

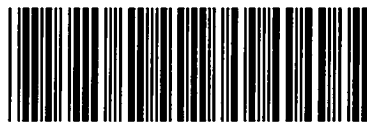
Company Registration No. 07611347 (England and Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Vivian Fairbank	
	Susan Rowley	(Resigned 31 August 2014)
	Margaret Causer	(Appointed 25 November 2013 and resigned 31 August 2014)
	Philip Sturrock MBE	(Appointed 25 November 2013)
	John Vallance	(Appointed 25 November 2013)
	John Punch	(Appointed 25 November 2013)
	Rebecca Hearsey	(Appointed 25 November 2013)
	Susan Jones	(Appointed 25 November 2013)
	June Aubrook	(Appointed 25 November 2013)
	Peter Stretton	(Appointed 25 November 2013)
	William Stephens	(Appointed 25 November 2013)

Governors

Foundation Governors	Philip Sturrock MBE (Chairman)	
	Margaret Causer	(Resigned 31 August 2014)
	Jane Bonner	(Appointed 1 September 2013)
	John Punch	
	Melanie Crooks	(Appointed 1 September 2013)
	John Vallance	
	John Wood	
	James Wolffsohn	(Appointed 1 September 2013)
	Jaswinder Dhillon	(Appointed 1 September 2013)

Staff Governors	Timothy Swain (Headmaster)	
	Michael Lax	
	Kevin Parker	(Appointed 23 October 2013)

Parent Governors	Ashvin Patel	
	Jonathan Pepper	(Appointed 7 February 2014)

During the year Messrs Swain, Lax, Patel, Wood, Parker and Pepper and Ms Crooks were members of the Finance committee. Messrs Swain, Patel, Punch, Wood, Lax, Parker and Pepper and Ms Crooks were members of the Property committee. Messrs Swain, Vallance, Wolffsohn, Parker and Pepper and Mrs Causer, Dr Dhillon and Mrs Bonner 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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT

The governors present their annual report together with the audited financial statements and auditor's report of the trust (referred to in this annual report as "the School") for the period from 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' (referred to in this annual report as "governors' ") report, and a directors' report under company law.

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

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.

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 £10, 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.

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.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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 Board of Governors to preserve the character of the School as a selective grammar school.

Policies and procedures adopted for the induction and training of governors

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

Training continues throughout the academic year, with many meetings of the Board and the Committees having training on the agenda. 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 members 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 governors have also established Committees with a remit to deal with Staffing, Pupil Discipline and appeals from these, and also a Panel to deal with Complaints that cannot be resolved externally. The Clerk has a remit to convene these Committees when required from eligible governors.

Responsibility for 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 and the Board of Governors. Where a course of action requires significant expenditure (capital projects, staffing), they refer any decision through the Business Committee (Finance) to the full Board of Governors for authorisation.

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

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 Board of governors to manage the matter in the most appropriate way. In addition, all agendas for meetings (including Committee meetings) have "Declarations of Interest" as a standing item.

The 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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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

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

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

Objectives and activities

Objects and aims

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

- achieve their full academic potential and the examination success that will open doors to the very best 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, namely that we are:

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

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

The Key objectives for the forthcoming year are:

- To achieve >80% A*-B at A Level and > 80% A*/A grades at GCSE
- To prepare the site and staffing for an increase in PAN (to 150 in 2016)
- To set up Confucius Classroom status
- To maintain a rich and varied programme of international links
- To ensure the Pastoral Charter underpins the way we work

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

- To introduce 'Unifrog' to improve our CEIAG
- To develop further our partnership with Walsall Studio School through governance, provision of staff and mentors
- To explore further opportunities for School to School support

Public benefit

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

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

Strategic Report

Achievements and performance

At the time of writing, there are 825 students in the School – an increase of 64 pupils on the previous year.

In the summer examinations of 2014, both A Level and GCSE cohorts achieved results that compared favourably with some of the best schools in the country.

At A Level, results were the School's second best year:

- 81% of grades were at A*, A or B
- A third of candidates achieved three grade As or better
- 30 students achieved 3 or more A* or A grades
- Three students secured places at Oxford or Cambridge

At GCSE, results achieved were a record:

- 73% of all grades were A* or A
- 9 pupils achieved A* or A in 10 or more exams
- 59 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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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

Highlights from 2013-14 included:

- The opening of the Walsall Studio School in partnership with the Vine Trust
- Major building projects on site:
 - The refit of the School Kitchens
 - The extension of the Dining Area to allow for an increase in PAN
 - The complete refurbishment of the Main Reception and School Office
 - The renovation of the external envelope: roofs and windows
- The introduction of a new supplier for school uniform and the creation of an on-site shop for sports kit.
- An exceptional programme of foreign travel, including NASA Space Camp in Alabama (USA), a combined trip to Uganda & Kenya, Morocco, Italy, France, Spain, Germany, and 3 exchange visits also to France, Germany and Spain.
- A charitably funded 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. An outstanding programme of fund-raising community events organised by the Queen Mary's Association, facilitating the purchase of a third minibus, and the creation of a new small dormitory at our Welsh Field Centre
- The second year of Project Horizon: an ambitious scheme to launch a probe in to near space. This attracted interest from BOC, the academic community, the European Space Agency and the DfE.
- A highly successful round of recruitment in to both Y7 (with an increase of PAN (from 112 to 120) and in Y12. The School is now bigger than at any time in its history.
- The Award of two 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 Board of Governors has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

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

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 2014, before the actuarial gain on the Local Government Pension Scheme defined benefit plan, of £105,724 (2013: £57,161). This operating surplus has been achieved by

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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 £903,000 to £991,000. There was an experience loss of £53,000 (2013: gain of £12,000) during the year. An annual review will be undertaken in accordance with FRS17 to monitor this.

Reserves policy

The Academy is an exempt charity and in deciding the level of reserves the School should hold, the governors recognise this is an important part of the School's financial management. On the one hand a reserves policy should not restrict the amount spent on the School's educational activities, but the governors must pay due regard to solvency and future activities. All charities must have a policy on reserves which establishes the appropriate level of reserves to be held.

When considering an appropriate level of reserves, the Governors review current and future:

- Risks from unforeseen emergencies or other unexpected need for funds
- Unforeseen operating costs, such as temporary staff to cover a long term sick absence
- Reductions in major sources of income, such as pupil numbers
- Planned commitments, that cannot be met by future income, such as capital projects
- The need to fund potential deficits in a cash budget, before a specific grant is received
- Financial risks identified determine the amount of reserves the academy targets to hold

During the financial year the governors identify:

- The level of reserves available by reference to financial and management accounts
- When reserves are drawn on, the reasons for this and what corrective action, is needed
- When reserve levels rise significantly, whether it is appropriate for the School to retain such reserves, or whether these would be better utilised for educational activities
- Where the reserves fall, whether this is due to short term issues, or longer term reasons which might trigger a broader review of finances and reserves

The governors pay due attention to the School's current financial position, the budget and the longer term strategic plan when determining the level of reserves to be maintained.

At 31 August 2014, restricted revenue reserves were £530,565 (2013: £401,339). At the same date unrestricted reserves were £27,770 (2013: £16,272).

Taking into consideration future potential funding cuts which are expected in both 2014/15 and 2015/16, the governors believe the above levels of reserves are prudent and appropriate to the School's current and future financial position.

Monitoring and review of the policy

This policy will be monitored regularly for any changes in legislation or directions from the DFE which may have an effect on reserves.

This policy will be reviewed as and when required during a financial year and annually before approval of the governors' annual report and accounts.

Investment policy

The governors are required to have an investment policy which is appropriate to the nature of the Academy Trust, taking into consideration risk and return.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

The governors' view is that surplus funds should be invested so as to minimise the risk to the School from loss of capital. As a result surplus funds will either be invested in bank deposits, money market deposits or in the School's current account. Deposits will only be placed with banks or building societies with net equity in excess of £1 billion, as these institutions carry lower risk.

The decision to invest in bank/money market deposits will have regard to liquidity requirements of the School and depend on the amount available to be invested and the return being offered. The School will take into consideration the effect of depositing funds with different banks, taking into consideration the effect this may have on the School's main current account bank charges.

All funds invested on bank/money market deposits will be determined by the Finance & Business Director, in accordance with this policy and will be linked only to the School's main current account.

Principal risks and uncertainties

Risk Management

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

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

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

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

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

Performance and achievement

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

The School's reputation

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

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

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

Safeguarding and child protection

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

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

Funding and long term viability

The School is heavily reliant on Government funding with just under 85% 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 has already experienced reductions in grant funding and still expects to see further reductions in grant funding in both 11-16 and 16-19 education due to the impact of government funding policies. The School's financial objectives are to manage its affairs to support the achievement of the overall strategic objectives as set out in the School's Improvement and the governors' long term strategic 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. This risk is being mitigated in several ways:

- Student numbers remain the key driver and the governors have already increased the Published Admission Number (PAN) for 11-16 from 96 to 120. As the School is heavily oversubscribed this will increase funding. In 2016, the School plans to increase its PAN to 150.
- Although the number of pupils attending at age 16 – 19 can vary year on year, the total number of students has increased 13% to more than 300. 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 have been successful in attracting capital funding which improved the School's facilities, thus supporting recruitment and will continue to seek new capital funds to increase capacity
- the governors are seeking to maintain and increase other revenues following conversion to academy status and to reduce the impact of reduced grants

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

Compliance with Health & Safety

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

Management, retention and recruitment of staff

The success of the School is reliant on the quality of its staff and so the governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The governors oversee the management of the School's appraisal system which assesses staff performance and is linked to pay. The governors appoint an independent committee to review

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNORS' REPORT (CONTINUED)

performance and pay for the Headmaster and the senior management team. The Chair of governors and the headmaster are responsible for managing change and communication/dissemination of information to staff. Senior staff and governors are trained in safeguarding training for recruitment of new staff.

Fraud, misuse of funds and safekeeping of assets

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

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

Plans for future periods

The 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 provide effective School to School support in the town and region
- To maintain an annual programme of trips, exchanges and visits in (at least) six countries per year
- To support the work of another School in a developing country
- To provide opportunities in Walsall for international students
- To develop the School's Field Centre, "Farchynys", so that it can continue to serve the needs of the School and become a source of income
- To create an all-weather astro-turf pitch and build a new centre for Music and Drama
- To support other pupils and schools in Walsall, including continued support for the Walsall Studio School
- To provide sporting, conference and learning facilities to the wider community
- To promote fellowship and fund-raising through the Queen Mary's Association (QMA) and Club (QMC)

Funds held as custodian trustee on behalf of others

During the year ended 31 August 2014, 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.

Governors' report, incorporating a strategic report, approved by order of the Board of Governors, as the company directors, on 8 December 2014 and signed on the Board of Governors' behalf by:


Philip Sturrock MBE
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 MBE (Chairman)	4	4
Timothy Swain (Headmaster)	4	4
Margaret Causer	2	4
Michael Lax	4	4
Ashvin Patel	4	4
Jane Bonner	3	4
John Punch	3	4
Melanie Crooks	3	3
John Vallance	4	4
James Wolffsohn	3	4
Kevin Parker	3	3
John Wood	2	4
Jaswinder Dhillon	4	4
Jonathan Pepper	1	1

Finance Committee

Governor	Meetings attended	Out of a possible
Timothy Swain (Headmaster)	3	3
Melanie Crooks	3	3
John Wood	3	3
Ashvin Patel	3	3
Michael Lax	3	3
Kevin Parker	3	3
Jonathan Pepper	0	1

Governance reviews

The Grammar School conducted a review of the skills of the Trustees/Governors at the end of the school year in August 2013 when the Chair of Governors interviewed all governors individually. The review identified a lack of skills in Higher Education, Child Protection and Accountancy. A programme of recruitment including advertisement resulted in appointments of suitably qualified governors.

For this academic year, the Chair of Governors, the Clerk and the Headteacher have met in the autumn term 2014 to discuss the long-term needs of the Governing Body.

The Chair proposes to conduct a review of Governance at the end of each academic year, though there will not necessarily be individual interviews.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT (CONTINUED)

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 2014 and up to the date of approval of the annual report and financial statements.

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 2014 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 periodic 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 Whitehouse Ridsdale, the external auditor, to perform additional checks. This role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a termly basis reports are made to the Finance Committee on the operation of systems and control and on the discharge of the Governing Body's financial responsibilities. The Finance Committee considers these reports and acts on any recommendations and reports findings back to the Full Governing Body.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

GOVERNANCE STATEMENT (CONTINUED)

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 financial management and governance self-assessment process
- The work of the School's external auditors in connection with their audit of the annual report and financial statements and in management letters / other reports to the Finance Committee

The 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 8 December 2014 and signed on its behalf by:



Philip Sturrock MBE
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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Timothy Swain
Headmaster

8 December 2014

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; and
- 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 with 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 8 December 2014 and signed on its behalf by:


Philip Sturrock MBE
Chair

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

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

We have audited the financial statements of Queen Mary's Grammar School (Walsall) for the year ended 31 August 2014 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 to 2014 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2014 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 to 2014 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.

Andrew Phillips (Senior Statutory Auditor)
for and on behalf of Whitehouse Ridsdale

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

Dated: 8 December 2014

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 9 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 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 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 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 (CONTINUED) ON REGULARITY TO QUEEN MARY'S GRAMMAR SCHOOL (WALSALL) AND THE EDUCATION FUNDING AGENCY

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 2013 to 31 August 2014 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

8 December 2014

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds	Total 2014 £	Total 2013 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	-	40,355	84,370	124,725	1,072,880
Activities for generating funds	3	251,158	-	-	251,158	206,955
Investment income	4	-	1,126	-	1,126	1,032
Incoming resources from charitable activities:						
Funding for the School's educational operations	5	-	3,986,600	576,248	4,562,848	4,991,749
Other incoming resources	6	-	496,657	-	496,657	409,943
Total incoming resources		251,158	4,524,738	660,618	5,436,514	6,682,559
Resources expended						
Costs of generating funds:						
Costs of activities for generating funds	3	239,242	-	-	239,242	203,092
Charitable activities:						
School's educational operations	8	-	4,428,697	462,645	4,891,342	4,570,460
Governance costs	9	418	24,008	-	24,426	30,711
Total resources expended	7	239,660	4,452,705	462,645	5,155,010	4,804,263
Net incoming resources before transfers		11,498	72,033	197,973	281,504	1,878,296
Gross transfers between funds	17	-	22,193	(22,193)	-	-
Net income for the year		11,498	94,226	175,780	281,504	1,878,296
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	17, 23	-	(53,000)	-	(53,000)	12,000
Net movement in funds		11,498	41,226	175,780	228,504	1,890,296
Total funds brought forward at 1 September 2013	17	16,272	(501,661)	11,580,977	11,095,588	9,205,292
Total funds carried forward at 31 August 2014		27,770	(460,435)	11,756,757	11,324,092	11,095,588

All of the academy's activities derive from continuing operations during the above two financial periods.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

BALANCE SHEET AS AT 31 AUGUST 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	13	11,756,757		11,580,977	
Current assets					
Stocks	14	14,587		761	
Debtors	15	249,745		195,970	
Cash at bank and in hand		953,589		711,804	
		<u>1,217,921</u>		<u>908,535</u>	
Creditors: amounts falling due within one year	16	<u>(659,586)</u>		<u>(490,924)</u>	
Net current assets		<u>558,335</u>		<u>417,611</u>	
Total assets less current liabilities		<u>12,315,092</u>		<u>11,998,588</u>	
Defined benefit pension liability	23	<u>(991,000)</u>		<u>(903,000)</u>	
Net assets		<u><u>11,324,092</u></u>		<u><u>11,095,588</u></u>	
Funds of the Academy:					
Restricted funds					
Fixed asset fund	17	11,756,757		11,580,977	
General fund	17	530,565		401,339	
Pension fund	17	<u>(991,000)</u>		<u>(903,000)</u>	
Total restricted funds		<u>11,296,322</u>		<u>11,079,316</u>	
Unrestricted funds	17	<u>27,770</u>		<u>16,272</u>	
		<u><u>11,324,092</u></u>		<u><u>11,095,588</u></u>	

The financial statements on pages 20 to 43 were approved by the Governors, and authorised for issue on 8 December 2014 and are signed on their behalf by:


Philip Sturrock MBE
Chair

Company Limited by Guarantee
Registration Number 07611347

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	19	218,466	216,747
Returns on investments and servicing of finance		1,126	1,032
Capital expenditure	20	22,193	(259,904)
Increase/(decrease) in cash in the year		241,785	(42,125)
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		711,804	753,929
Net funds at 31 August 2014		953,589	711,804

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2014

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 2013 to 2014 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.

- **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 2014

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.

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.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting Policies

(Continued)

Depreciation

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

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

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

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

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

1.7 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 2014

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/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 2014

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Capital contributions	-	-	-	1,017,240
Donations and private funds	-	124,725	124,725	55,640
	-	124,725	124,725	1,072,880

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Incoming resources				
Catering income	162,823	-	162,823	124,709
Facilities and services	60,736	-	60,736	49,431
School uniform sales	27,599	-	27,599	32,815
	251,158	-	251,158	206,955
Resources expended				
Staff costs	27,079	-	27,079	21,396
Catering costs	176,257	-	176,257	144,377
Facilities and services	10,421	-	10,421	6,920
School uniform costs	25,485	-	25,485	30,399
	239,242	-	239,242	203,092

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Interest receivable on current account balance	-	1,126	1,126	1,032

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

5 Funding for Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
DfE/EFA grants				
General annual grant (GAG) (note 17)	-	3,891,514	3,891,514	3,981,562
Capital grant funding	-	576,248	576,248	952,636
Other DfE/EFA grants	-	80,795	80,795	48,141
	-	4,548,557	4,548,557	4,982,339
Other government grants				
Local authority grants	-	14,291	14,291	9,410
	-	14,291	14,291	9,410
	-	4,562,848	4,562,848	4,991,749

6 Other incoming resources

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Overseas tours income	-	261,079	261,079	204,199
Curriculum income	-	173,006	173,006	159,373
Reimbursement of staff costs	-	41,027	41,027	35,666
Other income	-	21,545	21,545	10,705
	-	496,657	496,657	409,943

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

7 Resources expended

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2014 £	Total 2013 £
Costs of activities for generating funds	27,079	-	212,163	239,242	203,092
School's educational operations					
Direct costs	2,737,006	462,645	693,850	3,893,501	3,616,174
Allocated support costs	329,902	280,642	387,297	997,841	954,286
	<u>3,093,987</u>	<u>743,287</u>	<u>1,293,310</u>	<u>5,130,584</u>	<u>4,773,552</u>
Governance costs including allocated support costs	-	-	24,426	24,426	30,711
	<u>3,093,987</u>	<u>743,287</u>	<u>1,317,736</u>	<u>5,155,010</u>	<u>4,804,263</u>
Incoming/outgoing resources for the year include:				2014	2013
				£	£
Operating leases				<u>10,470</u>	<u>10,876</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

8 Charitable activities - School's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Direct costs				
Teaching and educational support staff	-	2,737,006	2,737,006	2,667,812
Depreciation	-	462,645	462,645	373,744
Overseas tours expenditure	-	261,207	261,207	204,199
Learning resources	-	257,894	257,894	195,619
Examination fees	-	164,187	164,187	163,338
Staff development	-	10,562	10,562	11,462
	-	3,893,501	3,893,501	3,616,174
Allocated support costs				
Support staff costs	-	329,902	329,902	353,855
Recruitment and support	-	10,611	10,611	12,367
Maintenance of premises, site and equipment	-	226,410	226,410	117,941
Cleaning	-	88,535	88,535	82,290
Utilities	-	112,250	112,250	148,923
Rates	-	15,844	15,844	15,663
Insurance	-	39,490	39,490	39,423
Other premises costs	-	38,388	38,388	49,311
IT equipment and support	-	65,624	65,624	54,150
Other support costs	-	70,787	70,787	80,363
	-	997,841	997,841	954,286
	-	4,891,342	4,891,342	4,570,460

9 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	6,298	6,298	17,243
Auditor's remuneration				
Audit of financial statements	-	12,000	12,000	7,000
Other audit costs	-	1,750	1,750	2,250
Accountancy, taxation and other services	-	3,960	3,960	3,985
Governors' reimbursed expenses	418	-	418	233
	418	24,008	24,426	30,711

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

10 Staff

Staff costs

Staff costs during the year were:

	2014 £	2013 £
Wages and salaries	2,493,551	2,456,321
Social security costs	189,536	189,908
Pension costs	399,584	391,710
	3,082,671	3,037,939
Supply teacher costs	11,316	5,124
	3,093,987	3,043,063

Staff numbers

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

	2014 Number	2013 Number
Charitable Activities		
Teachers	46	48
Administration and support	23	23
Management	5	5
	74	76

Higher paid staff

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

	2014 Number	2013 Number
£60,001 - £70,000	3	1
£80,001 - £90,000	1	1

Three of the above employees (2013: two) participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employers' pension contributions for these staff amounted to £30,189 (2013: £20,524). The other employee participated in the Local Government Pension Scheme and employer's pension contributions amounted to £8,284.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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 was as follows:

	Band
Mrs E Wood (resigned 31 August 2013)	£Nil (2013: £10,001 - £15,000)
Mr M Lax	£45,001 - £50,000 (2013: £45,001 - £50,000)
Mr T J Swain	£85,001 - £90,000 (2013: £80,001 - £85,000)
Mr K S Parker (appointed 23 October 2013)	£25,001 - £30,000

During the year ended 31 August 2014, travel and subsistence expenses totalling £1,387 (2013: £1,907) were reimbursed to staff governors in their role as employees and £418 (2013: £233) 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 2014 was £2,783 (2013: £4,710). 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 2013	11,611,598	352,920	213,132	14,287	12,191,937
Additions	403,449	166,376	49,883	18,717	638,425
At 31 August 2014	12,015,047	519,296	263,015	33,004	12,830,362
Depreciation					
At 1 September 2013	447,435	64,909	87,393	11,223	610,960
Charge for the year	325,639	77,373	54,696	4,937	462,645
At 31 August 2014	773,074	142,282	142,089	16,160	1,073,605
Net book value					
At 31 August 2014	11,241,973	377,014	120,926	16,844	11,756,757
At 31 August 2013	11,164,163	288,011	125,739	3,064	11,580,977

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 2014

14 Stocks	2014	2013
	£	£
School uniform/sportswear	14,587	761
15 Debtors	2014	2013
	£	£
Trade debtors	17,231	44,696
VAT recoverable	50,004	67,002
Prepayments and accrued income	182,510	84,272
	249,745	195,970
16 Creditors: amounts falling due within one year	2014	2013
	£	£
Trade creditors	50,794	39,182
Other creditors	49,954	77,599
Accruals and deferred income	558,838	374,143
	659,586	490,924
Deferred income		
Deferred income at 1 September 2013	58,814	88,831
Resources deferred in the year	282,806	54,789
Amounts released from previous years	(42,033)	(84,806)
Deferred income at 31 August 2014	299,587	58,814

Deferred income includes £251,056 relating to a capital grant paid to the School during the year ended 31 August 2014.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

17 Funds

	At 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2014 £
Restricted general funds					
Funding for Academy's educational operations	193,243	3,986,600	(3,921,048)	22,193	280,988
Grants and transfers	117,346	40,355	-	-	157,701
Other incoming resources	90,750	497,783	(496,657)	-	91,876
	<u>401,339</u>	<u>4,524,738</u>	<u>(4,417,705)</u>	<u>22,193</u>	<u>530,565</u>
Pension reserve	(903,000)	-	(35,000)	(53,000)	(991,000)
	<u>(501,661)</u>	<u>4,524,738</u>	<u>(4,452,705)</u>	<u>(30,807)</u>	<u>(460,435)</u>
Restricted fixed asset funds					
DfE capital grants	1,179,050	576,248	-	-	1,755,298
Transfer on conversion	9,537,441	-	-	-	9,537,441
Other capital donations	1,083,229	84,370	-	-	1,167,599
Transfer from other funds	392,217	-	-	(22,193)	370,024
Depreciation	(610,960)	-	(462,645)	-	(1,073,605)
	<u>11,580,977</u>	<u>660,618</u>	<u>(462,645)</u>	<u>(22,193)</u>	<u>11,756,757</u>
Total restricted funds	11,079,316	5,185,356	(4,915,350)	(53,000)	11,296,322
Unrestricted funds	16,272	251,158	(239,660)	-	27,770
Total funds	11,095,588	5,436,514	(5,155,010)	(53,000)	11,324,092

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.

At 31 August 2014, restricted revenue reserves were £530,565 (2013: £401,339). Unrestricted reserves were £27,770 (2013: £16,272). Taking into consideration funding cuts due in 2014/15 and 2015/16, relating to previously protected 16-19 funding and the education services grant, the governors believe the above levels of reserves are appropriate to protect the School's current and future financial position. These also offer a degree of comfort in covering any unforeseen capital or revenue costs.

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 2014

18 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Restricted pension funds £	Total funds £
Tangible fixed assets	-	-	11,756,757	-	11,756,757
Current assets	27,770	1,190,151	-	-	1,217,921
Current liabilities	-	(659,586)	-	-	(659,586)
Pension scheme liability	-	-	-	(991,000)	(991,000)
	<u>27,770</u>	<u>530,565</u>	<u>11,756,757</u>	<u>(991,000)</u>	<u>11,324,092</u>

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

	2014 £	2013 £
Net income	281,504	1,878,296
Capital grants from DfE and other capital income	(660,618)	(1,986,456)
Investment income	(1,126)	(1,032)
Depreciation	462,645	373,744
Difference between pension charge and cash contributions	35,000	38,000
(Increase)/decrease in stocks	(13,826)	17,138
(Increase) in debtors	(53,775)	(66,532)
Increase/(decrease) in creditors	168,662	(36,411)
Net cash inflow from operating activities	<u>218,466</u>	<u>216,747</u>

20 Capital expenditure and financial investment

	2014 £	2013 £
Payments to acquire tangible fixed assets	(638,425)	(2,246,360)
Capital grants from DfE/EFA	576,248	952,636
Capital funding received from sponsors and others	84,370	1,033,820
Net cash inflow/(outflow) from capital expenditure and financial investment	<u>22,193</u>	<u>(259,904)</u>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

21 Capital commitments

At 31 August 2014 the School had committed to undertake a capital project to repair and replace roofing and windows around the School premises. The total value of the project unspent at 31 August 2014 was £994,000.

22 Commitments under operating leases

At 31 August 2014 the School had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within one year	-	4,444
Between two and five years	1,084	1,084
	<hr/>	<hr/>
	1,084	5,528
	<hr/>	<hr/>

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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 The West Midlands Pension Fund. 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 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers who are eligible for auto enrolment as defined by pensions legislation. Teachers are able to opt out after auto enrolment. Those who are not eligible may choose to join.

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

The Teachers' Pensions Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,000 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations

(Continued)

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 have been to be phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

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 2014 was £119,504 (2013: £111,273), of which employer's contributions totalled £92,100 (2013: £84,895) and employees' contributions totalled £27,404 (2013: £26,378). The agreed contribution rates for future years are 14.1% for employers and between 5.5% and 7.5% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.95%	4.15%
Rate of increase for pensions in payment / inflation	2.20%	2.40%
Discount rate for scheme liabilities	4.00%	4.50%
Inflation assumption (CPI)	2.20%	2.40%

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations

(Continued)

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

	At 31 August 2014	At 31 August 2013
Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

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

	Expected return at 31 August 2014	Fair value at 31 August 2014	Expected return at 31 August 2013	Fair value at 31 August 2013
		£000		£000
Equities	7.0%	205	7.0%	145
Government bonds	2.9%	36	3.4%	29
Other bonds	3.8%	47	4.4%	38
Property	6.2%	40	5.7%	30
Cash	0.5%	20	0.5%	14
Other	7.0%	108	7.0%	86
Total market value of assets		456		342
Present value of scheme liabilities				
- Funded		(1,447)		(1,245)
Surplus/(deficit) in the scheme		(991)		(903)

The actual return on scheme assets was £41,000 (2013: £28,000).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	(91)	(89)
Past service cost	-	-
Total operating charge	(91)	(89)

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations

(Continued)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	23	16
Interest on pension liabilities	(59)	(50)
	<u> </u>	<u> </u>
Pension finance income / (costs)	(36)	(34)
	<u> </u>	<u> </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 £53,000 loss (2013: £12,000 gain).

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

	2014 £000	2013 £000
At 1 September 2013	1,245	1,093
Current service cost	91	89
Past service cost	-	-
Interest cost	59	50
Employee contributions	27	26
Actuarial (gain)/loss	46	-
Curtailments and settlements	-	-
Benefits paid	(21)	(13)
	<u> </u>	<u> </u>
At 31 August 2014	1,447	1,245
	<u> </u>	<u> </u>

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

	2014 £000	2013 £000
At 1 September 2013	342	216
Expected return on assets	23	16
Actuarial gain/(loss)	(7)	12
Employer contributions	92	85
Employee contributions	27	26
Benefits / transfers paid	(21)	(13)
	<u> </u>	<u> </u>
At 31 August 2014	456	342
	<u> </u>	<u> </u>

The estimated value of employer contributions for the year ended 31 August 2014 is £92,100.

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations

(Continued)

The history of experience adjustments is as follows:

	2014	2013	2012
	£000	£000	£000
Present value of defined benefit obligations	(1,447)	(1,245)	(1,093)
Fair value of share of scheme assets	456	342	216
Deficit in the scheme	(991)	(903)	(877)
Experience gains/(losses) on share of scheme assets	(7)	12	(8)
Experience (gains)/losses on scheme liabilities	46	Nil	Nil

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

24 Related parties

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

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

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

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

In the year ending 31 August 2014 The Foundation donated £Nil (2013: £12,000) to the School, but paid for the entrance exam costs for the School as shown below.

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 at an original cost 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 2014 was £1,387 (2013: £1,907). Expenses reimbursed for costs incurred wholly and exclusively on behalf of the School's activities, paid to other governors amounted to £418 (2013: £233) 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 2014 for these positions was paid at normal scale rates as follows:

Mrs C Swain	£5,000 - £10,000 (2013: £5,000 - £10,000)
Mrs S Swain	£10,000 - £15,000 (2013: £10,000 - £15,000)

QUEEN MARY'S GRAMMAR SCHOOL (WALSALL)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

24 Related parties

(Continued)

The School purchases certain services on behalf of The Foundation, Queen Mary's High School and Mayfield, and recharges the appropriate amounts. These included:

	2014 £	2013 £
The Foundation		
Entrance exam costs for Queen Mary's Grammar School and Queen Mary's High School	30,829	26,768
Queen Mary's High School		
Landscaping services (until 31 May 2014)	6,000	8,000
Mayfield		
Landscaping services	1,800	2,400

The School also hires its swimming pool to Mayfield at the same rates as to other local primary schools. The charges for 2014 were £1,742 (2013: £2,084).

Mr Swain is a governor of the Walsall Studio School, a company limited by guarantee. The School supported governors to set up the Walsall Studio School, working closely with the Department for Education. The School works in partnership with Walsall Studio School providing learning support and guidance. The School charged Walsall Studio School £5,000 (2013: £1,250) in respect of staff salary costs. Mr Swain's role as a governor of the Walsall Studio School is unpaid.

Mr Punch is a Director of PTP Training Limited, a company which provides training solutions to employers. PTP sourced an IT Apprentice for the School in the year ending 2013/14. However, in line with the industry, the School did not pay a fee to PTP and employed the Apprentice on national terms for Apprentices.

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

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