundation Appointed Parent Governor)	27 November 2011
Mrs J Adams (Elected Parent Governor)	5 November 2013
Mr P Powell (Elected Parent Governor)	2 November 2010
Mr L S Virk (Elected Parent Governor)	4 December 2012
<i>Mr I Parry (Elected Staff Governor)</i>	<i>27 September 2009</i>
Mr I Allmark (Elected Staff Governor)	21 May 2011
Rev'd P Challis (Elected Staff Governor)	13 October 2013
Miss A Lloyd (Elected Staff Governor)	17 October 2011
Mr J Cammish (LA Nominated Governor)	31 August 2011
Miss E V Insch OBE (Headteacher)	<i>Ex Officio</i>

4. CLERK TO THE GOVERNORS/RESPONSIBLE OFFICER

Mr J E Collins is Clerk to the Governors. He also holds the position of Responsible Officer.

His address is: Foundation Office, Schools of King Edward the Sixth in Birmingham, Edgbaston Park Road, Birmingham B15 2UD.

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5. STATEMENT OF GOVERNORS' FINANCIAL RESPONSIBILITIES

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure the financial returns, as required by the Local Authority (LA), can be provided. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Governors have also prepared formal financial statements on the basis of the accounting policies on Page 9.

In preparing the School's financial statements the Governors have:

- * selected suitable accounting policies and procedures consistent with the LA guidance, and applied those policies consistently;
- * made judgements and estimates that are reasonable and prudent; and
- * prepared the financial statements on the going concern basis.

The LA guidance on financial policies and procedures can be found in its "Schools Financial Procedures Manual" as they apply to "Cheque Book Schools" as defined in the Manual.

6. REVIEW OF THE YEAR

A summary of the financial results for the year is set out on page 5 of this document and shows a surplus of £179,352 this year. The movement within funds is detailed in Note 7.

The Income and Expenditure Account shows that public revenue income increased significantly compared with the previous year. Funds delegated by the LEA, funding from the Learning and Skills Council (LSC) for sixth form students, and Standards Fund grants taken together have resulted in an increase to recurrent funding by £143,061 (3.39%). The settlement includes a factor to cover pay awards and inflation. Leadership Incentive Grant (£135,000 in 2005/06) was aimed at raising standards at Key Stage 3 and GCSE in particular by increasing collaboration between schools and focusing on the support of schools causing concern so that they can meet "floor targets" eg percentage of pupils achieving 5 or more GCSE passes at grades A-C. This grant is now being phased out – transitional relief in 2009/10 amounted to £30,441 which is some 70% of the 2008/09 figure.

Staff costs have risen by only 2% in 2009/10 due principally to staff reductions partly offset by incremental drift under teacher's pay arrangements and workforce reform – teaching staff are "rarely" asked to provide cover.

The School has received a direct "Schools Standards Grant" (SSG) which has risen from £143,494 to £145,911. The money has come from DCSF via the LA with a strict instruction to be passed on 100% to schools. This has been seen as a possible model for a future funding régime which guarantees a level of funding for all schools but although future reforms may move closer to this position for all schools, currently only Academies benefit from such methodology.

The net capital spending undertaken in 2009/10 totalled £177,689 financed by publicly-funded grants. Projects related to: Electricity Supply upgrade £75,443; Centenary Library Investigative works £49,378; Fire Safety work £27,132; Dining Hall Lighting £8,832.

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REPORT OF THE GOVERNORS: YEAR ENDED 31 MARCH 2010

The School has continued its investment in Information Communication Technology (ICT) with some £116,285 spent on ICT learning resources in 2009/10.

The School has a full pupil roll and its enormous popularity was again evidenced by the demand for places which far exceeds supply. At age 11 there were 740 applicants who had the School as their preferred choice competing for 128 places. Examination results continue to be outstanding with pass rates of 69.1% (grades A*-A) at GCSE and 87.8% (grades A-B) at 'A' Level excluding General Studies, which place the School prominently in national league tables. Staff and pupils are to be commended for their achievements.

The Governors have closely monitored national and local political developments relating to the status of the School, its character, funding and curriculum.

The Governors would like to thank all members of the School, the parents, the King Edward Foundation, and the Handsworth Old Edwardian Association for their support and encouragement. In particular thanks go to all of those who have made a donation to the "Centenary Library Appeal".

7. FUTURE DEVELOPMENTS

The Governors have been encouraged that the new funding regime introduced from April 2003 and the significant increase in Schools Standards Grant, are changes which have helped to ensure that more money reaches the classroom.

The settlement for the year 2010/11 reveal something of a slow down in funding per pupil. Given the state of public finances the likelihood is that funding from April 2011 will be further restricted. The biggest challenge facing the senior management team and Governors will be to manage a budget reduced as financial constraints begin to impact. It will continue to be difficult to fund: the impact of workforce reform ensuring teaching staff are "rarely" required to provide cover; and the reforms to non-teaching staff pay which have resulted from the implementation of the new "single status" terms and conditions of employment. Governors would encourage further delegation to schools for those schools which seek, and can manage, such increased delegation to ensure sustained investment directly into the process of teaching and learning. This would help to mitigate the likely reduction in overall education spending. In this regard the recent announcement that outstanding schools can apply for academy status is of particular interest to Governors and will be explored.

It has been possible for schools in receipt of Leadership Incentive Grant, such as Handsworth, to utilise this Grant to implement workforce reform. The loss of Leadership Incentive Grant after 2005/06 was cushioned, as stated above, by the provision of a transitional relief grant of £30,441 in 2009/10. Further relief of £17,395 is due to be received in 2010/11 but it is understood that such relief will be phased out by 2011/12.

The implementation of "performance related pay" has differed substantially from the Government's vision. The single criterion of "substantial and sustained" performance, which was the key to staff crossing the threshold from the main teaching pay scale to the first point of the upper pay scale has also facilitated automatic progression to the top (third) point of the scale. This may have lead to funding difficulties, but these post-threshold pay increases have been financed by specific grant until 2006/07 when a formula element was added to the LA funding formula. This was adequate to cover costs and continues.

The Governors will continue to seek every opportunity to maintain and develop the School's facilities to the highest possible standard. For 2010/11 the School's priority for major capital development relates to: the Centenary Library project. The Governors also recognise that work is required to the Music Centre roof but without grant aid this project cannot be undertaken.

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The Governors will also need to consider the future of 16-19 education at the School given the diversity of the options for post 16 provision: continue with newly-reformed A levels; the introduction of Diplomas; and the increasing popularity and credibility of the International Baccalaureate. The School will need to determine which option will provide the most appropriate challenge for sixth form pupils and provide the best route for entry into their preferred University.

Given the tremendous reputation of the School, its achievements, and the continued affection and support demonstrated by the people of Birmingham, the Governors face the future with confidence that further successes can be achieved. The opportunities presented by the Performing Arts and Science College specialisms will increase and enhance the School's position in the wider community. Above all, it is the possibility of greater autonomy under the academies initiative that has the potential for the greater impact on the School's financial development.

8. AUDITORS

Our auditors, Baker Tilly UK Audit LLP, have expressed their willingness to continue in office. A resolution confirming the appointment of auditors was passed at the last Governors' Meeting.

Signed.....

Date 21 June 2010

CHAIRMAN OF GOVERNORS

King Edward VI Handsworth School

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2010

	2010	2009
	£	£
INCOME		
Funds delegated by the LEA	2,895,071	2,855,271
Funding for sixth form students	1,155,612	1,092,100
SEN Funding	Nil	Nil
Standards Fund	312,130	272,381
Other grants and payments	77,780	47,825
Income from facilities/services	87,949	116,502
Income from catering	93,736	93,910
Income from contributions to visits	189,999	224,686
Donations/private funds	8,274	26,380
	<hr/>	<hr/>
	4,820,551	4,729,055
	<hr/>	<hr/>
Capital Grants		
Capital income	162,183	165,035
Private income	Nil	68,234
	<hr/>	<hr/>
	162,183	233,269
	<hr/>	<hr/>
TOTAL INCOME	4,982,734	4,962,324
TOTAL EXPENDITURE – see page 6	(4,803,382)	(4,971,347)
	<hr/>	<hr/>
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE	179,352	(9,023)
BALANCE B/F FROM PREVIOUS YEAR	198,320	207,343
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BALANCE C/F TO NEXT YEAR	377,672	198,320
	=====	=====

The notes to the accounts form part of the Income and Expenditure Account.

King Edward VI Handsworth School

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2010

EXPENDITURE	£	2010	2009
		£	£
Staff Costs			
Teaching staff	2,568,129	2,494,253	
Supply staff	43,826	65,157	
Educational support staff	290,391	273,501	
Premises staff	221,908	215,841	
Administration & clerical staff	212,194	215,856	
Catering staff	100,338	97,542	
Cost of other staff	19,823	18,940	
Indirect employee expenses	22,808	26,625	
Staff development & training	28,004	29,202	
Staff related insurance	11,361	10,880	
		3,518,782	3,447,797
Premises Revenue			
Building maintenance & improvement	67,686	107,654	
Grounds maintenance & improvement	21,346	26,174	
Water & sewerage	10,722	7,978	
Energy	81,897	113,446	
Rates	21,867	15,161	
Other occupation costs	54,018	48,634	
Capital			
New construction, conversion & renovation	177,689	209,790	
Vehicles, plant, equipment & renovation	Nil	23,479	
		435,225	552,316
Educational Supplies & Services			
Learning resources (not ICT)	431,365	536,152	
ICT learning resources	116,285	108,447	
Exam fees	134,401	122,434	
		682,051	767,033
Other Supplies & Services			
Administrative supplies	65,824	69,475	
Other insurance premiums	35,717	32,450	
Special facilities	5,939	7,000	
Catering supplies	45,305	73,437	
Bought in professional services	14,539	21,839	
		167,324	204,201
TOTAL EXPENDITURE		4,803,382	4,971,347

King Edward VI Handsworth School

BALANCE SHEET AT 31 MARCH 2010

	<i>Notes</i>	2010	2009
		£	£
CURRENT ASSETS			
Debtors	4	54,561	123,132
Cash in office, at bank and deposits	5	576,237	438,086
		<u>630,798</u>	<u>561,218</u>
CURRENT LIABILITIES			
Creditors		226,726	335,998
Accruals and deferred income		26,400	26,900
	6	<u>253,126</u>	<u>362,898</u>
NET CURRENT ASSETS		<u>377,672</u> =====	<u>198,320</u> =====
REPRESENTED BY			
Public funds	7	362,278	182,965
Private funds	7	15,394	15,355
		<u>377,672</u> =====	<u>198,320</u> =====

Approved by the Governing Body on 9 June 2010 and signed on its behalf on 21 June 2010 by:

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Signed

Mr R A Mansell **Chairman of Governing Body**

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Signed

Miss E V Insch **Principal Finance Officer**

The notes to the accounts form part of the Balance Sheet.

King Edward VI Handsworth School

CASH FLOW STATEMENT - YEAR ENDING 31 MARCH 2010

	2010		2009	
	£	£	£	£
Net cash inflow from operating activities		136,177		28,259
Net cash inflow from returns on servicing of finance				
Interest received		1,974		14,668
Investing activities				
Capital grants:				
LCVAP boiler replacement		Nil		53,730
DDA grant		7,751		Nil
Formula capital grant		154,431		111,305
Capital grant related expenditure		<u>(162,182)</u>		<u>(165,035)</u>
Net cash inflow from investing activities		<u>Nil</u>		<u>Nil</u>
Increase in cash		<u>138,151</u>		<u>42,927</u>
Reconciliatory Note				
Income and Expenditure Account Surplus/(Deficit) for the period		179,352		(9,023)
Interest receivable		(1,974)		(14,668)
Decrease in debtors		68,571		130,980
Decrease in creditors		<u>(109,772)</u>		<u>(79,030)</u>
		<u>136,177</u>		<u>28,259</u>

King Edward VI Handsworth School

NOTES TO THE ACCOUNTS - YEAR ENDING 31 MARCH 2010

1. Accounting Policies

a. Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

b. Capital income and related expenditure

Capital funding received and the related expenditure incurred are shown in the Income and Expenditure Account on a separate financial statement line. The funding may be received from public sources, or in the form of private income from the Foundation of the Schools of King Edward the Sixth in Birmingham or from specific building Appeal Funds

The funding received in the period is matched against capital expenditure incurred in the period, or deferred on the Balance Sheet and made available for funds in the subsequent period.

Capital expenditure incurred in the period but not matched by capital income, is funded from revenue sources or reserves.

c. Operating Leases

Operating lease costs are charged to the accounts over the period of the lease.

d. Value Added Taxation

From 1 April 1999 the school has been registered for Value Added Tax, utilising the registration of Birmingham City Council.

King Edward VI Handsworth School

NOTES TO THE ACCOUNTS - YEAR ENDING 31 MARCH 2010

	2010	2009
2. Staff Costs		
The average number of full time equivalent staff employed during the period is shown below:		
Teaching staff	58	60
Educational support staff	13	14
Other staff	30	30
	<u>101</u>	<u>104</u>
	=====	=====
	£	£
Staff costs during the period, including pension contributions, were as follows:		
Teaching and supply staff	2,611,955	2,559,410
Educational support staff	290,391	273,501
Other staff	554,263	548,179
Other employment expenses	62,173	66,707
	<u>3,518,782</u>	<u>3,447,797</u>
	=====	=====
Staff costs during the period comprise:		
Wages and salaries	2,899,345	2,838,512
Social security costs	205,795	201,278
Other pension costs	351,469	341,300
Other employment costs	62,173	66,707
	<u>3,518,782</u>	<u>3,447,797</u>
	=====	=====
3. Total expenditure		
Total expenditure includes the following:		
Operating lease rentals	15,117	14,336
External auditor's fees		
Audit fees	2,592	2,517

Indemnity insurance

Building and contents (including consequential loss)

27,325

24,042

Employers' and public liability

17,332

17,140

Vehicles

2,421

2,147

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NOTES TO THE ACCOUNTS - YEAR ENDING 31 MARCH 2010

	2010	2009
	£	£
4. Debtors		
Sundry Debtors	9,885	29,659
Due from Local Authority	23,134	17,578
Due from Department for Education	Nil	7,661
Due from Foundation	21,542	68,234
	<hr/>	<hr/>
	54,561	123,132
	=====	=====
5. Cash in office, at bank and deposits		
Cash in office	350	350
Bank current account	3,827	24,760
Bank interest bearing accounts	572,060	412,976
	<hr/>	<hr/>
	576,237	438,086
	=====	=====
6. Creditors		
Sundry creditors	226,726	335,998
Accruals	26,400	26,900
	<hr/>	<hr/>
	253,126	362,898
	=====	=====

King Edward VI Handsworth School

NOTES TO THE ACCOUNTS - YEAR ENDING 31 MARCH 2010

	Public Funds £	Private Funds £	Total £
7. Funds			
Balance at 1 April 2009	182,965	15,355	198,320
Transfers from funds to Income and Expenditure account	Nil	Nil	Nil
Transfers to funds from Income and Expenditure account	179,313	39	179,352
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2010	362,278	15,394	377,672
	=====	=====	=====
	2010		2009
	£		£
8. Financial commitments			
(a) Capital commitments			
At the end of the period capital commitments were:			
Contracted for but not provided for	Nil		Nil
Authorised but not contracted for	32,700		Nil
(b) Operating lease commitments			
The annual commitments under operating leases are analysed according to the period in which the lease expires, as follows:			
Within one year	4,537		1,568
Between two and five years	6,528		11,794
After five years	Nil		Nil
	<hr/>		<hr/>
	11,065		13,362
	<hr/>		<hr/>
9. Events after the year end			
No significant events have occurred since the year-end which would have affected the interpretation of these financial statements.			
10. Contingent liabilities			
There are no contingent liabilities at the year-end.			
11. Transactions with Governors			
No Governor received any remuneration or other benefits. Expenses of £210 (2009 - £208) were reimbursed during the period.			