

**Company Registration No. 07611347 (England and Wales)**

**QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 AUGUST 2015**

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## CONTENTS

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	<b>Page</b>
Reference and administrative details	1 - 2
Governors' report	3 - 12
Governance statement	13 - 15
Statement on regularity, propriety and compliance	16
Statement of governors' responsibilities	17
Independent auditor's report on the financial statements	18 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities incorporating income and expenditure account	22
Balance sheet	23
Cash flow statement	24
Notes to the financial statements	25 - 44

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# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Members**  
**(As appointed by The Queen Mary's**  
**Schools' Foundation)**

Vivian Fairbank  
Philip Sturrock MBE  
John Vallance  
John Punch  
Rebecca Hearsey  
Susan Blakemore  
June Aubrook  
Peter Stretton  
William Stephens

**Governors**  
**Foundation Governors**

Philip Sturrock MBE (Chairman)  
Jane Bonner  
John Punch  
Melanie Crooks  
John Vallance  
John Wood  
James Wolffsohn  
Jaswinder Dhillon  
Paul Lee (Appointed 12 March 2015)  
Neil Moseley (Appointed 12 March 2015)  
Timothy Lawrence (Appointed 12 March 2015)  
Ashvin Patel

**Staff Governors**

Timothy Swain (Headmaster)  
Michael Lax (Resigned 19 July 2015)  
Kevin Parker  
Alexander Hudson (Appointed 1 September 2015)

**Parent Governors**

Jonathan Pepper  
Karen Reid (Appointed 12 March 2015)

During the year Messrs Swain, Lax, Patel, Parker, Pepper, Lee and Moseley, and Ms Crooks were members of the Finance committee. Messrs Swain, Patel, Punch, Lax, Parker, Pepper, Lee and Moseley, and Ms Crooks were members of the Property committee. Messrs Swain, Vallance, Wolffsohn, Parker, Pepper and Lawrence and Dr Dhillon, Mrs Bonner and Mrs Reid were members of the Pastoral and Curriculum committee.

**Senior leadership team**

- Headmaster Timothy Swain  
- Finance and Business Director Philip Lines  
- Deputy Head Richard Langton  
- Deputy Head Deborah Wood (Resigned 31 August 2015)  
- Assistant Head Mark Donnan  
- Assistant Head Michael Lax (Appointed 1 September 2015)  
- Assistant Head Ram Saran (Appointed 1 September 2015)  
- Assistant Head Rebecca Roberts-Gawen (Appointed 1 September 2015)

**Secretary and clerk**

Charles Underwood

**Company registration number**

07611347 (England and Wales)

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Principal address</b>	Sutton Road Walsall West Midlands WS1 2PG
<b>Registered office</b>	26 Birmingham Road Walsall West Midlands WS1 2LZ
<b>Independent auditor</b>	Whitehouse Ridsdale 26 Birmingham Road Walsall West Midlands WS1 2LZ
<b>Bankers</b>	Lloyds Bank plc The Bridge Walsall West Midlands WS1 1LU

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT

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The trustees present their annual report together with the audited financial statements and auditor's report of the trust (referred to in this annual report as "the School") for the period from 1<sup>st</sup> September 2014 to 31<sup>st</sup> August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law. Trustees are referred to in this annual report as "governors".

Queen Mary's Grammar School is a selective school based in Walsall and operates an academy for pupils aged 11 to 19. The School has 860 (2014: 825) pupils on roll. Information on the School's capacity is included in the details of recent increases in both the published admissions number (PAN) for 11-16 and the number of 16-19 students detailed below.

Outside the classroom, the School offers a range of life-enriching opportunities: time at a Field Centre in Wales; membership of one of, if not the, largest state school Combined Cadet Forces in the UK; individual and team sports; foreign exchanges and travel; participation in music, drama and many other activities. The School aims to prepare pupils to live life to the full.

### **Structure, governance and management**

#### **Constitution**

The School is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the School. The charitable company was incorporated on 20 April 2011 and began operating as an academy trust on 1 June 2011.

The governors act as trustees for the charitable activities of Queen Mary's Grammar School (Walsall) and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Queen Mary's Grammar School.

Details of the governors who served throughout the period, except as noted, are included in the reference and administrative details on page 1.

#### **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

#### **Governors' indemnities**

Since incorporation and until 31<sup>st</sup> March 2015, the governors have been indemnified through a policy with Ecclesiastical Insurance Company as to their legal liability for financial loss arising out of negligence, accidental error or omission as part of their official duties. From 1<sup>st</sup> April 2015 the governors agreed to join the Academies' Risk Protection Arrangement (RPA), a Government backed compensation scheme offered by the Education Funding Agency (EFA) to Academies. The governors elected to join the RPA after considering the level of compensation offered as well as the scheme's value for money.

#### **Method of recruitment and appointment or election of governors**

The Board of Governors consists of the Headmaster (who is appointed ex officio), two staff governors, two parent governors and twelve foundation governors.

Staff governors are elected by the paid members of staff employed by the School; the Clerk to the governors conducts the process, inviting nominations proposed and seconded by two members of staff. If there are more nominations than vacancies, the Clerk conducts a ballot of the staff and the person is appointed by a simple majority.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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The parent governors are elected by the parents of all pupils currently on the roll of the School. The Clerk to the governors conducts the process, inviting nominations proposed and seconded by two parents of the pupils on the roll. If there are more nominations than vacancies, the Clerk conducts a ballot of all parents of pupils currently on the roll, and the person is appointed by a simple majority.

The Queen Mary's Schools' Foundation is a charitable organisation with a Board of Trustees comprising governors from all three schools in the Foundation (Queen Mary's Grammar School, Queen Mary's High School and Mayfield Preparatory School), and additional Trustees with connections to the schools although not employed by them. The Foundation has overall responsibility for appointing Foundation governors, after nominations from the School or of its own volition. In appointing, the Foundation will give consideration to the skills mix of the Board of Governors to preserve the character of the School as a selective grammar school.

### **Policies and procedures adopted for the induction and training of governors**

The Clerk to the governors is responsible for inducting new governors, and supplies them with an Induction Pack including details of the Board of Governors, the previous Minutes, and details of responsibilities and duties. In addition, new governors are invited to a briefing session with senior leaders at the School.

Training continues throughout the academic year, with many meetings of the Board and the Committees having training on the agenda. Areas covered have included for example: safeguarding, data management, e-safety and governors' roles in Ofsted inspections. Governors also have the opportunity to attend formal governor training sessions held by Walsall Local Authority, as well as access to the Walsall Association of Governors. In addition the governors have access to material from the National Governors' Association ("NGA") and have attended local conferences run by the NGA.

### **Organisational Structure**

The members have appointed a Board of Governors with two principal sub-committees: The Business (Property & Finance) and the Pastoral & Curriculum Committee. The Finance Committee has assumed the role of the Audit Committee. Other sub-committees deal with specific issues (Admissions, Pay etc.) as required. The governors have also established Committees with a remit to deal with Staffing, Pupil Discipline and appeals from these, and also a Panel to deal with Complaints that cannot be resolved externally. The Clerk has a remit to convene these Committees when required from eligible governors.

Responsibility for day to day leadership and management of the School is devolved to the Headmaster and the Senior Leadership Team (SLT). During the year, the SLT comprised the Headmaster, two Deputy Heads, one Assistant Head and the Finance & Business Director. On 1 September 2015 the SLT was reorganised and now comprises the Headmaster, the Deputy Head, the Finance & Business Director and four Assistant Heads as set out on page 1. This structure takes into consideration future staffing plans and will enable the Headmaster to explore the feasibility of establishing a Multi Academy Trust. In line with EFA guidance the Headmaster is also the School's Accounting Officer.

The SLT meets regularly (usually twice a week) to discuss all aspects of the School. From these meetings come recommendations for action which are considered by the relevant sub-committee and the Board of Governors. Where a course of action requires significant expenditure (capital projects, staffing), they refer any decision through the Business Committee (Finance) to the full Board of Governors for authorisation.

The Foundation (referred to at various points in this report) also employs the Clerk, who has a legal background, and acts as Clerk to the governors for the School.

### **Related Parties and other Connected Charities and Organisations**

The Clerk to the governors maintains a register of Business Interests, including details of related parties, so as to identify potential conflicts of interest, if any. In the unlikely event of a potential conflict of interest, this enables the Board of Governors to manage the matter in the most appropriate way. In addition, all agendas for meetings (including Committee meetings) have "Declarations of Interest" as a standing item.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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The Queen Mary's Schools Foundation ("The Foundation" - Charity No. 529001) holds on Trust, as a perpetual endowment, funds donated and investments made over the years since the founding of the School by the letters patent of Queen Mary in 1554, and subsequently the founding of Queen Mary's High School (for girls) and The Mayfield Preparatory School. The endowment is used:

- To provide the School with benefits including funding of any kind as may be agreed from time to time between the Governing Bodies of the Foundation and the School
- To promote the education of pupils at the School who may be in need of financial support

The level of support has varied from year to year depending on the School's requirements. Three of the nine Foundation Trustees are governors of the School, and as well as having no overall control of the Foundation, they are bound by Charity and Trust Law to act in the interests of the School and the Foundation independently.

The Foundation owns the freehold land on which the School's site is based, which is let on a peppercorn rental to the School under a 125 year lease. Separate areas of the playing fields are leased separately to the other Foundation schools.

The School relies on, and is very grateful for, the goodwill and support of parents of pupils at the School, as well as alumni and their families. This support is provided respectively by the Queen Mary's Association and the Queen Mary's Club, who donate funds from their fund raising activities to support the School.

Under the constitution of the School, the Board of Governors includes three governors who are employed as staff at the school. The Headmaster is appointed "ex officio", while two staff governors are elected. These staff governors are not paid for their roles as governors, but as employees of the School under the normal terms and conditions applicable to teaching and non-teaching staff.

Other than this governors receive no payment for their services, but may in limited circumstances be reimbursed for out of pocket expenses incurred wholly and exclusively on behalf of the School's business.

Recruitment of staff who may be connected to governors is conducted in accordance with the School's recruitment policies and procedures and with the connected governor having no vote or influence over such appointment.

## Objectives and activities

### Objects and aims

Queen Mary's Grammar School exists to support its pupils to:

- achieve their full academic potential and the examination success that will open doors to the very best Higher Education Institutions and international employers
- enrich their lives with a wide range of activities and experiences
- share the riches of their diversity and privileges with others

### Objectives, strategies and activities

The annual School Improvement Plan ("SIP") is based primarily on the framework modelled by Ofsted. It recognises the importance of the areas highlighted, but concludes that to focus exclusively on that model would be to ignore much that breathes life into the School community. The SIP is therefore also concerned with the four pillars that are foundational to the School, namely that we are:

- academic in purpose
- international in outlook
- enterprising in spirit
- generous in approach

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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Crucially, the senior leadership team, governors and staff are concerned about the way we achieve our aims. The School does not subscribe to the view that the end justifies the means. To inspire the pupils and equip them to live life to the full, then the *how* is just as important as the *what* in achievement. These principles are summarised in our Pastoral Charter.

The key objectives set out in the annual report of the governors for the year ended 31 August 2014 were to:

- Strive for excellence in everything that we do, making the most of opportunities to work in partnership with other organisations to enhance the education of our pupils and the reputation of the School
- Focus on the educational significance of the four pillars of School life to ensure pupils are prepared for life in the 21<sup>st</sup> century in a way that academic qualifications alone cannot do
- Perform well against our peer group nationally to allow all our pupils to realise their full potential academically, and to open doors to the best universities and careers possible
- Offer an ambitious programme of enrichment activities, encouraging pupils to take on responsibility on activities both within and outside the School
- Collaborate in international projects so pupils contribute to people outside their normal sphere of influence
- Continue to develop the School as a learning community and to review our curriculum provision to provide the broadest range of learning possible while operating within our financial means
- Conduct a review of our campus to ensure our facilities and accommodation are suited to future needs
- Develop opportunities for pupils to benefit from the School's access to the field centre in Wales

### Public benefit

The School is mindful of the guidance on public benefit issued by the Charity Commission, and the requirements to comply with current legislation. The governors are committed to ensuring access to the School of all candidates of whatever background through an entrance examination designed to assess candidates' ability. The School will continue to provide education to children and young people that:

- Is balanced and broadly based;
- Provides the spiritual, moral, cultural, mental and physical development of students at the School;
- Prepares students for the opportunities, responsibilities and experiences of later life;
- Promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise.

## Strategic Report

### Achievements and performance

At the time of writing, there are 860 students in the School – an increase of 35 pupils on the previous year.

In the summer examinations of 2015, both A Level and GCSE cohorts achieved results that compared favourably with some of the best schools in the country.

At A Level, results were in line with our (high) expectations of the cohort:

- 74% of grades at A\* / A / B
- 33 candidates scored three grade As or better
- 15 students achieved 4 A\*/A grades
- Three students secured places at Oxford or Cambridge and 67% of students gained a place at either their first choice or at a "Russell Group" university

At GCSE, the results achieved set a new record for the School:

- 78.5% of all grades were A\* or A
- 100% of our pupils achieved 5 A\*-C including English and Maths
- 67 pupils (more than 2/3 of the cohort and 8 more than in 2014) scored A\*/A in at least 8 subjects
- 6 pupils scored 11 A\* grades or better
- 100% of pupils made 3 Levels of progress in Maths
- 98% of pupils made 3 Levels of Progress in English



# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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### Key Performance Indicators

The School has a very strong record in exam success which is borne out by the academic KPI's in the preceding paragraph.

Whilst difficult to measure in KPI's, the School aims to provide a broad education not just academic results, encouraging extra-curricular activities in the form of sports, clubs, UK and overseas trips, work experience opportunities, enterprise, community and family based activities. The School prides itself on its wide community comprising alumni, parents, clubs and associations, friends of the school and of course staff and the pupils. The governors monitor a number of KPI's which affect financial performance, namely:

- Government funding streams and other income levels
- Pupil numbers – both for 11-16 and also 16-19 (Sixth Form)
- Staff numbers compared to income
- Revenue surpluses
- Capital projects

The governors also monitor carefully the progress made each year on the School Improvement Plan.

Highlights from 2014-15 included:

- Acquiring Confucius Classroom status and the extension of the provision of Mandarin
- Major building projects on site:
  - The refurbishment of all toilet blocks
  - The beginning of work on a new Music Block
  - The completion of work on the external envelope (windows and roofing)
- An exceptional programme of foreign travel, including a Space Camp in Alabama, an expedition to Tanzania (including the ascent of Mount Kilimanjaro) and a three-week residential trip to China
- A charitably funded project to teach a classical wind instrument to every member of Year 7, resulting in a memorable concert featuring a band of 120 and a significant increase in take-up of instrumental tuition
- An outstanding programme of fund-raising community events organised by the Queen Mary's Association (Parents' Association)
- The third year of Project Horizon: an ambitious scheme to launch a probe in to near space. This attracted interest from BOC, the academic community and the European Space Agency. It was followed in 18 countries
- A highly successful round of recruitment in to both Year 7 (with an increased PAN of 120) and in Year 12. The School is now bigger than at any time in its history
- The Award of two Arkwright Scholarships in the Design and Technology department, which also provides the largest number of STEM Ambassadors of any school in the Midlands
- National success in the competition to design the next £1 coin. A QMGS pupil won this honour from a field of 10,000 applicants, with a second pupil also in the top six entries
- All of the above was complemented by a hugely impressive range of enrichment activities at Farchynys (our Field Centre) and through the CCF, Sport, Music, Drama and Clubs & Societies

### Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### Financial Review

Most of the School's income arises from the DfE in the form of the General Annual Grant (GAG), which is restricted in use in furthering the objects of the Academy Trust. GAG and the associated expenditure are therefore shown as restricted general funds in the Statement of Financial Activities.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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On conversion to academy status, the surplus and all of the fixed assets of the former Queen Mary's Grammar School (a Voluntary Aided selective school) were transferred to the Academy School on 1 June 2011. These are shown as a transfer on conversion and have been included in the restricted fixed asset fund. During the year the School received capital grants from public funds including the Condition Improvement Fund (formerly the Academies Capital Maintenance Fund), and the Devolved Capital Formula grant fund. The School received significant funding for replacement roofing / windows and toilet block refurbishments during the year and was also awarded funding for an expansion project to increase the number of changing room facilities as well as additional specialist classrooms for provision of extended music provision within the curriculum. Building work for the latter project commenced shortly after year end.

During the year the restricted fixed asset fund increased as a result of income for projects funded by the above capital maintenance funds. For accounting purposes the costs, by their nature, are regarded as repair and replacement, and are therefore treated as maintenance costs (not capital additions). A corresponding transfer has been reflected between the fixed asset reserve fund and the restricted general fund.

Additional funding from the increase in the PAN and 16-19 students in September 2013 more than offset reduced funding levels under DfE / LA funding formulae. However this increase was not quite sufficient to offset the cost of additional teachers required for higher student numbers; pay progression and the initial cost of a reorganisation of the SLT. The governors' long term plan recognised at an early stage that the School would be adversely affected by changes in funding. These changes have resulted in decreasing funding for smaller schools and grammar schools in particular. With funding lagged by a year, the School has to finance the cost of additional teachers in advance of recompense for increased student numbers.

The combined General Restricted and Unrestricted Funds show net expenditure for the 12 months ended 31 August 2015 of £17,605 (2014: net income £105,724), before the actuarial loss on the Local Government Pension Scheme. The small deficit is after charging FRS17 pension interest costs of £21,000, meaning a cash surplus was achieved by management of income and tight control of pay related and other costs.

A review of the FRS17 valuation of the LGPS pension plan has been carried out by the Plan's actuaries, Mercer. The deficit of plan liabilities compared to plan assets has increased from £991,000 to £1,085,000. There was an experience loss of £73,000 (2014: £53,000) during the year. An annual review will be undertaken in accordance with FRS17 to monitor this.

### Reserves policy

Under a funding agreement with the Secretary of State for Education, the School was until 31 August 2012 allowed to hold in its reserves at 31 August 2012 a sum equating to 2% of its annual General Annual Grant (GAG) for expenditure of a recurrent nature and 10% for expenditure of a capital nature, including maintenance and refurbishment of the School's buildings and facilities.

From 1 September 2012, the Secretary of State for Education relaxed the above restrictions so the School has freedom to carry forward all reserves to build up reserves for future capital projects.

At 31 August 2015, restricted reserves were £524,379 (2014: £530,565). Unrestricted reserves were £37,351 (2014: £27,770). Taking into consideration continued funding cuts due in 2015/16 and increases in Teachers' Pension contributions from September 2015 and national insurance costs from April 2016, the governors believe the above levels of reserves are appropriate to protect the School's current and future financial position. Furthermore they consider the reserves are adequate to provide sufficient working capital for the School to continue to operate within its financial resources, and to cover unexpected urgent work.

### Investment policy

The Board of Governors is responsible for setting investment policy. The day to day responsibility for managing this function is delegated to the School's Finance & Business Director. In the current economic climate of reducing income, with low interest rates, and in view of the major capital projects undertaken by the school, funds were held in the School's current account and on short term deposit. £548,000 of the cash held at 31 August 2015 relates to funding in advance for the changing rooms and music expansion project. It is anticipated that the project will be completed by 31<sup>st</sup> March 2016.

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# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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### Principal risks and uncertainties

#### Risk Management

The School has a duty to identify and review significant risks and to ensure that there are adequate controls over these risks to provide reasonable assurance to the governors that risks are being managed and mitigated. The governors have assessed the main areas of risk which the School faces and these are documented in the School's risk register. The main headings in the register are:

- Strategic and reputational issues
- Operational matters
- Compliance with legislation
- Financial risks

The governors have overall responsibility for risk management, and choose to delegate management of these matters to the relevant Committee and in turn to senior management of the School.

Policies and management systems have been put into place to cover all the main aspects of these areas of risk. The key areas identified include

- Performance and achievement
- Reputation as a high performing school
- Safeguarding and child protection
- Funding and long term viability
- Compliance with health & safety
- Management, recruitment and retention of staff
- Fraud, misuse of funds and safekeeping of assets

#### Performance and achievement

This is critical to the School's success. The governors oversee the preparation of a School Improvement Plan, which sets the objectives for the short and longer term. Objectives set are specific, measurable, attainable, relevant and timely. These are constantly monitored and re-evaluated to ensure continuing relevance. The School's management also operates regular review of the quality of teaching and learning and makes regular progress checks on achievement of pupils.

#### The School's reputation

This is also critical as it enables the School to attract high performing pupils in Years 7 and 12, the main years for recruitment of students. The governors are mindful to ensure that performance and achievement (as above) play a part in this. However they are aware that the School's public perception depends on many other aspects. These include:

- pupil and staff behaviour, for which the School's policies are key to managing this risk
- publicity which is closely monitored by the Headmaster and governors
- suitability of partnerships with other organisations which are closely monitored by governors

#### Safeguarding and child protection

The governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. The School's Safeguarding Officer is responsible for:

- ensuring there are adequate systems in place for identifying and reporting on pupil welfare and safety
- liaising with authorities to ensure the School fulfils its obligations for dealing with serious incidents
- planning, coordinating and organising training for staff and pupils on safeguarding matters

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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### Funding and long term viability

The School is heavily reliant on Government funding with just under 84% of revenue funding coming from public grants. Other income comes from a variety of sources such as catering, educational trips, materials for pupils and lettings.

The School has already experienced reductions in certain elements of grant funding and in basic per pupil funding. Further reductions in grant funding are also anticipated in both 11-16 and 16-19 education due to the impact of government funding policies. Meanwhile, as is the case across the whole state education sector, the School faces an additional 2.4% cost of providing Teachers' Pensions from 1<sup>st</sup> September 2015 and the removal of contracted out relief for National Insurance contributions from 1<sup>st</sup> April 2016.

The School's financial objectives are to manage its affairs to support the achievement of the overall strategic objectives as set out in the School's Improvement and the governors' long term strategic plans. This covers both short-term and long term planning, managing revenues, costs, assets, liabilities, opportunities and risks to ensure the School remains in a good financial position to deliver its planned activities.

The risk from the reductions in basic per pupil funding at the same time as increasing costs over which the School has no control, is being mitigated in several ways:

- Student numbers remain the key driver and the governors have already increased the Published Admission Number (PAN) for 11-16 from 96 in September 2012 to 150 by September 2016. As the School is heavily oversubscribed this increases funding
- Although the number of pupils attending at age 16 – 19 can vary year on year, the total number of students has increased 26% since September 2012 to 319 in September 2015. The governors continue to work hard to promote the School to attract new pupils to increase student numbers in the Sixth Form
- The governors have been successful in attracting capital funding which improved the School's facilities, thus supporting recruitment and will continue to seek new capital funds to increase capacity
- The governors are seeking to maintain and increase other revenues following conversion to academy status and to reduce the impact of reduced grants

In addition to seeking additional revenues, there is a focus on managing costs to achieve savings where possible without impacting on the effectiveness of provision of education. Where necessary the governors will approve investment. Costs have fallen due to a previous investment in more energy efficient boilers, and other investments in bulk copiers and printing resources were made to reduce operational costs. In addition goods and services are procured in accordance with the governors' tendering policy to ensure best overall value for money. Spend is very closely monitored against budgets to ensure adequate control of costs.

### Compliance with Health & Safety

The governors and staff are keenly aware of their responsibilities to ensure that the School provides a safe and comfortable place in which to study and work. The School has a robust set of Health & Safety Procedures, and has regular meetings involving governors, Senior Management and staff and pupils. Expert external advice is provided through an independent audit on an annual basis.

### Management, retention and recruitment of staff

The success of the School is reliant on the quality of its staff and so the governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The governors oversee the management of the School's appraisal system which assesses staff performance and is linked to pay. The governors appoint an independent committee to review performance and pay for the Headmaster and the senior management team. The Chair of governors and the headmaster are responsible for managing change and communication/dissemination of information to staff. Senior staff and governors are trained in safeguarding training for recruitment of new staff.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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### **Fraud, misuse of funds and safekeeping of assets**

The School has a qualified Finance & Business Director who is responsible for managing finances. The governors have agreed a programme of additional work with the auditors to review internal controls and processes as recommended by the Academies' Financial Handbook. This audit work includes ensuring that the School's financial policies are adhered to and reports are prepared for the Finance Committee. The governors are mindful of the negative publicity of instances of irregularities in a small number of other unconnected academies which has been reported in the press. They are therefore robust in setting internal controls, are diligent in setting the School's budget and monitor performance, revenue and expenditure closely.

The governors also ensure that the School maintains insurance cover, advised by an independent broker and covering the main aspects of the School's operations and assets.

### **Plans for future periods**

The key objectives for the forthcoming year are:

- To explore the possibility of establishing a Multi Academy Trust (working in conjunction with Queen Mary's High School and Walsall Studio School)
- To facilitate peer mentoring across other schools in Walsall and the surrounding areas
- To achieve over 80% A\*-B at A Level and over 80% A\*/A grades at GCSE
- To prepare the site and staffing for an increase to five form entry from September 2016 (PAN of 150)
- To set up new systems for assessment in line with national policies
- To extend the programme of education and training on British values and anti-extremism
- To maintain a rich and varied programme of international links
- To provide outstanding enrichment opportunities
- To ensure the Pastoral Charter underpins the way we work
- To develop our partnership with Walsall Studio School through governance, provision of staff & mentors
- To make the school ICT network secure, reliable and fit for expansion

The governors' longer term aims for the School have been identified in the School's strategic plan – the School Development Plan. These aims include:

- To be in the Top Fifteen Schools in the BASS (Boys' Achieving Selective Schools) League Tables
- To explore expansion of a Multi-Academy Trust to share of the School's expertise and enthusiasm
- To provide effective School to School support in the town and region
- To maintain an annual programme of trips, exchanges and visits in (at least) six countries per year
- To support the work of another School or institution in a developing country
- To provide opportunities in Walsall for international students
- To develop the School's Field Centre, "Farchynys", so that it can continue to serve the needs of the School and become a source of income
- To consider the feasibility of an all-weather astro-turf pitch
- To complete the development of the site to meet expansion plans including the changing rooms/music project as well as expansion of additional classroom / specialist facilities
- To support other pupils and schools in Walsall, including continued support for the Walsall Studio School
- To provide sporting, conference and learning facilities to the wider community
- To promote fellowship and fund-raising through the Queen Mary's Association (QMA) and Club (QMC)

### **Funds held as custodian trustee on behalf of others**

During the year ended 31<sup>st</sup> August 2015, the School did not hold any funds as custodian trustee on behalf of any other charitable organisation.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNORS' REPORT (CONTINUED)

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### **Auditor**

In so far as the governors are aware:

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

Governors' report, incorporating a strategic report, approved by order of the Board of Governors, as the company directors, on 7 December 2015 and signed on the Board of Governors' behalf by:

Philip Sturrock MBE  
**Chair**

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2015**

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### Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that Queen Mary's Grammar School (Walsall) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Queen Mary's Grammar School (Walsall) and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. Below are the statistics for attendance at meetings in the relevant period. Some Governors will sit on many committees, and it is considered that attendance and contribution to the governance of the School is in order.

<b>Full Governing Body Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Philip Sturrock MBE (Chairman)	3	4
Timothy Swain (Headmaster)	4	4
Michael Lax	4	4
Ashvin Patel	4	4
Jane Bonner	4	4
John Punch	3	4
Melanie Crooks	4	4
John Vallance	4	4
James Wolffsohn	3	4
Kevin Parker	4	4
John Wood	4	4
Jaswinder Dhillon	3	4
Jonathan Pepper	4	4
Paul Lee	2	2
Karen Reid	2	2
Neil Moseley	2	2
Timothy Lawrence	2	2
<b>Finance Committee Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Timothy Swain (Headmaster)	3	3
Melanie Crooks	3	3
Ashvin Patel	3	3
Michael Lax	3	3
Jonathan Pepper	3	3
Paul Lee	1	1
Karen Reid	1	1
Neil Moseley	1	1

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# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

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#### **Governance reviews**

The Governing Body reviews its impact and effectiveness regularly at its termly meetings, by monitoring the financial, academic and pastoral progress of the school.

In order to assess the effectiveness and impact over the last academic year, a self-review of governance and review of the Chair's performance has been undertaken with findings finalised in the Autumn term of the 2015/2016 academic year. The review process consisted of self-review questionnaires completed by all governors on areas such as meeting effectiveness, characteristics of the school, achievement of pupils, quality of teaching, leadership and management, behaviour and safety of pupils and general issues. The responses were analysed and anonymised by the Clerk.

#### **Review of value for money**

As Accounting Officer the Headmaster has responsibility for ensuring that the School delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the School's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the School has delivered improved value for money during the year by:

- Operating robust procurement processes for 3 major capital projects worth around £2.9 million
- Managing two of the above projects within budget and on time, with the third project also on target
- Implementing a new system for assessing and paying student 16-19 Bursary funds to ensure funds are directed to the areas where support is most needed
- Sharing teaching staff with the Walsall Studio School and Queen Mary's High School, offering teachers increased development opportunities, and providing more effective recruitment and efficient use of resources
- Greater emphasis on buying including bulk purchasing and joint tendering on resources such as coach travel and purchasing of text books
- Establishing a sportswear outlet for parents, staffed by volunteers, enabling the School to cover its costs and provide high quality, durable kit to parents at prices much lower than buying direct from the supplier

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Queen Mary's Grammar School (Walsall) for the period 1st September 2014 to 31st August 2015 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the period 1st September 2014 to 31st August 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.



# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2015**

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### **The risk and control framework**

The School's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular review by the Business Committee (Finance / Property) of reports showing financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Body has reviewed the need for a specific internal audit function and has decided not to appoint a separate internal auditor. However the Governing Body has instructed the external auditors to perform additional checks on the effectiveness of the internal controls in operation. These checks are performed on a termly basis. In the year under review the areas tested included:

- Payroll procedures and controls;
- Purchasing procedures including tendering, authorisation and payment
- General financial procedures and compliance with agreed policies and controls
- management of large capital programmes and other significant contracts
- recording and completeness of income
- regularity issues including registers of interests and governance
- IT systems and controls including on line payment systems

Reports are made to the finance committee on a termly basis on the operation of systems and controls and on the discharge of the governing body's financial responsibilities. The finance committee considers these reports and acts on any recommendations and reports findings back to the Full Governing Body.

### **Review of effectiveness**

As Accounting Officer the Headmaster has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the SLT, the Finance & Business Director and the Finance Officer in the School who have responsibility for development and maintenance of the internal control framework
- The periodic reviews by the School's external auditors
- The financial management and governance self-assessment process
- The work of the School's external auditors in connection with their audit of the annual report and financial statements and in management letters / other reports to the Finance Committee

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee, which carries out the role of an Audit Committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 7 December 2015 and signed on its behalf by:

Philip Sturrock MBE  
**Chair**

Timothy Swain  
**Accounting Officer**

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

*FOR THE YEAR ENDED 31 AUGUST 2015*

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As accounting officer of Queen Mary's Grammar School (Walsall) I have considered my responsibility to notify the School board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the School and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the School's board of trustees are able to identify any material irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

Approved on 7 December 2015 and signed by:

Timothy Swain  
**Accounting Officer**

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The governors (who act as trustees for Queen Mary's Grammar School (Walsall) and are also the directors of Queen Mary's Grammar School (Walsall) for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- 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 and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the governing body on 7 December 2015 and signed on its behalf by:

Philip Sturrock MBE  
**Chair**

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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We have audited the financial statements of Queen Mary's Grammar School (Walsall) for the year ended 31 August 2015 set out on pages 22 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 17, the governors, who are also the directors of Queen Mary's Grammar School (Walsall) for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

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

#### **Opinion on accounts**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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#### **Matters on which we are required to report by exception**

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

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

**Andrew Phillips (Senior Statutory Auditor)**

**For and on behalf of Whitehouse Ridsdale**

#### **Chartered Accountants**

#### **Statutory Auditor**

26 Birmingham Road

Walsall

West Midlands

WS1 2LZ

Dated: 17 December 2015

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEEN MARY'S GRAMMAR SCHOOL (WALSALL) AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 2 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Queen Mary's Grammar School (Walsall) during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Queen Mary's Grammar School (Walsall) and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Queen Mary's Grammar School (Walsall) and the EFA those matters we are required to state in a 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 Queen Mary's Grammar School (Walsall) and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Queen Mary's Grammar School (Walsall)'s accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Queen Mary's Grammar School (Walsall)'s funding agreement with the Secretary of State for Education dated 27 May 2011 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the School's income and expenditure.

The work undertaken to draw to our conclusion includes:

- preparation of an assessment of the risk of material irregularity, impropriety and noncompliance
- evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity
- assessment and testing of a sample of specific regularity control activities, performing sample testing of expenditure, considering whether the activity is permissible within the academy trust's framework of authorities and has been appropriately authorised in accordance with the academy trust's delegated authorities

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEEN MARY'S GRAMMAR SCHOOL (WALSALL) AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Reporting Accountant**

#### **Whitehouse Ridsdale**

26 Birmingham Road

Walsall

West Midlands

WS1 2LZ

Dated: 17 December 2015

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2015 £	Total 2014 £
<b><u>Incoming resources</u></b>						
<i>Resources from generated funds</i>						
- Voluntary income	2	-	68,304	-	68,304	124,725
- Activities for generating funds	3	290,405	422,147	-	712,552	747,815
- Investment income	4	-	4,900	-	4,900	1,126
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	3,989,983	1,288,964	5,278,947	4,562,848
<b>Total incoming resources</b>		290,405	4,485,334	1,288,964	6,064,703	5,436,514
<b><u>Resources expended</u></b>						
<i>Costs of generating funds</i>						
- Fundraising trading	3	280,824	406,230	-	687,054	661,522
<i>Charitable activities</i>						
- Educational operations	7	-	5,349,067	485,788	5,834,855	4,473,022
Governance costs	8	-	13,108	-	13,108	20,466
<b>Total resources expended</b>	6	280,824	5,768,405	485,788	6,535,017	5,155,010
<b>Net incoming/(outgoing) resources before transfers</b>		9,581	(1,283,071)	803,176	(470,314)	281,504
Gross transfers between funds		-	1,255,885	(1,255,885)	-	-
<b>Net income/(expenditure) for the year</b>		9,581	(27,186)	(452,709)	(470,314)	281,504
<b><u>Other recognised gains and losses</u></b>						
Actuarial gains/(losses) on defined benefit pension scheme	19	-	(73,000)	-	(73,000)	(53,000)
<b>Net movement in funds</b>		9,581	(100,186)	(452,709)	(543,314)	228,504
Fund balances at 1 September 2014		27,770	(460,435)	11,756,757	11,324,092	11,095,588
<b>Fund balances at 31 August 2015</b>		37,351	(560,621)	11,304,048	10,780,778	11,324,092

All of the School's activities derive from continuing operations.



# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## BALANCE SHEET

AS AT 31 AUGUST 2015

		2015		2014	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		11,304,048		11,756,757
<b>Current assets</b>					
Stocks	13	20,514		14,587	
Debtors	14	203,220		249,745	
Cash at bank and in hand		1,321,229		953,589	
		<u>1,544,963</u>		<u>1,217,921</u>	
Creditors: amounts falling due within one year	15	(983,233)		(659,586)	
<b>Net current assets</b>			561,730		558,335
<b>Total assets less current liabilities</b>			11,865,778		12,315,092
Defined benefit pension liability	19		(1,085,000)		(991,000)
<b>Net assets</b>			<u>10,780,778</u>		<u>11,324,092</u>
<b>Funds of the School:</b>					
<b>Restricted income funds</b>	17				
- Fixed asset funds			11,304,048		11,756,757
- General funds			524,379		579,602
- Pension reserve			(1,085,000)		(991,000)
<b>Total restricted funds</b>			<u>10,743,427</u>		<u>11,345,359</u>
<b>Unrestricted funds</b>	17		37,351		(21,267)
<b>Total funds</b>			<u>10,780,778</u>		<u>11,324,092</u>

The financial statements on pages 22 to 44 were approved by the Governors and authorised for issue on 7 December 2015 and are signed on their behalf by :

Philip Sturrock MBE  
Chair

Company Number 07611347

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

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	Notes	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	20	(893,145)	218,466
<b>Returns on investments and servicing of finance</b>			
Investment income		4,900	1,126
		<hr/>	<hr/>
<b>Net cash inflow from returns on investments and servicing of finance</b>		4,900	1,126
		<hr/>	<hr/>
		(888,245)	219,592
<b>Capital expenditure and financial investments</b>			
Capital grants from DfE/EFA		1,288,964	576,248
Capital funding received from sponsors and others		-	84,370
Payments to acquire tangible fixed assets		(33,079)	(638,425)
		<hr/>	<hr/>
<b>Net cash flow from capital expenditure</b>		1,255,885	22,193
		<hr/>	<hr/>
<b>Increase in cash</b>		367,640	241,785
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2014		953,589	711,804
		<hr/>	<hr/>
<b>Net funds at 31 August 2015</b>		1,321,229	953,589
		<hr/> <hr/>	<hr/> <hr/>

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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### 1 Statement of accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 1.2 Going concern

The governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### 1.3 Incoming resources

All incoming resources are recognised when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### **Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

##### **Other income**

Other income, including the hire of facilities and interest, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

##### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the School are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the School's policies.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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### 1 Statement of accounting policies

(Continued)

#### 1.4 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category.

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the school's charitable activities, and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of assets' use by each activity.

##### Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

##### Charitable activities

These are costs incurred on the School's educational operations.

##### Governance costs

These include the costs attributable to the School's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### 1.5 Tangible fixed assets and depreciation

##### Tangible fixed assets

The school has a 125 year lease for the property it operates from. The terms and conditions attached to the lease have been considered by the governors and they have concluded that the risk and rewards of ownership have substantially transferred to the school and therefore a long leasehold buildings asset has been recognised within fixed assets and depreciated in line with the accounting policy. The valuation of the long leasehold buildings has also been considered by the governors and included at what they consider a reasonable and reliable estimate of the current value.

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to the restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the school's depreciation policy. Where a fixed asset has been donated the asset is included at the fair value at the date of receipt.

The School has an art collection which was bequeathed to the School from the family of a former old boy. The nature of this collection makes it difficult to value and so the collection is recorded at cost, being £Nil.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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### 1 Statement of accounting policies

(Continued)

#### Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line balance basis over its expected useful life, as follows:

Fixed asset category	Nature of asset	Economic life Years
Leasehold buildings	Infrastructure improvements on long lease	125
	Permanent buildings	75
	Temporary buildings/short leasehold interest	10
Fixtures and fittings	Boiler	10
	Kitchen equipment/partitions	7
	Other fixtures and fittings	4
Computer equipment	Telephone/catering/copiers/access controls	5
	Other computer hardware/software	3
Motor vehicles	Minibuses	5

Long leasehold buildings are depreciated over the governors' assessment of the remaining economic useful life of the buildings.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### 1.6 Leased assets

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

#### 1.7 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.8 Taxation

The School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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### 1 Statement of accounting policies

(Continued)

#### 1.9 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the school.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school 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 quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the school in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### 1.10 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the school at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

#### 1.11 Conversion to an Academy

The school converted to Academy status on 1 June 2011. Assets and liabilities of the school were transferred on conversion at fair value.

#### 1.12 Agency arrangements

The School acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Donations and private funds	-	68,304	68,304	124,725

### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
<b>Incoming resources</b>				
Overseas tours income	-	200,247	200,247	261,079
Curriculum income	-	143,832	143,832	155,044
Reimbursement of staff costs	-	78,068	78,068	62,572
Catering income	193,998	-	193,998	162,823
Facilities and services	42,149	-	42,149	60,736
School uniform sales	40,326	-	40,326	27,599
Music tuition	13,932	-	13,932	17,962
	<u>290,405</u>	<u>422,147</u>	<u>712,552</u>	<u>747,815</u>
<b>Resources expended</b>				
Staff costs	34,314	67,872	102,186	76,116
Catering costs	198,373	-	198,373	176,257
Facilities and services	6,000	-	6,000	10,421
Overseas tours costs	-	195,613	195,613	261,207
Curriculum costs	-	142,745	142,745	94,074
School uniform costs	28,205	-	28,205	25,485
Music tuition costs	13,932	-	13,932	17,962
	<u>280,824</u>	<u>406,230</u>	<u>687,054</u>	<u>661,522</u>

### 4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Short term deposits	-	4,900	4,900	1,126

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 5 Funding for the School's educational operations

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	3,938,109	3,938,109	3,891,514
Capital grants	-	1,288,964	1,288,964	576,248
Other DfE / EFA grants	-	46,174	46,174	80,795
	-	5,273,247	5,273,247	4,548,557
<b>Other government grants</b>				
Local authority grants	-	5,700	5,700	14,291
	-	5,278,947	5,278,947	4,562,848

### 6 Resources expended

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2015 £	Total 2014 £
Costs of activities for generating funds	102,186	6,000	578,868	687,054	661,522
School's educational operations					
- Direct costs	2,886,931	485,788	370,338	3,743,057	3,536,845
- Allocated support costs	332,672	1,649,533	109,593	2,091,798	936,177
	3,321,789	2,141,321	1,058,799	6,521,909	5,134,544
Governance costs including allocated support costs	-	-	13,108	13,108	20,466
<b>Total expenditure</b>	<b>3,321,789</b>	<b>2,141,321</b>	<b>1,071,907</b>	<b>6,535,017</b>	<b>5,155,010</b>

<b>Net income/(expenditure) for the year includes:</b>	<b>2015 £</b>	<b>2014 £</b>
Operating leases		
- Other	1,082	10,470
Fees payable to auditor		
- Audit	7,250	12,000
- Other services	6,460	5,710



# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
<b>Direct costs - educational operations</b>				
Teaching and educational support staff costs	-	2,886,931	2,886,931	2,687,969
Depreciation	-	485,788	485,788	462,645
Technology costs	-	63,185	63,185	65,624
Learning resources	-	170,679	170,679	145,858
Examination fees	-	118,573	118,573	164,187
Staff development	-	17,901	17,901	10,562
	-	3,743,057	3,743,057	3,536,845
<b>Support costs - educational operations</b>				
Support staff costs	-	332,672	332,672	329,902
Recruitment and support	-	14,651	14,651	10,611
Maintenance of premises, site and equipment	-	1,382,398	1,382,398	226,410
Cleaning	-	87,848	87,848	88,535
Utilities	-	115,484	115,484	112,250
Rates	-	26,581	26,581	15,844
Insurance	-	32,987	32,987	39,490
Other premises costs	-	37,222	37,222	38,388
Other support costs	-	61,955	61,955	74,747
	-	2,091,798	2,091,798	936,177
<b>Total direct and support costs</b>	-	5,834,855	5,834,855	4,473,022

### 8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Legal and professional fees	-	2,947	2,947	6,298
Auditor's remuneration				
- Audit of financial statements	-	7,250	7,250	12,000
- Other audit costs	-	2,500	2,500	1,750
Governors' reimbursed expenses	-	411	411	418
	-	13,108	13,108	20,466

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 9 Staff

<b>Staff costs</b>	<b>2015</b>	<b>2014</b>
Staff costs during the year were:	<b>£</b>	<b>£</b>
Wages and salaries	2,682,059	2,493,551
Social security costs	202,181	189,536
Other pension costs	421,860	399,584
	<u>3,306,100</u>	<u>3,082,671</u>
Supply teacher costs	15,689	11,316
	<u>3,321,789</u>	<u>3,093,987</u>

#### Non statutory/non-contractual staff severance payments

Included in staff costs is one non-statutory/non-contractual severance payment of £30,000 (2014: £nil).

#### Staff numbers

The average number of persons (including senior leadership team) employed by the School during the year expressed as full time equivalents was as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Teachers	51	46
Administration and support	22	23
Management	5	5
	<u>78</u>	<u>74</u>

#### Higher paid staff

The number of employees whose annual remuneration was £60,000 or more was:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	3	3
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>4</u>	<u>4</u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		<b>2015</b>	<b>2014</b>
Teachers' Pension Scheme	Numbers	3	3
	£	<u>32,166</u>	<u>30,189</u>
Local Government Pension Scheme	Numbers	1	1
	£	<u>8,995</u>	<u>8,284</u>

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

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#### 10 Governors' remuneration and expenses

The Headmaster and staff governors only received remuneration in respect of services they provided undertaking the roles of Headmaster and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the School in respect of their role as governors.

The value of governors' remuneration was as follows:

Mr T J Swain (Headmaster)

Remuneration £90,000 - £95,000 (2014: £85,000 - £90,000)

Employer's pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000)

Mr M Lax (Staff governor resigned 19 July 2015)

Remuneration £40,000 - £45,000 (2014: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

Mr K S Parker (Staff governor appointed 23 October 2013)

Remuneration £30,000 - £35,000 (2014: £25,000 - £30,000)

Employer's pension contributions £Nil - £5,000 (2014: £Nil - £5,000)

Mr T Lawrence (Foundation governor appointed 12 March 2015)

Remuneration £Nil - £5,000

Employer's pension contributions £Nil

During the year ended 31 August 2015 travel and subsistence expenses totalling £619 (2014: £1,387) were reimbursed to two staff governors (2014: two governors) in their role as employees and £411 (2014: £418) was reimbursed to one other governor (2014: one governor).

Other related party transactions involving the governors are set out within the related parties note 24.

#### 11 Governors' and officers' insurance

Until 31 March 2015 the School purchased commercial insurance which included protection for governors' and officers' liability. From 1 April 2015 the School opted into the Government backed Academies Risk Protection Arrangement. The latter included £5,000,000 of cover for any one claim by governors (previous policy £1,000,000). The RPA cost for all covers is a fixed £25 per pupil and does not identify the cost of governors' liability within that figure. The cost under the previous arrangement for the 7 months to 31 March 2015 was £1,623 (12 months in 2014: £2,783).

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2014	12,015,047	263,015	519,296	33,004	12,830,362
Additions	-	21,032	12,047	-	33,079
At 31 August 2015	12,015,047	284,047	531,343	33,004	12,863,441
<b>Depreciation</b>					
At 1 September 2014	773,074	142,089	142,282	16,160	1,073,605
Charge for the year	336,189	60,666	85,190	3,743	485,788
At 31 August 2015	1,109,263	202,755	227,472	19,903	1,559,393
<b>Net book value</b>					
At 31 August 2015	10,905,784	81,292	303,871	13,101	11,304,048
At 31 August 2014	11,241,973	120,926	377,014	16,844	11,756,757

Land and buildings includes the 125 year long leasehold school site and the 10 year short leasehold playing fields, all charged at a peppercorn rent.

### 13 Stocks

	2015 £	2014 £
School uniform/sportswear	20,514	14,587

### 14 Debtors

	2015 £	2014 £
Trade debtors	7,884	17,231
VAT recoverable	70,954	50,004
Prepayments and accrued income	124,382	182,510
	203,220	249,745

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

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<b>15 Creditors: amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	56,334	50,794
Other creditors	39,278	49,954
Accruals	249,991	259,251
Deferred income	637,630	299,587
	<u>983,233</u>	<u>659,586</u>
	<u><u>983,233</u></u>	<u><u>659,586</u></u>
<b>16 Deferred income</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2014	299,587	58,814
Amounts released from previous years	(284,691)	(42,033)
Amounts deferred in the year	622,734	282,806
	<u>637,630</u>	<u>299,587</u>
<b>Total deferred income at 31 August 2015</b>	<u><u>637,630</u></u>	<u><u>299,587</u></u>

The deferred income balance includes £548,398 of funding received from the Education Funding Agency for the changing rooms and music project. This funding is conditional on the school completing the project, and as work had not commenced at 31 August 2015, the advance funding has been deferred. Work has commenced since this date and the project will be completed before 31 March 2016.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 17 Funds

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
<b>Restricted general funds</b>					
General Annual Grant	280,988	3,938,109	(4,010,729)	(28,524)	179,844
Other DfE/EFA grants	157,701	46,174	(1,330,446)	1,284,409	157,838
Other incoming resources	91,876	501,051	(406,230)	-	186,697
	<u>530,565</u>	<u>4,485,334</u>	<u>(5,747,405)</u>	<u>1,255,885</u>	<u>524,379</u>
Pension reserve	(991,000)	-	(21,000)	(73,000)	(1,085,000)
	<u>(460,435)</u>	<u>4,485,334</u>	<u>(5,768,405)</u>	<u>1,182,885</u>	<u>(560,621)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	1,755,298	1,288,964	-	(1,255,885)	1,788,377
Voluntary capital income	9,907,465	-	-	-	9,907,465
Capital donations from private sector	1,167,599	-	-	-	1,167,599
Depreciation	(1,073,605)	-	(485,788)	-	(1,559,393)
	<u>11,756,757</u>	<u>1,288,964</u>	<u>(485,788)</u>	<u>(1,255,885)</u>	<u>11,304,048</u>
<b>Total restricted funds</b>	<u>11,296,322</u>	<u>5,774,298</u>	<u>(6,254,193)</u>	<u>(73,000)</u>	<u>10,743,427</u>
<b>Unrestricted funds</b>					
General funds	<u>27,770</u>	<u>290,405</u>	<u>(280,824)</u>	<u>-</u>	<u>37,351</u>
<b>Total funds</b>	<u>11,324,092</u>	<u>6,064,703</u>	<u>(6,535,017)</u>	<u>(73,000)</u>	<u>10,780,778</u>

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital assets acquired or created.

Restricted general funds comprise all other restricted funds received and include grants from The Education Funding Agency / Department for Education.

The transfers between funds relate to capital grants received transferred to restricted general funds, used for revenue refurbishment projects, and GAG revenue grant received transferred to restricted fixed asset funds used for capital items.

At 31 August 2015, restricted revenue reserves were £524,379 (2014: £530,565). Unrestricted reserves were £37,351 (2014: £27,770). Taking into consideration continued funding cuts due in 2015/16 and increases in Teachers' Pension contributions from September 2015 and National Insurance costs from April 2016, the governors believe the above levels of reserves are appropriate to protect the School's current and future financial position.

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 18 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
<b>Fund balances at 31 August 2015 are represented by:</b>				
Tangible fixed assets	-	-	11,304,048	11,304,048
Current assets	37,351	1,507,612	-	1,544,963
Creditors falling due within one year	-	(983,233)	-	(983,233)
Defined benefit pension liability	-	(1,085,000)	-	(1,085,000)
	<u>37,351</u>	<u>(560,621)</u>	<u>11,304,048</u>	<u>10,780,778</u>

### 19 Pensions and similar obligations

The School's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The West Midlands Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

#### 19 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £296,404 (2014: £272,483).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.7% for employers and between 5.5% and 9.9% for employees. The estimated value of employer contributions for the forthcoming year is £108,000.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

<b>Contributions made</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Employer's contributions	110	92
Employees' contributions	31	27
Total contributions	<u>141</u>	<u>119</u>

  

<b>Principal actuarial assumptions</b>	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	4.15	3.95
Rate of increase for pensions in payment	2.40	2.20
Discount rate for scheme liabilities	4.00	4.00
Inflation assumption (CPI)	<u>2.40</u>	<u>2.20</u>



# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 19 Pensions and similar obligations

(Continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>2015</b>	<b>2014</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	23.0	22.9
- Females	25.2	25.5
Retiring in 20 years		
- Males	25.6	25.1
- Females	28.0	27.8

The School's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>2015</b>	<b>2014</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£000</b>	<b>£000</b>
Equities	359	205
Government bonds	44	36
Other bonds	60	47
Property	51	40
Cash	30	20
Other assets	55	108
<b>Total market value of assets</b>	<b>599</b>	<b>456</b>
Present value of scheme liabilities - funded	(1,684)	(1,447)
<b>Surplus/(deficit) in the scheme</b>	<b>(1,085)</b>	<b>(991)</b>

The actual return on scheme assets was £24,000 (2014: £41,000).

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 19 Pensions and similar obligations (Continued)

#### Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
<b>Operating costs/(income)</b>		
Current service cost (net of employee contributions)	(101)	(91)
Past service cost	-	-
	<u>          </u>	<u>          </u>
Total operating charge	<u>(101)</u>	<u>(91)</u>
	<u>          </u>	<u>          </u>
<b>Finance costs/(income)</b>		
Expected return on pension scheme assets	30	23
Interest on pension liabilities	(60)	(59)
	<u>          </u>	<u>          </u>
Pension finance costs/(income)	<u>(30)</u>	<u>(36)</u>
	<u>          </u>	<u>          </u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £210,000 loss (2014: £137,000 loss).

#### Movements in the present value of defined benefit obligations

	2015 £000	2014 £000
Obligations at 1 September 2014	1,447	1,245
Current service cost	101	91
Interest cost	60	59
Contributions by employees	31	27
Actuarial (gain)/loss	67	46
Benefits paid	(22)	(21)
	<u>          </u>	<u>          </u>
At 31 August 2015	<u>1,684</u>	<u>1,447</u>
	<u>          </u>	<u>          </u>

#### Movements in the fair value of the School's share of scheme assets

	2015 £000	2014 £000
Assets at 1 September 2014	456	342
Expected return on assets	30	23
Actuarial gain/(loss)	(6)	(7)
Contributions by employers	110	92
Contributions by employees	31	27
Benefits paid	(22)	(21)
	<u>          </u>	<u>          </u>
At 31 August 2015	<u>599</u>	<u>456</u>
	<u>          </u>	<u>          </u>

The estimated value of employer contributions for the year ended 31 August 2016 is £108,000.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 19 Pensions and similar obligations

(Continued)

The history of experience adjustments is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000
Present value of defined benefit obligations	(1,684)	(1,447)	(1,245)	(1,093)
Fair value of share of scheme assets	599	456	342	216
Deficit in the scheme	<u>(1,085)</u>	<u>(991)</u>	<u>(903)</u>	<u>(877)</u>
Experience adjustment on share of scheme assets	<u>(6)</u>	<u>(7)</u>	<u>12</u>	<u>(8)</u>
Experience adjustment on scheme liabilities	<u>67</u>	<u>46</u>	<u>Nil</u>	<u>Nil</u>

### 20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2015 £	2014 £
Net income	(470,314)	281,504
Capital grants from DfE and other capital income	(1,288,964)	(660,618)
Investment income	(4,900)	(1,126)
FRS 17 pension costs less contributions payable	(9,000)	(1,000)
FRS 17 pension finance income	30,000	36,000
Depreciation of tangible fixed assets	485,788	462,645
Increase in stocks	(5,927)	(13,826)
Decrease/(Increase) in debtors	46,525	(53,775)
Increase in creditors	323,647	168,662
Net cash (used in)/provided by operating activities	<u>(893,145)</u>	<u>218,466</u>

### 21 Analysis of net funds

	At 1 September 2014 £	Cash flows £	Non-cash changes £	At 31 August 2015 £
Cash at bank and in hand	<u>953,589</u>	<u>367,640</u>	<u>-</u>	<u>1,321,229</u>

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2015

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#### 22 Commitments under operating leases

At 31 August 2015 the School had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£	£
<b>Other</b>		
Expiry date:		
- Between two and five years	1,084	1,084
	<u>1,084</u>	<u>1,084</u>

#### 23 Capital commitments

At 31 August 2015 the School had undertaken to procure and carry out a project to refurbish changing rooms and build a new music suite. The total cost of the project is budgeted to be £1,607,000. Much of the work is refurbishment and replacement of existing buildings and will therefore be treated as maintenance costs. The element which relates to new classrooms and facilities is estimated to be approximately £200,000 and will be confirmed during the year to 31 August 2016.

#### 24 Related parties

Owing to the nature of the School's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which the School has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

The Queen Mary's Schools Foundation ("The Foundation" - Charity No. 529001) holds on Trust, as a perpetual endowment, funds donated and investments made over the years since the founding of the School by the letters patent of Queen Mary in 1554, and subsequently the founding of Queen Mary's High School (for girls) ("QMHS") and The Mayfield Preparatory School.

The Foundation owns the freehold land on which the School's site is based, which is let on a peppercorn rental to the School under a 125 year lease, the terms of which were approved by the Department for Education. Separate areas of the playing fields are leased separately to the other Foundation schools.

During the year Messrs. Sturrock, Punch and Vallance served as both governors of Queen Mary's Grammar School and trustees of The Foundation.

In the year ending 31 August 2015 The Foundation donated £29,450 for the costs of running the School's entrance exam. (2014: the School received £30,829 but this included an amount of £14,899 paid by the School being the share of costs of Queen Mary's High School, and the School's costs of £15,930 were also reimbursed by the Foundation.)

In addition The Foundation undertook for the School's benefit a fund raising exercise to provide a new Sixth Form Centre. This was completed in September 2012 and handed over to the School in May 2013, and is included as a donated asset at an original cost of £1,017,240.

Under the constitution of the School, the Governing Body includes three governors who are employed as staff at the School. The Headmaster is appointed "ex officio", while two staff governors are elected. These staff are not paid for their roles as governors, but as employees of the School under the normal terms and conditions applicable to teaching and non-teaching staff. Details of remuneration of staff governors are included in note 10.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 24 Related parties

(Continued)

Under their contracts of employment staff governors are entitled to be reimbursed for travel and subsistence and other expenses wholly and exclusively incurred on behalf of the School's activities. The total of such expenses for the year to 31 August 2015 was £619 (2014: £1,387). Expenses reimbursed for costs incurred wholly and exclusively on behalf of the School's activities, paid to other governors amounted to £411 (2014: £418) in the same period.

The Headmaster's wife and sister-in-law have employment contracts as a Foreign Languages Assistant and a Teaching Assistant respectively at the School. Mr Swain's wife (Mrs C Swain) has been employed since 2009 and Mrs S Swain since 2010. The Headmaster was not involved in approving the terms of either appointment. Both were appointed prior to the School becoming an academy. They are on the same terms and conditions as when they were appointed

The Headmaster's nephew, Mr B Butterfield was employed during the year on a one year fixed term contract as an unqualified teacher through the School Direct Teacher Training scheme. He was recruited by the Streetly Academy Teaching School Alliance onto this scheme and, as a former pupil, expressed a desire to train at this School. The Headmaster had no involvement in approving the terms of the appointment, which was approved by the governors. Mr Butterfield resigned on 31 August 2015

All three were paid on normal scale rates for their positions as follows:

Mrs C Swain	£Nil - £5,000 (2014: £5,000 - £10,000)
Mrs S Swain	£10,000 - £15,000 (2014: £10,000 - £15,000)
Mr B Butterfield	£15,000 - £20,000 (2014: £Nil)

Mr T Lawrence was a teacher at the School until 31 August 2014 when he retired. He applied to become a governor and was appointed on 12 March 2015. Mr Lawrence is not paid in his role as governor, but still remains active with the School's CCF contingent and is paid only for work undertaken as a member of staff.

Mrs J Lawrence, Mr Lawrence's wife, has been employed by the School since 2009 as a cover supervisor / invigilator and on occasions mentoring pupils. She has continued in these roles since Mr Lawrence was appointed as governor. She is paid at the normal scale rates for this type of work. Her remuneration was as follows:

Mrs J Lawrence	£Nil to £5,000 (2014: £Nil).
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The School received the following income from related parties:

	2015	2014
	£	£
<b>Income from related parties</b>		
Donations from The Foundation for entrance exam costs and prizes	29,450	15,930
Donation from Foundation to reimburse costs paid on behalf of Queen Mary's High School	-	14,899
Queen Mary's High School (landscaping)	-	6,000
Mayfield Preparatory School (swimming lessons / landscaping)	1,573	7,742
Walsall Studio School (recharge of staff and expenses)	31,757	5,000

Note: In the year ended 31 August 2014, the School incurred costs under a joint contract for landscaping services for the overall site on which it is located. The contract was tendered jointly to obtain best value for money. The School was reimbursed for the proportion of costs relating to Queen Mary's High School & Mayfield Preparatory School. From June 2014 it was agreed with the supplier each School would be invoiced separately.

# QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

### 24 Related parties

(Continued)

The School paid the following expenses and costs to related parties:

	2015	2014
Costs paid to related parties	£	£
Costs recharged by Queen Mary's High School (various items)	812	-

Note: Queen Mary's High School is in the same entrance exam consortium as the School. The contract was procured on behalf of the five Schools within the Consortium to obtain best value for money. In 2014, costs of £14,899 were paid on behalf of Queen Mary's High School to the University of Durham. The School received a donation from the Foundation to reimburse the School for its cost, as well as the cost of Queen Mary's High School. In the year to 31 August 2015 both schools were invoiced separately by the University of Durham.

Working closely with the Department for Education and the Vines Trust, The School has supported the establishment of the Walsall Studio School. Mr Swain is a governor of the Studio School, a company limited by guarantee and his role as governor is unpaid. The schools work in partnership sharing teachers and jointly recruiting new staff to support delivery of the curriculum. In this way both Schools are able to increase teaching resources in a more flexible manner and share expertise.

As well as recruiting new teachers, Queen Mary's Grammar School has offered employees the opportunity to teach at Walsall Studio School to support learning and staff development. The School recharged Walsall Studio School £31,757 (2014: £13,010) for staff salary costs. These were charged at cost (with no profit element), in line with EFA rules for academies.

Mr Underwood, Clerk to the Governors, is also Clerk to the Governors of:  
Queen Mary's Schools Foundation  
Queen Mary's High School  
Mayfield Preparatory School  
The Walsall Studio School

The School does not pay for Mr Underwood's services, as these are paid for by the Foundation.

### 25 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the School received £23,679 and disbursed £22,224 from the fund in addition to the School's cost of administering the fund of £1,184. An amount of £15,167 (2014: £14,896) is included in other creditors relating to undistributed funds that is repayable to the EFA.