

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 2016

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

REFERENCE AND ADMINISTRATIVE DETAILS

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 (Resigned 8 December 2015)
Melanie Crooks
John Vallance
John Wood
James Wolffsohn
Jaswinder Dhillon
Paul Lee
Neil Moseley
Timothy Lawrence
Ashvin Patel
Karen Reid

Staff Governors

Timothy Swain (Headmaster)
Kevin Parker
Alexander Hudson (Appointed 1 September 2015)

Parent Governors

Jonathan Pepper
Richard Kirk (Appointed 10 December 2015)

During the year Messrs Swain, Patel, Lee, Moseley, Punch, Hudson and Kirk, and Ms Crooks were members of the Business committee. Messrs Swain, Vallance, Wolffsohn, Parker, 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	
- Assistant Head	Mark Donnan	(Retired 31 August 2016)
- 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

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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 1st September 2015 to 31st August 2016. 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 938 (2015: 860) pupils on roll. The School increased its published admissions number (PAN) for 11-16 in September 2016 to 150 per year. The number of 16-19 students has also increased.

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 company has nine members who are appointed by the Queen Mary's Schools Foundation (The Foundation), a charitable organisation (number 529001), founded to support three schools in Walsall: Queen Mary's Grammar School; Queen Mary's High School and Mayfield Preparatory School.

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

The Academy is a member of the 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. This includes indemnity for Governors' liability in carrying out their duties as governors.

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 governors who are appointed by the Foundation.

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)

FOR THE YEAR ENDED 31 AUGUST 2016

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, which operates with two principal sub-committees: The Business (Finance & Property) and the Pastoral & Curriculum Committee. The Business 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, a Deputy Head, a Finance & Business Director and four Assistant Heads. Although one Assistant Head retired on 31st August 2016, it is not intended to replace this member of the SLT. This structure takes into consideration future staffing plans and enables the Headmaster and the Finance & Business Director 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 to the full Board of Governors for authorisation.

The Foundation employs a Clerk, who has a legal background and acts as Clerk to the governors of the School.

Arrangements for setting pay and remuneration of key management personnel

The remuneration of key management personnel that includes the senior leadership team is determined by the Pay Committee of the Governors with reference to regular appraisals and salary benchmarking.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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.

The Foundation 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 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. Two 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 schools supported by the Foundation.

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, and the Old Boys' Scholarship Fund, 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

Strategy, Objectives and activities

The annual School Improvement Plan ("SIP") is based primarily on the framework modelled by Ofsted.

The SIP also looks for its inspiration to our Four Pillars, our Pastoral Charter and our School Motto.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Four Pillars of our School are that we are:

- Academic in purpose
- International in Outlook
- Enterprising in Spirit
- Generous in Approach

Our work in these areas is to prepare our students to live life to the full.

Our Pastoral Charter states what we hold to be true:

- Human dignity matters
- Justice is an absolute priority
- Serving others is part of the School's DNA
- A sense of Community holds everything together
- Inclusion & diversity are fundamental principles
- Our approach must be holistic: what we **do** must be informed by who we **are**
- Generosity is the key to our motto: it often means getting your hands dirty
- Supporting others means we have to step out of our comfort zone
- There is always hope ...

Our work in this area is to build a community characterised by hope so that our pupils will make a positive contribution to the area in which they live and beyond.

Our School Motto – *Quas dederis solas semper habebis opes* – translates roughly to 'what you **give** will remain as your eternal riches'. In a culture which seems increasingly to favour self-serving attitudes, we aim to be counter-cultural, inculcating a spirit of service in our pupils so that they can take their place as UK citizens.

The key objectives set out in last year's annual report of the governors for the year ended 31 August 2015 were:

- 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

Commentary on the achievement of the above objectives and also other activities during the year is discussed under Achievements and Performance in the Strategic Report.

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;

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

- 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 938 students in the School – an increase of 78 pupils on the previous year.

In the summer examinations of 2016, 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:

- 72% of grades at A* / A / B
- 34 candidates scored three grade As or better
- 9 students achieved 4 A*/A grades
- 19 students secured places at Oxbridge and Medical or Dental Schools
- 72% of students gained a place at either their first choice or at a “Russell Group” university

At GCSE, the results achieved equalled the previous year's record for the School:

- 79% of all grades were A* or A
- 100% of our pupils achieved 5A*-C
- 65 pupils (more than 2/3 of the cohort) scored A*/A in at least 8 subjects
- 12 pupils scored 10 A* grades or better
- 98% of pupils made 3 Levels of progress in Maths
- 100% of pupils made 3 Levels of Progress in English/English Literature
- The School's Progress 8 score was + 0.5
- The School's Attainment 8 score was 72.31
- 93% of the Year 11 students continued into the sixth form

Key Performance Indicators (KPIs)

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 takes pride in the fact that it is more than just a School. It is a flourishing community incorporating 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.

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GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Highlights from 2015-16 included:

- A bid to form a Multi Academy Trust (MAT), The Mercian Trust, was approved by the Department for Education (DfE)
- The School was made a Founder Partner of the Government's Mandarin Excellence Programme (one of only 14 schools nationally)
- Major building projects on site:
 - The creation of a new Music Suite
 - The refurbishment of the Sports Block
 - The replacement of all heating infrastructure
 - The improvement of Site Security
- An exceptional programme of visits and foreign travel, including trips to USA, Belgium, Spain and Cyprus, totalling 6,500 pupil days. Only 29 pupils out of 858 did not participate in a residential trip during the year
- 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 fourth 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 and supported by Major Tim Peake from the International Space Station
- A highly successful round of recruitment in to both Year 7 (with an increased PAN of 150) and in Year 12. The School is now bigger than at any time in its history
- The Award of Arkwright Scholarships in the Design and Technology department, which also provides the largest number of STEM Ambassadors of any school in the Midlands
- An excellent report following biennial review of the Combined Cadet Force (CCF)
- 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
- Increased partnering initiatives with Walsall Studio School and Queen Mary's High School, including sharing teaching staff, joint concerts and mentoring schemes, to name but a few

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.

The Governors are currently actively seeking to form a Multi Academy Trust. It is not yet known what exact legal structure may be used to form the Multi Academy Trust, although the activities of the School will continue. If a new company is formed to establish the Trust, then the School's assets and liabilities may transfer to the Trust and the current legal entity may subsequently be dissolved, which will require the Governors to prepare accounts on a discontinued basis at that time.

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.

On conversion to academy status, the surplus and all fixed assets of the former Queen Mary's Grammar School (a Voluntary Aided selective school) were transferred on 1 June 2011. These were 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 EFA's Academies Condition Improvement Fund (CIF), and the Devolved Capital Formula grant fund. The School received funding for an expansion project to

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GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

increase the number of changing room facilities and specialist classrooms for extending music provision within the curriculum. This project was completed in the year. Funding was secured to replace the School's heating infrastructure and to improve security/access control at the site. The latter projects commenced in the year.

The restricted fixed asset fund increased as a result of income for projects funded by the above capital funds. For accounting purposes the majority of the costs, by their nature, were regarded as repair and replacement, and 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.

In 2012, the governors' recognised the School would be adversely affected by changes in DfE / Local Authority funding. The impact was shown in a long term plan and as a result it was agreed to increase the School's PAN to offset the expected reductions in funding. In the year ended 31 August 2016, additional funding from the increased PAN and higher 16-19 student numbers more than offset reduced funding levels.

The Statement of Financial Activities showed an overall net income of £1,977 (2015: deficit of £543,314). This was after charging depreciation and an actuarial pension experience loss. The combined General Restricted and Unrestricted Funds before actuarial losses showed a net surplus of £61,273 in the 12 months ended 31 August 2016 (2015: net deficit of £26,605).

A review of the valuation of the LGPS pension plan has been carried out by actuaries, Barnett Waddingham. The deficit of plan liabilities compared to plan assets has increased to £1,615,000 (2015: £1,085,000). The actuarial experience loss for the year on the Local Government Pension Scheme was £518,000 (2015: £73,000). This significant loss was mainly due to the lower discount rate used to value pension liabilities, reflecting current expectations for long term current economic conditions.

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 2016, restricted reserves were £554,158 (2015: £524,379). Unrestricted reserves were £80,845 (2015: £37,351). Taking into consideration continued funding cuts expected in future years and recent increases in Teachers' Pension contributions and national insurance costs, 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. The Governors currently are of the opinion that reserves should cover one to two months ongoing revenue expenditure. Current reserves are within this policy.

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. £159,000 of the cash held at 31 August 2016 relates to funding in advance for the heating and security / access capital projects, which are expected to be completed by December 2016.

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GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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)

FOR THE YEAR ENDED 31 AUGUST 2016

Funding and long term viability

The School is heavily reliant on Government funding with just under 85% 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 has faced an additional 2.48% cost of providing Teachers' Pensions and the removal of contracted out relief for National Insurance contributions.

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 for 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 35% since September 2012 to 341 in September 2016. 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 they will continue to seek new capital funds to increase capacity
- The governors are seeking to increase other revenues to reduce the impact of lower grant funding

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. The School's energy contracts were tendered during the year and as well as decreasing overall costs, the school has been able to benefit from historically low gas prices by entering into the three year contract.

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)

FOR THE YEAR ENDED 31 AUGUST 2016

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 Business 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, including using the RPA scheme and are 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:

- Continue to investigate founding, together with four partner schools, The Mercian Trust as a Multi-Academy Trust
- Collaborate with Walsall Studio School and The Vine Trust in setting up an Alternative Provision Free School.
- Achieve 75% A*-B at A Level and 80% A*/A grades at GCSE
- Maintain Progress 8 at + 0.5 or better
- Submit a bid for funds to create new laboratory/general teaching space to prepare for further expansion
- Embed new systems for assessment in line with national policies
- Extend the programme of education and training on British values and anti-extremism
- Maintain a rich and varied programme of international links
- Provide outstanding enrichment opportunities
- Ensure the Four Pillars, Pastoral Charter and Motto underpin the way we work
- Develop the School's Field Centre, "Farchynys", so that it can continue to serve the needs of the School, the Mercian Trust and the wider community
- Consider the feasibility of an all-weather astro-turf pitch
- Complete the development of the site to meet expansion plans including the provision of sufficient laboratories and specialist facilities in Art and Design Technology.
- Support other pupils and schools in Walsall, including continued support for the Walsall Studio School
- Provide sporting, conference and learning facilities to the wider community
- Promote fellowship and fund-raising through the Queen Mary's Association (QMA) and Club (QMC)

In the context of the proposed Multi Academy Trust, the School will work with its partner schools to:

- Provide effective School to School support in the town and region
- Improve outcomes for all students
- Maintain a broad curriculum for post 16 students
- Provide a programme of enrichment opportunities (including residential visits to our Field Centre in Wales)

Funds held as custodian trustee on behalf of others

During the year ended 31st August 2016, 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)

FOR THE YEAR ENDED 31 AUGUST 2016

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.

This Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 7 December 2016 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 2016

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 trustees 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.

Full Governing Body

	Meetings attended	Out of a possible
Governor		
Philip Sturrock MBE (Chairman)	4	6
Timothy Swain (Headmaster)	6	6
Ashvin Patel	5	6
Jane Bonner	5	6
John Punch	0	2
Melanie Crooks	6	6
John Vallance	6	6
James Wolffsohn	3	6
Kevin Parker	6	6
John Wood	3	6
Jaswinder Dhillon	2	6
Jonathan Pepper	4	6
Paul Lee	5	6
Karen Reid	4	6
Neil Moseley	5	6
Timothy Lawrence	6	6
Alexander Hudson	6	6
Richard Kirk	3	4

	Meetings attended	Out of a possible
Business Committee		
Timothy Swain (Headmaster)	3	3
Paul Lee	3	3
Melanie Crooks	3	3
Ashvin Patel	3	3
Neil Moseley	2	3
John Punch	1	1
Alexander Hudson	3	3
Richard Kirk	1	2

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The only change to the board of trustees was the resignation of one trustee (as he could no longer commit to the role, given increased business commitments elsewhere) and the appointment of Parent and Staff governors to fill vacancies. There were no particular challenges that arose for the board.

Governance reviews

A self-review was carried out in November 2015 relating to the effectiveness of governance for the previous year.

The Clerk distributed a self-evaluation form asking for governors comments on:

- General issues (including induction, training, the atmosphere at meetings and awareness of responsibilities);
- Meetings (including attendance, value, encouragement to participate);
- Characteristics of the school (including contribution to the School Improvement Plan, and review of this);
- Achievements of pupils (including Pupil Premium, understanding the outcomes, and whether there is challenge to the Headmaster and the senior leadership team);
- Quality of Teaching (including the evaluation of teaching by others);
- Leadership and Management (including the breadth of curriculum, contact with parents, long-term planning, procedures for the work-life balance of staff, and the welfare of pupils); and
- Behaviour and safety of pupils.

The overwhelming response was favourable, with no serious areas of concern being identified.

In addition, and concurrently with the self-review, the Clerk circulated a review of the Chair's performance, dealing with his vision; the relationship with the School; the need for governors to have strategic focus; understanding of strengths and skills of other governors; and conduct at meetings.

The responses were again universally positive.

The process for review of the performance for the academic year 2015-16 is underway at the date of this report.

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 trustees 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:

- Managing the School's finances within a very tightly controlled budget, whilst not affecting the overall delivery of high quality teaching and learning or reducing extra-curricular activities
- Maintaining tight control over staff resources and curriculum offering to ensure the School is operating an efficient workforce and making the best use of limited funding resources. This included working jointly with Walsall Studio School and Queen Mary's High School to recruit in partnership and share resources to operate cost effectively
- Benchmarking against similar schools to identify further improvements where possible
- Promoting the School and ensuring parents and pupils recognise the quality added value offering of the School to continue to attract pupils into Years 7 and 12 in a highly competitive local market place
- Managing three CIF funded projects during the year. The projects were commenced at different times and with vastly different requirements and a combined value of £2.1 million. This included ensuring robust competitive tendering; appointment of adequately qualified professional advisers; controlling expenditure with contractors and advisers to deliver projects within budget and agreed timescales
- Working closely with Queen Mary's High School, to tender energy contracts. This enabled both schools to reduce energy costs substantially and to benefit from historically low gas prices for a three year contract period
- Procure educational resources in bulk orders to maximize discounts and where appropriate use public procurement networks such as ESPO to benefit from competitive frameworks

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

- Tendering cleaning services to improve service and ensure prices were competitive
- Significantly increasing external incomes particularly from the letting of swimming and sports facilities to local groups in the community. This was achieved despite changing room facilities and having to close facilities while the major building project was underway
- Establishing a cost effective way to address significant IT network problems and addressing risk of failure
- Working collectively with 4 other schools and an exam board to secure a significant reduction in the costs of operating a combined entrance examination for pupils entering grammar schools in the area

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 1 September 2015 to 31 August 2016 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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

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 reviews by the Business Committee of reports which indicate 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 an internal auditor. However, the Governors have appointed a qualified Accountant as Finance & Business Director to oversee the day to day management of the finance function and have instructed Whitehouse Ridsdale, the external auditor, to perform additional checks on a termly basis. This role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a termly basis reports are made to the Business Committee on the operation of systems and control and on the discharge of the Governing Body's financial responsibilities. The Business Committee considers these reports and acts on any recommendations and reports findings back to the Full Governing Body.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

In the year under review, Whitehouse Ridsdale reported in accordance with the agreed schedule. No material issues arose from the checks. The areas tested included:

- Payroll procedures and controls;
- Purchasing procedures including tendering, authorization 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 register of interests and governance;
- IT systems and controls, including online payments.

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 Business 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 2016 and signed on its behalf by:

Philip Sturrock MBE
Chair

Timothy Swain
Accounting Officer

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

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 2015.

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 2015.

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.

Timothy Swain
Accounting Officer

7 December 2016

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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 accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 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 board of trustees on 7 December 2016 and signed on its behalf by:

Philip Sturrock MBE
Chair

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

We have audited the accounts of Queen Mary's Grammar School (Walsall) for the year ended 31 August 2016 set out on pages 24 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 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 19, 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 accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts sufficient to give reasonable assurance that the accounts 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' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts 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 accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF QUEEN MARY'S GRAMMAR SCHOOL (WALSALL) (CONTINUED)

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 accounts 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: 7 December 2016

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

In accordance with the terms of our engagement letter dated 27 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 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 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 Queen Mary's Grammar School (Walsall) and 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by 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:

- understanding the basis on which the School's Accounting Officer has made his Statement on Regularity, Propriety and Compliance on page 18
- obtaining specific written representations from the School's Accounting Officer to confirm that to the best of his knowledge there have been no irregular transactions
- considering (based on our understanding of the School's internal controls) the risk of irregular transactions occurring
- conducting detailed substantive procedures on samples of costs as we considered to be appropriate

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)

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 2015 to 31 August 2016 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: 7 December 2016

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
Income from:						
Donations and capital grants	2	-	4,966	2,142,412	2,147,378	1,357,268
Charitable activities:						
- Funding for educational operations	3	-	4,139,413	-	4,139,413	3,989,983
Other trading activities	4	335,179	381,721	-	716,900	712,552
Investments	5	-	6,947	-	6,947	4,900
Total income		<u>335,179</u>	<u>4,533,047</u>	<u>2,142,412</u>	<u>7,010,638</u>	<u>6,064,703</u>
Expenditure on:						
Raising funds	6	291,685	340,776	-	632,461	687,054
Charitable activities:						
- Educational operations	7	-	5,381,068	477,132	5,858,200	5,856,963
Total expenditure	8	<u>291,685</u>	<u>5,721,844</u>	<u>477,132</u>	<u>6,490,661</u>	<u>6,544,017</u>
Net income/(expenditure)		43,494	(1,188,797)	1,665,280	519,977	(479,314)
Transfers between funds	17	-	1,206,576	(1,206,576)	-	-
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	19	-	(518,000)	-	(518,000)	(64,000)
Net movement in funds		43,494	(500,221)	458,704	1,977	(543,314)
Reconciliation of funds						
Total funds brought forward		37,351	(560,621)	11,304,048	10,780,778	11,324,092
Total funds carried forward		<u>80,845</u>	<u>(1,060,842)</u>	<u>11,762,752</u>	<u>10,782,755</u>	<u>10,780,778</u>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 46 form part of the financial statements.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		11,603,749		11,304,048
Current assets					
Stocks	13	22,698		20,514	
Debtors	14	259,824		203,220	
Cash at bank and in hand		1,254,479		1,321,229	
		<u>1,537,001</u>		<u>1,544,963</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(742,995)		(983,233)	
Net current assets			794,006		561,730
Net assets excluding pension liability			<u>12,397,755</u>		<u>11,865,778</u>
Defined benefit pension liability	19		(1,615,000)		(1,085,000)
Net assets			<u>10,782,755</u>		<u>10,780,778</u>
Funds of the School:					
Restricted funds	17				
- Fixed asset funds			11,762,752		11,304,048
- Restricted income funds			554,158		524,379
- Pension reserve			(1,615,000)		(1,085,000)
Total restricted funds			<u>10,701,910</u>		<u>10,743,427</u>
Unrestricted income funds	17		80,845		37,351
Total funds			<u>10,782,755</u>		<u>10,780,778</u>

The accounts set out on pages 24 to 46 were approved by the board of trustees and authorised for issue on 7 December 2016 and are signed on its behalf by:

.....
Philip Sturrock MBE
Chair

Company Number 07611347

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash used in operating activities	20		(1,439,276)		(893,145)
Cash flows from investing activities					
Dividends, interest and rents from investments		6,947		4,900	
Capital grants from DfE and EFA		2,142,412		1,288,964	
Payments to acquire tangible fixed assets		(776,833)		(33,079)	
		<u>1,372,526</u>		<u>1,260,785</u>	
Change in cash and cash equivalents in the reporting period			<u>(66,750)</u>		<u>367,640</u>
Cash and cash equivalents at 1 September 2015			1,321,229		953,589
Cash and cash equivalents at 31 August 2016			<u>1,254,479</u>		<u>1,321,229</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Queen Mary's Grammar School (Walsall) is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the governors' report.

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

1.1 Basis of preparation

The accounts of the School, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Queen Mary's Grammar School (Walsall) meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Queen Mary's Grammar School (Walsall) prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

The Governors are currently actively seeking to form a Multi Academy Trust. It is not yet known what exact legal structure may be used to form the Multi Academy Trust, although the activities of the School will continue. If a new company is formed to establish the Trust, then the School's assets and liabilities may transfer to the Trust and the current legal entity may subsequently be dissolved, which will require the Governors to prepare accounts on a discontinued basis at that time.

1.3 Income

All incoming resources are recognised when the School has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 are no performance-related conditions) where the receipt is probable 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 goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the School's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated to direct costs.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the School to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the School's educational operations, including support costs and costs relating to the governance of the School apportioned to charitable activities.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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.

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.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the School anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Provisions

Provisions are recognised when the School has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

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

1.9 Stock

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

1.10 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.

1.11 Pensions benefits

Retirement benefits to employees of the School 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 quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

1.13 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 Financial Instruments

The School only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgements in performing this valuation can be found in note 19.

1.15 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The School makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Governors have exercised judgement in estimating the expected useful life of the School's leasehold buildings and other fixed assets. These estimates are then used to calculate the depreciation cost of the assets.

Critical areas of judgement

The Governors estimated the value of the long leasehold buildings at the time the School converted to Academy status. Since this time the School has received substantial capital funding for building projects to address expansion needs and building condition needs. The Governors have assessed the nature of each project and determined the most appropriate treatment of expenditure as either capital or revenue related. In addition, taking into consideration the capital projects undertaken, the Governors have reviewed the valuation of the leasehold buildings and consider this to be a reasonable and reliable estimate of the current value.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	2,142,412	2,142,412	1,288,964
Other donations	-	4,966	4,966	68,304
	-	2,147,378	2,147,378	1,357,268

3 Funding for the School's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	4,049,114	4,049,114	3,938,109
Other DfE / EFA grants	-	87,786	87,786	46,174
	-	4,136,900	4,136,900	3,984,283
Other government grants				
Local authority grants	-	2,513	2,513	5,700
Total funding	-	4,139,413	4,139,413	3,989,983

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Trips income	-	162,274	162,274	291,912
Curriculum income	-	53,234	53,234	52,167
Reimbursement of staff costs	-	166,213	166,213	78,068
Catering income	212,795	-	212,795	193,998
Facilities and services	65,011	-	65,011	42,149
School uniform sales	40,340	-	40,340	40,326
Music tuition	17,033	-	17,033	13,932
	<u>335,179</u>	<u>381,721</u>	<u>716,900</u>	<u>712,552</u>

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	-	6,947	6,947	4,900
	<u>-</u>	<u>6,947</u>	<u>6,947</u>	<u>4,900</u>

6 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Staff costs	27,242	121,047	148,289	102,186
Catering costs	218,665	-	218,665	198,373
Facilities and services	-	6,847	6,847	6,000
Trips costs	-	159,648	159,648	286,191
Curriculum costs	-	53,234	53,234	52,167
School uniform costs	28,745	-	28,745	28,205
Music tuition costs	17,033	-	17,033	13,932
	<u>291,685</u>	<u>340,776</u>	<u>632,461</u>	<u>687,054</u>

7 Charitable activities

	2016 £	2015 £
Direct costs - educational operations		
Teaching and educational support staff costs	2,990,680	2,886,931
Learning resources	267,815	289,252
Technology costs	72,070	63,185
Depreciation	477,132	485,788
Other direct costs	7,758	17,901
	<u>3,815,455</u>	<u>3,743,057</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7	Charitable activities	(Continued)			
		2016	2015		
		£	£		
	Support costs - educational operations				
	Support staff costs	338,981	341,672		
	Premises	1,361,840	1,419,057		
	Energy and insurance	137,661	148,471		
	Cleaning	87,386	87,848		
	Governance costs	21,923	11,402		
	Other support costs	94,954	105,456		
		<u>2,042,745</u>	<u>2,113,906</u>		
	Total costs	<u>5,858,200</u>	<u>5,856,963</u>		
8	Expenditure				
		Staff costs	Premises & equipment	Other costs	Total
		£	£	£	Total
				2016	2015
				£	£
	Academy's educational operations				
	- Direct costs	2,990,680	477,132	347,643	3,815,455
	- Allocated support costs	338,981	1,361,840	341,924	2,042,745
		<u>3,329,661</u>	<u>1,838,972</u>	<u>689,567</u>	<u>5,858,200</u>
		<u>3,329,661</u>	<u>1,838,972</u>	<u>689,567</u>	<u>5,858,200</u>
	Other expenditure				
	Raising funds	148,289	6,847	477,325	632,461
		<u>148,289</u>	<u>6,847</u>	<u>477,325</u>	<u>632,461</u>
	Total expenditure	<u>3,477,950</u>	<u>1,845,819</u>	<u>1,166,892</u>	<u>6,490,661</u>
	Net income/(expenditure) for the year includes:			2016	2015
				£	£
	Fees payable to auditor for:				
	- Audit			7,750	7,250
	- Other services			6,510	6,460
	Operating lease rentals			958	1,082
	Depreciation of tangible fixed assets			477,132	485,788
				<u>477,132</u>	<u>485,788</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs

	2016 £	2015 £
Wages and salaries	2,719,782	2,652,059
Social security costs	231,752	202,181
Operating costs of defined benefit pension schemes	473,609	430,860
	<hr/>	<hr/>
Staff costs	3,425,143	3,285,100
Supply staff costs	45,807	15,689
Staff restructuring costs - severance payments	7,000	30,000
	<hr/>	<hr/>
Total staff expenditure	3,477,950	3,330,789
	<hr/> <hr/>	<hr/> <hr/>

Staff numbers

The average number of persons employed by the School during the year was as follows:

	2016 Number	2015 Number
Teachers	52	51
Administration and support	21	22
Management	7	5
	<hr/>	<hr/>
	80	78
	<hr/> <hr/>	<hr/> <hr/>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 Number	2015 Number
£60,001 - £70,000	2	3
£90,001 - £100,000	1	1
	<hr/>	<hr/>

Non statutory/non-contractual staff severance payments

Included in staff costs was one non-statutory/non-contractual severance payment of £7,000 (2015: £30,000).

Key management personnel

The key management personnel of the School comprise the governors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the School was £510,450.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 £95,000 - £100,000 (2015: £90,000 - £95,000)

Employer's pension contributions £15,000 - £20,000 (2015: £10,000 - £15,000)

Mr K S Parker (Staff governor)

Remuneration £30,000 - £35,000 (2015: £30,000 - £35,000)

Employer's pension contributions £Nil - £5,000 (2015: £Nil - £5,000)

Mr A Hudson (Staff governor appointed 1 September 2015)

Remuneration £40,000 - £45,000

Employer's pension contributions £5,000 - £10,000

Mr T Lawrence (Foundation governor appointed 12 March 2015)

Remuneration £Nil - £5,000 (2015: £Nil - £5,000)

Employer's pension contributions £Nil (2015: £Nil)

During the year ended 31 August 2016 travel and subsistence expenses totalling £407 (2015: £619) were reimbursed to one staff governor (2015: two governors) in the role of employee and £361 (2015: £411) was reimbursed to one other governor (2015: one governor).

Other related party transactions involving the governors are set out within the related parties note 21.

11 Governors' and officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides for indemnities up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

	Land and buildings	Computer equipment	Furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 September 2015	12,015,047	284,047	531,343	33,004	12,863,441
Additions	586,584	47,336	142,913	-	776,833
At 31 August 2016	12,601,631	331,383	674,256	33,004	13,640,274
Depreciation					
At 1 September 2015	1,109,263	202,755	227,472	19,903	1,559,393
Charge for the year	339,492	47,602	86,295	3,743	477,132
At 31 August 2016	1,448,755	250,357	313,767	23,646	2,036,525
Net book value					
At 31 August 2016	11,152,876	81,026	360,489	9,358	11,603,749
At 31 August 2015	10,905,784	81,292	303,871	13,101	11,304,048

Additions during the year related to the refurbishment, improvement and extension of leasehold buildings on the School site. This included upgrading existing changing rooms and the refurbishment of an old underutilised gymnasium into a music suite supporting the School's music teaching project. Other additions included ICT equipment/infrastructure and fixtures, fittings and equipment.

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	2016 £	2015 £
School uniform/sportswear	22,698	20,514

14 Debtors	2016 £	2015 £
Trade debtors	86,257	7,884
VAT recoverable	54,112	70,954
Prepayments and accrued income	119,455	124,382
	259,824	203,220

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15	Creditors: amounts falling due within one year	2016	2015
		£	£
	Trade creditors	209,887	56,334
	Other creditors	24,182	39,278
	Accruals and deferred income	508,926	887,621
		<u>742,995</u>	<u>983,233</u>
		=====	=====
16	Deferred income	2016	2015
		£	£
	Deferred income at 1 September 2015	637,630	299,587
	Amounts released from previous years	(601,397)	(284,691)
	Amounts deferred in the year	8,206	622,734
		<u>44,439</u>	<u>637,630</u>
	Total deferred income at 31 August 2016	44,439	637,630
		=====	=====

The decrease in the deferred income balance relates to £548,398 capital funds received at 31 August 2015 which could not be recognised as the capital project to which they related had not commenced. The project was completed during the year.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	179,844	4,049,114	(4,074,706)	-	154,252
Other DfE/EFA grants	157,838	87,786	(1,294,362)	1,206,576	157,838
Other incoming resources	186,697	396,147	(340,776)	-	242,068
	<u>524,379</u>	<u>4,533,047</u>	<u>(5,709,844)</u>	<u>1,206,576</u>	<u>554,158</u>
Pension reserve	(1,085,000)	-	(12,000)	(518,000)	(1,615,000)
	<u>(560,621)</u>	<u>4,533,047</u>	<u>(5,721,844)</u>	<u>688,576</u>	<u>(1,060,842)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	1,788,377	2,142,412	-	(1,206,576)	2,724,213
Voluntary capital income	9,907,465	-	-	-	9,907,465
Capital donations from private sector	1,167,599	-	-	-	1,167,599
Depreciation	(1,559,393)	-	(477,132)	-	(2,036,525)
	<u>11,304,048</u>	<u>2,142,412</u>	<u>(477,132)</u>	<u>(1,206,576)</u>	<u>11,762,752</u>
Total restricted funds	<u>10,743,427</u>	<u>6,675,459</u>	<u>(6,198,976)</u>	<u>(518,000)</u>	<u>10,701,910</u>
Unrestricted funds					
General funds	<u>37,351</u>	<u>335,179</u>	<u>(291,685)</u>	<u>-</u>	<u>80,845</u>
Total funds	<u>10,780,778</u>	<u>7,010,638</u>	<u>(6,490,661)</u>	<u>(518,000)</u>	<u>10,782,755</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 2016, restricted revenue reserves were £554,158 (2015: £524,379). Unrestricted reserves were £80,845 (2015: £37,351). Taking into consideration continued funding cuts due in 2016/17 and increases in 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 2016.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	11,603,749	11,603,749
Current assets	80,845	1,456,156	-	1,537,001
Creditors falling due within one year	-	(742,995)	-	(742,995)
Defined benefit pension liability	-	(1,615,000)	-	(1,615,000)
	<u>80,845</u>	<u>(901,839)</u>	<u>11,603,749</u>	<u>10,782,755</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 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 2016

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% administration charge)
- 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS will be 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 £352,707 (2015: £296,404).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School 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 the employer and between 5.5% and 9.9% for employees at the School.

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.

Total contributions made	2016	2015
	£000	£000
Employer's contributions	139	110
Employees' contributions	31	31
	<hr/>	<hr/>
Total contributions	170	141
	<hr/> <hr/>	<hr/> <hr/>
Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.75	4.15
Rate of increase for pensions in payment	2.00	2.40
Discount rate	2.20	4.00
Inflation assumption (CPI)	2.00	2.40
	<hr/> <hr/>	<hr/> <hr/>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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:

	2016	2015
	Years	Years
Retiring today		
- Males	23.1	23.0
- Females	25.8	25.6
Retiring in 20 years		
- Males	25.3	25.2
- Females	28.1	28.0
	<u> </u>	<u> </u>

The School's share of the assets in the scheme

	2016	2015
	Fair value	Fair value
	£000	£000
Equity instruments	520	359
Debt instruments	287	189
Property	70	51
	<u> </u>	<u> </u>
Total market value of assets	877	599
	<u> </u>	<u> </u>
Actual return on scheme assets	130	24
	<u> </u>	<u> </u>

Amounts recognised in the Statement of Financial Activities

	2016	2015
	£000	£000
Current service cost (net of employee contributions)	110	101
Net interest cost	41	39
	<u> </u>	<u> </u>
Total operating charge	151	140
	<u> </u>	<u> </u>

Changes in the present value of defined benefit obligations

	2016	2015
	£000	£000
Obligations at 1 September 2015	1,684	1,447
Current service cost	110	101
Interest cost	68	60
Employee contributions	31	31
Actuarial (gain)/loss	621	67
Benefits paid	(22)	(22)
Plan introductions, benefit changes, curtailments and settlements	-	-
	<u> </u>	<u> </u>
At 31 August 2016	2,492	1,684
	<u> </u>	<u> </u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Pensions and similar obligations (Continued)

Changes in the fair value of the School's share of scheme assets

	2016 £000	2015 £000
Assets at 1 September 2015	599	456
Interest income	27	21
Return on plan assets (excluding amounts included in net interest)	103	3
Employer contributions	139	110
Employee contributions	31	31
Benefits paid	(22)	(22)
Plan introductions, benefit changes, curtailments and settlements	-	-
	<u>877</u>	<u>599</u>
At 31 August 2016	<u>877</u>	<u>599</u>

20 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period	519,977	(479,314)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(2,142,412)	(1,288,964)
Investment income	(6,947)	(4,900)
Defined benefit pension costs less contributions payable	(29,000)	(9,000)
Defined benefit pension net finance cost/(income)	41,000	39,000
Depreciation of tangible fixed assets	477,132	485,788
Increase in stocks	(2,184)	(5,927)
(Increase)/decrease in debtors	(56,604)	46,525
(Decrease)/increase in creditors	(240,238)	323,647
Net cash used in operating activities	<u>(1,439,276)</u>	<u>(893,145)</u>

21 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.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

21 Related parties

(Continued)

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 2016 The Foundation donated £3,600 (2015: £29,450) for the costs of running the School's entrance exam and as a contribution to a legal retainer. In 2016 the entrance exam was moved from July to September 2016.

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.

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 2016 was £407 (2015: £619). Expenses reimbursed for costs incurred wholly and exclusively on behalf of the School's activities, paid to other governors amounted to £361 (2015: £411) 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

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

Mrs C Swain	£Nil - £5,000 (2015: £Nil - 5,000)
Mrs S Swain	£10,000 - £15,000 (2015: £10,000 - £15,000)

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.

The School received the following income from related parties:

	2016	2015
	£	£
Income from related parties		
Donations from The Foundation for entrance exam costs and legal retainer	3,600	29,450
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
Walsall Studio School (recharge of staff and expenses)	73,013	31,757
Queen Mary's High School (recharge of staff/expenses)	11,549	-

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

	2016	2015
	£	£
Costs paid to related parties		
Queen Mary's High School (recharge of staff/expenses)	1,612	812

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

21 Related parties

(Continued)

Working closely with the Department for Education and The Vine 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 £73,013 (2015: £31,757) 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.

22 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the School received £24,168 and disbursed £18,049 from the fund in addition to the School's cost of administering the fund of £1,208. An amount of £20,078 (2015: £15,167) is included in other creditors relating to undistributed funds that is repayable to the EFA.

23 Reconciliation on adoption of FRS 102

	2015
Reconciliation of net income/(expenditure)	£
Net income/(expenditure) previously reported under UK GAAP	(470,314)
Adjustment arising from transition to FRS 102:	
Change in recognition of LGPS interest cost	(9,000)
Net income/(expenditure) reported under FRS 102	<u>(479,314)</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £9,000 and decrease debit in other recognised gains and losses in the SOFA by an equivalent amount.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

24 Comparative information year ended 31 August 2015

The table below shows the SOFA for the year ended 31 August 2015, with the results restated in accordance with FRS 102. It provides comparative information for all amounts presented in the SOFA, including the split between different classes of funds.

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	-	68,304	1,288,964	1,357,268
Charitable activities:					
- Funding for educational operations	3	-	3,989,983	-	3,989,983
Other trading activities	4	290,405	422,147	-	712,552
Investments	5	-	4,900	-	4,900
Total income and endowments		<u>290,405</u>	<u>4,485,334</u>	<u>1,288,964</u>	<u>6,064,703</u>
Expenditure on:					
Raising funds	6	280,824	406,230	-	687,054
Charitable activities:					
- Educational operations	7	-	5,371,175	485,788	5,856,963
Total expenditure	8	<u>280,824</u>	<u>5,777,405</u>	<u>485,788</u>	<u>6,544,017</u>
Net income/(expenditure)		9,581	(1,292,071)	803,176	(479,314)
Transfers between funds		-	1,255,885	(1,255,885)	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(64,000)	-	(64,000)
Net movement in funds		9,581	(100,186)	(452,709)	(543,314)
Reconciliation of funds					
Total funds brought forward		27,770	(460,435)	11,756,757	11,324,092
Total funds carried forward		<u>37,351</u>	<u>(560,621)</u>	<u>11,304,048</u>	<u>10,780,778</u>