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Registered number: 07899845

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

MONDAY



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HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015

Members	Mr.D Tottingham*, Chair Mr M Nelson* (resigned 31 July 2015) Mr A Sood* (resigned 30 April 2015) Mrs W Barnett*, Vice Chair Mr E John*, Vice Chair
Trustees	Ms J Rockall, Head Teacher Mrs S Adams (resigned 28 November 2014) Mr P Jacobs (term of office ended 30 June 2015) Mr P Vance Mr G Soldi Mr D Cross
Company registered number	07899845
Principal and registered office	Northampton Avenue Slough Berkshire SL1 3BW
Company secretary	Mrs J Vucic
Chief executive officer	Ms J Rockall
Senior leadership team	Ms J Rockall, Head Teacher Mrs J Vucic, Business Manager Mr S Devereux, Deputy Head Teacher Mr M Bourne, Deputy Head Teacher Mrs A Oxley, Assistant Headteacher Mr M Rose, Assistant Headteacher Mr G Whittaker, Assistant Headteacher Mr G Parsons, Assistant Headteacher
Independent auditors	Landau Baker Limited Chartered Accountants Mountcliff House 154 Brent Street London NW4 2DR
Bankers	Lloyds Bank plc 123 High Street Town Centre Slough SL1 1EH
Solicitors	Winckworth Sherwood Minerva House 5 Montagu Close London SE1 9BB

HERSCHEL GRAMMAR SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Slough, Berkshire. It has a capacity of 881 pupils and had a roll of 908 pupils in the school census in May 2015.

Structure, governance and management

a. CONSTITUTION

The academy trust 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 academy trust. Some of the trustees of Herschel Grammar School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Herschel Grammar School.

Details of the trustees and directors who served during the year are included in the Reference And Administrative Details on page 1. Directors of the company are denoted by a * after their names.

b. 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.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association as follows:

- The Head Teacher
- 3 parent governors
- 2 staff governors
- 6 community governors
- Any governors appointed by the Secretary of State for Education
- Up to 3 co-opted governors

The term of office for any governor is 4 years. The Head Teacher's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of governor any governor may be reappointed or re-elected.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new governors will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

e. ORGANISATIONAL STRUCTURE

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

f. RISK MANAGEMENT

The governors have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

g. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy

h. PRINCIPAL ACTIVITIES

The principal activity of the academy is to advance, for the public benefit, education in Slough, Berkshire and the surrounding area by maintaining and operating Herschel Grammar School in Slough.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the academy is the operation of Herschel Grammar School to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy during the period are summarised below:

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

As stated by OFSTED in September 2012:

"The curriculum is broad and provides excellent opportunities for pupils to develop personal qualities and skills."

"The curriculum in the main school and sixth form includes a good breadth of subjects and provides well for pupils' spiritual, moral, social and cultural development."

Since receiving our outstanding judgment in 2012 we have continued to refine our curriculum offer to ensure our pupils have the very best opportunities to achieve academic success, personal responsibility within a caring environment.

We review our curriculum every year through our governing body, senior leadership team, Head of Faculty and staff meetings. Pupils are also consulted on their views to ensure our curriculum meets their needs.

Summary of our curriculum

All pupils in years 7 - 9 (Key Stage 3) follow the new revised national curriculum for KS3 in core and foundation subjects. Where appropriate Heads of Department have modified the curriculum to reflect a local context and enabling all pupils to develop relevant skills to ensure progression to Key Stage 4. Towards the end of Year 9 pupils in English and Science begin preparation for GCSEs.

Assessment in Key Stage 3 takes the form of 'levels'. Each subject has level descriptors broken down into "what you need to know" and "what skills you need to show".

Pupils in Year 9 pupils make their GCSE choices in March and study three optional GCSE subjects in Years 10 and 11 alongside compulsory subjects. We are proud of the choice we give our pupils. The only stipulation that pupils pick one ebacc subject.

Please refer to our KS4 options information booklet for detailed information on our KS4 programme. The KS4 curriculum is built around the needs to our learners. Option blocks are bespoke to our learners' preferences and we have a very high satisfaction rate.

At KS3 and KS4 all pupils have two hours of PE per week.

From September pupils in Year 10 will have 3 hours per week for their GCSE option choice subjects (increased from 2 hours). This will revert to 2 hours in Year 11. We hope this will give learners a deeper grounding in these new subjects and have the opportunity to complete controlled assessment in Year 10. In order to keep as much flexibility in the curriculum we decided pupils should have the option to study a GCSE Technology subject rather than making Technology compulsory

The Sixth Form curriculum is built around the needs to our learners. As with Year 9, option blocks are bespoke to our learners' preferences and we have a very high satisfaction rate.

In the Sixth Form, students study a minimum of 4 subjects in Year 12. From September a number of subjects have been reformed into linear qualifications. AS Level courses will still exist as a stand-alone qualification. Students will be expected to take an AS Level in all subjects at the end of Year 12 to give a clear indication of their progress. Many students drop down to study 3 A levels in Year 13. However a third of students study the EPQ (extended project qualification) alongside their other subjects.

c. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

education.

Strategic Report

Achievements and performance

a. GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 Accounting Policies.

b. KEY FINANCIAL PERFORMANCE INDICATORS

2015 has been yet another successful year at Herschel Grammar School. At GCSE level the percentage of pupils achieving 5 A* - C grades including English and Maths is 99.2% with only one pupil narrowly missing out. As a school we are delighted with our exceptionally high performance with 49% of pupils achieving an A* or A grade in all qualifications. Even more impressive are the number of pupils achieving 5 or more A* – A grades at 56%.

This year our overall point score at GCSE was a record breaking all time high QCA point score of 604.

When looking at progress in English and Maths, Herschel is exceeding all national benchmarks and the progress our pupils continue to make is outstanding.

Our Value Added Progress 8 score of +0.44 places us firmly in the top 5% of schools nationally not only on achievement but more importantly on the progress our pupils make. This demonstrates that we truly add value to all our pupils and we are so proud of their achievements. We believe these results will once again place us in the best 50 of all state schools nationally.

At A Level we are delighted with another exceptionally high pass rate of 99.8%. This has also been achieved under a reformed assessment regime with students severely limited in being able to re-take units to improve outcomes. Our average point score per entry remains strong at 231.

The percentage of A* to B grades at A level has increased this year to 68% and we are really pleased that with no opportunity to re-take A2 examinations our A* performance has once again increased to 11.6%. Our A* - A % pass rate of 40.5% is our highest result ever, surpassing our own school and PiXL target.

Staff, students and parents have all worked consistently hard to ensure the highest possible marks are achieved and first choice university offers met. We have a record number of students this year with truly outstanding results.

Attendance continues to be very high across the school (last year it was 96% or higher for all year groups with very low levels of persistent absence). All pupils with persistent absence, i.e. attendance below 85%, had significant health problems.

The school continues to be oversubscribed for admission to Year 7. We admitted 123 pupils into Year 7 this September.

Recruitment into the Sixth Form was successful last summer with 140 students starting A level courses this term.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

c. REVIEW OF ACTIVITIES

The trust has spent a lot of its time discussing at SLT meetings as well as at governor meetings various options on how the school is going to face up to the future financial challenges. The governors have ruled out a number of options that have been presented and it is clear that the real challenge will be streamlining the curriculum yet still providing an adequate range of curriculum options that will allow the children to develop their wider interests and skills.

The trust has established a more robust analysis of assessment data including that of vulnerable groups by using 4Matrix, SIMS and PixL resources. Staff are now able to interrogate data more easily and in a more meaningful way which helps them to align the planning of learning to what the data is telling them. This also helps to pinpoint and take account of vulnerable groups.

The trust has worked in supporting feeder primary schools to better understand selective admissions which should result in better parental understanding of 11+; raising the profile of Herschel and hopefully ensure that more Slough children are taking and passing the test.

A large focus over this past year has been on understanding the implications of changes to the National Curriculum in Year 8 and the revised GCSE qualifications. The school administration used inset time to investigate changes and make recommendations for the whole school and subject curriculum reform in light of changes.

And lastly, the trust has successfully completed the re-vamp of the school's website. The Website is easier to navigate and has been received very positively by our pupils and parents. It is also easier for us to put updates on our website as they are happening and thereby having a fresher website on an ongoing basis.

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

b. RESERVES POLICY

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review.

c. PRINCIPAL FUNDING

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the

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Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the LGPS, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem, the employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Plans for future periods

a. FUTURE DEVELOPMENTS

The trust has identified a number of key priorities for the future and a lot of them are centred on the financial challenges the school will be facing in the future. With an ongoing annual reduction in budgets yet ever increasing costs, in particular staffing costs due to increased pension and NIER contributions, the focus for the coming year is very much on balancing future budgets. With that in mind amongst other things, the trust will be looking at reducing curriculum costs without compromising on the breadth and balance of education offered to the children. The trust will be looking at working more collaboratively with other schools and explore if savings can be made in shared use of resources. The trust is determined to explore what avenues of funding there are outside of the EFA that could support the education provision offered at Herschel.

The trust is also determined to develop further the monitoring and support for disadvantaged learners by promoting more awareness of Pupil Premium learners with staff and providing tailored support for PP students.

The trust will continue to work in improving progress and attainment in English in particular as the new GCSE needs to be introduced.

The trust will continue to raise awareness and keep pupils safe from radicalisation and extremism with the emphasis on the first staff inset being on Prevent training for all school staff. British values will continue to be central to the trust's ethos and the trust will ensure this is embedded also in the curriculum and PSHE programmes, assemblies and RS, with a focus on promoting respect for diversity through activities which raise the global and multicultural awareness.

Raising standards at GCSE and A Level is another focus for the coming year with a particular emphasis on top grades. This will be accomplished with developing further a culture of professional dialogue and the sharing of good practice amongst teachers to improve teaching and learning by facilitating peer observation through "Learning drop-ins" and promoting good practice through the introduction of "teacher coaches".

On top of the above the trust will be developing strategies to address the demands of reformed GCSEs and linear A Levels, which will require a lot of faculty time to plan for new courses; share strategies for success in linear qualifications in faculty meetings and teaching & learning groups and plan for resourcing of the new courses.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy, during the financial period, received 16 - 19 bursary funds amounting to £20,558 (2014: £20,284) on behalf of the Education Funding Agency (EFA). The academy with-held an administration charge of £1,030 from these funds and disbursed bursaries amounting to £16,975 (2014: £20,284) in the period. £2,553 is included in creditors as repayable to the EFA at the period end.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Landau Baker Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 10 November 2015 and signed on the board's behalf by:



Mr D. Tillingham
Chair

HERSCHEL GRAMMAR SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Herschel Grammar School 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 board of trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Herschel Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Tottingham*, Chair	4	4
Mr M Nelson*	0	4
Mr A Sood*	1	2
Mrs W Barnett*, Vice Chair	4	4
Mr E John*, Vice Chair	3	4
Ms J Rockall, Head Teacher	4	4
Mrs S Adams	0	1
Mr P Jacobs	1	3
Mr P Vance	4	4
Mr G Soldi	3	4
Mr D Cross	3	4

Governance reviews:

Over the past year the governors completed a governing body self-evaluation questionnaire which was discussed at the July 2015 full governor meeting and which highlighted that the particular skills set the governing body requires are in the area of finance and HR. This will be the focus as new governors are recruited to fill the vacant positions.

Furthermore, as there has been a shift of governor responsibility and to make sure that the governing body is compliant with all statutory duties the governors voted to organise an external review which will have a focus on governance and school operations. The date has been set and the reviewers have been provided with the necessary paperwork in preparation of the review.

The Finance and Staffing Committee is a sub-committee of the main board of trustees. Its purpose is to manage the finances of the academy and ensure that resources are applied for the purposes of the academy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Tottingham*, Chair	4	4
Mr E John	2	4
Mr M Nelson	1	4
Ms J Rockall	4	4
Mr A Sood	0	3
Mrs W Barnett	4	4
Mr P Vance	3	3

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As accounting officer, the Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Better purchasing: The Academy, on a regular basis, reviews the suppliers and contractors and goes to great lengths to ensure the schools receives the best possible deals on purchases and contracts. In particular over the past academic year the Academy has re-negotiated the insurance provision for the academy trust and has managed to secure significant savings compared to the previous year's insurance costs.
- Furthermore, the Academy has joined another four local schools and has managed to re-negotiate the catering supplies purchases via Pelican at a reduction of 27% (just over £26k) for the forthcoming academic year. This has been a very successful exercise and by joining in with other local schools the negotiating power has been considerably increased and has resulted in significant savings to the a trust.
- The Academy will continue this year exploring other contracts/supplies that could be re-negotiated by working in collaboration with other schools, such as paper supplies, exams and cover.
- The Academy has over the past year completed its project of removing desktop printers and replaced them with MFD's strategically located in various areas around the school. Print jobs have to be collected from the printing devices which has considerably reduced cartridge costs, yet improving the quality and speed at which print jobs are being collected.
- The Academy has also actively worked with faculties to purchase books via the school's Librarian, who already purchases large number of books for the school's library. This has resulted in savings of up to 27% compared to faculties ordering themselves with other suppliers.

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 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 Herschel Grammar School for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The academy'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

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GOVERNANCE STATEMENT (continued)

accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Staffing Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr M Epsley, a Business and Finance Director at a local academy trust, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- payroll
- purchasing
- income and control accounts

On an annual basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO reported to the governing body in May 2015. There were no material issues raised in the RO report.

REVIEW OF EFFECTIVENESS

As accounting officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:


- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Staffing Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 10 November 2015 and signed on its behalf, by:



Mr D Tottingham
Chair



Ms J Rockall
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Herschel Grammar School I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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.



Ms J Rockall
Accounting Officer

Date: 10 November 2015

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who act as trustees for charitable activities of Herschel Grammar School and some of whom are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

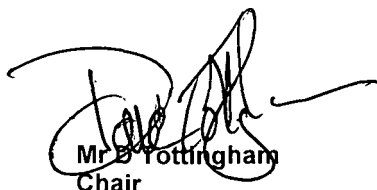
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume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

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:



Mr B Nottingham
Chair

Date: 10 November 2015

HERSCHEL GRAMMAR SCHOOL
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERSCHEL GRAMMAR SCHOOL

We have audited the financial statements of Herschel Grammar School for the year ended 31 August 2015 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 Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERSCHEL GRAMMAR SCHOOL

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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
10 November 2015

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HERSCHEL GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 January 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Herschel Grammar School during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF HERSCHEL GRAMMAR SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Herschel Grammar School's funding agreement with the Secretary of State for Education dated 1 February 2012, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HERSCHEL
GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

- adherence to tendering policies.

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 year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

10 November 2015

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	165,521	-	-	165,521	157,284
Investment income	4	1,137	-	-	1,137	4,196
Incoming resources from charitable activities	5	155,137	5,109,832	45,184	5,310,153	5,388,890
Other incoming resources	6	-	104,682	-	104,682	33,051
TOTAL INCOMING RESOURCES		321,795	5,214,514	45,184	5,581,493	5,583,421
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	7	123,973	-	-	123,973	107,848
Charitable activities		143,972	5,460,017	232,939	5,836,928	5,700,474
Governance costs	8	-	59,348	-	59,348	57,792
TOTAL RESOURCES EXPENDED	11	267,945	5,519,365	232,939	6,020,249	5,866,114
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		53,850	(304,851)	(187,755)	(438,756)	(282,693)
Actuarial gains and losses on defined benefit pension schemes		-	12,000	-	12,000	(14,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		53,850	(292,851)	(187,755)	(426,756)	(296,693)
<i>Total funds at 1 September 2014</i>		<i>94,984</i>	<i>(299,645)</i>	<i>28,693,304</i>	<i>28,488,643</i>	<i>28,785,336</i>
TOTAL FUNDS AT 31 AUGUST 2015		148,834	(592,496)	28,505,549	28,061,887	28,488,643

All activities relate to continuing operations.

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

The notes on pages 21 to 39 form part of these financial statements.


HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07899845

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	18		28,498,212		28,693,304
CURRENT ASSETS					
Stocks	19	1,109		1,776	
Debtors	20	199,871		230,653	
Cash at bank and in hand		631,300		725,337	
		<u>832,280</u>		<u>957,766</u>	
CREDITORS: amounts falling due within one year	21	(313,605)		(310,427)	
NET CURRENT ASSETS			518,675		647,339
TOTAL ASSETS LESS CURRENT LIABILITIES			29,016,887		29,340,643
Defined benefit pension scheme liability	28		(955,000)		(852,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>28,061,887</u>		<u>28,488,643</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	22	362,504		552,355	
Restricted fixed asset funds	22	28,505,549		28,693,304	
Restricted funds excluding pension liability		<u>28,868,053</u>		<u>29,245,659</u>	
Pension reserve		(955,000)		(852,000)	
Total restricted funds			27,913,053		28,393,659
Unrestricted funds	22		148,834		94,984
TOTAL FUNDS			<u>28,061,887</u>		<u>28,488,643</u>

The financial statements were approved by the Trustees, and authorised for issue, on 10 November 2015 and are signed on their behalf, by:


Mr D. Rottingham
Chair of Trustees


Ms J Rockall
Headteacher

The notes on pages 21 to 39 form part of these financial statements.

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	24	(102,511)	(132,277)
Returns on investments and servicing of finance	25	1,137	4,196
Capital expenditure and financial investment	25	7,337	(63,759)
DECREASE IN CASH IN THE YEAR		<u>(94,037)</u>	<u>(191,840)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
Decrease in cash in the year	(94,037)	(191,840)
MOVEMENT IN NET FUNDS IN THE YEAR	(94,037)	(191,840)
Net funds at 1 September 2014	725,337	917,177
NET FUNDS AT 31 AUGUST 2015	<u>631,300</u>	<u>725,337</u>

The notes on pages 21 to 39 form part of these financial statements.

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

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

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

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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

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

1.4 Resources expended

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. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

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 a restricted fixed asset fund in the Statement of Financial Activities and are 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 academy's depreciation policy.

The policy with respect to impairment reviews of fixed assets is to carry out a review of a fixed asset 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

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	125 years
Building improvements	-	10 years
Plant and machinery	-	5 years
Motor vehicles	-	5 years
Fixtures and fittings	-	5 years

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Taxation

The academy 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 academy 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.

1.9 Pensions

Retirement benefits to employees of the academy 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 academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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. As stated in note 28, the TPS is a multi-employer scheme and the academy 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.

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 the 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 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 Agency arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances are disclosed in Note 31.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2015.

3. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Parental contributions	165,521	-	165,521	157,284

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	1,137	-	1,137	4,196

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants	-	4,857,165	4,857,165	4,967,611
Other income from educational operations	155,137	297,851	452,988	421,279
	<u>155,137</u>	<u>5,155,016</u>	<u>5,310,153</u>	<u>5,388,890</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants				
General Annual Grant	-	4,670,915	4,670,915	4,824,426
Other DfE/EFA grants	-	117,274	117,274	134,018
Local authority grants	-	68,976	68,976	9,167
	<u>-</u>	<u>4,857,165</u>	<u>4,857,165</u>	<u>4,967,611</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
General income	-	104,682	104,682	33,051
	<u>-</u>	<u>104,682</u>	<u>104,682</u>	<u>33,051</u>

7. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Trips and activity costs	123,973	-	123,973	107,848
	<u>123,973</u>	<u>-</u>	<u>123,973</u>	<u>107,848</u>

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. GOVERNANCE COSTS

	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Auditors' remuneration	4,000	4,000	4,000
Auditors' non audit costs	3,450	3,450	1,900
Legal services	2,620	2,620	1,615
Payroll services	5,244	5,244	6,768
Personnel services	30,682	30,682	30,517
Other governance costs	13,352	13,352	12,992
	<u>59,348</u>	<u>59,348</u>	<u>57,792</u>

9. DIRECT COSTS

	Educational operations £	Total 2015 £	<i>Total 2014 £</i>
Educational supplies	188,515	188,515	227,159
Examination fees	116,372	116,372	105,888
Staff development	28,092	28,092	24,736
Settlement agreements	10,000	10,000	-
Agency supply teacher costs	94,017	94,017	82,983
Recruitment and support	8,700	8,700	25,435
Maintenance of equipment	193,229	193,229	270,099
Wages and salaries	2,927,580	2,927,580	2,776,022
National insurance	245,010	245,010	229,435
Pension cost	373,007	373,007	355,238
	<u>4,184,522</u>	<u>4,184,522</u>	<u>4,096,995</u>

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

10. SUPPORT COSTS

	Educational operations £	Total 2015 £	Total 2014 £
Pension income	20,000	20,000	34,000
Staff development	312	312	295
Maintenance of premises	264,332	264,332	319,152
Maintenance of equipment	27,361	27,361	17,426
Cleaning	104,061	104,061	90,213
Rent and rates	40,790	40,790	22,869
Insurance	37,800	37,800	41,026
Security and transport	125,572	125,572	112,976
Catering	123,577	123,577	114,553
Other support costs	96,496	96,496	121,979
Wages and salaries	398,301	398,301	388,048
National insurance	25,775	25,775	24,573
Pension cost	155,090	155,090	98,136
Depreciation	232,939	232,939	218,233
	<u>1,652,406</u>	<u>1,652,406</u>	<u>1,603,479</u>

11. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Depreciation 2015 £	Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Costs of generating voluntary income	-	-	123,973	123,973	107,848
Costs of generating funds	<u>-</u>	<u>-</u>	<u>123,973</u>	<u>123,973</u>	<u>107,848</u>
Educational operations	3,649,615	-	534,907	4,184,522	4,096,995
Support costs - Educational operations	579,166	232,939	840,301	1,652,406	1,603,479
Charitable activities	<u>4,228,781</u>	<u>232,939</u>	<u>1,375,208</u>	<u>5,836,928</u>	<u>5,700,474</u>
Governance	<u>-</u>	<u>-</u>	<u>59,348</u>	<u>59,348</u>	<u>57,792</u>
	<u>4,228,781</u>	<u>232,939</u>	<u>1,558,529</u>	<u>6,020,249</u>	<u>5,866,114</u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000 Amount £	Reason
Compensation payment	10,000	10,000	Termination agreement

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Educational operations	<u>4,184,522</u>	<u>1,652,406</u>	<u>5,836,928</u>	<u>5,700,474</u>

13. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	232,939	218,232
Auditors' remuneration	4,000	4,000
Auditors' remuneration - non-audit	3,450	1,900
Operating lease rentals: - other operating leases	<u>50,769</u>	<u>50,769</u>

14. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	3,325,882	3,164,070
Social security costs	270,785	254,008
Other pension costs (Note 28)	<u>528,097</u>	<u>453,374</u>
	<u>4,124,764</u>	<u>3,871,452</u>
Supply teacher costs	94,017	82,983
Compensation payments	<u>10,000</u>	<u>2,247</u>
	<u>4,228,781</u>	<u>3,956,682</u>

HERSCHEL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

14. STAFF (continued)

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015	2014
	No.	No.
Teachers	60	61
Administration and support	38	38
Management	7	5
	105	104

c. Higher paid staff

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

	2015	2014
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £100,001 - £200,000	1	1

The above employees were members of the Teachers' Pension Scheme and contributions amounting to £33,996 (2014: £24,792) were paid by the academy during the period.

15. TRUSTEES' REMUNERATION AND EXPENSES

	2015	2014
	£	£
Remuneration	205,750	186,464

During the year retirement benefits were accruing to 3 Trustees (2014 - 3) in respect of defined benefit pension schemes.

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The highest paid Trustee received remuneration of £133,952 (2014 - £109,853).

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2015 £'000	2014 £'000
Ms J Rockall (Head Teacher) - remuneration	130-135	105-110
Ms J Rockall (Head Teacher) - employer pension	15-20	15-20
Mr G Soldi - remuneration	40-45	40-45
Mr G Soldi - employer pension	5-10	5-10
Mr P Vance - remuneration	30-35	30-35
Mr P Vance - employer pension	5-10	5-10

The Headteacher received £20,000 as additional non-pensionable remuneration (included in remuneration above) in respect of additional work relating to the provision of support to Wexham School. During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,225 (2014 - £1,225). The cost of this insurance is included in the total insurance cost.

17. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	43,000	27,000
Interest on pension scheme liabilities	(63,000)	(61,000)
	<u>(20,000)</u>	<u>(34,000)</u>

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18. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 September 2014	29,159,121	72,182	5,756	12,219	29,249,278
Additions	-	37,847	-	-	37,847
At 31 August 2015	29,159,121	110,029	5,756	12,219	29,287,125
Depreciation					
At 1 September 2014	511,985	31,566	5,092	7,331	555,974
Charge for the year	207,912	21,919	664	2,444	232,939
At 31 August 2015	719,897	53,485	5,756	9,775	788,913
Net book value					
At 31 August 2015	28,439,224	56,544	-	2,444	28,498,212
At 31 August 2014	28,647,136	40,616	664	4,888	28,693,304

Included in freehold property is land at valuation of £5,000,000 which is not depreciated.

19. STOCKS

	2015 £	2014 £
Catering supplies	1,109	1,776

20. DEBTORS

	2015 £	2014 £
Trade debtors	116,801	90,830
Other debtors	46,396	82,587
Prepayments and accrued income	36,674	57,236
	199,871	230,653

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21. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	97,823	118,838
Other taxation and social security	80,218	73,790
Other creditors	41,152	53,253
Accruals and deferred income	94,412	64,546
	<u>313,605</u>	<u>310,427</u>

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Designated Funds - all funds	35,000	-	-	15,000	-	50,000
General funds						
General Funds - all funds	59,984	321,795	(267,945)	(15,000)	-	98,834
Total Unrestricted funds	94,984	321,795	(267,945)	-	-	148,834
Restricted funds						
Restricted Funds - all funds	552,355	5,214,514	(5,404,365)	-	-	362,504
Pension reserve	(852,000)	-	(115,000)	-	12,000	(955,000)
	(299,645)	5,214,514	(5,519,365)	-	12,000	(592,496)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	28,693,304	45,184	(232,939)	-	-	28,505,549
Total restricted funds	28,393,659	5,259,698	(5,752,304)	-	12,000	27,913,053
Total of funds	28,488,643	5,581,493	(6,020,249)	-	12,000	28,061,887

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

All funds originated from assets gifted by the predecessor school. In addition:

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22. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Designated funds are held for replacement of the Astroturf.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	35,000	-	-	15,000	-	50,000
General funds	59,984	321,795	(267,945)	(15,000)	-	98,834
	<u>94,984</u>	<u>321,795</u>	<u>(267,945)</u>	<u>-</u>	<u>-</u>	<u>148,834</u>
Restricted funds	(299,645)	5,214,514	(5,519,365)	-	12,000	(592,496)
Restricted fixed asset funds	28,693,304	45,184	(232,939)	-	-	28,505,549
	<u>28,488,643</u>	<u>5,581,493</u>	<u>(6,020,249)</u>	<u>-</u>	<u>12,000</u>	<u>28,061,887</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	28,498,212	28,498,212	28,693,304
Current assets	148,834	676,110	7,337	832,281	957,767
Creditors due within one year	-	(313,606)	-	(313,606)	(310,428)
Provisions for liabilities and charges	-	(955,000)	-	(955,000)	(852,000)
	<u>148,834</u>	<u>(592,496)</u>	<u>28,505,549</u>	<u>28,061,887</u>	<u>28,488,643</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	(438,756)	(282,693)
Returns on investments and servicing of finance	(1,137)	(4,196)
Depreciation of tangible fixed assets	232,939	218,232
Capital grants from DfE	(45,184)	-
Decrease/(increase) in stocks	667	(610)
Decrease/(increase) in debtors	30,782	(89,300)
Increase/(decrease) in creditors	3,178	(49,710)
FRS 17 adjustments	115,000	76,000
Net cash outflow from operations	<u>(102,511)</u>	<u>(132,277)</u>

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	<u>1,137</u>	<u>4,196</u>
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(37,847)	(63,759)
Capital grants from DfE	45,184	-
Net cash inflow/(outflow) capital expenditure	<u>7,337</u>	<u>(63,759)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	725,337	(94,037)	-	631,300
Net funds	725,337	(94,037)	-	631,300

27. CONTINGENT LIABILITIES

A potential liability exists in respect of the dismissal of a former member of staff, contingent upon the outcome of mediation hearings. It is estimated that the liability will not exceed £20,000.

28. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal County of Berkshire 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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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28. PENSION COMMITMENTS (continued)

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

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

The pension costs paid to TPS in the period amounted to £332,650 (2014: £320,794).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £131,000, of which employer's contributions totalled £94,000 and employees' contributions totalled £37,000. The agreed contribution rates for future years are 16.6% for employers and between 5.5% and 12.5% % 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.

The amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(1,757,000)	(1,498,000)
Fair value of scheme assets	802,000	646,000
Net liability	<u>(955,000)</u>	<u>(852,000)</u>

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28. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2015 £	2014 £
Current service cost	(180,000)	(129,000)
Interest on obligation	(63,000)	(61,000)
Expected return on scheme assets	43,000	27,000
	<u>(200,000)</u>	<u>(163,000)</u>
Total	<u>(200,000)</u>	<u>(163,000)</u>
Actual return on scheme assets	<u>17,000</u>	<u>49,000</u>

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

	2015 £	2014 £
Opening defined benefit obligation	1,498,000	1,219,000
Current service cost	180,000	129,000
Interest cost	63,000	61,000
Actuarial (Gains)/losses	(38,000)	64,000
Liabilities assumed on settlements	20,000	-
Contributions by scheme participants	37,000	30,000
Benefits paid	(3,000)	(5,000)
	<u>1,757,000</u>	<u>1,498,000</u>
Closing defined benefit obligation	<u>1,757,000</u>	<u>1,498,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	646,000	457,000
Expected return on assets	43,000	27,000
Actuarial gains and (losses)	(26,000)	50,000
Settlement prices received	11,000	-
Contributions by employer	94,000	87,000
Contributions by employees	37,000	30,000
Benefits paid	(3,000)	(5,000)
	<u>802,000</u>	<u>646,000</u>
	<u>802,000</u>	<u>646,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £88,000 (2014 - £100,000).

The academy expects to contribute £101,000 to its Defined Benefit Pension Scheme in 2016.

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28. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	45.00 %	43.00 %
Other bonds	13.00 %	15.00 %
Property	14.00 %	12.00 %
Cash	5.00 %	3.00 %
Gilts	1.00 %	1.00 %
Target return portfolio	18.00 %	17.00 %
Commodities	4.00 %	9.00 %
Infrastructure	4.00 %	4.00 %
Longevity insurance	(4.00)%	(4.00)%

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Expected return on scheme assets at 31 August	5.90 %	5.90 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	26.1	26
Retiring in 20 years		
Males	25.1	24.9
Females	28.4	28.3

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(1,757,000)	(1,498,000)	(1,219,000)	(962,000)
Scheme assets	802,000	646,000	457,000	307,000
Deficit	(955,000)	(852,000)	(762,000)	(655,000)
Experience adjustments on scheme liabilities	38,000	(64,000)	-	-
Experience adjustments on scheme assets	(26,000)	50,000	(51,000)	(67,000)

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29. OPERATING LEASE COMMITMENTS

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

	Land and buildings		2015	Other
	2015	2014		2014
	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	-	50,769	50,769

30. RELATED PARTY TRANSACTIONS

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

Mrs W Barnett, a Trustee, contracted with the academy for the provision of gardening services for which £18,863 (2014: £23,580) was paid to her. The contract for this provision was entered into before Mrs Barnett became a Trustee, and the predecessor school converted to academy status.

The academy has reviewed the contract for the provision of gardening services, and has complied with the requirements of the EFA's Academies Financial Handbook.

The Headteacher provided support to Wexham School during the year. As disclosed in Note 15, the Headteacher received additional non-pensionable remuneration, amounting to £20,000 from the academy for these services. The academy invoiced Wexham School £30,000 for these services during the year. £15,000 due by Wexham School is included in debtors at the year end.

31. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the Trust received £20,558 (2014: £20,284) and disbursed £16,975 (2014: £20,284) from the fund. An amount of £2,553 (2014: £nil) is included in other creditors relating to undistributed funds that are repayable to the EFA.