

Company Registration No 07611347 (England and Wales)

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

THURSDAY



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QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

REFERENCE AND ADMINISTRATIVE DETAILS

Governors	Philip Sturrock (Chairman)	
	Timothy Swain (Headmaster)	
	Margaret Causer	
	John Chorley	(Resigned 9 August 2013)
	Paul Ford	(Resigned 20 August 2013)
	Michael Lax	
	Paul Nowell	(Resigned 3 July 2013)
	Ashvin Patel	
	Thomas Perrett	(Resigned 10 December 2012)
	John Punch	
	John Vallance	
	Eileen Wood	(Resigned 31 August 2013)
	John Wood	
	Jaswinder Dhillon	(Appointed 1 September 2013)
	Jane Bonner	(Appointed 1 September 2013)
	Melanie Crooks	(Appointed 1 September 2013)
	James Wolffsohn	(Appointed 1 September 2013)
	Kevin Parker	(Appointed 23 October 2013)

During the year Messrs Swain, Lax, Nowell, Patel and Wood were members of the Finance committee
Messrs Swain, Nowell, Patel, Punch, Wood and Lax were members of the Property committee
Messrs Swain, Chorley, Ford, Perrett, Vallance, Mrs Causer and Mrs Wood were members of the Pastoral and Curriculum committee

Finance and Business Director	Philip Lines
Secretary	Charles Underwood
Company number	07611347
Principal address	Sutton Road Walsall West Midlands WS1 2PG
Registered office	26 Birmingham Road Walsall West Midlands WS1 2LZ
Auditors	Whitehouse Ridsdale 26 Birmingham Road Walsall West Midlands WS1 2LZ
Bankers	Lloyds TSB Bank plc The Bridge Walsall West Midlands WS1 1LU

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT

The Governors present their annual report together with the audited financial statements of the School for the year ended 31 August 2013

Structure, governance and management

Constitution

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

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

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

Members' liability

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

Governors' indemnities

Since incorporation, the governors have been indemnified through a policy with Ecclesiastical Insurance Company as to their legal liability for financial loss arising out of negligence, accidental error or omission as part of their official duties.

Principal Activities

Queen Mary's is an academically selective school, whose aim is to support pupils to achieve their full academic potential. The Governors, senior management and staff value the life of the mind and want to pass on a love of learning.

Outside the classroom, the School offers a range of life-enriching opportunities: time at a Field Centre in Wales, membership of a thriving Combined Cadet Force, 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.

The School equips pupils to meet the challenges of a rapidly changing world. Most choose to go on to Higher Education. Through partnership between School, pupil and parents, the aim is to achieve the examination success that will open doors to the very best Higher Education ("HE") institutions and international employers. Queen Mary's Grammar School was rated as 'outstanding' by OFSTED and it is the School's mission to attain excellence in all activities the School and its pupils do.

The House system celebrates the four pillars of school life at Queen Mary's: an academic focus, an international ethos, an enterprising spirit and a generous approach. The School is socially, culturally and ethnically diverse and is very aware of the great privilege that such diversity brings. The School community is keen to *share* experience, expertise, enthusiasm – both with those who live on its doorstep and those from further afield.

To do so is very much in the spirit of the School motto "*quas dederis solas semper habebis opes*" – it is what you *give* that you will keep as eternal riches."

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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 nine Foundation governors

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

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 (The Queen Mary's Grammar School, The Queen Mary's High School and the Mayfield Preparatory School), and additional Trustees with connections with the schools, though not employed by them. The Foundation has overall responsibility for appointing the 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 Governing Body 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 Governing Body, 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. This may be about data management, for example, or about the governors' role in Ofsted inspections. The School makes available to Governors the opportunity to attend formal training sessions held by the Walsall LA.

Organisational Structure

The Trustees have appointed a Board of Governors with two principal sub-committees: The Business (Property / Finance) and the Pastoral & Curriculum Committee. Other sub-committees deal with specific issues (Admissions, Pay etc.) as required. The Board has 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 the day to day leadership and management of the School is devolved to the Headmaster and the Senior Leadership Team (SLT).

The SLT comprises the Headmaster, two Deputy Heads, one Assistant Head and the Finance & Business Director. 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 of the Board of Governors and by the Full Board. Where a course of action requires significant expenditure (capital projects, staffing), they refer any decision through the Business Committee (Finance) to the full Board of Governors for authorisation.

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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 relating to

- Strategic and reputational issues
- Teaching and learning matters
- Operations and compliance with legislation
- Financial and internal control risks

The overall responsibility for risk management is by the Governing Body, which chooses 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, including but not limited to, health & safety, safeguarding, bullying, achievement, staffing, performance management, financial management and safekeeping of assets. The Governors also ensure that the School maintains insurance cover, advised by an independent broker and covering the main aspects of the School's operations and assets. The Governing Body has also initiated an exercise to produce a comprehensive risk register, which will be overseen by the Finance Committee

Connected organisations, including related party relationships

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

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

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

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

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 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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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 HE institutions and international employers
- Enrich their lives with a wide range of activities and experiences
- Share the riches of their diversity and privileges with others

Objectives, strategies and activities

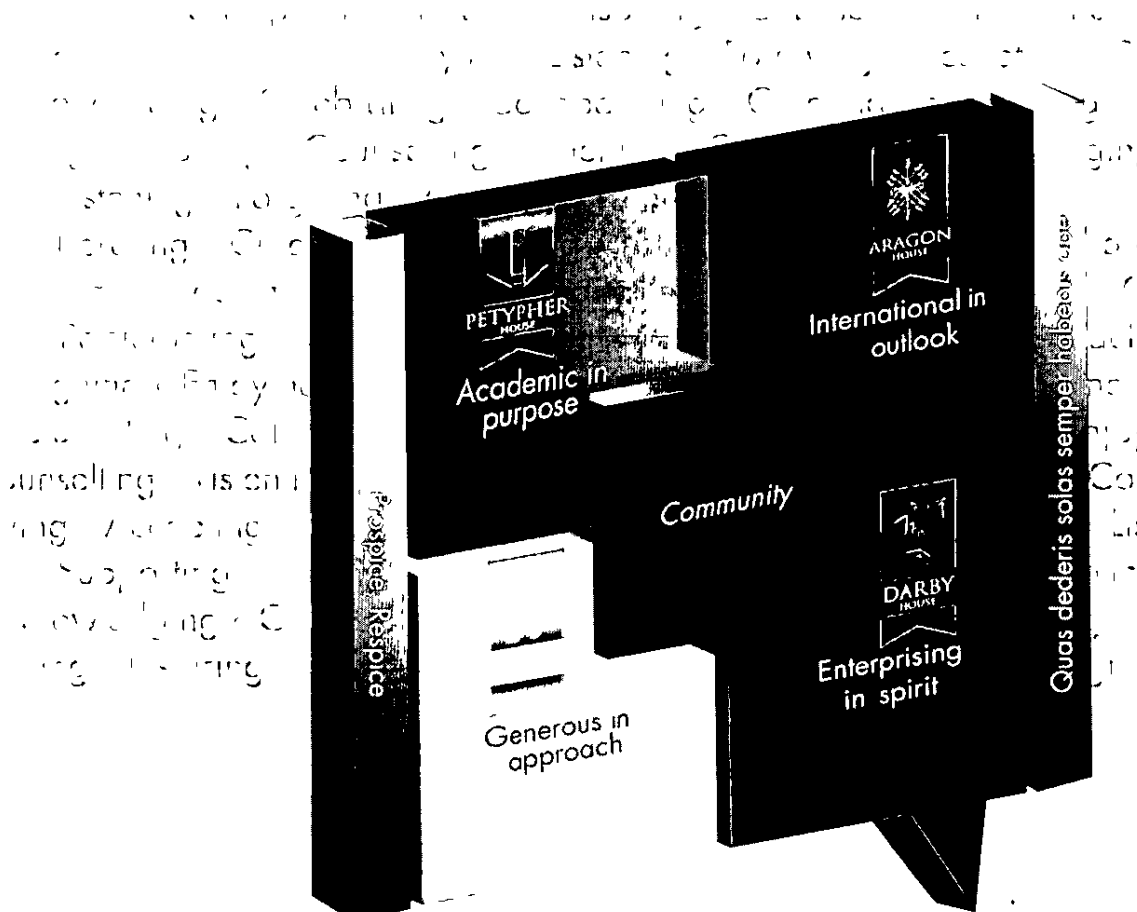
The annual School Improvement Plan ("SIP") is based primarily on the framework modelled by Ofsted. It recognises the importance of the areas highlighted, but concludes that to focus exclusively on that model would be to ignore much that breathes life into the School community.

The SIP is therefore also concerned with the four pillars that are foundational to the School and, crucially, the way staff, management and the Governors set about achieving the goals. The School does not subscribe to the view that the end justifies the means. To inspire the pupils and equip them to live life to the full, then the *how* is just as important as the *what* in achievement.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

The School's strategies and activities are based, therefore, on this template

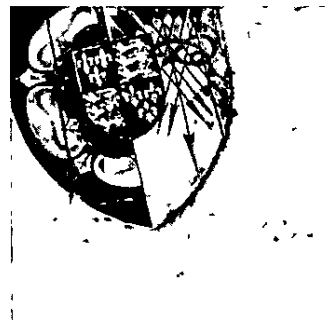


The Key objectives for the forthcoming year are

School Vision

We will continue to strive for excellence in everything that we do, making the most of every opportunity to work in partnership with organisations to enhance the education of our pupils and strengthen the reputation and brand of the School

We will focus on the educational significance of the Four Pillars of school life to ensure that the pupils are prepared for the challenges of the twenty first century in a way that academic qualifications alone cannot do



QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

Achievement

We will help all our pupils to realise their full potential academically, giving them the teaching and coaching they require to secure academic success

We will benchmark our performance against similar schools nationally and focus not only on examination success but also the destination of our Sixth Form cohorts

It is an aim of the School to open doors to the very best universities and institutions of Higher Education, but we will also ensure that appropriate guidance and support is given to students for whom university is not necessarily the best (or only) option



Pupils' well-being and development

We will continue to offer an ambitious programme of enrichment activities and encourage students to take on positions of responsibility in and outside school

We will give our pupils regular opportunities to develop their own critical voice and to engage in high profile public speaking and debate We will involve pupils in a coherent and demanding programme of fund-raising locally, nationally and internationally

We will collaborate in international projects that enrich our pupils' cultural understanding and also give them an opportunity to contribute to the well being of others outside their normal sphere of influence



Quality of Teaching and Curricular Provision

We will continue to develop the notion that the School is a Learning Community, through participation in programmes run by the Teaching and Learning Academy, through our own Coaching Group and Open Door Days and through research into the best technologies for producing independent and intellectually curious learners

We will review our curriculum provision to ensure that it remains broad, balanced and financially viable

We will continue to insist on the value of enrichment activities as part of our over-arching curriculum

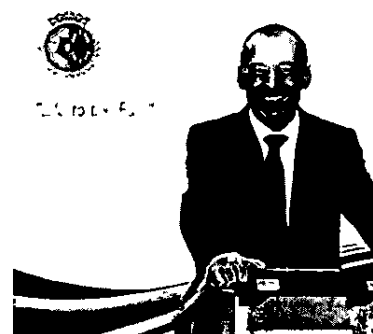


Leadership and management

We will pursue partnerships that will offer appropriate challenge and opportunity to the whole community

We will conduct a strategic review of the campus to ensure that our accommodation and facilities are appropriate to our educational ambitions and can allow for growth

We will further develop the accommodation and use of our Field Centre in Wales



QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

Public benefit

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

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

Achievements and performance

At the time of writing, there are 761 students in the School – an increase of 30 pupils on the previous year

In the summer examinations of 2013, both A Level and GCSE cohorts achieved results that compared favourably with some of the best schools in the country

At A Level

- 77% of grades were at A*, A or B
- A third of candidates achieved three grade As or better
- 14 students achieved 4 A* or A grades
- Five students secured places at Oxford or Cambridge

At GCSE

- 66% of all grades were A* or A
- 22 pupils (a quarter of the Cohort) achieved A* or A in all of their exams
- 43 pupils (out of 96) scored A* or A in at least eight subjects

Key Performance Indicators

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

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

The Governors also monitor a number of KPI's which affect financial performance, namely

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

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

Highlights from 2012-13 include

- The opening of the Collier Centre (for the Sixth Form) which had been substantially funded by initiatives taken by the school to engage the support of parents, former pupils and friends of the school

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

- The opening of Walsall Studio School In this venture, Queen Mary's acted as partners to the Vine Trust WSS is pioneering new approaches to education and the partnership has attracted interest from the DfE, a royal patron and the national press
- Major building projects on site
 - The creation of two new Laboratories
 - The extension of two further labs
 - The creation of a second storey on a teaching wing to create a new Humanities Block
 - The completion of the Collier Centre
 - The replacement of the school's boilers
- The introduction of cashless systems to improve administration This has coincided with the appointment of new Caterers, resulting in a much improved service
- An exceptional programme of foreign travel, including
 - France, Germany, Spain for MFL
 - Sicily
 - Morocco
 - The USA (on a Space Camp, with advanced work in Maths and Physics)
 - Uganda and Kenya (on World Challenge Expeditions)
 - Tanzania (on an innovative project for providing teaching expertise to disadvantaged communities)
 - China
 - Sri Lanka (a cricket tour)
 - Italy (a ski trip)
- An innovative Project to teach a classical wind instrument to every member of Y7, resulting in a memorable concert featuring a band of 100 and a very significant increase in the take-up of instrumental tuition The Project has since been imitated by other local secondary schools
- Affiliation to the Teaching and Learning Academy Staff are involved in accredited research projects with beneficial spin-offs for the whole learning community in school
- An outstanding programme of fund-raising community events organised by the Queen Mary's Association, facilitating the purchase of equipment for the Design and Technology department, and significant improvements at our Welsh Field Centre
- An Enterprise Award Scheme funded by Michael Hill, a former pupil This included the establishment of a partnership with a local specialist Residential Care Home Sixth Formers provide a programme of support
- Project Horizon an ambitious scheme to launch a probe in to near space This attracted interest from STEM, the academic community and the BBC
- A highly successful round of recruitment in to both Y7 (with an increase of PAN (from 96 to 112) and in Y12 The School is now bigger than at any time in its history
- National Sports Week The School promoted wide participation in an exciting range of sports through this special week and through regular House competitions
- The Award of an Arkwright Scholarship in the Design and Technology department, which also provides the largest number of STEM Ambassadors of any School in the Midlands
- All of the above was complemented by a hugely impressive range of enrichment activities at Farchynys (our Field Centre) and through the CCF, Sport, Music, Drama and Clubs & Societies

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that Queen Mary's Grammar School has adequate resources to continue in operational existence for the foreseeable future and for this reason the financial statements have been prepared on the going concern basis

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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 of the fixed assets of the former Queen Mary's Grammar School (a Voluntary Aided selective school) were transferred to the Academy School on 1 June 2011. These are shown as a transfer on conversion and have been included in the restricted fixed asset fund. The School received capital grants mainly from public funds including the Academies Capital Maintenance Fund, and the Devolved Capital Formula grant fund. Other income received was donated for capital items from private sources and has been credited to the restricted fixed asset fund.

During the year, the restricted fixed asset fund increased by any additional income receivable in relation to fixed asset acquisitions, and reduced by depreciation relating to the assets transferred on conversion and any subsequent fixed asset additions.

Recurring expenditure for the year was covered by the GAG received from the DfE and income from other sources. As a result the combined General Restricted and Unrestricted Funds show an operating surplus for the 12 months ended 31 August 2013, before the actuarial gain on the Local Government Pension Scheme defined benefit plan, of £57,161. This operating surplus has been achieved by management of incomes from various sources and tight control of costs including pay related costs as well as other costs.

A review of the FRS17 valuation of the LGPS pension plan has been carried out by the Plan's actuaries, Mercer. The deficit of plan liabilities compared to plan assets has increased from £877,000 to £903,000. There was an experience gain of £12,000 during the year. An annual review will be undertaken in accordance with FRS17 to monitor this.

Financial and risk management objectives

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 Strategic Plan. This covers both short-term and long term planning, and involves managing revenues, costs, assets, liabilities, opportunities and risks to ensure the School remains in a good financial position to deliver its planned activities.

Principal risks and uncertainties

The risk management framework is discussed above. The most significant risks and uncertainties to the School are discussed below.

Funding

The School is heavily reliant on Government funding with nearly 90% of income coming from public grants. Other income comes from a variety of sources such as catering, educational trips, materials for pupils and lettings. The School is expecting to see further reductions in grant funding in both 11-16 and 16-19 education due to the impact of government funding policies. This risk is mitigated in several ways:

- Student numbers remain the key driver and the Governors are considering further increases to the Published Admission Number (PAN). As the School is heavily oversubscribed this will increase funding.
- Although the number of pupils attending at age 16 – 19 can vary year on year, increased applications have been seen to the School over the last year. The Governors continue to work hard to promote the School to attract new pupils to increase overall numbers of students in the Sixth Form.
- the Governors are seeking to maintain and increase other revenues following conversion to academy status and to reduce the impact of reduced grants.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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.

Cost management

There is a focus on managing costs closely, seeking to make savings where possible without impacting on the effectiveness of provision of Education. Where necessary the Governors will approve investment, such as energy efficient boilers to reduce operational costs. In addition goods and services are procured in accordance with the Governors' tendering policy to ensure best overall value for money. Spend is closely monitored against budgets to ensure adequate control of costs.

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.

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.

Staffing

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.

Fraud and mismanagement of funds

The School has appointed a 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.

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 such that the School has freedom to carry forward all reserves to allow flexibility for academies to build up reserves for future capital projects.

The Finance Committee has reviewed these reserves and believes they are adequate to provide sufficient working capital for the School to continue to operate within its financial resources, and to cover unexpected urgent work.

Investment policy

The Governing Body is responsible for setting investment policy. This 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 have been held in the School's current account.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

Plans for future periods

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

- To be in the Top Fifteen Schools in the BASS (Boys' Achieving Selective Schools) League Tables
- To investigate the sharing of resources, facilities and staff with Queen Mary's High School (a fellow Academy Trust and member of the Queen Mary's Schools' Foundation)
- To maintain an annual programme of trips, exchanges and visits in (at least) six countries per year
- To support the work of another School in a developing country
- To provide opportunities in Walsall for international students
- To refurbish and develop the School's Field Centre, "Farchynys", so that it can continue to serve the needs of the School and become a source of income
- To create an all-weather astro-turf pitch and build a new centre for Music and Drama
- To support other pupils and schools in Walsall
- To provide sporting, conference and learning facilities to the wider community
- To promote fellowship and fund-raising through the Queen Mary's Association (QMA) and Club (QMC)

Funds held as custodian trustee on behalf of others

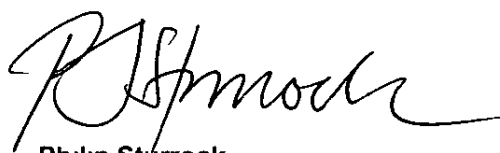
During the year ended 31 August 2013, the School did not hold any funds as custodian trustee on behalf of any other charitable organisation

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

Approved by order of the members of the governing body on 9 December 2013 and signed on its behalf by



Philip Starrock
Chair

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT

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. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
Philip Sturrock (Chairman)	4	4
Timothy Swain (Headmaster)	4	4
Margaret Causer	2	4
John Chorley	1	4
Paul Ford	2	4
Michael Lax	4	4
Paul Nowell	2	4
Ashvin Patel	3	4
Thomas Perrett	2	4
John Punch	3	4
John Vallance	4	4
Eileen Wood	4	4
John Wood	4	4

Finance Committee

Governor	Meetings attended	Out of a possible
Timothy Swain (Headmaster)	3	3
Michael Lax	2	3
Paul Nowell	1	3
Ashvin Patel	3	3
John Wood	2	3

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 ongoing process designed to identify and prioritise the risks to the achievement of academy's 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 year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Governing Body has reviewed the key risks to which the School is exposed, together with the strategic, financial, operating 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 Academy Trust's significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. 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 period financial reports which are reviewed and agreed by the Governing Body
- Regular reviews by the Finance 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 investments) guidelines
- Delegation of authority and segregation of duties, and
- 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 the auditors to carry out periodic reviews of the operation of the School's internal finance controls and report their findings to the Finance Committee.


Review of effectiveness

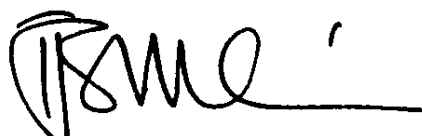
As Accounting Officer, the Headmaster has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system is informed by:

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

Approved by order of the members of the governing body on 9 December 2013 and signed on its behalf by


Philip Sturrock
Chair


Timothy Swain
Headmaster

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Timothy Swain
Headmaster

9 December 2013

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to

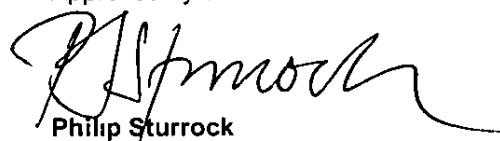
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in operation

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the School 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 School applies financial and other controls which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the governing body on 9 December 2013 and signed on its behalf by


Philip Sturrock
Chair

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Queen Mary's Grammar School (Walsall) for the year ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an auditors' 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 academy trust 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 statement of governors' responsibilities on page 16, the governors, who are also the directors of the academy trust for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy trust'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 financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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

Matters on which we are required to report by exception

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

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

Terence Luckin (Senior Statutory Auditor)
for and on behalf of Whitehouse Ridsdale

Chartered Accountants
Statutory Auditor
26 Birmingham Road
Walsall
West Midlands
WS1 2LZ

Dated 9 December 2013

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 24 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Queen Mary's Grammar School (Walsall) and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Queen Mary's Grammar School (Walsall) and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Queen Mary's Grammar School (Walsall) and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Queen Mary's Grammar School (Walsall)'s funding agreement with the Secretary of State for Education dated 27 May 2011 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. 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 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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)

The work undertaken to draw to our conclusion includes

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

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 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Whitehouse Ridsdale
Chartered Accountants
26 Birmingham Road
Walsall
West Midlands
WS1 2LZ

9 December 2013

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total Year to 31 08 2013	Total 15 months to 31 08 2012
	Notes	£	£		£	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	-	39,060	1,033,820	1,072,880	62,625
Transfer on conversion	2, 25	-	-	-	-	8,869,727
Activities for generating funds	3	206,955	-	-	206,955	280,025
Investment income	4	-	1,032	-	1,032	782
Incoming resources from charitable activities						
Funding for the School's educational operations	5	-	4,039,113	952,636	4,991,749	5,343,384
Other incoming resources	6	-	409,943	-	409,943	519,213
Total incoming resources		206,955	4,489,148	1,986,456	6,682,559	15,075,756
Resources expended						
Costs of generating funds						
Costs of activities for generating funds	3	203,092	-	-	203,092	267,039
Charitable activities						
School's educational operations	8	-	4,196,716	373,744	4,570,460	5,474,521
Governance costs	9	233	30,478	-	30,711	32,904
Total resources expended	7	203,325	4,227,194	373,744	4,804,263	5,774,464
Net incoming/(outgoing) resources before transfers		3,630	261,954	1,612,712	1,878,296	9,301,292
Gross transfers between funds	17	-	(208,423)	208,423	-	-
Net income/(expenditure) for the period		3,630	53,531	1,821,135	1,878,296	9,301,292
Other recognised gains and losses						
Actuarial gain/(loss) on defined benefit pension schemes	17, 23	-	12,000	-	12,000	(96,000)
Net movement in funds		3,630	65,531	1,821,135	1,890,296	9,205,292
Fund balances at 1 September 2012	17	12,642	(567,192)	9,759,842	9,205,292	-
Fund balances at 31 August 2013		16,272	(501,661)	11,580,977	11,095,588	9,205,292

All of the School's activities derive from acquisitions in the current financial period


A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

BALANCE SHEET AS AT 31 AUGUST 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	13	11,580,977		9,708,361	
Current assets					
Stocks	14	761		17,899	
Debtors	15	195,970		129,438	
Cash at bank and in hand		711,804		753,929	
		908,535		901,266	
Creditors, amounts falling due within one year	16	(490,924)		(527,335)	
Net current assets		417,611		373,931	
Total assets less current liabilities		11,998,588		10,082,292	
Defined benefit pension liability	23	(903,000)		(877,000)	
Net assets		11,095,588		9,205,292	
Funds of the Academy					
Restricted funds					
Fixed asset fund	17	11,580,977		9,759,842	
General fund	17	401,339		309,808	
Pension fund	17	(903,000)		(877,000)	
Total restricted funds		11,079,316		9,192,650	
Unrestricted funds	17	16,272		12,642	
		11,095,588		9,205,292	

The financial statements on pages 21 to 44 were approved by the Governors, and authorised for issue on 9 December 2013 and are signed on their behalf by


Philip Sturrock
Chair

Company Limited by Guarantee
Registration Number 07611347

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	Year to 31 08 2013 £	15 months to 31 08 2012 £
Net cash inflow from operating activities	19	216,747	931,600
Returns on investments and servicing of finance		1,032	782
Capital expenditure	20	(259,904)	(178,453)
(Decrease)/increase in cash		(42,125)	753,929
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		753,929	-
Net funds at 31 August 2013		711,804	753,929

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2012/13 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Incoming resources

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

- **Grants receivable**

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

- **Sponsorship income**

Sponsorship income provided to the school which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

- **Donations**

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

- **Other income**

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

- **Donated services and gifts in kind**

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

1 Accounting Policies

(Continued)

1.4 Resources expended

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

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

- **Generation of funds**

The costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

- **Charitable activities**

The costs of charitable activities are those costs incurred on the school's educational operations.

- **Governance costs**

Governance costs include costs attributable to the school's compliance with constitutional and statutory requirements, including audit, strategic management, Governors' meetings and expenses.

1.5 Conversion to an Academy

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

1 Accounting Policies

(Continued)

1.6 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.

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 basis over its expected useful life, as follows:

Long leasehold buildings	75 years
Fixtures and fittings	4 years
Computer equipment	3 years
Motor vehicles	5 years

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

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

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

1.7 Lease commitments

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

1.8 Stock

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

1 Accounting Policies

(Continued)

1.9 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the school. The school accounts for these costs in accordance with Financial reporting Standard FRS 17.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.10 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 Fund accounting

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

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

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

2 Grants and transfers

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Voluntary income				
Capital contributions	-	1,017,240	1,017,240	49,409
Donations and private funds	-	55,640	55,640	13,216
	-	1,072,880	1,072,880	62,625
Transfer on conversion				
Assets and liabilities	-	-	-	9,615,727
Pension deficit	-	-	-	(746,000)
	-	-	-	8,869,727

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Incoming resources				
Catering income	124,709	-	124,709	145,055
Facilities and services	49,431	-	49,431	66,986
School uniform sales	32,815	-	32,815	67,984
	206,955	-	206,955	280,025
Resources expended				
Staff costs	21,396	-	21,396	25,296
Catering costs	144,377	-	144,377	166,259
Facilities and services	6,920	-	6,920	7,500
School uniform costs	30,399	-	30,399	67,984
	203,092	-	203,092	267,039

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Interest receivable	-	1,032	1,032	782

5 Funding for Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
DfE/EFA grants				
General annual grant (GAG) (note 17)	-	3,981,562	3,981,562	5,032,004
Capital grant funding	-	952,636	952,636	226,414
Other DfE/EFA grants	-	48,141	48,141	34,168
	-	4,982,339	4,982,339	5,292,586
Other government grants				
Local authority grants	-	9,410	9,410	37,135
Special educational projects	-	-	-	13,663
	-	9,410	9,410	50,798
	-	4,991,749	4,991,749	5,343,384

6 Other incoming resources

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Overseas tours income	-	204,199	204,199	276,582
Curriculum income	-	159,373	159,373	87,615
Reimbursement of staff costs	-	35,666	35,666	141,070
Other income	-	10,705	10,705	13,946
	-	409,943	409,943	519,213

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

7 Resources expended

	Staff costs £	Premises £	Non pay expenditure Other costs £	Total 2013 £	Total 2012 £
Costs of activities for generating funds	21,396	-	181,696	203,092	267,039
School's educational operations					
Direct costs	2,667,812	373,744	574,618	3,616,174	4,373,411
Allocated support costs	353,855	182,915	417,516	954,286	1,101,110
	<u>3,043,063</u>	<u>556,659</u>	<u>1,173,830</u>	<u>4,773,552</u>	<u>5,741,560</u>
Governance costs including allocated support costs	-	-	30,711	30,711	32,904
	<u>3,043,063</u>	<u>556,659</u>	<u>1,204,541</u>	<u>4,804,263</u>	<u>5,774,464</u>
Incoming/outgoing resources for the period include				2013 £	2012 £
Operating leases				10,876	15,065
Fees payable to auditor				7,000	7,000
- audit					
- other services				6,235	10,850

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

8 Charitable activities - School's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Direct costs				
Teaching and educational support staff	-	2,667,812	2,667,812	3,435,078
Depreciation	-	373,744	373,744	237,216
Overseas tours expenditure	-	204,199	204,199	276,582
Learning resources	-	195,619	195,619	217,205
Examination fees	-	163,338	163,338	188,959
Staff development	-	11,462	11,462	18,371
	-	3,616,174	3,616,174	4,373,411
Allocated support costs				
Support staff costs	-	353,855	353,855	406,320
Recruitment and support	-	12,367	12,367	15,099
Maintenance of premises, site and equipment	-	117,941	117,941	188,247
Cleaning	-	82,290	82,290	95,320
Utilities	-	148,923	148,923	162,271
Rates	-	15,663	15,663	18,646
Insurance	-	39,423	39,423	44,382
Other premises costs	-	49,311	49,311	35,132
IT equipment and support	-	54,150	54,150	62,805
Other support costs	-	80,363	80,363	72,888
	-	954,286	954,286	1,101,110
	-	4,570,460	4,570,460	5,474,521

9 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	17,243	17,243	14,710
Auditor's remuneration				
Audit of financial statements	-	7,000	7,000	7,000
Other audit costs	-	2,250	2,250	2,250
Accountancy, taxation and other services	-	3,985	3,985	8,600
Governors' reimbursed expenses	233	-	233	344
	233	30,478	30,711	32,904

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

10 Staff costs

Staff costs during the period were	2013 £	2012 £
Wages and salaries	2,456,321	3,114,660
Social security costs	189,908	240,660
Pension costs	391,710	478,823
	<u>3,037,939</u>	<u>3,834,143</u>
Supply teacher costs	5,124	22,551
Compensation payments	-	10,000
	<u>3,043,063</u>	<u>3,866,694</u>

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

	2013 Number	2012 Number
Charitable Activities		
Teachers	48	49
Administration and support	23	23
Management	5	5
	<u>76</u>	<u>77</u>

The number of employees whose emoluments for the year fell within the following bands was

	2013 Number	2012 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£100,001 - £110,000	-	1
	<u>-</u>	<u>1</u>

These two (2012 four) employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, employers pension contributions for these staff amounted to £20,524 (2012 £44,428)

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

11 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 for the year (2012: 15 months) was as follows:

	Band
Mrs E Wood	£10,001 - £15,000 (2012: £15,001 - £20,000)
Mr M Lax	£45,001 - £50,000 (2012: £55,001 - £60,000)
Mr T J Swain	£80,001 - £85,000 (2012: £100,001 - £105,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £1,907 (2012: £1,435) were reimbursed to staff governors and £233 (2012: £344) was reimbursed to one other governor. Related party transactions involving the governors are set out in note 24.

12 Governors' and officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £4,710 (2012: £5,591). The cost of this insurance is included in the total insurance cost.

13 Tangible fixed assets

	Land and buildings	Furniture and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2012	9,659,474	138,619	133,197	14,287	9,945,577
Donations	1,017,240	-	-	-	1,017,240
Additions	934,884	214,301	79,935	-	1,229,120
At 31 August 2013	11,611,598	352,920	213,132	14,287	12,191,937
Depreciation					
At 1 September 2012	161,109	21,728	48,144	6,235	237,216
Charge for the year	286,326	43,181	39,249	4,988	373,744
At 31 August 2013	447,435	64,909	87,393	11,223	610,960
Net book value					
At 31 August 2013	11,164,163	288,011	125,739	3,064	11,580,977
At 31 August 2012	9,498,365	116,891	85,053	8,052	9,708,361

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.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

14 Stocks	2013 £	2012 £
School uniforms	<u>761</u>	<u>17,899</u>

Stock comprises school uniform and sportswear, the majority of which was disposed of following the outsourcing of this activity in April 2013

15 Debtors	2013 £	2012 £
Trade debtors	44,696	4,651
Other debtors	<u>151,274</u>	<u>124,787</u>
	<u>195,970</u>	<u>129,438</u>

16 Creditors amounts falling due within one year	2013 £	2012 £
Trade creditors	39,182	108,797
Other creditors	77,599	74,677
Accruals	<u>374,143</u>	<u>343,861</u>
	<u>490,924</u>	<u>527,335</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

17 Funds

	At 1 September 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2013 £
Restricted general funds					
Funding for Academy's educational operations	141,804	4,039,113	(3,779,251)	(208,423)	193,243
Grants and transfers	78,286	39,060	-	-	117,346
Other incoming resources	89,718	410,975	(409,943)	-	90,750
	309,808	4,489,148	(4,189,194)	(208,423)	401,339
Pension reserve	(877,000)	-	(38,000)	12,000	(903,000)
	(567,192)	4,489,148	(4,227,194)	(196,423)	(501,661)
Restricted fixed asset funds					
DfE capital grants	226,414	952,636	-	-	1,179,050
Transfer on conversion	9,537,441	-	-	-	9,537,441
Other capital donations	49,409	1,033,820	-	-	1,083,229
Transfer from other funds	183,794	-	-	208,423	392,217
Depreciation	(237,216)	-	(373,744)	-	(610,960)
	9,759,842	1,986,456	(373,744)	208,423	11,580,977
Total restricted funds	9,192,650	6,475,604	(4,600,938)	12,000	11,079,316
Unrestricted funds	12,642	206,955	(203,325)	-	16,272
Total funds	9,205,292	6,682,559	(4,804,263)	12,000	11,095,588

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 Department for Education

Transfers between funds relate to amounts transferred from restricted general funds used for the acquisition of fixed assets during the year

From 1 September 2012 the Secretary of State has relaxed the restrictions on the amount of GAG that can be carried forward. The School now has the freedom to carry forward all reserves to allow flexibility to build up reserves for future capital projects

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Restricted pension funds £	Total funds £
Tangible fixed assets	-	-	11,580,977	-	11,580,977
Current assets	16,272	892,263	-	-	908,535
Current liabilities	-	(490,924)	-	-	(490,924)
Pension scheme liability	-	-	-	(903,000)	(903,000)
	<u>16,272</u>	<u>401,339</u>	<u>11,580,977</u>	<u>(903,000)</u>	<u>11,095,588</u>

19 Reconciliation of net income to net cash outflow from operating activities

	2013 £	2012 £
Net income	1,878,296	9,301,292
Capital grants from DfE and other capital income	(1,986,456)	(270,482)
Transfer of tangible fixed assets on conversion	-	(9,491,301)
Transfer of LGPS pension deficit on conversion	-	746,000
Reserves on conversion	-	(78,286)
Cash on conversion	-	109,409
Investment income	(1,032)	(782)
Depreciation	373,744	237,216
Difference between pension charge and cash contributions	38,000	35,000
Decrease/(increase) in stocks	17,138	(3,767)
(Increase)/Decrease in debtors	(66,532)	36,008
(Decrease)/Increase in creditors	(36,411)	311,293
	<u>216,747</u>	<u>931,600</u>

20 Capital expenditure and financial investment

	2013 £	2012 £
Payments to acquire tangible fixed assets	(2,246,360)	(454,276)
Capital grants from DfE/EFA	952,636	226,414
Capital funding received from sponsors and others	1,033,820	49,409
Net cash outflow from capital expenditure and financial investment	<u>(259,904)</u>	<u>(178,453)</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

21 Capital commitments

At 31 August 2013 the School had capital commitments of £506,160 relating to a project to refurbish the school kitchen and reception areas and to extend existing dining facilities. The project has been funded by the Education Funding Agency.

22 Commitments under operating leases

At 31 August 2013 the School had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
Expiry date		
Within one year	4,444	904
Between two and five years	1,084	10,244
	<hr/>	<hr/>
	5,528	11,148
	<hr/>	<hr/>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

23 Pension 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 Mercer Ltd Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament 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 under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

23 Pension and similar obligations

(Continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the year ended 31 August 2013 was £111,273 (2012: £131,594), of which employer's contributions totalled £84,895 (2012: £100,536) and employees' contributions totalled £26,378 (2012: £31,058). The agreed contribution rates for the period to 31 March 2014 are 20.1% for employers and will range between 5.5% and 7.5% for employees.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

23 Pension and similar obligations

(Continued)

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.15%	3.95%
Rate of increase for pensions in payment / inflation	2.40%	2.20%
Discount rate for scheme liabilities	4.50%	4.30%
Inflation assumption (CPI)	2.40%	2.20%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	22.1	22.0
Females	24.8	24.7
Retiring in 20 years		
Males	23.9	23.8
Females	26.7	26.6

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	7.0%	145	7.0%	118
Government bonds	3.4%	29	2.5%	20
Other bonds	4.4%	38	3.4%	21
Property	5.7%	30	6.0%	22
Cash	0.5%	14	0.5%	3
Other	7.0%	86	7.0%	32
Total market value of assets		342		216
Present value of scheme liabilities				
- Funded		(1,245)		(1,093)
Surplus/(deficit) in the scheme		(903)		(877)

The actual return on scheme assets was £28,000 (2012: £7,000)

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

23 Pension and similar obligations (Continued)

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	(89)	(90)
Past service cost	-	-
Total operating charge	<u>(89)</u>	<u>(90)</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	16	15
Interest on pension liabilities	(50)	(61)
Pension finance income / (costs)	<u>(34)</u>	<u>(46)</u>

The actual gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £12,000 gain (2012: £96,000 loss).

Movements in the present value of defined benefit obligations were as follows

	2013 £000	2012 £000
At 1 September 2012	1,093	-
Business combinations	-	914
Current service cost	89	90
Past service cost	-	-
Interest cost	50	61
Employee contributions	26	31
Actuarial (gain)/loss	-	88
Curtailments and settlements	-	-
Benefits paid	(13)	(91)
At 31 August 2013	<u>1,245</u>	<u>1,093</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

23 Pension and similar obligations

(Continued)

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

	2013 £000	2012 £000
At 1 September 2012	216	-
Business combinations	-	168
Expected return on assets	16	15
Actuarial gain/(loss)	12	(8)
Employer contributions	85	101
Employee contributions	26	31
Benefits / transfers paid	(13)	(91)
At 31 August 2013	342	216

The estimated value of employer contributions for the year ended 31 August 2014 is £84,895

The history of experience adjustments is as follows:

	2013 £000	2012 £000
Present value of defined benefit obligations	(1,245)	(1,093)
Fair value of share of scheme assets	342	216
Deficit in the scheme	(903)	(877)
Experience adjustments on share of scheme assets	12	(8)
Experience adjustments on scheme liabilities	nil	(88)

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

24 Related parties

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

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

During the year Messrs John Punch, Paul Nowell, John Vallance and Mrs Margaret Causer served as both governors of Queen Mary's Grammar School and trustees of The Foundation

In the year ending 31 August 2013 The Foundation donated £Nil (2012 £5,080) towards speech day costs and £12,000 (2012 £16,495) towards other projects

In addition The Foundation has undertaken for the School's benefit a fund raising exercise to provide the School with a new Sixth Form Centre. The Sixth Form Centre was completed in September 2012 and handed over to the School on 1 May 2013, and is shown as a donated asset of £1,017,240 at note 13

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. The details of remuneration of Staff Governors are included in Notes 11 and 12

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 2013 was £1,907 (2012 £1,435). Expenses reimbursed for costs incurred wholly and exclusively on behalf of the School's activities, paid to other Governors amounted to £233 (2012 £344) in the same period

The Headmaster's wife and sister-in-law have employment contracts as a Foreign Languages Assistant and a Teaching Assistant at the School. The Headmaster was not involved in approving the terms of either appointment. Remuneration for the year to 31 August 2013 for these positions was as follows

Mrs C Swain	£5,000 - £10,000 (2012 £5,000 - £10,000)
Mrs S Swain	£10,000 - £15,000 (2012 £15,000 - £20,000)

Under the terms of a separate lease with Mayfield and Queen Mary's High School, those schools lease part of the remainder of the site owned by The Foundation. The School purchases certain services on behalf of these organisations and recharges the appropriate amounts. These included

	2013 £	2012 £
The Foundation		
Entrance exam costs for Queen Mary's Grammar School and Queen Mary's High School	26,768	-
Queen Mary's High School		
Landscaping services	8,000	8,000
Mayfield		
Landscaping services and swimming pool charges	4,484	4,484

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013 (2012: 15 MONTHS ENDED)

25 Conversion to an Academy Trust

On 1 June 2011 the Queen Mary's Grammar School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Queen Mary's Grammar School (Walsall) from Queen Mary's Foundation for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted funds £	Restricted General funds £	Restricted Fixed Asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	9,400,973	9,400,973
Other tangible fixed assets	-	-	90,328	90,328
	-	-	9,491,301	9,491,301
LGPS pension surplus/(deficit)	-	(746,000)	-	(746,000)
Other identified assets and liabilities	-	78,286	46,140	124,426
Net assets/(liabilities)	-	(667,714)	9,537,441	8,869,727